

Guidelines for Innofounder Experienced

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Content

1 Innofounder – in short	3
2 Who can apply?	3
2.1 Professional and/or research experience	3
2.2 Higher education	3
2.3 Individually or as a team.....	3
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 Innofounder Programme more than once?	4
2.7 Foreign applicants from EU/EEA member countries and countries outside the EU/EEA	5
3 How to apply	5
3.1 Content of the application	5
3.2 Description of the business idea	6
4 Assessment criteria	7
5 Application process	8
6 The Innofounder programme	8
6.1 Duration and content	8
6.2 Conditions of participation	9
6.3 Significant changes	9
6.4 Reporting	9
7 Publication of information	9
8 State aid rules	10
9 Illness, maternity/paternity leave and violation	10

1 Innofounder – in short

Do you have an innovative business idea based on extensive research and/or professional experience? Is the idea still in its early phases and is it still facing significant development? In that case, Innofounder may be of interest to you.

Innofounder is a programme for founders with an innovative business idea in its early phase. There must be a significant amount of development of the idea and its commercialisation outstanding. This means that an Innofounder course may include test sales and customer dialogue as input to the development process, but that the primary focus of the course should not be activities related to sales, marketing and scaling. Innofounder aims to reduce the risk in the early stages until the idea is ready for the market or to obtain further investment.

An Innofounder programme lasts 12 months and you are required to work full time on your idea. During the programme, you will have access to 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:

- Monthly funding of DKK 30,000.
- Special funding of DKK 100,000 to support the development of your business idea.

The more founders in a team applying for submission in the Innofounder programme, the higher demands we have for innovation and value creating potential of the idea.

2 Who can apply?

Applicants for the Innofounder programme must meet the following requirements:

2.1 Professional and/or research experience

You must have extensive and relevant professional and/or research experience (public/private) which provides a solid basis for your idea and its development. This means that you should have, for example, extensive industry knowledge and market understanding. You should furthermore describe how your experience is relevant for your idea.

2.2 Higher education

You must have a higher education degree. These include academy profession degrees, professional bachelor's degrees, bachelor's, master's and PhD degrees from a university college, business academy, maritime educational institution, institution in art and architecture, university or similar.

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 and who the remaining team members are.

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. In this context, IFD considers diversity an important resource that has a positive impact on the team's execution and innovation ability.

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 professional experience.

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 more 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. Hence, Innofounder does not fund companies that are ready to go to market and primarily face sales, marketing and scaling.

However, the business idea should be beyond the idea stage. This could e.g. entail that a structured dialogue with potential customers/users has taken place, or an existing prototype has been developed to ensure that the Innofounder programme has a foundation to build on.

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. However, it is within the guidelines to have promised external funding, which is triggered after a key milestone is achieved, but it is not within the guidelines already to have access to capital to fund the forthcoming development.

If a company has already been established, this must be a new company based mainly on the business idea and with no other products on the market. A new company means that it is no more than 3 years old by the application deadline and must differ significantly from existing or former companies owned, run or financed by the applicant. If a company has not been established, a company must be registered with a company's registration number at the time of admission to the programme.

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. In addition the company must have the necessary rights for commercial exploration of the business idea.

2.6 Can I be admitted to the Innofounder 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 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 round¹. However, a maximum of three people with the same business idea can be admitted in total.

- 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 behind the innovative business idea across application rounds.
- As an 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 significantly different innovative business ideas.

2.7 Foreign applicants from EU/EEA member countries and countries outside the EU/EEA

Foreign citizens, who meet the requirements outlined in Sections 2.1 to 2.7, may apply for admission to the programme insofar as the relevant authorisations and registrations are obtained. Foreign citizens from countries outside the EU/EEA must have worked at least twelve months for a company in Denmark within the last three years.

Foreign citizens from countries outside the EU/EEA must 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.

Foreign citizens from EU/EEA 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 www.nyidanmark.dk/en-GB.

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 develop your business idea in Denmark and that the company is registered in Denmark with a Danish CVR number

3 How to apply

3.1 Content of the application

The application must be completed in the electronic application system www.e-grant.dk. The following information must be uploaded as appendices when applying:

- Degree certificates (a maximum of two pages per applicant). Only submit your exam grades if absolutely necessary.
- CV with a clear description of the extent and character of professional experience (a maximum of three pages per applicant)

The application assessment will focus and be based on the idea as described in the application form. However, you are welcome to attach up to 5 pages of further information, e.g. an illustration of the idea, a graphic presentation of the competitive landscape, letters of intent or similar. Attached information should not to 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 25 MB.

¹ In this regard the same application round is understood as application rounds where the application deadlines is less than three months apart.

If you have previously applied for Innofounder and been rejected, you will be asked to describe the development on the entrepreneurial idea since the last application.

Please note that failure to comply with the form requirements in the application material or the application deadlines of the programme may result in an application being rejected without assessment.

It is your responsibility, as the applicant, to ensure that the application has been completed correctly, and that the required appendices are attached to the application.

Innovation Fund Denmark (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

The scope of the description of the business idea is apparent in the application form² in which you, among others, must address the following points:

- *Problem and solution:* Which problem, need or desire does the users have? What does the solution consist of? How and why does it work? And what makes the solution new? (max. 1000 characters)
- *Value creation:* Which value does the solution bring to society e.g. in terms of solving societal challenges, creating growth and employment etc.? Provide concrete quantitative and/or qualitative goals for the value creation to the extent that it is possible (max. 500 characters)
- *History and status:* When and how did this idea first emerge? Include a description of your role in the birth and 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 – short and long-term? (max. 500 characters).
- *Development:* Which development tasks must be solved during the Innofounder programme? Describe as concretely as possible the development tasks still to be solved. Where are you at when the programme ends? How can the investment from Innofounder contribute towards boosting the development and the financing the company further needs? (max.1000 characters).
- *Users, market and competition:* Who are the customers/users, and how do they like the idea? How have you investigated if there are users and a market for the idea? What is the size and potential of the market? Who are your competitors and how do you differentiate from them? What does the competitive situation mean for your chances to gain market shares? How will you safeguard yourself against others copying the solution? (max. 1500 characters)
- *Business model:* How is it possible to earn money on the idea and establish a sustainable business that can ensure expansion of the solution? Please describe below your expected business model, cost structure, pricing and how you expect to roll out the solution in the market (max. 1000 characters)
- *Team and execution:* What are your or the team's competences, including professional experience, for implementing the idea? How does the idea build on the team's collective professional experience

² The character limits include spaces

and knowledge? Describe how the diversity of the team will help to execute the idea. Please state to which extent the additional team will be affiliated during the Innofounder programme in executing the idea (e.g. state the number of hours per week). In which fields do you or the team lack competences for handling future challenges, and how will you act on this? (max. 1500 characters).

- *Milestone plan*: Attach a milestone plan for the complete Innofounder programme.

4 Assessment criteria

The application must be based on an innovative business idea. If you meet the requirements for admission as described in Section 2, your application will be assessed according to the following four assessment criteria:

- Novelty
- Value creation and business potential
- Implementation
- Investment potential

IFD emphasises the following:

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 is plausible that the business idea can find its way to the market.
- *Finances*: It is plausible that a sustainable business model can be established in the long term.
- *Value creation*: The business idea should have the potential to create value for society through economic growth and/or by solving actual societal challenges. It must be clear how the business idea creates value for Denmark.

Implementation

- *Clarity*: It should be easily understandable what the business idea is about.
- *Feasibility*: There should be clear indications that the business idea can be implemented successfully.
- *Team*: The team behind the business idea should have the relevant competences for implementing the idea.
- *Continued development*: It should be made plausible that an Innofounder programme 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 favourable if the investment from Innofounder can contribute towards generating additional funding.

Investment potential

- The investment made by IFD must match the risk profile and the potential of the company.

In the case that the innovative business idea has gained other investments from IFD, an assessment will be made, to determine whether the total investment from IFD matches the risk profile and the potential of the business idea.

5 Application process

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

Based on 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 programme to the IFD Board of Directors. 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. 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 admitted to the Innofounder programme should start their Innofounder programme within four months of the commitment to funding being given.

6 The Innofounder programme

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

6.1 Duration and content

The programme lasts 12 months, defined by a start date and an end date.

During the programme you are entitled to the following:

Monthly funding

The monthly funding is DKK 30,000 before tax. The funding does not entitle the recipient to holiday pay or retirement benefits. The funding is paid in arrears.

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

The monthly funding follows the individual Innofounder. This means that if the Innofounder is part of a team of three Innofounders, each Innofounder will receive monthly funding of DKK 30,000.

Funding of DKK 100,000 for special expenses

Funding totalling DKK 100,000 can be used for special services and materials for developing the business idea e.g.:

- Rental of equipment
- External consulting
- Development and test of prototype
- Purchase of software
- Marketing material

- Travel expenses related to customer meetings and conferences etc.³

The special funding can however not be used for:

- Access to office spaces and office supplies
- IT hardware, phones or similar
- Catering/meals

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

The special funding 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 100,000, corresponding to three individual programme funding combined.

6.2 Conditions of participation

As an InnoFounder you must work full-time (a minimum of 37 hours per week within normal work hours) on your business idea throughout the programme. You can therefore not be engaged in other employment to an extensive degree during the programme.

A condition for admission to the programme is that you live and work on your business idea in Denmark.

IFD reserves the right to ask for a progress status at any time. If your progress is not satisfactory, IFD reserves the right to terminate your programme before time.

6.3 Significant changes

If significant changes are made that affect your InnoFounder course it must be communicated to IFD as soon as possible. Significant changes include (but are not limited to) changes to the InnoFounder-team or significant changes to the business idea, which is funded by InnoFounder. IFD will then decide if the change will affect your InnoFounder course.

6.4 Reporting

Midway through the programme you must submit a brief presentation illustrating the progress that has taken place during the programme, and hereafter present it to the IFD panel. At the end of the programme you must submit your auditor approved accounts and an evaluation questionnaire. The evaluation questionnaire must be submitted no later than one month *before* the end of the programme. Your final accounts must be submitted within three months *after* the end of the programme.

7 Publication of information

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

³ All travel must as far as possible be done by public transportation or otherwise be done at the lowest possible expense according to the Government's regulations for travel expenses: <https://modst.dk/media/30207/016-18.pdf>

Applicants should furthermore be aware that other parties might 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 may not be disclosed under existing laws.

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 constitutes as state aid and must be in compliance with Article 22⁴ 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>. The funding given under article 22 amounts to DKK 460,000 pr. Innofounder.

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 programme, 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.

Innofounder cannot fund activities in the aquaculture sector and the primary production of agricultural products, referring to article 1, no 3, a) and b) Commission Regulation (EU) No. 651/2014 of 17 June 2014.

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 suspend the programme temporarily. In such cases, the programme will be extended correspondingly, when you resume the programme.

During a temporary suspension of the programme due to illness or maternity/paternity leave, you are not entitled to any form of benefit from IFD. You should therefore consult the rules on unemployment benefit to learn about the possibility of receiving sickness benefit or maternity/paternity leave benefit.

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

⁴ The company must not have taken over another company's activity, distributed profits or been created through a merger with a company that does not meet the requirements of the EU start-up aid programme.

The company must have less than 50 employees and a maximum of EUR 10 million in annual turnover or annual total balance. No subsidies may be paid out to undertakings in the fishery and aquaculture sector and the sector for primary production of agricultural products, as referred to in article 1 (3), (a) and (b) of EU's general block exemption Regulation.

These guidelines are set out pursuant to Section 18 subsection 2 (1) of 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.