European Union starts Venture Capital investments

The European Union have launched a seed and equity investment capital campaign to assist projects, small to medium size companies and startups.

There is a lack of Venture Capital in Europe, in fact there is a lack of investment in Europe that focuses on smaller companies, early stage startups and projects.

Try pitching to an angel investor or VC firm and you will almost always hear the words "you're too early for us, come back to us when you have traction and when you have monetised the business".

The European Union is fighting back, they have launched a seed and equity investment capital campaign to assist projects, small to medium size companies and startups.

Startups no longer have to look outside of Europe for investments.

"Frustrated by Europe's lack of home-grown tech giants, Commission officials hope they will help small firms grow in Europe, instead of being lured away to Silicon Valley. "The aim here is to close the big gap that exists between Europe and the United States," says Mark Ferguson, Ireland's chief scientist and board chair. But one challenge will be backing risky but promising startups without becoming "the financiers of last resort for all the failing companies that aren't going to do very well," says Christopher Tucci, a professor of technology management at the Swiss Federal Institute of Technology, Lausanne, who advised the Commission while it drafted Horizon Europe."

A lack of venture capital (VC) has slowed tech growth in Europe. According to the Commission, in 2016 venture capitalists invested just €6.5 billion in European startups, compared with €39.4 billion in the United States. VC funds in Europe are also barely one-third the size of U.S. funds. That limits their ability to help small companies scale up past the so-called "valley of death," says EIC board member Kerstin Bock, whose Berlin-based consultancy, Openers, gives advice to startups. "When it comes to the growth stage, scaling companies, there might not be that many [investors] that are risk takers."

The European Union has set its mission to assist startups, projects and smaller companies, with access to grants, high-risk equity investments, and one-off cash prizes for competitions. It offers two main award types: one which provides grants up to €4 million for early-stage tech development, and the Accelerator, which offers grants up to €2.5 million and equity investments of up to €15 million for companies trying to scale.

The Program is designed to make the application process much less complex than previous European Union grants and funding which people found to be a burden on the companies’ core work and finances.

There is a lack of finance for breakthrough and disruptive innovators in Europe, with an estimated total equity-
funding gap of about €70 billion. Many European start-ups can’t find high risk capital needed to get to the stage where private sector investors get involved.

For more information and a free company assessment by our team of European Union Experts contact Ian Scarffe ian@ianscarffe.com

Ian Scarffe is an Independent Expert at the European Commission - Horizon 2020 and can assist in applying for a non-returnable European Union public grants up to €2,5 mln and further possible equity investments of up to €15 mln.

About Horizon 2020:

Horizon 2020 is the biggest European Union Research and Innovation programme ever with nearly €80 billion of funding available – in addition to the private investment that this money will attract. It promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market. Experts make their services available as part of the ongoing Horizon 2020 research and innovation programme.

About Ian Scarffe:

Ian Scarffe is a serial entrepreneur, investor and consultant with business experience from around the world. Ian Scarffe is an Independent Expert at the European Commission - Horizon 2020

Contact Email: ian@ianscarffe.com

Website: www.ianscarffe.com

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Contributor

Contributed by:

Ian Scarffe

ul Piastowska 44B
30-070 Krakow
Poland
Website

Contact

Ian Scarffe (Mr)
Email
See more articles from this contributor

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