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## **COMMISSION STAFF WORKING DOCUMENT**

### **EVALUATION**

#### **Interim Evaluation of the Horizon Europe Framework Programme for Research and Innovation (2021 - 2024)**

*Accompanying the document*

**Communication from the Commission to the European Parliament and the Council**

**Horizon Europe: Research and Innovation at the heart of competitiveness**

{ COM(2025) 189 final }

# Annex 22: Evaluation of EIT Digital

Annex to the Commission's interim evaluation of Horizon Europe

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# 1. Effectiveness

The EIT Digital Knowledge and Innovation Community (the KIC or EIT Digital) was established in 2009 in accordance with Article 9 of the EIT Regulation, Regulation (EU) 2021/819<sup>1</sup>. The first activities and calls were launched in 2010. It is part of the first wave of the knowledge and innovation communities (KICs) and is currently being phased out. The KIC's main goal is to bridge the gap between research and innovation in order to develop products, services and businesses that will increase the EU's digital competitiveness and quality of life. To accelerate the market uptake of research-based digital technologies, EIT Digital invests in the following strategic areas: Digital Tech, Digital Cities, Digital Industry, Digital Wellbeing and Digital Finance. To achieve its objective, for the 2010-2024 period, EIT Digital received an EIT Grant of EUR 650 million

EIT Digital has more than 440 key partners, representing one of the largest digital innovation ecosystem in the EU, as highlighted in the external final report<sup>2</sup>.

## Objectives and achievements

EIT Digital's strategic objectives (as defined in its 2021-2027 Strategic Agenda<sup>3</sup>) are aimed at strengthening the EU's impact on the digital sector in order to build a strong, inclusive, fair and sustainable digital Europe. In particular, the KIC pursues this by building and scaling up ventures as well as by upskilling talents to equip them with both the digital and the entrepreneurial skills to become proficient players in the market. The KIC thus contributes to the EU's digital sovereignty and has proven to be fully aligned with Horizon Europe and the top priorities of the European Commission.

All these strategic objectives are implemented and the results are delivered by the knowledge triangle integration concept, which brings together education, science and business. In the EIT Impact Framework, the EIT has defined several key performance indicators (KPIs) for the KIC's innovation, business creation and education activities. Table 1 shows EIT Digital's achievements in terms of KPIs for 2014-2023.

**Table 1: EIT Digital 2014-2023 KPIs; targets (T) and achieved results (A)**

	2014		2015		2016		2017		2018		2019		2020		2021-2022		2023		Total	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Innovations launched on the market	34	20	26	24	51	77	77	96	77	83	79	70	76	78	128	132	67	43	615	623
Designed/Tested innovations*	218	169	134	174	217	221									63	17	67	0	699	581
KIC Supported Start-ups/Scale-ups							48	33	60	73	89	96	100	107	306	298	110	114	713	721
Start-ups created of/for innovation							11	9	12	10	17	15	35	33	91	94	50	26	280	228
Start-ups created of EIT labelled MSc/PhD programmes	35	21	14	8	15	12														
Investment attracted by KIC supported start-ups/scale-ups (EUR mil)							15	2	8	9	18	3	12	7	35	6	25	2	113	29
Graduates from EIT labelled MSc/PhD programmes	70	74	165	146	160	158	7	5,85	35	236	40	113	30	48,4	101	258	60	82,6	273	743,85
Participants in (non-degree) education and training*															3232	5817	800	5 127	4032	10944

\* Reported from 2021 (the KPI on designed/tested innovation reports on IPR applications from 2021)

Source: EIT administrative and monitoring data (reported by KIC and verified by EIT); data for some years/KPIs not reported/collected due to changes in the KPI system / impact framework.

Overall and as the external evaluation has highlighted<sup>4</sup>, EIT Digital has achieved significant success in various areas – especially in talent attraction, start-up support and innovation

<sup>1</sup> [Regulation \(EU\) 2021/819 of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology](#)) replaced the original regulation, Regulation (EC) No 294/2008.

<sup>2</sup> Deloitte and White Research, [Final Review of 1st Wave KICs: EIT Digital – Final Report](#), November 2023, p. 2.

<sup>3</sup> [EIT Digital 2021-2027 Strategic Agenda](#)

<sup>4</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 44.

promotion. It did not meet all targets, but its overall performance reflects its commitment to fostering education, innovation and entrepreneurship in its initiatives. The external evaluation<sup>5</sup> concluded, based on the KIC's performance so far, that EIT Digital can be expected to achieve its main objectives.

As regards the education pillar, EIT Digital has fallen short in the number of students who have graduated from EIT-labelled MSc/PhD programmes between 2021 and 2023, not meeting the target of 2 761 with 2 503 graduates. In addition, the KIC underperformed in supporting start-up creation and entrepreneurship based on education activities from EIT-labelled programmes, with only 29 achieved by 2023, compared to the target of 113. However, as shown in Table 1, EIT Digital exceeded its 2021-2023 target for participants in (non-degree) education and training with 10 944 as compared to the 4 032 targeted.

Concerning innovation activities, EIT Digital has made good progress in achieving its targets in recent years for marketed innovations thus demonstrating its pivotal role in accelerating deep tech adoption and commercialisation<sup>6</sup>. As Table 1 shows, EIT Digital launched 623 products and services onto the market between 2014 and 2023, slightly exceeding the target of 615. However, the support to start-ups created of/for innovation fell short, with 228 supported start-ups compared to the target of 280.

Within the EIT RIS (Regional Innovation Scheme) framework for 2021-2023, EIT Digital's proactive approach exceeded expectations in innovation creation, investment attraction and start-up support. EIT Digital's inclusive approach engages partners from EIT RIS – promoting skills development, and innovation and knowledge-sharing through initiatives like summer schools, RIS-oriented venture programmes and public media engagement<sup>7</sup>. EIT Digital has made commendable progress by establishing EIT RIS hubs, exceeding targets in RIS start-up creation and attracting substantial investment. It has thus been able to bridge gaps (e.g. with the Digital Cities projects).

When it comes to supporting entrepreneurial and business creation, EIT Digital has proven to be effective. The KIC has supported 721 start-ups or scale-ups since 2014 and over EUR 740 million in investment was attracted in 2017-2023 – surpassing both the targets shown in Table 1. According to the external partnership report<sup>8</sup>, EIT Digital was more effective in achieving KPIs related to start-ups and scale-ups under Horizon Europe than it was under Horizon 2020. In 2024, the Financial Times ranked EIT Digital (together with four other KICs) among the top 125 leading European start-up hubs<sup>9</sup>.

Some targets have not been met, but the EIT Digital's overall performance proves its ability to drive positive change. EIT Digital has successfully pursued its strategic objectives to strengthen the EU's digital ecosystem and enhance digital competitiveness. The KIC's efforts have thus significantly improved the EU's digital landscape. Areas that need further improvement include tested innovations and start-up creation from educational programmes, where there are opportunities for strategic enhancement<sup>10</sup>.

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<sup>5</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 44.

<sup>6</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 100.

<sup>7</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 10.

<sup>8</sup> European Commission: Directorate-General for Research and Innovation, Lotito, A., Viscido, S., Strauka, O., Boekholt, P. et al., *Horizon Europe and the digital & industrial transition – Interim evaluation support study – Phase 2 – Horizon Europe – Institutionalised partnership report – EIT Digital*, Viscido, S.(editor), Boekholt, P.(editor) and Lebbardt, F.(editor), Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2777/431739> p. 31

<sup>9</sup> [Ranking – Europe's leading start-up hubs | Incubator Accelerator Programmes Europe \(ft.com\)](https://www.ft.com/content/2024/04/11/eit-digital-start-up-hubs)

<sup>10</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 10.

## Long-term scientific, societal, economic and technological impacts

The following societal impact goals have been identified in the EIT Impact Framework 2022-2027 for the KIC's activities:

- 1) increased access to high-speed networks;
- 2) strengthened economic impact of EU digital firms through increased share of exports of their digital services to non-EU markets;
- 3) increased competitiveness of EU Member States, with a special focus on Member States with a DESI (Digital Economy and Society Index) score below 50;
- 4) increased centrality of organisations from the Widening Countries or Member States with a DESI score below 50 in EIT Digital activities;
- 5) deep tech digital R&D results brought to the market in areas of strategic importance for the EU;
- 6) increased digital talent development in the EU;
- 7) increased digital upskilling of EU professionals;
- 8) increased gender equality in digital education in the EU;
- 9) supporting EU regulation and digital standards that address key EU values such as AI ethics, data protection and trusted social media platforms;
- 10) increased influence of EIT Digital on Digital Innovation Hubs <sup>11</sup>.

The indicators were only introduced in 2021. The assessment therefore focuses on the relevance of the KIC's activities in contributing to achieving these goals rather than on the extent of the impact already achieved.

EIT Digital is committed to advancing social impact through access to high-speed networks and to supporting the development and adoption of innovative digital technologies by 50% by 2024, as required by the KIC's Strategic Agenda. This commitment is evident in the selection of companies across various programmes (e.g. the Open Innovation Factory, Venture Incubation Programme and Champions), each highlighting transformative solutions. This can be seen in the following three examples. The first is InterSight, which is a company that benefited from the Open Innovation Factory and which offers a marketplace for integrating next-generation IoT (5G/6G) within a data-driven urban landscape. The second is Snowpack, which is a beneficiary of the Venture Incubation Programme and delivers a secure network overlay that anonymises data exchanges, providing users with a 'beyond-trust' design that ensures privacy without relying on traditional infrastructure. The third is Nano Corp., which benefits from the champions programme and provides a cloud-native threat detection and network visibility solution that enables cloud providers to maintain their compliance with stringent data protection standards while achieving unparalleled network observability.

As regards strengthening the economic impact of EU digital firms by increasing their share of exports of digital services to non-EU markets, the KIC's 2021-2027 Strategic Agenda set a specific target of increasing the non-EU market exports of digital services by firms associated with EIT Digital by 20% by 2024. This should promote EU digital enterprises' expansion and prosperity on the international stage, thereby boosting their competitiveness and economic significance. EIT Digital reported in 2023 that 40% of the services of firms involved with the

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<sup>11</sup> [EIT Impact Framework 2022-2027](#), pp. 12-14.

KIC were exported to non-EU countries – so double the 20% target and representing very positive progress on this societal KPI <sup>12</sup>.

The external evaluation report <sup>13</sup> states that EIT Digital has shown a relatively strong commitment to enhance the competitiveness of EU Member States and particularly of those with low DESI scores; and also involve organisations from under-served regions in its activity. This has been achieved through successfully executing of the venture programme, expanding their network in RIS countries, and attracting students and professionals from these regions to their educational programmes <sup>14</sup>. In its 2021-2027 Strategic Agenda, EIT Digital targeted at least a 100% increase in the participation of Member States with DESI scores under 50 in its activities and particularly through the RIS programme. The external report <sup>15</sup> and data provided by the KIC indicate that this target has been met. In particular, the KIC's venture programme, which was conducted in five regional editions, has attracted applications from 20 countries, including those within the RIS in Eastern and Southern Europe. In 2024, the Venture Incubation Programme received 366 applications and will select more than 60 entrepreneurial teams from 24 countries. These teams actively engaged in the pre-acceleration phase, developed their MVPs and established their ventures. The Programme provides up to EUR 30 000 in the form of a prize that reflects the start-up's achievements. It also supports EIT Digital's financial sustainability through equity stakes in these newly established businesses. <sup>16</sup>

EIT Digital has also focused on education in RIS countries, partnering with higher education institutions and conducting targeted recruitment campaigns in these countries. The Master School had 206 students and graduates from RIS countries in its programmes in 2023. The master school and the professional school together had a total 2 246 graduates in the various programmes that were run in 2023. <sup>17</sup>

EIT Digital has made significant efforts to enhance the involvement of organisations from Widening Countries and those with a DESI score below 50 in its operations. This is particularly achieved by expanding its presence in RIS countries (as already mentioned). In its 2021-2027 Strategic Agenda, EIT Digital stated that its goal was for countries with a DESI score below 50 to be 50% more central to EIT Digital activities than in 2021. The external report <sup>18</sup> and data provided by the KIC indicated that this percentage goal has been achieved. The goal for those countries has now been raised to 100% centrality until the end of the KIC's Partnership Agreement.

EIT Digital has also made progress in bringing the outcomes of deep tech digital research and development to the market, particularly in areas that are crucial for the EU. In view of the external evaluation report <sup>19</sup>, this has been done particularly through the EIT Digital venture programme and the support extended both to scale-ups and to emerging entrepreneurial talents in RIS countries. The venture programme has assisted entrepreneurs with innovative business concepts, guiding them through the process of finalising their MVPs and facilitating the launch of their ventures. There were 282 applications to participate in the venture programme in 2023 alone, resulting in the establishment of 37 new ventures in RIS countries and an increase in the total number of ventures created to 150 <sup>20</sup>. aEIT Digital has also supported scale-ups in RIS

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<sup>12</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 52.

<sup>13</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 56.

<sup>14</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 84.

<sup>15</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 52.

<sup>16</sup> EIT Administrative data (data reported by KICs and validated by EIT), December 2024.

<sup>17</sup> EIT Administrative data (data reported by KICs and validated by EIT), December 2024.

<sup>18</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 53.

<sup>19</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 53.

<sup>20</sup> EIT Administrative data (data reported by KICs and validated by EIT), December 2024.

countries by connecting them to the EIT Digital Accelerator so that they can expand their operations internationally <sup>21</sup>. The venture programme has also extended its support for local entrepreneurial talents through the RIS venture programme, helping them to transform their ideas into deep tech ventures<sup>22</sup>. EIT Digital has thus made remarkable strides in promoting the translation of deep tech digital research and development outcomes into practical applications within domains that are of strategic importance for the EU <sup>23</sup>.

The KIC's educational initiatives have equipped students and professionals with digital skills, thus increasing digital talent development in the EU. According to a survey launched for the purpose of the external evaluation <sup>24</sup>, a significant proportion of the students who responded (145 out of 181) is employed in a sector that is related to the EIT Digital study programmes. 41 out of 60 students believe they have gained or improved skills in entrepreneurship and innovation through the EIT Digital educational programme. 114 out of 197 students feel they would not be better off today if they had not chosen to participate in EIT Digital's related programmes.

EIT Digital has increased digital upskilling through various activities. These include collaboration with the Talent Garden Innovation School; customisation and curation for corporate learning; successful online courses; the Coursera platform; marketing campaigns and recruitment; and the EIT Digital venture programme. However, EIT Digital had set some very ambitious targets for 2024 both for professional and online learners and for the number of new credentials developed by KIC-supported universities. The KIC has made substantial progress but the impact is not yet evident. Only 472 000 online learners were reported in 2023 against a target of 1 000 000 to be achieved by 2024, and 25 000 new micro credentials had been issued by 2023 against a target of 50 000 to be achieved by 2024 <sup>25</sup>.

EIT Digital has been actively engaged in measures to boost the participation of female students in the Master School <sup>26</sup>. The overarching objective is to create opportunities for female students to excel in digital education and make meaningful contributions to the ongoing digital transformation of EU industries. EIT Digital has made some progress here and has reported a 36% participation of female students in EIT Digital programmes so progressing towards a targeted 40% to be achieved by 2024 <sup>27</sup>. In 2021, 50% of recruited PhD students were female, which is a substantial increase on previous years. This accomplishment underscores EIT Digital's firm dedication to fostering gender diversity within the Industrial Doctoral Programme.

When it comes to supporting EU regulation and digital standards that address key EU values such as AI ethics, data protection and trusted social media platforms, EIT Digital has actively embraced the promotion of AI ethics <sup>28</sup>. EIT Digital has developed detailed syllabi and clear learning objectives for each course that are aligned with its educational philosophy. It has also aligned the first-year curriculum with various universities' entry and exit points to ensure a consistent educational experience. EIT Digital also implemented data protection measures and conducted thorough recruitment processes (including application reviews and candidate evaluations) during the first quarter of 2021, demonstrating its commitment to data security.

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<sup>21</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 53.

<sup>22</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 53.

<sup>23</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 53.

<sup>24</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 54.

<sup>25</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 55.

<sup>26</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 55.

<sup>27</sup> EIT Administrative data (data reported by KICs and validated by EIT), December 2024.

<sup>28</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 56.

EIT Digital has made notable progress in expanding its impact on Digital Innovation Hubs<sup>29</sup> to increase the presence of EIT Digital partners among the European Digital Innovation Hubs by 50% by 2024. One example of this is the Budapest Node, which is leading a consortium to submit a proposal for a cybersecurity-fintech project within the European Digital Innovation Hubs Network. This initiative underscores EIT Digital's strong commitment to enhancing the digital innovation ecosystem.

EIT Digital has also identified a number of economic long-term impact goals. These are defined in the EIT Impact Framework 2022-2027 as follows:

- contribution to the revenue growth of organisations trading or employing innovations developed with KIC support;
- the number and revenue of start-ups and scale-ups supported by KICs trading three years after KIC support ceases;
- new jobs created in start-ups and scale-ups;
- the impact on employment growth as a result of company being engaged with KICs;
- the number and type of jobs in existing businesses sustained through innovations;
- the number and type of skill gaps and/or skill shortages filled, by KIC sector;
- new visible innovation ecosystems;
- the share of indicated innovation ecosystems that covers RIS countries<sup>30</sup>.

The results of the survey conducted for the external evaluation among the KIC's supported start-ups<sup>31</sup> show that EIT Digital's funding has had a varied impact on start-up revenue growth. 17 out of 31 start-ups have grown by between 5% and 50%.

When it comes to the number of supported start-ups and scale-ups trading after the KIC's support ceased, 85% of portfolio companies were still trading three years later according to the KIC's data.

According to the KIC's data, approximately 15 000 direct and indirect jobs have been created by EIT Digital since 2010, surpassing the targets of 5 000 and 6 500 by 2024 and 2027 respectively<sup>32</sup>. The results of the survey conducted for the external evaluation<sup>33</sup> indicate that job creation outcomes vary. 39% of survey respondents stated that they had not created new jobs but 61% start-ups reported that between 1 and 20 new positions had been created thanks to their engagement with EIT Digital.

The external evaluation study indicates that<sup>34</sup>, EIT Digital's engagement has helped to fill skills gaps and shortages, particularly in technical skills, entrepreneurship and innovation within the sector. 14 respondents to the start-up survey believed that their engagement with EIT Digital had helped fill skill gaps, while 5 respondents disagreed and 9 were unsure. The Speed Master has gone through 4 editions (with 145 participants, 132 start-ups trained and 28 countries), involving the inclusion of 43 women in founding or C-level roles and collaboration with 11 external speakers.

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<sup>29</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 56.

<sup>30</sup> EIT Impact Framework 2022-2027, pp. 7-11.

<sup>31</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 57.

<sup>32</sup> EIT Administrative data (data reported by KICs and validated by EIT), December 2024.

<sup>33</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 60.

<sup>34</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 63.



When it comes to the long-term educational impact on the career growth of participants in EIT-labelled programmes, the data collected through the evaluation survey<sup>35</sup> underscore the positive rate of 85% KIC Label graduates employed, with a reasonable number of individuals maintaining their positions at entry-level, intermediate and executive levels. Further analysis and exploration of the underlying factors influencing these trends could provide valuable insights both for educational institutions and for aspiring entrepreneurs<sup>36</sup>.

In conclusion, EIT Digital's impact is evident across several KPIs that demonstrate substantial progress aligned with the EIT Impact Framework, including societal impact KPIs<sup>37</sup>. EIT Digital has played a significant role in enhancing the competitiveness of EU Member States (particularly those with a DESI score below 50) by fostering a stronger digital economy. EIT Digital has successfully translated deep tech digital R&D into market-ready solutions in areas of strategic importance for the EU. The initiative has also driven the development of digital talent across the EU, promoted the upskilling of professionals in the digital sector and boosted gender equality in digital education. EIT Digital has strengthened its influence on Digital Innovation Hubs, further solidifying its role as a pivotal force in the EU's digital transformation.

## 2. Additionality

Table 2 provides the basic financial figures for EIT Digital since it started operating in 2010. EIT Digital was able to achieve a direct leverage factor<sup>38</sup> of 0.31 in 2010-2023 (if one only takes co-funding from partners related to the EIT grant into consideration) and 0.38 (if one adds direct revenues created through KIC activities (EUR 238 million vs the EIT grant of EUR 629 million)).

**Table 2: EIT Digital financial figures (in EUR million)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
EIT grant	5,1	16,6	24,3	39,2	60,3	66,8	64,6	64,5	70,3	70,2	67,6	30,8	31,3	17,5	<b>629,0</b>
Co-funding	0,0	3,0	6,1	6,3	6,4	11,8	22,4	22,1	22,1	25,1	20,7	23,3	17,0	8,9	<b>195,1</b>
Revenues							1,2	2,4	3,2	4,0	7,4	9,0	9,0	7,0	<b>43,2</b>
Activities not funded by EIT	11,5	62,4	81,8	141,8	200,7	191,5	202,9	161,6	174,2	233,4	215,9	0,1	297,3	38,3	<b>2013,3</b>
Co-investment, i.e. investments attracted by start-ups								5,6	236,0	113,4	48,5	128,4	129,5	82,7	<b>744,1</b>

Source: EIT financial data reported by KICs and validated by the EIT (also available in Corda). EIT Grant 2023 figures are derived from three-year business plans.

In terms of leverage effects for EIT KICs, the specificity of the EIT model requires the monitoring of additional leverage not only through co-funding and the revenues of EIT KICs that are directly reinvested back into the KIC's activities, but also through the activities not funded by the EIT<sup>39</sup> as well as the co-investments attracted by the companies supported through the EIT.

When the activities funded by direct contributions by partners and affiliated entities (activities not funded by the EIT) are considered, EIT Digital achieved a leverage factor of 3.58 in 2010-2023. When the co-investments (i.e. investments attracted by start-ups of EUR 661 million) are also included, the leverage factor rises to 4.76 over the period of the EIT Digital lifecycle to

<sup>35</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 65.

<sup>36</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 63.

<sup>37</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 67.

<sup>38</sup> Ratio of direct leverage to the EU contribution. This is calculated as: direct leverage factor = (1/(funding rate))-1.

<sup>39</sup> Non-EIT financed activities (NEFAs) are fully implemented without an EIT grant but must contribute to the KIC's Strategic Agenda and must be based on the EIT Knowledge Triangle Integration concept. They replaced the former KIC complementary activities (KCAs) applied in 2014-2020 under Horizon 2020.

date. This means that, for every euro of EIT funding spent, EIT Digital activities have helped to attract close to EUR 5 in external investment.

EIT Digital has received larger annual EIT contributions under Horizon 2020 than under Horizon Europe. In terms of in-cash and in-kind contributions, EIT Digital mobilised the same amount under Horizon Europe and Horizon 2020. In addition, there is a noticeable shift within Horizon Europe towards partner contributions increasing as the EIT's contributions decrease – reflecting the constant decrease in the EIT's financial backing and intensified efforts to establish a sustainable business model. The direct leverage effect therefore increased under Horizon Europe, compared with Horizon 2020. In addition, EIT Digital's community creation priorities focused on organisations aligned with research, innovation and market implementation, particularly within the KIC's five strategic areas (Digital Tech, Digital Cities, Digital Industry, Digital Wellbeing and Digital Finance)<sup>40</sup>.

### 3. Transparency and openness

EIT Digital has demonstrated steady growth and geographic diversity while ensuring a balanced composition across critical thematic areas<sup>41</sup>. Overall, EIT Digital's proactive expansion, commitment to inclusivity and focus on innovation ecosystems have positioned it as a leading force in European digital transformation with opportunities for further development<sup>42</sup>. The KIC has broadened its scope and partner composition, notably by expanding its partnership to encompass the entire value chain in order to better address market demands. In view of the external evaluation report<sup>43</sup>, EIT Digital's openness in attracting new partners is consistent with the EIT Regulation Framework principles. The KIC is open to new members and information on the KIC membership scheme is publicly accessible for those interested in joining.

EIT Digital has thus cultivated a robust and diverse innovation ecosystem that has grown to include more than 350 organisations across 31 European countries<sup>44</sup>. SME participation increased from 5% to 40% in 2022 alone and in October 2024 represented 55% of the total number of active partners in the implementation of the 2023-2024 EIT grant agreement (17% of the EIT total grant was allocated to SMEs alone). According to the external evaluation report, EIT Digital has a balanced representation of education, research and innovation players in its partnership. This allows it to have a holistic approach, equipping graduates with skills, supporting research and fostering innovation<sup>45</sup>.

In order to foster stakeholders' participation, according to the Partnership evaluation study<sup>46</sup>, EIT Digital has set up outreach activities to create links with other European countries and non-EU countries. It has also put in place measures to strengthen the participation of Widening Countries<sup>47</sup>, end users and/or the private sector (particularly SMEs). The KIC has also carried out targeted visits to promote the partnership to under-represented stakeholder groups and countries. More specifically, EIT Digital has used communication activities such as information sessions and brokerage events and worked with the national/regional community through the

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<sup>40</sup> Institutionalised partnership report – EIT Digital, p. 16., <https://data.europa.eu/doi/10.2777/431739>

<sup>41</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101.

<sup>42</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101.

<sup>43</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101.

<sup>44</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101. Updated data, validated by EIT, December 2024.

<sup>45</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101.

<sup>46</sup> Institutionalised partnership report – EIT Digital, p. 48

<sup>47</sup> According to its Strategic Agenda, the definition is 'Countries with a DESI score below 50'.

EIT RIS hubs to attract new partners <sup>48</sup>. Its inclusive approach involves partners from 16 RIS countries. However, although the KIC has made progress in expanding engagement in RIS regions (particularly in Spain, Italy and Hungary), there is still room for growth in under-represented areas. The KIC has also seen increased SME involvement in EIT RIS activities. This is due to a shift in EIT Digital's Strategic Agenda, with more emphasis on commercial activities and SME/start-up growth. Several factors are nevertheless hampering SME participation (e.g. administrative burden for SMEs) <sup>49</sup>. Overall, EIT Digital has been effective in attracting and integrating new partners, and its membership base continues to grow over time <sup>50</sup>. It should nevertheless be noted that EIT Digital increased membership fees by 30% in 2022-2024 (10% annually) for all partner categories. This might discourage new partners from joining and prompt existing partners to leave the KIC <sup>51</sup>.

When it comes to transparent processes with relevant stakeholders, EIT Digital consults stakeholders both at regional level and in the General Assembly, where all members can vote <sup>52</sup>. Members have also been represented through the Supervisory Board, which has been geographically balanced down the years <sup>53</sup>. The KIC follows good governance practices, but there is still room for improvement (e.g. by publishing entry and exit rules). However, survey data from the external evaluation <sup>54</sup> indicate that its transparency and active engagement with partners foster trust and inclusivity.

## 4. Efficiency

Table 3 sets out EIT Digital's operational budget and administrative expenditure (or running costs). The running costs include the management, governance, coordination, organisation and overhead expenditure paid from the EIT grant. This does not include the contribution from EIT Digital's partners.

**Table 3: EIT Digital operational and administrative expenditure (in euro)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operational Expenditures	64 951 025 €	78 681 213 €	78 423 141 €	77 584 979 €	84 394 907 €	86 432 013 €	81 741 948 €	49 227 019 €	50 091 407 €
Running Costs	10 317 534 €	11 866 033 €	9 349 213 €	9 571 072 €	8 647 462 €	9 015 427 €	8 294 121 €	4 842 001 €	4 784 225 €
<b>Total budget</b>	<b>75 268 559 €</b>	<b>90 547 246 €</b>	<b>87 772 354 €</b>	<b>87 156 051 €</b>	<b>93 042 369 €</b>	<b>95 447 440 €</b>	<b>90 036 069 €</b>	<b>54 069 020 €</b>	<b>54 875 632 €</b>

Source: EIT financial data (reported by KICs and validated by the EIT).

Table 3 indicates that the running costs for EIT Digital's headquarters and co-location centres (CLCs) for 2014-2022 ranged between 8.7% and 13.7%, at an average of 10.5%. When only the period of Horizon Europe (2021-2022) is considered, these costs constituted 8.8% of the overall operational costs. Taking into account only the administrative costs of EIT Digital's headquarters, the average ratio of administrative costs to EIT Digital's overall operational budget dropped to 5.4% for the Horizon Europe period.

The impact of the CLCs network on administrative expenditure is obvious, because this decreased considerably once the costs related to the CLCs are excluded.

The EIT KICs are pan-European networks with many offices on the ground across Europe. These offices are an operational activity carried out by the KICs at a corresponding administrative cost. The EIT has, in order to keep these administrative costs at an acceptable

<sup>48</sup> Institutionalised partnership report – EIT Digital, p. 48

<sup>49</sup> Institutionalised partnership report – EIT Digital, p. 56.

<sup>50</sup> Institutionalised partnership report – EIT Digital, p. 48

<sup>51</sup> Institutionalised partnership report – EIT Digital, p.49

<sup>52</sup> Institutionalised partnership report – EIT Digital, p.49

<sup>53</sup> Institutionalised partnership report – EIT Digital, p.49

<sup>54</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 101.

level, set maximum thresholds in its guidelines to the KICs for the EIT-funded share of the KICs' administrative costs, depending on the KICs' maturity. The values range from 18% and 15% in the first and second years of a KIC respectively to a constant of 12% from the third year until the end of the partnership lifecycle. If the EIT KICs were, as beneficiaries of EIT grants, to follow the rules of EU public entities, the expenses related to CLCs would be treated as operational expenditure related to ground operations rather than as administrative expenditure. In such circumstances and considering that one of the core operational aspects of the EIT model is to support location-based innovation locally and regionally, it would be more appropriate to take only the administrative expenses of the EIT KICs' headquarters into account.

Under Horizon 2020, the EIT's contributions between 2014 and 2020 were typically channelled into areas of strategic importance (e.g. the CLCs, the ecosystem, education, research and business development – so predominantly innovation, research and education activities). As the EIT grants increased in this period, so the relative weight of management and coordination activities also increased. EIT contributions were more spread across the different activity lines under Horizon Europe than in Horizon 2020. A greater share was allocated to ecosystem-building activities. When one compares 2021-2022 with 2023-2024, the person-months allocation to different EIT Digital activity lines indicates that a larger share of resources is now being allocated to EIT RIS activities<sup>55</sup>. In addition, EIT Digital has sought to reduce the administrative burden by funding activities via sub-granting and awarding prizes. Funding via sub-granting was used predominantly for educational activities, while prizes were awarded for supporting ventures<sup>56</sup>. In total, EIT Digital spent EUR 3.9 million on sub-granting under Horizon Europe. In 2021, EIT Digital generated EUR 8.9 million in revenue, had 293 partners and mobilised a total of EUR 48.5 million in funding. Historical data show a steady growth of EIT Digital's revenues as part of its strategy to improve financial sustainability. When one compares the financial sustainability of EIT Digital under Horizon 2020 (2016-2019) with that under Horizon Europe (2021-2022), EIT Digital's revenues gradually increased from EUR 2.4 million in 2016 to EUR 8.9 million in 2021. However, while EIT Digital exceeded or almost reached the financial sustainability revenues target under Horizon 2020, only 48% of the target was achieved under Horizon Europe in 2021. This corresponds to the KIC's phasing-out period of the KIC (in terms of achieving self-sustainability) and to ambitious sustainability KPIs<sup>57</sup>.

2023 data indicate that the average time-to-grant for calls launched by EIT Digital was 1.5 months.

## 5. Coherence and synergies

EIT Digital has proactively sought synergies with EU initiatives and projects in order to amplify its impact on the EU's digital transformation<sup>58</sup>.

EIT Digital is a partner of the EIF. Both parties have signed a memorandum of understanding whose objectives include making it easier for EIT Digital's coached start-ups to access the EIF network. EIT Digital also has a strong collaboration relationship with the EIC. In 2022, EIT Digital and the EUC launched a pilot programme to make it easier for DeepTech companies that have already received funding from the EIC to join the EIT Digital Accelerator. This collaboration was extended in 2023, following a successful pilot year that resulted in scale-ups

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<sup>55</sup> Institutionalised partnership report – EIT Digital, p.54

<sup>56</sup> Institutionalised partnership report – EIT Digital, p.54

<sup>57</sup> Institutionalised partnership report – EIT Digital, pp. 26-27.

<sup>58</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 71.

reaching their investment milestones and mobilising more than EUR 25 million in private capital. Scale-ups supported by EIT Digital can benefit from EIC funding through the Fast Track instrument. This partnership will strengthen EU support for scale-ups, both in funding and in business development. The EIT Digital Accelerator aims to increasingly engage with the European Innovation Ecosystems under Pillar III of Horizon Europe in order to help an increasing number of scale-up companies to attract customers and investors across Europe, with a special focus on RIS countries<sup>59</sup>. Other synergies include the European Central Bank (with which EIT Digital has successfully provided brokerage and training services; and secured participation in various strategic projects, such as the sustainable cities impact challenge); the Institute of Electrical and Electronics Engineers (IEEE); the European Telecommunications Standards Institute (ETSI); the Internet Engineering Task Force (IETF); the Trust in Digital Life organisation; the European CIO Association; the Future Internet Public-Private Partnership Programme; the Future Internet Research & Experimentation Initiative; and the Big Data Value Association.

The KIC has created synergies with other EU programmes, such as the Connecting Europe Facility (CEF); the Digital Europe Programme (DEP)<sup>60</sup>; Erasmus+; the EU Space Programme and the InvestEU Programme. Its main approach is to apply in response to calls for proposals and secure funding for projects that are highly strategically aligned with EIT Digital's Strategic Agenda<sup>61</sup>. In 2021, EIT Digital signed a letter of intent for collaboration with DG CNECT in support of the EU's digital transformation. The aim is to cooperate in areas such as digital infrastructure, the Internet of Things, cloud computing, big data and artificial intelligence, cybersecurity, privacy and trust, quantum computing, photonics and optical computing<sup>62</sup>.

When it comes to synergies with other European Partnerships and Missions within Horizon Europe, the EIT KICs community is clearly the most active – as highlighted in the Biennial Monitoring Report 2024<sup>63</sup>. EIT Digital shows close ties to Cluster 4 (digital, industry and space), with a particular focus on the development of relevant skills and competencies. Education programmes are developed in a way that complements the research and innovation activities funded under Horizon Europe, so that students, entrepreneurs and the EU workforce are trained and equipped with the skills and competences suited to the future needs of EU industries, which are being modernised and digitally transformed. EIT Digital has also created synergies with Cluster 1 (health), Cluster 5 (climate, energy and mobility) and Cluster 6 (food, bioeconomy, natural resources, agriculture and the environment)<sup>64</sup>. Examples of joint activities

<sup>59</sup> Institutionalised partnership report – EIT Digital, p.23.

<sup>60</sup> As highlighted in the external evaluation, there are strong synergies between EIT Digital and Digital Europe Programme (DEP).

- Firstly, EIT Digital is the project coordinator of the SME4DD – Training SMEs for the Digital Decade project financed by the Digital Europe Programme. This project will deliver short-term training programmes in three strategic digital technologies for the EU: a) artificial intelligence; b) blockchain; and c) cybersecurity.
- Secondly, EIT Digital has participated in 8 winning consortia to establish European Digital Innovation Hubs (EDIH). EIT Digital contributes to the activities of 8 EDIHs by offering acceleration services for start-ups, organising hackathons, solution-scouting, and by offering tailored training opportunities via professional school and summer school course portfolios. The role of EIT Digital in the EDIHs also indicates that EIT Digital has strong synergies with national/regional ecosystem members. The 8 EDIHs in which EIT Digital participates are established in Germany, Spain, Hungary, the Netherlands (2 EDIHs), Sweden and Finland (2 EDIHs).

Institutionalised partnership report – EIT Digital, p. 24.

<sup>61</sup> Institutionalised partnership report – EIT Digital, p. 24.

<sup>62</sup> Institutionalised partnership report – EIT Digital, p. 23.

<sup>63</sup> European Commission: Directorate-General for Research and Innovation, Performance of European partnerships – Biennial monitoring report 2024 on partnerships in Horizon Europe, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2777/991766>, p. 56.

<sup>64</sup> Institutionalised partnership report – EIT Digital, pp. 22-23.



include the communication and dissemination of project results; networking by project partners in similar research areas; capacity-building activities; strategic exchanges; joint foresight exercises to help align agendas; mentoring; support for spin-off development; standardisation or certification activities; activities to develop the national ecosystems; and joint calls for research and/or innovation projects <sup>65</sup>.

EIT Digital is participating in eight winning consortia to establish European Digital Innovation Hubs (EDIH) by offering acceleration services for start-ups, organising hackathons and solution-scouting, and offering tailored training opportunities via its professional and summer schools. EIT Digital's role in the EDIHs indicates that EIT Digital has strong links with national and regional ecosystem members <sup>66</sup>. Other examples of connections at regional level are collaboration with local governments in Estonia and Hungary. Collaborations at national level have been established with Italy, Hungary, the Netherlands, Sweden and Finland, as well as with the United Kingdom <sup>67</sup>. International synergies have also been created (e.g. with FedEx) that provide financial support for the Sustainable Cities Climate Impact Challenge <sup>68</sup>.

The EIT KICs have established a number of EIT Community initiatives, thereby fostering synergies with other KICs. EIT Digital has played a crucial role in EIT Community initiatives (e.g. the Strategic Regional Innovations activity, the Strategic Education activity and the Access to Finance activity). It took the lead in the EIC-EIT collaboration activity alongside EIT Health. It has also contributed significantly to the EIT Community's Strategic Synergies activity (particularly in the area of artificial intelligence) and the newly initiated New European Bauhaus activity, where EIT Digital spearheaded the acceleration task <sup>69</sup>.

## 6. EU added value

According to the external evaluation report <sup>70</sup>, EIT Digital has created EU added value thanks to the integration of the knowledge triangle, both by providing links to expertise and markets that are difficult to access and by building stronger and sustainable innovation ecosystems. Many national public policy initiatives support the digital transition in the fields of innovation, start-up creation and entrepreneurship. However, EIT Digital integrates all three elements of the knowledge triangle at EU level – which is not an explicit feature of national or sub-national initiatives. For example, digital innovation and entrepreneurship education is a key differentiator of EIT Digital <sup>71</sup>. The courses offered by EIT Digital combine technical knowledge with entrepreneurship and business skills that are not covered by other parts of the Framework Programme <sup>72</sup>. Moreover, a key success of EIT Digital has been its role in incubating business ideas; creating and launching start-ups and spin-offs; developing new or improved products and services; supporting scale-ups; and building digital talent with a strong technological and entrepreneurial background. EIT Digital has thus brought together organisations from many countries, and is thus distinguished from national and regional public policy initiatives <sup>73</sup>.

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<sup>65</sup> Biennial Monitoring Report (BMR) Survey Results, 2022. Responses provided by EIT Digital.

<sup>66</sup> Institutionalised partnership report – EIT Digital, p. 24.

<sup>67</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 70.

<sup>68</sup> Institutionalised partnership report – EIT Digital, p. 25.

<sup>69</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 69.

<sup>70</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 35.

<sup>71</sup> Institutionalised partnership report – EIT Digital, p. 54.

<sup>72</sup> Institutionalised partnership report – EIT Digital, p. 54.

<sup>73</sup> Institutionalised partnership report – EIT Digital, p. 33.

EIT Digital has built bridges to enhance digital competitiveness and address societal challenges in the EU Member States<sup>74</sup>. The number of participants from Widening Countries<sup>75</sup> increased from 5% under Horizon 2020 to 14% under Horizon Europe. The number of participants from third countries increased from 0.5% to 16% respectively. This cross-border element provides access to EIT Digital partners, investors and customers that would otherwise be difficult to identify and access – especially for companies in RIS countries in Southern Europe, South-Eastern Europe, Central and Eastern Europe, and the Baltic<sup>76</sup>.

In accordance with the EIT Strategic Innovation Agenda, one of the ways for the EIT KIC to create added value is to provide start-ups and scale-ups with coaching and mentoring. Several EIT Digital activities have therefore focused on strengthening soft skills and innovation potential in an EU-wide setting. In particular, the Business Development Accelerator, the idea challenge, the summer school and the professional school have supported scale-ups, start-ups and students. The measures include business and coaching support, go-to-market strategy support, providing access to customers and ventures, and entrepreneurial training<sup>77</sup>.

EIT Digital has been able to contribute to digital and industrial transitions due to its ability to exploit economies of scale across Europe. For example, EIT Digital capitalises on economy-of-scale effects by linking integrated dissemination campaigns of its core activities (e.g. its annual calls for proposals, the EIT Digital Challenge (Champions) scale-up competition and annual events)<sup>78</sup>.

Compared with what would be available at national or regional level, EIT Digital enables the pooling of resources and competences from different actors to achieve industrial and technological goals that would not be possible either for the individual Member States acting alone or with a fully centralised institution;

## 7. Relevance

According to the external evaluation findings<sup>79</sup>, EIT Digital has made substantial progress towards meeting the EU's priorities, and particularly in driving digital innovation and transformation in the EU and fostering the EU's digital sovereignty. EIT Digital is resolutely committed to building a resilient digital Europe through multifaceted initiatives that are all geared towards fortifying innovation capacity and nurturing entrepreneurship<sup>80</sup>. EIT Digital's central purpose is to strive for an EU that thrives as a global digital leader, in alignment with its core priorities, while championing its digital sovereignty. The KIC creates and scales up ventures. It also provides talented individuals with digital and entrepreneurial skills through initiatives like the Open Innovation Factory, the RIS venture programme and collaborations with EU programmes. Its impact is evident when it comes to its innovation portfolio, its accelerator programme and the growth of EU tech companies<sup>81</sup>.

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<sup>74</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 100.

<sup>75</sup> The large increase in the number of participations from third countries should be treated with caution to the reallocation of the UK from EU Member State to third country category.

<sup>76</sup> Institutionalised partnership report – EIT Digital, p. 33.

<sup>77</sup> Institutionalised partnership report – EIT Digital, p. 32.

<sup>78</sup> Institutionalised partnership report – EIT Digital, p. 32.

<sup>79</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 30.

<sup>80</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 30.

<sup>81</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 31.

Overall, EIT Digital is actively addressing the EU's digital transformation and sustainable development, aligning with relevant UN Sustainable Development Goals (SDGs) and particularly those related to innovation, sustainability and education <sup>82</sup>.

Since its inception in 2010, EIT Digital's strategic orientation has undergone significant transformations in its strategic orientation to adapt to evolving societal needs and policy priorities <sup>83</sup>. Under Horizon 2020, EIT Digital's research activities were focused on emphasising the international, multidisciplinary, collaborative and iterative nature of research and innovation in information and communications technology (ICT). Under Horizon Europe, by contrast, the emphasis is now on fostering a multistakeholder and open innovation ecosystem to ensure European digital sovereignty, achieve industrial leadership in key value chains, promote open strategic autonomy and address societal challenges. EIT Digital is boosting the economic impact of EU companies and supporting EU regulation and digital standards that reflect key EU values, such as AI ethics, data protection and trusted social media platforms <sup>84</sup>. EIT Digital also aims to reinforce the long-term impact of its partnership through new EU initiatives, such as the Regional Innovation Valleys, where the KIC's know-how and ecosystem reinforces collaboration with a view to enhancing the digital innovation capabilities of the regions involved <sup>85</sup>.

EIT Digital has aligned its objectives with the challenges and needs of Cluster 4 and the Key Digital Technologies intervention area under Horizon Europe. It has shown its adaptability by shifting from support for research and low technology readiness levels (TRLs) to greater emphasis on innovation and commercialisation. This shift has increased SMEs' participation and thus leveraged research results for market opportunities and growth. Larger enterprises initially reduced their level of engagement, but are now re-engaging because they are attracted by the growing pool of SMEs in EIT Digital's network <sup>86</sup>.

When it comes to flexibility, EIT Digital has demonstrated a high degree of responsiveness in adapting to emerging developments, shifting markets and policy needs. This flexibility was particularly apparent during the COVID-19 crisis, when EIT Digital was able to transition rapidly to an online mode of operation. EIT Digital is a complex organisation with a broad partnership base, but it nevertheless succeeded in maintaining continuity of service to its partners. EIT Digital provided opportunities for businesses to pivot their models. Educational institutions were able to transition quickly to online teaching, although the number of students did decrease slightly. Open innovation projects yielded mixed results, with some seeing an improvement due to the new circumstances. The ecosystem therefore demonstrated remarkable resilience despite the challenges posed by the crisis <sup>87</sup>.

## 8. Directionality

EIT Digital's proactive involvement in EU policy discussions through scenario-based policy reports was instrumental in addressing evolving societal challenges and priorities. EIT Digital has strategically aligned its vision with Horizon Europe's, thus significantly contributing to the EU's digital evolution, industrial competitiveness and technological competency – while at the same time demonstrating its commitment to sustainability. Its approach involves a thematic focus on areas monitored by innovation leaders – ensuring consistency between education,

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<sup>82</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 32.

<sup>83</sup> Institutionalised partnership report – EIT Digital, p. 5.

<sup>84</sup> Institutionalised partnership report – EIT Digital, p. 5.

<sup>85</sup> Institutionalised partnership report – EIT Digital, p. 16.

<sup>86</sup> Institutionalised partnership report – EIT Digital, p. 19.

<sup>87</sup> Institutionalised partnership report – EIT Digital, p. 20.



innovation and entrepreneurship initiatives while also emphasising human-centric and ethical development through various projects under Horizon Europe<sup>88</sup>.

Overall, the KIC has directly addressed societal challenges under Horizon2020 – while the topics of strategic autonomy, sovereignty, industrial competitiveness and digitalisation have grown in importance under Horizon Europe<sup>89</sup>. In addition, while the feedback from interviewees in the survey conducted for the external evaluation<sup>90</sup> indicated that there were mixed views on the importance of a human-centric approach within EIT Digital’s activities under Horizon2020, the importance of human centricity for EIT Digital increased under Horizon Europe.

## 9. International positioning

EIT Digital has established 21 offices in 12 EU Member States and additional hubs in San Francisco and London. The KIC aims to play a strategic role at a global level by facilitating systematic engagement with a variety of stakeholders and end users via its offices.

EIT Digital participates in the EIT Global Outreach Programme’s<sup>91</sup> activities and the Strategic Regional Innovations (SRI)<sup>92</sup>. The Programme was established in 2018 and links the EIT’s innovation ecosystem with innovation valleys worldwide, forging synergies with global innovation leaders and creating significant value for the EU economy as well as local ecosystems. The Programme currently comprises established and successful EIT hubs in Silicon Valley (USA)<sup>93</sup>, Tel Aviv (Israel)<sup>94</sup> and London (UK)<sup>95</sup>. Under the SRI, activities are currently being developed in the Western Balkans, Türkiye and Ukraine. These will in the future be expanded to Moldova and potentially Georgia, in line with the EU’s enlargement policy priorities.

EIT Digital’s reach extends far beyond the EU. Besides the hubs mentioned in the previous paragraph, the KIC has established a presence in other third countries, including Bosnia and Herzegovina, Norway, Serbia, Switzerland, Türkiye and the United Kingdom. This global expansion enhances EIT Digital’s ability to address digital challenges on a broader scale.

Comparing Horizon 2020 with Horizon Europe, EIT Digital’s RIS activities have become more pronounced under the current framework programme<sup>96</sup>. A comparison of the share of participants from third countries under Horizon 2020 and Horizon Europe shows that the level of EIT Digital’s international cooperation has increased<sup>97</sup>. The Silicon Valley Hub is one example of a measure to foster international visibility. Its whole objective is to build an EU-USA connection and talent mobility in order to provide collaboration opportunities for research and innovation initiatives as well as support business growth. The Silicon Valley Hub also makes it easier for ventures backed by EIT Digital to enter new markets.

EIT Digital is active in the international community and would therefore benefit from a streamlined and targeted value proposition to international partners. This proposition could be based on the principle of ‘as open as possible and as closed as necessary’. In addition, EIT

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<sup>88</sup> Institutionalised partnership report – EIT Digital, p. 7.

<sup>89</sup> Institutionalised partnership report – EIT Digital, p. 44.

<sup>90</sup> Institutionalised partnership report – EIT Digital, p. 44.

<sup>91</sup> <https://go-eit.eu/>

<sup>92</sup> <https://eit-ris.eu/>

<sup>93</sup> <https://go-eit.eu/eit-silicon-valley-hub/>

<sup>94</sup> <https://go-eit.eu/eit-israel-hub/>

<sup>95</sup> <https://go-eit.eu/eit-uk-hub/>

<sup>96</sup> Institutionalised partnership report – EIT Digital, p. 55.

<sup>97</sup> Institutionalised partnership report – EIT Digital, p. 55-56.

Digital would benefit from dedicated resources and from developing a clear strategic plan to promote international cooperation across its action lines <sup>98</sup>.

## 10. Phasing-out preparedness

The EIT Regulation <sup>99</sup> defines ‘financial sustainability’ as the EIT KICs’ capacity to finance their knowledge triangle activities independently from the EIT contributions. It asks the EIT KICs to pursue this goal by implementing an effective financial sustainability strategy that involves mobilising funds from other public and private sources before the end of the 15-year period of EIT funding. The closer an EIT KIC gets to the end of its EIT funding period, the less EIT funding it receives and the more alternative funding sources it has to find. The emphasis is on encouraging KICs to secure a larger share of their funding from external sources in order to ensure their long-term viability and continue their activities effectively. The challenge is for the KICs to secure adequate co-funding from other sources.

EIT Digital has taken significant steps to enhance its financial sustainability by diversifying income sources and reducing dependency on EIT funding.<sup>100</sup> EIT Digital’s mid-term strategy, which was adopted in 2022, confirmed that EIT Digital will continue to act as a not-for-profit organisation, continuing its activities related to ecosystem-building, innovation and entrepreneurial education, and achieving financial sustainability via balanced public and private financing.<sup>101</sup> The KIC has gradually introduced measures to ensure the long-term sustainability of the partnership beyond the EIT funding period. These measures include<sup>102</sup>:

- co-investments from partners and accrual of assets in the form of equity positions (the key drivers of EIT Digital’s long-term financial sustainability);
- increased membership fees;
- a base fee of EUR 36 000 – EUR 60 000 for accessing basic Accelerator services, and an additional success fee after successful access to market or finance;
- increased tuition fees for students and a reduced number of scholarships for EIT Digital Master School programmes; and
- income generation through other activities such as: a) regional and national funding agencies; b) European Digital Innovation Hubs as part of the Digital Europe Programme; c) access to finance and closing the gap between series A and pre-seed support; and d) educational programmes (particularly Master schools).

As the KIC navigates the gradual phasing-out of EIT funding, it faces the challenge of striking a balance between maintaining excellence and market influence, while sustaining its core activities.<sup>103</sup> The transition process is intricate and involves risks such as potential community changes, legal uncertainties and the need to develop equity investment management skills.<sup>104</sup> This has prompted different opinions from stakeholders about the best approach for this transition period.<sup>105</sup> EIT Digital’s mid-term strategy is intended to maintain this balance and

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<sup>98</sup> Institutionalised partnership report – EIT Digital, pp. 56-57.

<sup>99</sup> In particular, Articles 2(16) and 6(i) of [Regulation \(EU\) 2021/819 of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology](#).

<sup>100</sup> Institutionalised partnership report – EIT Digital, p.7.

<sup>101</sup> Institutionalised partnership report – EIT Digital, p.52.

<sup>102</sup> Institutionalised partnership report – EIT Digital, p.52.

<sup>103</sup> Institutionalised partnership report – EIT Digital, p.7.

<sup>104</sup> Institutionalised partnership report – EIT Digital, p.7.

<sup>105</sup> Institutionalised partnership report – EIT Digital, p.7.

EIT Digital has achieved some success in fulfilling this vision.<sup>106</sup> Challenges remain for EIT Digital in achieving long-term financial sustainability, but the diversification of revenue sources and the engagement with EU programmes are positioning the KIC for continued growth.<sup>107</sup> It has a well-defined intellectual property policy to foster open innovation and collaboration.<sup>108</sup> In addition, co-funding rates are aligned with EIT targets. In this regard, the phasing-out principle is seen less as an end to EIT support and more as a transition to other sources of funding, with the aim of ensuring the continuation of the knowledge triangle activities. Stakeholders believe that, depending on the domain, certain activities need to continue thanks to the contribution of new players.<sup>109</sup> EIT Digital's non-profit nature might eventually constitute a risk to the development of sustainable commercial activities, because it would require changes in the legal status of the KIC as well as investment in skills and capacity to develop a strong portfolio management approach for equity investment<sup>110</sup>.

In this context, EIT Digital has not yet achieved its return on investment (RoI) and equity targets, and digital investment difficulties have been identified. Despite actively investing in start-ups and building up a large portfolio with investments in 286 companies by the end of 2023, EIT Digital had not been generated enough revenue.<sup>111</sup> This was mainly due to the lack of maturity and small scale of its investments. The KIC's strategy on revenue collection in the future nevertheless seems to be positive<sup>112</sup>, especially when one takes into account the fact that EIT Digital reported that it had accumulated substantial financial reserves at the end of 2023 (mostly by charging membership fees) and that these could provide a solid basis for sustaining its core activities.

The KIC should nevertheless pay particular attention to the revenue generated from RoI including equity, because this will be one of the most important factors determining its ability to continue operating once EIT funding ends.<sup>113</sup> Without this revenue streams, EIT Digital would face serious issues that could jeopardise its smooth operation.<sup>114</sup> Hiring an equity portfolio management specialist and developing a robust revenue plan based on existing and future investments are necessary in order to address this issue.<sup>115</sup> EIT Digital should also focus on areas of revenue other than membership fees and education<sup>116</sup>. Recent developments show that the KIC has taken some necessary steps in the right direction and increased its investment portfolio in return for services provided to start-ups.

Looking ahead to 2025-2027, memoranda of cooperation (MoCs) were signed in 2024 by the EIT with first-wave KICs (including EIT Digital). Under the MoCs, KICs (including their partner organisations) agreed to continue to undertake knowledge triangle integration activities aligned with their strategic agendas and thus with the EIT Strategic Innovation Agenda, independent of contributions from the EIT. However, for those activities which could be discontinued because they typically do not bring in revenues for the KICs but rather involve costs (i.e. some education and training or RIS activities), the EIT may decide to allocate a smaller and clearly earmarked grant for 2025.

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<sup>106</sup> Institutionalised partnership report – EIT Digital, p.53.

<sup>107</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102

<sup>108</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102

<sup>109</sup> Institutionalised partnership report – EIT Digital, p. 53.

<sup>110</sup> Institutionalised partnership report – EIT Digital, p. 53.

<sup>111</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.

<sup>112</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.

<sup>113</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.

<sup>114</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.

<sup>115</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.

<sup>116</sup> Deloitte and White Research, Final Review EIT Digital, 2023, p. 102.