

# **Guidelines InnoFounder – Graduate**

Guidelines published 20 december 2018

## Guidelines: InnoFounder – Graduate

### Content

<b>1 InnoFounder – in short .....</b>	<b>3</b>
<b>2 Who can apply? .....</b>	<b>3</b>
2.1 Graduate or student .....	3
2.2 Higher education .....	4
2.3 Individually or as a team.....	4
2.4 The innovative business idea.....	4
2.5 You must be behind the business idea .....	4
2.6 Can I be admitted to the programme more than once? .....	4
2.7 Foreign applicants from EU member countries and countries outside the EU.....	5
<b>3 How to apply.....</b>	<b>5</b>
3.1 Content of the application.....	5
3.2 Description of the business idea.....	6
<b>4 Assessment criteria.....</b>	<b>6</b>
<b>5 Application process .....</b>	<b>7</b>
<b>6 The InnoFounder programme.....</b>	<b>7</b>
6.1 Duration and content .....	7
6.2 Conditions of participation .....	8
6.3 Reporting.....	8
<b>7 Publication of information .....</b>	<b>8</b>
<b>8 State aid rules .....</b>	<b>9</b>
<b>9 Illness, maternity/paternity leave and violation.....</b>	<b>9</b>

## 1 InnoFounder – in short

Are you a recent graduate and do you have an innovative business idea with a potential for development? Is the idea still in its early phases of development? In that case InnoFounder may be of interest to you.

An InnoFounder course can last up to 12 months. During the course you will have access to consultations and funding that may accelerate the development of your innovative business idea.

You can apply as an individual or in a team of up to three InnoFounders.

InnoFounder offers:

- A monthly grant of DKK 15,000 per InnoFounder in the team.
- A special grant of DKK 35,000 per InnoFounder to support the development of your business idea.
- The opportunity to get a place in an inspiring co-working space in either Aalborg, Aarhus, Sønderborg, Odense or Copenhagen.
- An experienced mentor who will follow your team throughout the programme.
- A series of workshops featuring several Danish and international experts.
- Access to investors and other key figures in the Danish and international entrepreneurial community.

The InnoFounder programme uses a design driven approach. Users have first priority and are placed front and centre in the innovation process.

The programme and its separate activities follow an iterative course based on the principle "Build, test, learn, repeat" focusing on solution design, testing and feedback, and translating learning into improvements and further development. One of the most powerful design tools within user-oriented innovation of products, services or experiences is fast and iterative prototyping.

Innovation Fund Denmark (IFD) collaborates with the Danish Design Centre (DDC) and the Copenhagen Institute of Interaction Design (CIID), who are responsible for running the programme.

## 2 Who can apply?

Applicants for the InnoFounder programme must meet the following requirements:

### 2.1 Graduate or student

You must be a newly qualified graduate or a student. This means that at the application deadline you must have graduated within the last 24 months, counted from the date of graduation,<sup>1</sup> or that you are still studying, but will graduate before the start of the InnoFounder course for which you apply.<sup>2</sup> If you apply for an InnoFounder course in the spring, you are expected to commence on 1 September. If you apply for an InnoFounder course in the autumn, you will commence on the following 1 March.

---

<sup>1</sup> IFD may in very special cases choose to grant an exemption from the rule that the applicant at the application deadline must have graduated within the last 24 months counted from the date of graduation. This can e.g. be based on a notification of illness causing the applicant to be inactive in the labour market for a longer period of time. In such cases, the applicant must have graduated within 24 months plus the period during which the applicant has been inactive in the labour market.

<sup>2</sup> IFD may in very special cases grant exemption from the rule that the applicant must graduate before the start of the InnoFounder course for which they apply. This may happen if the applicant has reason to believe that he/she will graduate before the start of the course, but – for reasons for which the applicant is not responsible – will only graduate at a later time. The applicant cannot, however, be formally admitted to the programme and receive payment until documentation of graduation has been provided and the course will not be extended correspondingly.

## 2.2 Higher education

You must have graduated with a public tertiary degree, a PhD degree or an accredited private degree (i.e. a degree carrying entitlement to a Danish student grant). These include academy profession degrees, professional bachelor's degrees, bachelor's, master's and PhD degrees from one of Denmark's university colleges, business academies, maritime educational institutions, institutions in art and architecture, universities or similar. Adult higher education is *not* included in the programme.

## 2.3 Individually or as a team

Both individuals and teams of up to three InnoFounders may apply for admission to the programme. All applicants must meet the requirements outlined in Section 2.

Applicants may also collaborate with persons who do not apply for admission to the programme, either because they do not fall within the scope of the programme, are otherwise employed, or do not wish to be admitted to the programme. It is important that the application clearly specifies who is applying for admission.

No matter the circumstances, it is expected that a team has been established representing various relevant competences that will support the development of the business idea.

## 2.4 The innovative business idea

You must have an innovative business idea. The business idea is the pivot of the entire InnoFounder programme and must be concerned with an innovative product, service or technology. The idea can fall within any field of expertise. Furthermore, the business idea must, among other things, draw on the knowledge and the competences you have acquired through your education.

You must have considered how to build an economically viable business based on your idea. Solving societal challenges may be part of your primary goal if only your idea also has a strong business potential. You may apply no matter whether your ambition is to go for a scale-up through external capital, or you intend to grow your business organically.

Your business idea must be in the early phases with extensive development remaining before the product, service or technology is complete and the business model in place. This entails that there must not already be a significant revenue based on the idea. Preliminary test sales may, however, have taken place. It further entails that no major external funding has been obtained for the business idea and the forthcoming development. Finally, the team behind the idea must be open to feedback and be ready to continue working on the idea and being challenged as to its feasibility. You are allowed to have promised funding from external capital that is e.g. paid when a significant milestone is met, but you must not already have access to capital to fund the imminent development.

A company may already be established based on the idea, but this is no requirement. If a company has been established, this must be a new company based mainly on the business idea and with no other products on the market. The fact that the company is new means that the CVR-number is max. 2 years old at the time of the application.

## 2.5 You must be behind the business idea

You must be behind the business idea. If a company exists based on your idea, you must have played an important role in the creation and development of the company. You must have taken part in setting up the company and, at the time of the programme start, you must own a significant owner's share.

## 2.6 Can I be admitted to the programme more than once?

InnoFounder invests in the development of innovative business ideas in the early stages. The programme invests in founders who live up to the criteria that is described in the guidelines for InnoFounder – graduate and InnoFounder – experienced respectively. It applies that:

- A founder team consisting of a combination of recent graduates and persons with significant work experience can be admitted across InnoFounder – graduate and InnoFounder – experienced in the same application round<sup>3</sup>.
- Different persons in a founder team cannot be admitted across InnoFounder – graduate and InnoFounder – experienced across different application rounds. This means that it is not possible to apply to supplement the team that is behind the innovative business idea across application rounds.
- As in individual you cannot be admitted to InnoFounder (graduate and experienced respectively) more than once with the same innovative business idea. However, you can be admitted more than once with different innovative business ideas.

### 2.7 Foreign applicants from EU member countries and countries outside the EU

Foreign citizens who meet the requirements outlined in Sections 2.1 to 2.6, may apply for admission to the programme insofar as the relevant authorisations and registrations are obtained. However, only foreign citizens who have obtained their degree at a Danish educational institution may apply for admission to the programme.

Foreign citizens from countries outside the EU should, insofar as they are admitted to the programme, apply for a special start-up visa to obtain permission to create self-employed activities in Denmark. Read more on [www.startupdenmark.info](http://www.startupdenmark.info).

Foreign citizens from EU member countries must, insofar as they are admitted to the programme, be able to provide evidence of registration obtained from the State Administration. Read more on <http://www.statsforvaltningen.dk/site.aspx?p=5466>.

It is your responsibility to obtain all the relevant authorisations and registrations from the authorities responsible.

A condition for admission to the programme is that you live and develop your business idea in Denmark and take an active part in the programme's consultations and workshops conducted in Denmark.

## 3 How to apply

### 3.1 Content of the application

The application is to be completed in the electronic application system [www.e-grant.dk](http://www.e-grant.dk). The following information is to be uploaded as appendices when applying:

- Degree certificate (if you are a graduate) or grade transcript and documentation of expected date of graduation (if you are a student).

The application assessment will focus and be based on the idea as described in the application form. But you are welcome to attach up to 10 pages of further information, e.g. an illustration of the idea, a professional assessment of the idea or other. Attached information should not in any greater extent repeat content already provided in the application and will only be skimmed.

Any appendices must be in PDF format and total no more than 20 MB.

---

<sup>3</sup> In this regard the same application round is understood as application rounds where the application deadlines is less than three months apart.

Applications which are not submitted via the electronic application system [www.e-grant.dk](http://www.e-grant.dk) within the application deadline, will not be assessed. It is your responsibility as the applicant to ensure that the application has been filled in correctly, and that the required appendices are attached to the application.

IFD only considers information provided in the application. Supplementary information submitted via other channels than the electronic application system, e.g. via email, will therefore not be considered in the assessment of the application.

Applicants are under obligation to notify IFD immediately in the event of any subsequent changes affecting the information submitted, including funding received from other sources.

### 3.2 Description of the business idea

In your description of the business idea you must address the following points. The scope of the description of the business idea will be apparent from the application form.

- *Problem, value creation and solution:* Which user problem, need or desire will the idea solve or fulfil? What is the solution? If your idea solves a societal challenge, what is the value of your solution according to the UN's 17 sustainable development goals (SDGs)? Please include a short description of the solution in this section.
- *Users, market and competition:* Who are the customers/users, and how do they like the idea? What is the size and potential of the market (nationally and internationally)? How have you examined whether there are potential users and a market for the idea? Which competing solutions exist and how is your idea innovative in comparison? How will you safeguard yourself against others copying the solution?
- *Business model:* How do you plan, in practical terms, to make a profit on your idea or establish a sustainable business model that will ensure the solution to spread? How can the idea find its way to the market?
- *Team and execution:* What are your or the team's competences (e.g. professional and entrepreneurial competences) for implementing the idea? In which fields do you or the team lack competences for handling future challenges, and how will you act on this?
- *History, status and ambition:* When and how did this idea first emerge? Include a description of your role in the birth and the development of the idea. How far have you come in realising your idea, and what do you see as the greatest challenges to realising it – in the short and long-term? Which development tasks are you facing that an InnoFounder programme will help carry out? Where do you see yourself upon completion of the programme? How can the investment from InnoFounder contribute towards gearing the development and the potential additional funding needed?

## 4 Assessment criteria

The application must be based on an innovative business idea. Your application will be assessed according to the following assessment criteria:

### Novelty

- *Innovative scope:* It should be clear how the business idea builds on innovative solutions, knowledge, or technology.
- *Competition:* It should be clear how the business idea or its implementation differ from competing products or services.

### Value creation and business potential

- *Market potential:* There should be clear indications that the business idea may find users and a market.
- *Market penetration:* It should be clear how the business idea can find its way to the market.
- *Finances:* It should be clear how a sustainable business model may be established in the long term.
- *Value creation:* The business idea should have the potential to create value for society either through economic growth or by solving actual societal challenges.

#### **Implementation**

- *Clarity:* It should be clear what the business idea is about.
- *Feasibility:* There should be clear indications that the business idea can be put into practice.
- *Team:* The team behind the business idea should have the relevant competences for implementing the idea.

#### **Continued development**

- *Development:* There should be clear indications that an InnoFounder course can take the idea to a level where it can be further developed within the framework of a business set-up, possibly with the help of external capital. Additionally it is considered positive if the investment from InnoFounder can contribute towards generating additional funding needed to implement the innovative business idea.

## **5 Application process**

The applications are initially assessed by employees at IFD and, following this process, by a panel of experts consisting of people with a substantial entrepreneurial experience.

On the basis of the applications, the panel invites the best applicants to pitch their business idea to the panel. The panel then recommends which applicants should be given admission to the program to the Board of IFD. The Board will make the final decision.

Dates for the panel pitch are set on an ongoing basis and are announced on [www.innovationsfonden.dk/en](http://www.innovationsfonden.dk/en). The dates are announced well in advance and it is a precondition for admission to the programme that you attend a pitch on the announced dates.

All applicants are expected to be notified of whether they are invited for a pitch about one month after the application deadline. The decision will be announced in e-grant.dk. Applicants will be notified hereof via email when the decision is available in e-grant.dk.

Applicants granted an InnoFounder course in the spring, are expected to commence on 1 September. Applicants granted an InnoFounder course in the autumn, are expected to commence on 1 March.

## **6 The InnoFounder programme**

If you are admitted to the InnoFounder programme, a series of conditions apply. These are outlined below.

### **6.1 Duration and content**

The course can last no more than 12 months, defined by a start date and an end date.

During the programme you are entitled to the following:

#### Monthly grant

The monthly grant is DKK 15,000 before tax. The grant does not entitle the recipient to holiday pay or retirement benefits. The grant is paid in arrears.

The monthly grant is paid out to an individual or a company. Monthly grants paid to an individual are reported to SKAT as taxable B income via your civil registration number (CPR no). Monthly grants paid to a company are reported to SKAT via the company's registration number (CVR no).

The monthly grant follows the individual InnoFounder. This means that if the InnoFounder is part of a team of three InnoFounders, each InnoFounder will receive a monthly grant of DKK 15,000.

#### Special grant of DKK 35,000 for special expenses

The special grant totalling DKK 35,000 can be used for special services, prototypes or materials for developing the business idea. This money cannot, however, be used to purchase consumer goods such as computers, telephones, food etc.

The special grant is paid to an individual or a company. Special grants paid to an individual may include VAT and are reported to SKAT as taxable B income via your civil registration number (CPR no). Special grants paid to a company are exclusive of VAT and are reported to SKAT via the company's registration number (CVR no).

The special grant follows the individual InnoFounder. This means that if the InnoFounder is part of a team of three InnoFounders, the team will have a total of 3 x DKK 35,000, corresponding to three individual grants combined.

#### Consultations

A series of workshops for all InnoFounders across the course and individual consultations with an experienced mentor.

#### Place in a co-working space

A place in a co-working space in either Aalborg, Aarhus, Sønderborg, Odense or Copenhagen if you wish.

### **6.2 Conditions of participation**

As an InnoFounder you must work full-time on your business idea throughout the programme. You can therefore not be enrolled in a full-time study programme or be in full-time employment during the course.

You can, however, have supplementary income of a maximum of DKK 5,000 per month before tax – from either your company or other employment – as long as this in no way compromises your work on your business idea. You can furthermore draw a maximum of DKK 5,000 per month before tax out of the new entrepreneurial company if the economy of the company allows it.

A condition for admission to the programme, is that you live and work on your business idea in Denmark and take an active part in the consultations and workshops conducted in Denmark.

IFD will conduct a mid-way progress review. If your progress is not satisfactory, IFD reserves the right to terminate your course before time.

### **6.3 Reporting**

At the end of the programme you should file your final accounts and an evaluation questionnaire. Filing the evaluation questionnaire will be a prerequisite for the final disbursement. The questionnaire should be filed no later than a month before the end of the programme. The final accounts should be filed within three months after the programme's termination.

## **7 Publication of information**



Applicants should note that the title of the application should not contain information that may be business-sensitive as IFD may publish or issue lists of received applications with company name, project title and funding applied for.

Applicants should furthermore be aware that other parties may request access to submitted InnoFounder-applications. If this happens, IFD, together with the applicant, will make sure not to disclose business-sensitive information or other information which under existing laws cannot be disclosed.

In addition, IFD reserves the right to use application data in its ongoing evaluations and analyses, e.g. with a view to measuring the effect of IFD's investments.

## 8 State aid rules

Funding received through the InnoFounder programme is considered state aid and must be in compliance with Articles 22 and 28 of Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, cf.:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=da>.

This implies, among other things, that an InnoFounder company at the time of funding being granted, should be an unlisted small enterprise within five years following its registration, that it has not yet distributed profits (this does not include salary) and does not qualify for being "in difficulty" referring to The European Commission's definition of when an undertaking is considered "in difficulty" in article 2, no. 18 of COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014. Therefore, if you are admitted to the program, you must sign a statement declaring that the company meets the requirements.

You should also be aware that funding cannot be granted for the same eligible costs by IFD or other public authorities, if this entails exceeding the cap established in Article 22, Sections 3 c, 4 and 5 or Article 28, Sections 3 and 4.

## 9 Illness, maternity/paternity leave and violation

In case of protracted illness or maternity/paternity leave, IFD or you as an InnoFounder can choose to discontinue the course temporarily. In such cases the course will be extended correspondingly, when you continue the course.

During a temporary discontinuation of the course due to illness or maternity/paternity leave you are not entitled to receive any form of benefit from IFD. You should therefore consult the rules on unemployment benefit to learn about the opportunity for receiving sickness benefit or maternity/paternity leave benefit.

If you violate your obligations during the course, IFD may choose to cancel its commitment to funding and terminate the course.

*These guidelines are set out pursuant to Section 18 subsection 2 (1of the Act on Innovation Fund Denmark no. 306 of March 29, 2014, amended in Act no. 384 of April 26, 2017 and Executive Order no. 1150 on awarding of grants etc. by Innovation Fund Denmark of October 25, 2017.*