

# Commercial and Financial Sustainability

11:00 – 12:00 CET, 04 September 2024

**This session will be recorded.**



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# Info webinars

**Tuesday,  
September 03**

**Call Information**  
10:00 – 11:00

**Wednesday,  
September 04**

**FSM**  
11:00 – 12:00

**Tuesday,  
September 10**

**IPR**  
09:30 – 11:00

**Session recordings will be made available on Call webpage**



# Agenda

Speakers: Arthur Boetti

Topic	
<b>What is FSM?</b>	Common understanding on Financial Sustainability.
<b>The proposal and the importance to build a strong business case</b>	The importance of the commercial viability of the outcome.
<b>Sales pathway</b>	Explanation of the service support that the commercial partners will have access to during the project implementation.
<b>Investment pathway</b>	Invested companies, companies to put forward their application to be invested, or new companies incorporated during the project implementation.
<b>New company/spin-out</b>	Options for newly incorporated companies in charge of the commercial exploitation of the project results.
<b>Next steps</b>	How to complete the proposal and the different phases of the Financial Sustainability.
<b>Q&amp;A</b>	Start the open discussion



# Financial Sustainability

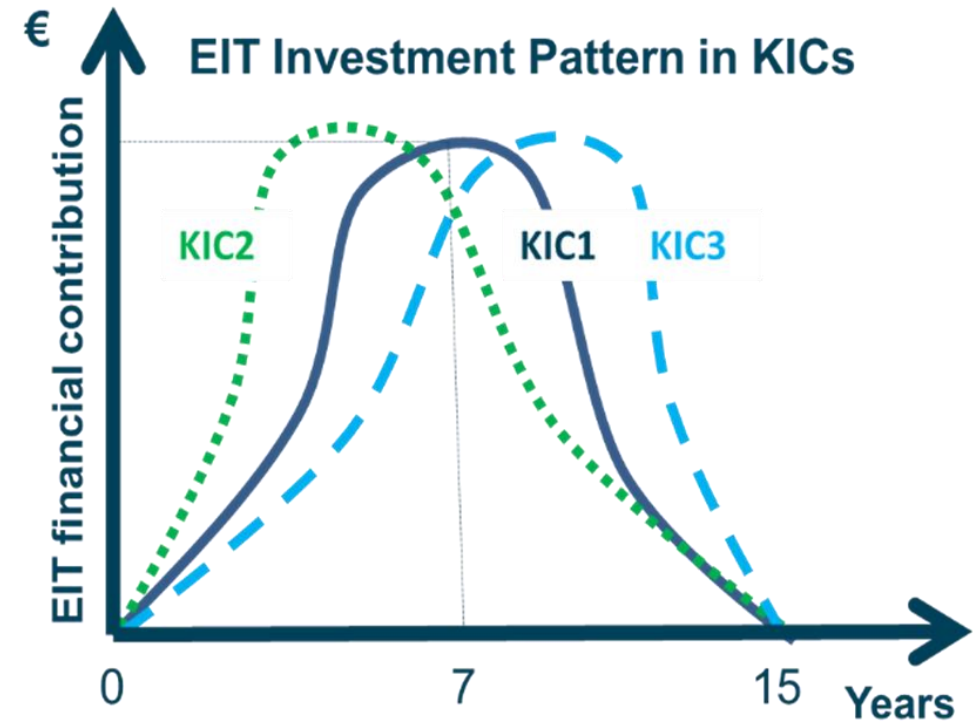
**Objective**

# Financial Sustainability – funding perspective

EIT funding in the Urban Mobility KIC will progressively decrease after year 7 until **year 15**.

EIT Urban Mobility has a 14-year funding cycle in which to use the “EIT block” grant to mature to financial independence. This is called the **Financial Sustainability Mechanism (FSM)**

- Initial intent of the EIT
- Not a Pillar 2 Programme
- Payment on outcome not activity
- TRL6 and above
- Revenue 12-24 months (KPI justification)



# Financial Sustainability

The framework of the project is the base of the future business relations between the **Commercial Partner** and **EIT Urban Mobility** that will enable the financial sustainability of both the KIC and the company that is bringing the marketed innovation.

## Commercial Partner

EIT Urban Mobility will take an active role in driving the success



### Implementing a growth strategy

- Increase the chances to be successful in the GTM, partnering with a reference in the sector.
- Get your intangible assets properly protected.
- Be coached by experts in sales and excel in marketing your products.
- Use the project pilots as a use case and be showcased as best practices.
- Ramp-up your sales pipeline.



### Looking at the next fundraising round

- Increase EBITDA.
- Improve financial KPIs.
- Free cash flow.
- Attract new co-investors having the EIT Urban Mobility subscribing shares in the round.
- Be advised by our Investment Portfolio Managers.



# Sales Pathway



# Basic Sales Support

Unlocking value and support: your benefits

Duration: 12 months



Visibility

+



IP inbox

+



Targeted webinars

+



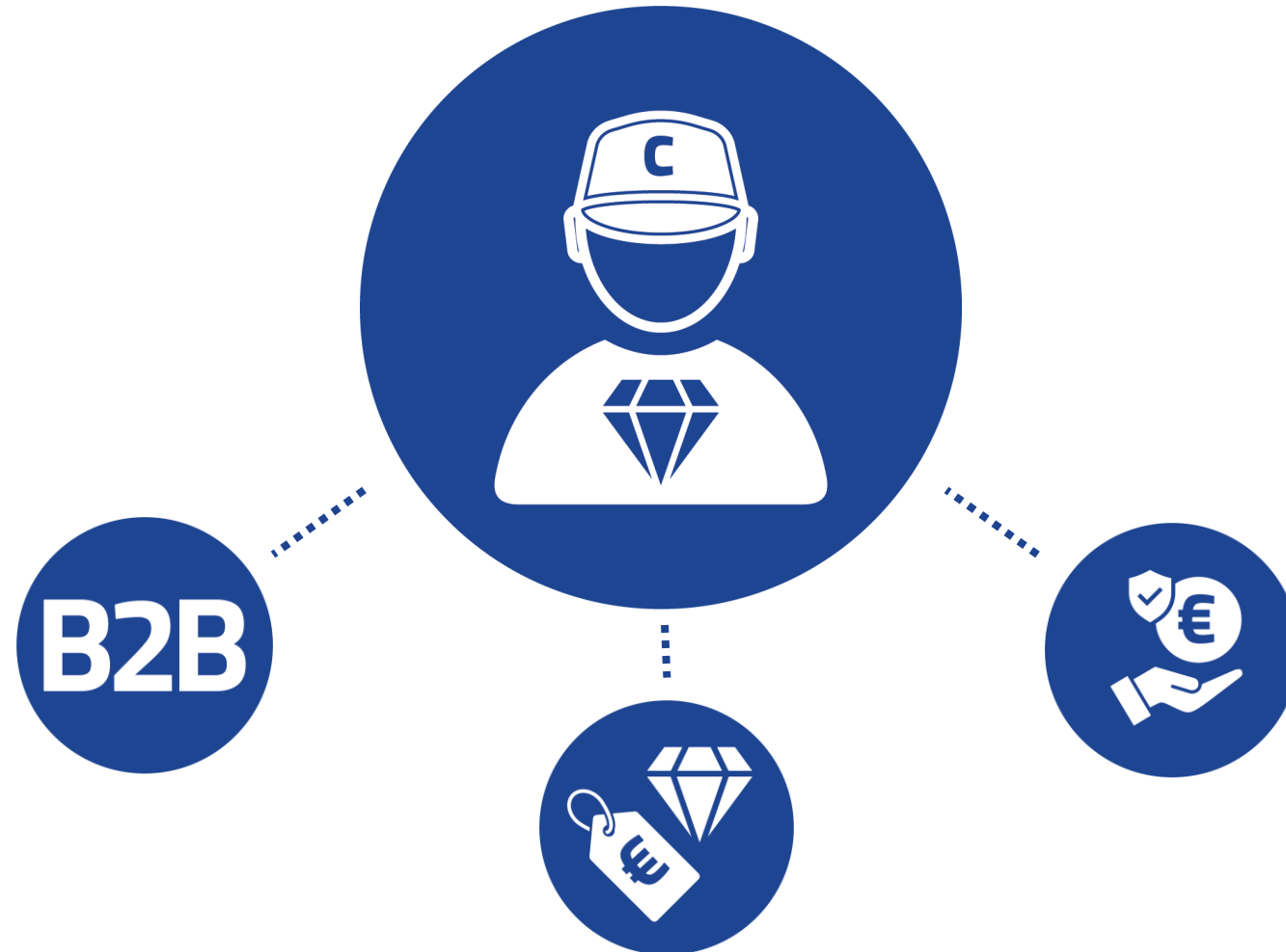
CRL evaluation



# Learn how to build a sales pipeline

Empowering growth strategies: tailored sales coaching for SMEs

**Duration:** 2 months



# Premium Sales Enablement



Empowering growth strategies: tailored sales coaching for SMEs

**Duration:** 12 months



**Qualified leads**



**Consortia introductions**



**Tenders**



**Event booster**



**Event representation**



# Investment Pathway

# Equity Portfolio Company

## EIT Urban Mobility – Impact Ventures

The **Commercial Partner**, with full support of the consortia (expect cities), will be invited to initiate discussions with the Impact Ventures team on how EIT Urban Mobility will increase the equity position in the company.

### Investment instruments



#### Existing Priced Round

- There is a co-investor who leads the round.
- The company valuation is known.
- Price per share is determined by the valuation.
- Investment conditions are negotiated and specified.
- EIT Urban Mobility's ownership of the shares is acquired after the closing.

***NB:** EIT Urban Mobility may decline equity*



#### Future Equity (SAFE)

- Company valuation unknown.
- EIT Urban Mobility's ownership of the shares will be acquired if there is a round.
- Valuation cap is negotiated.
- Conversion discount is negotiated.



# Non-Equity Portfolio Company

## EIT Urban Mobility – Investment Thesis

Companies that are not part of the EIT Urban Mobility equity portfolio yet but would like to go via equity as their FSM, would need to ensure they qualify for the investment thesis. If the requirements are met, they would then have to follow the “New Company/Spin-out created as a result of the project” approach.

### Investment thesis

*NB: EIT Urban Mobility may decline equity*

- **Geographic focus:** EU Member State or Third Countries associated to Horizon Europe
- **Target equity:** 1-5%
- **Target holding period:** 5-7 years
- **Follow-on investment:** 60% of the budget
- **Target stage:** Early stage (post-product, early revenue)
- **Pre-money valuation:** Up to 20M€
- **Exit optionally:** preferred access to corporate acquires and secondary sale transactions to existing shareholders
- **Thematic focus:** Product/services applicable to urban mobility industries; innovative component with high scalability potential; complementary, industry-knowledgeable and diverse teams; social and environmental impact.

# New Company / Spin-Out

**Created as a result of the project**



# New Company / Spin-Out

## Market Readiness Evaluation (MRE) Programme

When the 2nd Round Panel Hearing selects a project for the award, the **Commercial Partner** with the full support of the consortia (except cities) and in agreement with EIT Urban Mobility, will plan the enrolment in the MRE Programme that will take place during the implementation period.

## Responsibility until new company/spin-out creation (M1-M7)

- The consortia devises the equity commit in the new company/spin-out as the proposed FSM.
- The consortia, led by Project Leader, is accountable until new company/spin-out is created.
- The consortia (excluding cities) is responsible for new company/spin-out **registration, capitalisation** and **operational set-up**.

## Integrate new company (M6-M12)

- A new company/spin-out created by M6 may become a partner during the project amendment phase.
- The commercial lead should reallocate existing tasks and funding to the new company/spin-out.

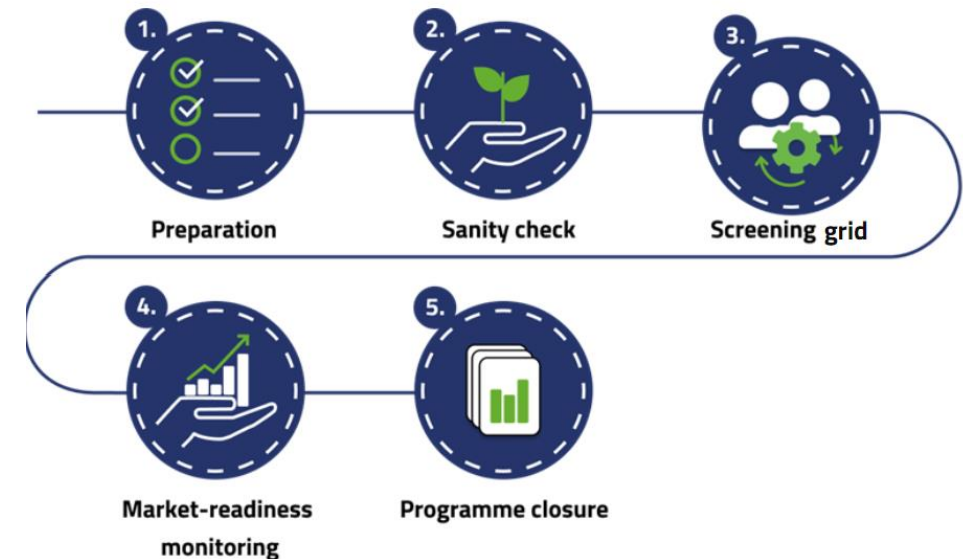
# New Company / Spin-Out

**Duration:** 2 months

The **Market Readiness Evaluation (MRE) Programme** (M8-M12) consists of a programme of development of a new company/ spin-out that totals 80 hours of work over 2 months.

- New company must be registered and **operational at the latest by M8.**
- All new companies/spin-outs will be enrolled in the MRE.
- MRE process started **no later than M9.**
- MRE results define the optimal FSM for the new company/spin-out.
- A defined fee will be presented to cover the costs associated to the MRE Programme (to be paid before the start of the programme).
- After the programme either EIT Urban Mobility will obtain equity, or in the case EIT Urban Mobility declines equity, a second defined fee will have to be paid (during the rest of the year or in the following years) in exchange for a series of services.

## MRE CONTENT





# Next Steps

**Fulfilment of the proposal**

# How to complete the proposal

## Section: Financial Sustainability



### Financial Sustainability

In case the commercial partner will be a new startup, please identify here the main partner responsible for the creation of the startup/spin-off ADD in the help text below the table; if there is more than 1 Commercial partner, please add any row as any commercial partner in the consortium.

Commercial Partner



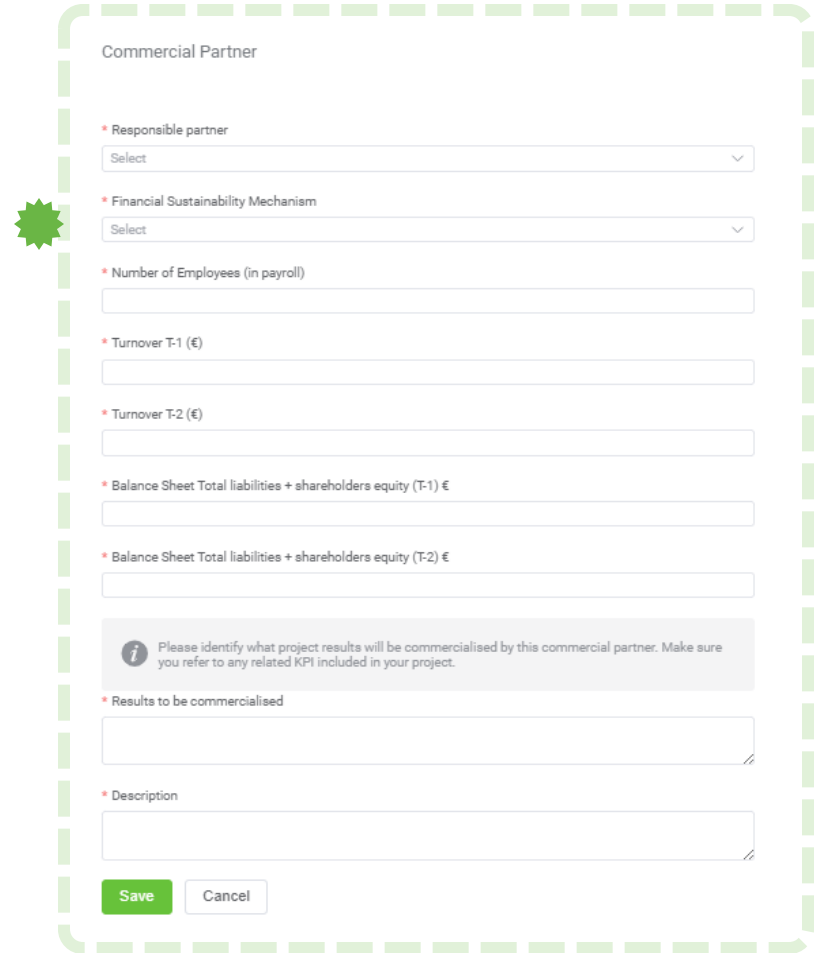
In case the commercial partner will be a new startup, please identify here the main partner responsible for the creation of the startup/spin-off ADD in the help text below the table; if there is more than 1 Commercial partner, please add any row as any commercial partner in the consortium.\*

Responsible partner	Financial Sustainability Mechanism	Number of Employees (in payroll)	Turnover T-1 (€)	Turnover T-2 (€)	Balance Sheet Total liabilities + shareholders equity (T-1) €	Balance Sheet Total liabilities + shareholders equity (T-2) €	Results to be commercialised	Description	Action
<a href="#">+ Add New</a>									



# How to complete the proposal

- Sales Pathway = Services provided by EIT Urban Mobility Innovation Advisory Team
- Investment Pathway = EIT Urban Mobility equity in your SME
- New Company / Spin-out created as a result of the project



Commercial Partner

\* Responsible partner  
Select

\* Financial Sustainability Mechanism  
Select

\* Number of Employees (in payroll)  
[Text input field]

\* Turnover T-1 (€)  
[Text input field]

\* Turnover T-2 (€)  
[Text input field]

\* Balance Sheet Total liabilities + shareholders equity (T-1) €  
[Text input field]

\* Balance Sheet Total liabilities + shareholders equity (T-2) €  
[Text input field]

*Please identify what project results will be commercialised by this commercial partner. Make sure you refer to any related KPI included in your project.*

\* Results to be commercialised  
[Text input field]

\* Description  
[Text input field]

Save Cancel

# Financial sustainability - Phases

## Phase 1. Proposal submission

- Identify commercial partner
- Select FSM pathway

## Phase 2: Evaluation and selection

- External quality evaluation of proposals
- Portfolio selection

## Phase 3: Conditions clearance

- Negotiation and signature of commercial agreement with EIT Urban Mobility

## Phase 4 Project implementation

- Onboarding and execution of the conditions of the commercial agreement and beginning of collaboration

# Q&A

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