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**2023 Innovation Call for Proposals**

Commercialisation and Financial Return Mechanism Template

EIT Food

August 2022

Amendment 1: 13 February 2023

# Commercialisation Strategy (max 2000 characters)

Please summarise the Commercialisation Strategy chosen by the consortium to bring the innovation(s) to the market.

*Please provide your answers in the box below*.

**Optional supporting documentation** - maximum 1 ﬁle: Feel free to upload any document supporting your Commercialisation Strategy (free format but only PDF are accepted).

# Key Exploitable Results

Describe one or more Key Exploitable Results (KERs) of the Activity and provide a short title for each KER. Please read Appendix A at the end of this document for an explanation of Key Exploitable Results (KERs).

*Please complete the requested information in the table below. You may add or delete rows when necessary.*

|  |  |  |
| --- | --- | --- |
| **KER #** | **Short title of KER** | **KER description (~50 words)** |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |
| 4. |  |  |
| 5. |  |  |

**Optional supporting documentation:** Attach a Summary of previous research- / lab- / Proof of Concept results, quantified.

# Intellectual Property Ownership and protection

In case IP is developed, please list which partner(s) own the Intellectual Property (IP) underpinning the KER(s) and how this IP will be protected.

*Please complete the requested information by filling in the table below. You may add or delete rows where necessary.*

|  |  |  |  |
| --- | --- | --- | --- |
| **KER #** | **KER Title** | **IP owner** | **Intended protection measures\* (if applicable)** |
| 1. |  |  | *[e.g. patent]* |
| 2. |  |  | *[e.g. None]* |
| 3. |  |  |  |
| 4. |  |  |  |
| 5. |  |  |  |

*\*Typical intellectual property protection measures include a.o. patents, copyrights, trademarks and trade secrets*

# Activities and responsibilities of exploiting parties(s)

Describe the activities and responsibilities of the exploiting party for each KER:

1. Who is the exploiting party for each KER?
2. Is this party an Activity consortium member (i.e. “partner”)?
3. What is the contractual basis of the exploitation: IP ownership or IP licensing?
4. Does the exploiting party generate the KER (i.e. manufacturing of product/execution of service)?
5. If the answer to question d) is “no”, which party generates the KER?
6. Is the exploiting party responsible for the distribution of the KER? If so, to which extent (e.g., does the party sell and deliver the KER to customers or only one of these aspects)?
7. Please describe the sales distribution model(s) of the exploiting party and if applicable of the distribution parties in a maximum of 3 sentences.
8. Please describe the sales distribution model(s) in case of third party distribution partners, if applicable.
9. Please highlight any sales channels you already have access to (e.g. through a project partner or otherwise) in a maximum of 3 sentences.

*Please complete the requested information in the tables below. You may add or delete rows where necessary.*

|  |  |  |
| --- | --- | --- |
| **KER #** | 1. **Exploiting party of the KER** | 1. **Partner of the Activity consortium?** |
| 1. | *[ Name of the exploiting party]* | *Yes/No* |
| 2. |  |  |
| 3. |  |  |
| 4. |  |  |
| 5. |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **KER #** | 1. **Contractual basis for exploitation of the KER** | 1. **Exploiting party generates the KER** | 1. **If d) is no, which party generates the KER?** |
| 1. | *IP owner / IP license* | *Yes / No* | *[ Name of the party ]* |
| 2. | *IP owner / IP license* | *Yes / No* |  |
| 3. | *IP owner / IP license* | *Yes / No* |  |
| 4. | *IP owner / IP license* | *Yes / No* |  |
| 5. | *IP owner / IP license* | *Yes / No* |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **KER #** | 1. **Fully or partly distribution of KER by exploiting party** | 1. **Sales distribution model** | 1. **Sales distribution model third-party distribution partners, if applicable** |
| 1. | *Fully / partly* | *[ max. 3 sentences ]* | *[ max. 3 sentences ]* |
| 2. | *Fully / partly* |  |  |
| 3. | *Fully / partly* |  |  |
| 4. | *Fully / partly* |  |  |
| 5. | *Fully / partly* |  |  |

|  |  |
| --- | --- |
|  | 1. **Sales channels of KER** |
| 1. | *Consortium partner (if so please name partner) / Existing network of exploiting party (if so please provide names) / online sales / other, please specify type of sales channel (e.g. supermarkets, food producers etc.)* |
| 2. |  |
| 3. |  |
| 4. |  |
| 5. |  |

# Intellectual Property exploitation rights

Describe whether a Freedom to Operate Analysis (FTO) has been performed and by whom. If multiple FTOs have been performed, please describe them all. Please also describe whether the FTO analysis resulted in the identification of IP that needs to be considered for exploitation of the KERs and how IP exploitation rights will be arranged.

*Please complete the requested information in the table below.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Has an FTO analysis been performed?** | **By whom?** | **IP to take into account when exploiting the KER?** | **How will IP exploitation rights be arranged?** |
| KER # 1 | *Yes / No* | *[name]* | *Yes / No* | *Provide a short description of approx. 2-3 sentences* |
| KER # 2 | *Yes / No* |  | *Yes / No* |  |
| KER # 3 | *Yes / No* |  | *Yes / No* |  |
| KER # 4 | *Yes / No* |  | *Yes / No* |  |
| KER # 5 | *Yes / No* |  | *Yes / No* |  |

# Customers and revenue model

Describe the expected primary customers (i.e. retailers, manufacturers, farmers etc.) and specify further with customer names if possible for each KER. Consortium partners can partly be identified as a customer as well. Also describe the revenue model for each customer, specify the entry price and how this price was determined.

*Please complete the requested information in the table below.*

|  |  |  |
| --- | --- | --- |
| **KER #** | **Customer name / Customer type** | **Revenue model and justification of entry price** |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |

**Willingness to Pay**

Please provide any information (including quantifications where appropriate) that demonstrate that the customer is willing to acquire (i.e. buy, procure) your proposed product or service, for example, based on the expected outcomes of the project. In case of more than one KER, please demonstrate customers’ willingness to pay for each KER.

*Please provide your answers in the boxes below.*

*Description of willingness to pay for KER #2*

*Description of willingness to pay for KER #1*

# Total Addressable Market and demonstration of market need

Summarize the target markets for the KER(s). Refer to market analysis reports and make sure to include the following elements:

* Quantification of the Total Addressable Market
* Growth perspective of the Total Addressable Market (historic and future outlook)
* Overview of market segments
* Key players in the market
* Current and future competitors

P*lease provide your answers in the box below.*

# Serviceable Obtainable Markets

Describe the Serviceable Available Market (SAM) and Serviceable Obtainable Market (SOM) for each KER using the tables below. The Serviceable Available refers to a segment of the Total Addressable Market (TAM) that you intend to service with your business model (i.e. how big is the market that you could potentially reach). The SOM is the segment of SAM that you can realistically capture with your sales and distribution channels (i.e. what is the market that you can reach with your resources at a certain point in time). The SOM provides a basis for the estimated sales volume of each KER. An example of the TAM-SAM-SOM approach is explained in Appendix B.

Please use the following guidelines to complete the tables below:

1. Please provide a short description of the Serviceable Available Market.
2. Please provide a short description of the Serviceable Obtainable Market. In your description, include at least the following:
   * Customer types
   * Geographic reach (region / countries)
   * Key customers during product launch (“launching customers”) and/or long-term key customers. Please specify with names where possible.
3. Please select the relevant sales unit to quantify the market potential. For example the number of persons, kg, litres, m2 or another type of unit.
4. Quantify the SOM as an expression of units. Use the timeline to show how SOM evolves over time
5. Quantification of SOM for each KER over time:

* Quantify the estimated market share within your SOM
* Quantify in the tables below whether this market share will stay the same over the years or whether these have an increasing/decreasing trend for the coming 5-10 years.

1. Quantify SOM in units sold. The number of units sold can be used to calculate expected revenues for each KER in section 11.
2. Please provide sources of information to justify SOM estimations. Examples may include draft /expected offtake agreements, letters of intent from customers, market research reports, competitor analysis etc.

Potentially a KER can be sold to more than one market segment. If so, provide an estimation of the SOM and market share for market segments 1, 2 etc. in the table below.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **KER # 1:** |  | | | | | | | | |
| 1. Name and Description of SAM 1 | *[Market segment]* | | | | | | | | |
| 1. Name and description of SOM 1 | *[ e.g. customer type(s) or customer name(s) (which can be consortium partners), specific region(s) / countries ]* | | | | | | | | |
| 1. Specification of unit: | *[ Select relevant unit (X) for KER: Persons, kg, ltr, m2 or another type of unit ]* | | | | | | | | |
|  | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** |
| 1. Quantification of SOM in units | *[X]* |  |  |  |  |  |  |  |
| 1. Expected market share in SOM | % |  |  |  |  |  |  |  |
| 1. Expected number of units sold | *[X]* |  |  |  |  |  |  |  |
| 1. Sources estimated SOM 1 | *[ e.g. draft /expected offtake agreements, letters of intent customers, market research reports, competitor analysis etc.]* | | | | | | | | |
|  |  | | | | | | | | |
| 1. Name and Description of SAM 2 | *[Market segment]* | | | | | | | | |
| 1. Name and description of SOM 2 | *[ e.g. customer type(s) or customer name(s) (which can be consortium partners), specific region(s) / countries ]* | | | | | | | | |
| 1. Specification of unit: | *[ Select relevant unit (X) for KER: Persons, kg, ltr, m2 or describe another type of unit ]* | | | | | | | | |
|  | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** |
| 1. Quantification of SOM in units | *[X]* |  |  |  |  |  |  |  |
| 1. Expected market share in SOM | % |  |  |  |  |  |  |  |
| 1. Expected number of units sold | *[X]* |  |  |  |  |  |  |  |
| 1. Sources estimated SOM 2 | *[ e.g. draft /expected offtake agreements, letters of intent customers, market research reports, competitor analysis etc.]* | | | | | | | | |
|  |  | | | | | | | | |

*Please copy and complete the table above if you have more than one KER.*

**MANDATORY Supporting Documentation:** Please upload information that supports SOM and market share estimates. This might include: draft /expected offtake agreements, letters of intent customers, market research reports, competitor analysis etc.

# Market introduction / distribution channels (max 2000 characters)

Summarize the sales/distribution channels for all Serviceable Obtainable Markets as described in your Business Plan.

*Please provide your answers in the box below.*

**MANDATORY Supporting Documentation:** Please provide a Business Plan that includes the description of the sales/distribution channels for the described Serviceable Obtainable Markets.

# ROADMAP GO TO MARKET AND SCALE UP MILESTONES FOR KER’S

Please provide a high-level **roadmap for the commercialization and exploitation** of each KER in the table below. This roadmap describes key milestones that represent a feasible commercial growth path (scale up pace) for each KER in the **coming 5 to 10 years**, that is, at least for the **period related to the Financial Return Mechanism Agreement with EIT Food**. Please provide in which quarters and calendar year certain milestones of each KER are planned. Examples of milestones are:

* KER is fully developed and ready for market entry (e.g. Technology Readiness Level 9)
* Supplier or offtake agreements are signed
* First commercial scale production plant established
* First sale
* A certain threshold in sales volumes
* A certain number of customers
* Financial break-even point reached (i.e. costs for development and market introduction of KER are paid back by sales of KER)
* Market introduction in certain (new) countries
* First sale to a new type of customers

*Please copy and complete the table below if you have more than one KER.*

|  |  |
| --- | --- |
| **Milestones KER # 1** |  |
| **Milestones description** | **Time (Quarter, Year)** |
| *KER # 1 fully developed for market introduction* |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

**MANDATORY Supporting Documentation: Product Readiness Level:** Please provide evidence documenting the status of the activities required to launch the innovation in the market.

# Revenues Key Exploitable Results

Indicate the type of revenue streams (sales of product or service) for each KER by indicating Yes or No in the table below. This can be a verification of what you have indicated in Plaza.

|  |  |  |
| --- | --- | --- |
| **KER #** | **Sales of product** | **Sales of service** |
| 1 | *Yes / No* | *Yes / No* |
| 2 | *Yes / No* | *Yes / No* |
| 3 | *Yes / No* | *Yes / No* |
| 4 | *Yes / No* | *Yes / No* |

Provide an estimation of the annual revenues in euro per KER in the table below. Please note that the projected revenues have to be in line with the previous sections on customers and revenue model, the serviceable & obtainable market for each KER and the commercial scale-up milestones.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** |
| Revenues KER 1 (€) |  |  |  |  |  |  |  |  |  |
| Revenues KER 2 (€) |  |  |  |  |  |  |  |  |  |
| Revenues KER 3 (€) |  |  |  |  |  |  |  |  |  |
| Revenues KER 4 (€) |  |  |  |  |  |  |  |  |  |
| Revenues KER 5 (€) |  |  |  |  |  |  |  |  |  |
| Total Revenues |  |  |  |  |  |  |  |  |  |

# Proposed Financial Return Mechanism

The 2023-2025 Financial Return Mechanism (FRM) spans **3 phases** corresponding to the progress of market uptake of the proposed product or service beyond EIT Food project funding. In order to comply with the amended Financial Return Mechanism for this Call for Proposals 2023, **please carefully complete the information required below for each phase.**

Timeline

Description automatically generated

1. **Phase 1: Market Entry:** a 30% fixed return within 15 months (split into 2 payments) after the agreed end date of the project.
   * 10% of total EIT Food grant shall be returned to EIT Food within 3 months following the official end of the funded activity.
   * 20% of total EIT Food grant shall be returned to EIT Food within 15 months following the official end of the funded activity.
2. **Phase 2: Scale:** a 70% milestone-based return within 4 years after the completion date.

Please complete the table below by indicating **a credible, measurable, and verifiable set of milestones** which will be monitored with your EIT Food key account manager throughout the 4 years after the completion date. The proposed milestones’ total ROI must amount at minimum to 70% of the total EIT Food grant.

Tip: To complete this table, it will be helpful to refer back to your estimated revenue streams in **section 8** of this document, as well as any milestones indicated in your roadmap in **section 10** for inspiration.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **KER #** | **Milestone name** | **Milestone description** | **Delivery Date** | **% ROI (must amount to a minimum of 70%)** |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |
| Total | | | | Minimum 70% |

1. **Phase 3: Maximize:** a negotiated ROI at the end of Phase 2 looking towards the future: in this phase, EIT Food and the exploiting party(ies) negotiate and agree upon a mutually beneficial ROI to be put in place after 4 years following the original completion date, depending on the long-term performance of the product or service on the market.

Please briefly describe an ROI mechanism of your choice for this phase. Your explanation will be used as a basis for negotiation in the event that your innovation reaches this level of success in the market after 4 years following the original completion date. This ROI mechanism can be based on pre-defined milestones, equity, revenue sharing, or royalties, among others. (max 10 sentences)

*Description*

1. **Please describe how EIT Food can monitor the realisation of projected revenues and milestones is described in this template.**

In case the KER(s) is (are) exploited, EIT Food requires insight into the revenues that are realised for each KER which may differ from the projected revenues in section 11. EIT Food requires this insight annually to invoice the exploiting partner for the actual revenues to be shared based on the revenues realised by the KER(s).

Please describe in the text box how the exploiting partner of each KER provides a clear insight into the realised revenues of the KER(s), e.g. based on annual accounts and/or a dedicated annual progress report. Note that a company’s annual accounts may not be sufficient as the revenues of individual KERs cannot be derived from the reported revenues therein.

*Description*

1. **Please provide the name and department of the department and duly authorized person to sign the Financial Return Mechanism Agreement with EIT Food**

*In case of more than one exploiting partner please provide the following table for each exploiting partner.*

|  |  |
| --- | --- |
|  | **Contact Information** |
| Exploiting partner for KER # |  |
| Organisation name |  |
| Department |  |
| Duly authorised person to sign |  |
| The duly authorized person is aware of the intention to sign the Specific Agreement | *Yes / No* |
| E-mail of authorized person |  |
| Telephone number of the authorized person |  |

# Appendix A – Explanation ‘Key Exploitable Result’

* What is an **exploitable result**? A product, process, new service, new standard, new training courses, input for new project, patent which:
  + will be further developed for **market introduction** after the project end
  + which responds to a specific **need** or to a **demand** of a well-**defined group of customers/users**
* How can a ER be exploited:
  + **Direct use**: Manufacturing, Industrialization; Selling of technology/product; Research Consultancy for external clients; New research project; Training/ new university course
  + **Indirect use**: Distribution and licensing agreements; Development of a new legislation standard; Joint ventures; Start-up/ Spin-off company
* What are the differences among **KER** and **ER**:
  + **More than 1 partner** that contributes/ benefits from KER
  + **KER**: Result selected for building a **full business plan**; 1st step: filling the full KER table
  + **ER**: no full business plan, only short ER table filled for exploitation plan, time to market, TRL. ER example: new university course, input for new project due to a spin off research from the project

# Appendix B – Guidance for market size indications

**Example**

Problem: water shortage and food supply in danger. Young trees that are cultured (seedlings) in developing countries need to grow up to point to which they can provide fruits, nuts etc.

Solution (KER): Casing around tree to catch water vamp for irrigation



**Total Addressable Market (TAM):**

Total worldwide coastal irrigation market for all types of young trees (food and non-food) with imminent water stress (EUR 3.1 bln)

**Serviceable Available Market (SAM):**

Total coastal fruit, nut and olive tree irrigation market with imminent water stress (EUR 1.4 bln)

**Serviceable Obtainable Market (SOM):**

Portuguese and South-African fruit, nut and olive trees (EUR 70 mln)