



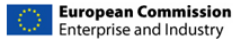
**Exit Strategy INNOWATER**

**INNOVATION IS THE  
PROCESS OF TURNING IDEAS  
INTO MANUFACTURABLE  
AND MARKETABLE FORM**

**Task 7.3: Exit Strategy and national exit workshops**

**Deliverable 7.9: Exit strategy for tools and delivery mechanisms**

**July 2013**



*This publication has been produced as part of the Europe INNOVA initiative. The views expressed in this report, as well as the information included in it do not necessarily reflect the opinion or position of the European Commission and in no way commit the institution.*



*This publication is financed under the Competitiveness and Innovation Framework Programme (CIP) which aims to encourage the competitiveness of European enterprises*

© Copyright by the INNOWATER Consortium - [www.innowater.eu](http://www.innowater.eu)

*This document may not be copied, reproduced, or modified in whole or in part for any purpose without written permission from the INNOWATER Consortium. In addition to such written permission to copy, reproduce, or modify this document in whole or part, an acknowledgement of the authors of the document*

*and all applicable portions of the copyright notice must be clearly referenced.*

*All rights reserved.*

## Contents

|     |   |    |
|-----|---|----|
| 1.  | Background to the formation of the Innowater Foundation ..... | 4  |
| 2.  | Mission & Objectives of the Innowater Foundation .....        | 8  |
| 2.1 | Mission.....  | 8  |
| 2.2 | Objective .....   | 8  |
| 2.3 | Keys to success.....  | 8  |
| 2.4 | Context and collaboration with existing initiatives .....     | 9  |
| 3.  | Tools and Services .....                                      | 10 |
| 3.1 | Tools for Innovators created in the INNOWATER project.....    | 10 |
| 3.2 | Tools for Water Users created in the INNOWATER project.....   | 10 |
| 4.  | Organisation and Finance .....                                | 11 |
| 3.1 | Organisational Structure.....                                 | 11 |
| 3.1 | Funding.....  | 12 |

## 1. Background to the formation of the Innowater Foundation

INNOWATER is a public private innovation partnership of public innovation agencies, water associations, technology specialists, innovation experts and eco-innovative cluster organisations from Belgium, Cyprus, Denmark, the Netherlands, Spain and the UK, coordinated by the European Water Partnership (EWP). INNOWATER has been supported by the European Commission Europe Innova Programme. The INNOWATER project was initiated to address the current global water challenges ran until July 1, 2013.



The overall objective of INNOWATER was to establish and implement a water innovation partnership that develops and tests new and better support tools and delivery mechanisms for innovative SMEs and first-user industries.

To ensure the further uptake and dissemination of the tools, services and expertise that were developed in the INNOWATER project, a new organisation will be set up that will build on these resources and offer proactive and multi-faceted water innovation support. The aim of this new organisation will be to expand the outreach of INNOWATER and build on the work done during the project lifespan.

The key components identified to add value to an exit strategy were identified as:

- The provision of a unique combination of technical, business and innovation skills within a single programme;
- International connectivity and ability to provide insights, contacts and market intelligence relating to new growth markets; and
- The expertise and credibility of consultants and agencies involved in the deployment of the tools and frameworks developed.

To ensure their further uptake and dissemination it is proposed that a new delivery vehicle – the INNOWATER FOUNDATION - be established that will build on these resources and provide a mechanism for the commercial exploitation, and future development and maintenance of the IPR generated by the INNOWATER project. The INNOWATER Foundation will initially comprise representatives from the original project partners, managed on day-to-day basis by a small management team.

## 2. The INNOWATER Foundation

The business model of the INNOWATER Foundation is currently under development and will focus on providing services directly to SMEs and industrial end users exploiting its proprietary products and frameworks, under-pinned by its unique collective and accumulative intelligence, and a proactive international network of contacts.

The level to which the INNOWATER Foundation will become a commercial entity (generating income for the partners) will be determined by the aspirations of its founding partners, the availability and nature of seed funding, its ability to charge commercial rates for its services, and to generate alternative/additional revenue streams (see Section 4).



### 2.1 Potential sources of income

In discussions about the exit strategy of INNOWATER, the following potential income sources have been identified:

1. A membership-based structure with different fees and membership packages - potentially combined with EWP membership
  - a. Companies (big/small)
  - b. Cluster organisations
  - c. Research institutions
  - d. Investors
2. Trainings for cluster- and innovation consultancy companies to strengthen their support to water innovation companies based on:
  - a. Business proposition toolkit
  - b. Internationalisation coaching
  - c. Offering a network of water-using companies
  - d. Valorization of research – scientific support
3. Provide business support directly to water innovation companies
4. Provide water audits and sustainable water management support to water-using companies
5. Organise 'exclusive' master classes, network meetings and workshops
6. Organise tailor-made internationalisation activities that meet the demand of companies who want to do business abroad

7. Coordinating and participating in European Projects related to the commercialization of innovative water technologies
8. Subsidiaries by the European Commission

## 2.2 Three scenarios for the exit strategy

Based on the potential sources of income, 3 scenarios have been developed as a basis for the exit strategy in the last phase of the INNOWATER project:

|                       | 1. <b>Business Support Center</b>  | 2. <b>Capacity Building Center</b>  | 3. <b>Water Innovation Platform</b>   |
|-----------------------|--|---|---|
| <b>Target Group</b>   | Innovative young companies in the sector<br><br>Water using companies  | Cluster organisations<br><br>Consultancies  | Potentially all stakeholders in the European water sector that are working within the field of water and innovation:<br><br><ul style="list-style-type: none"> <li>- Research Institutes</li> <li>- Companies</li> <li>- Cluster Organizations</li> <li>- Consultancies</li> <li>- Investors</li> </ul> |
| <b>Function</b>       | Provide direct business support to starting innovative companies in the water sector and sustainable water management support to water-using companies | Provide the tools and trainings to the target group to strengthen their support to their members/clients<br><br>Function as an international broker/matchmaker for start-up companies to reach their market, for water using companies to find attractive innovative solutions and for investors to find high-potential companies | Function as a platform that helps coordinating and create synergy between innovation activities in the water sector<br><br>Center of expertise – focus on learning and sharing knowledge<br><br>A business-focused addition to the current activities of the EWP  |
| <b>Business Model</b> | Offer paid business support and paid water audits.   | Offer trainings, support and an international cooperation possibilities to the target group   | Offer paid activities tailored to the needs of the target group, potentially subsidiaries to function as a proactive broker between the stakeholders and the European Commission  |

|                              |   |  |   |
|------------------------------|---|--|---|
| <b>Main funding sources</b>  | SMEs and water-using Companies  | Organisations that pay for training and using the tools  | Paid trainings and activities, membership, subsidiaries, other sources  |
| <b>Level of organization</b> | Low   | Medium   | Complex   |
| <b>Advantages</b>            | <p>Relatively simple organization based on the commercialisation of the Business Support Toolkit and collaboration with the EWS</p> <p>Low investment costs</p>             | <p>The cluster organization would effectively provide capacity building of cluster organisations in Europe</p> <p>International matchmaking bridges the gaps between demand and supply</p> | <p>Broad outreach, potential big impact</p> <p>Added value through targeted international matching of different stakeholders</p> <p>Become the one-stop-shop for water innovations that does not yet exist</p> <p>Combining existing networks and building on existing initiatives makes 'synergy' the keyword.</p> |
| <b>Challenges</b>            | <p>It is hard to convince start-up companies to invest in general business support</p> <p>A critical mass of start-up companies is needed to reach the break-even point</p> | <p>There is not enough information on the need for the trainings and tools.</p> <p>Relatively low overall impact on the water innovation sector due to restricted outreach.</p>            | <p>Complexity of the organization and creating a suitable business model</p> <p>Need for high skilled broker(s)</p>   |

## 2.2 Structure of the foundation

After extensive discussions of setting up a financially self-sustaining organisation after the INNOWATER project, *a combination of the first and the second scenario* is considered the most appropriate basis for the 'INNOWATER Foundation'. This combination is the basis of the INNOWATER exit strategy.

The INNOWATER Foundation will be hosted by the European Water Partnership (EWP) and will therefore closely connect to existing European initiatives related to water and innovation, providing complementary and synergistic tools, services and expertise to support start-up



companies in the water sector and match the demand and supply of new technologies on an international level. The INNOWATER Foundation will include working closely together with the European Water Stewardship Programme to build on the network of water-using companies that were established during the INNOWATER project lifespan.

### 2.3 Functions of the foundation

The INNOWATER Foundation will provide the following functions:

1. Day-to-day management and update of the IPR (specifically toolkits, frameworks and associated intellectual capital) and development of 'next generation' products;
2. Screening, selection and negotiation with potential third party Delivery Agencies to deliver these products;
3. Training/coaching/accreditation of consultants to deliver these products;
4. Development of alternative revenue streams, e.g. next generation toolkits and publications (see Section 4);
5. Financial management and governance;
6. Protection of the commercial interests of the Foundation Partners

## 4. Mission & Objectives of the Innowater Foundation

### 4.1 Mission

- Establish rapid innovation in the water sector within Europe and internationally through the facilitation of **cross-border cooperation**
- **Support** SMEs that provide innovative water technologies and **inspire** water-using companies to address their water challenges and support them to implement innovative technologies
- **Change** the industrial landscape in the water sector **and accelerate** the transition towards sustainable and 'best in class' water management.

### 4.2 Objective

- Become the primary European gateway to access to best-in-class know-how, business development frameworks and benchmarking data generated with the (online) tools relating to innovation in the water sector underpinning growth and internationalisation, and supporting water-users using industries to improve their sustainable water management.

### 4.3 Keys to success

- The INNOWATER Foundation should be accessible to all interested parties including: SMEs, Corporates, national water partnerships, governments, academia and research institutes. The extensive contact database developed within INNOWATER will serve as a basis for establishing contacts with these organisations.



- Services will be offered on a demand-led, commercial basis and aim to support and accelerate existing initiatives where they exist
- High quality support (e.g. consultancy) and supporting collateral (e.g. market intelligence) is guaranteed via strict training and quality assurance of all delivery agents by the INNOWATER Foundation
- The success of the INNOWATER Foundation largely depends on the level of success of the commercialisation of the tools and services available. Therefore, effective and coherent communication<sup>1</sup> has to convince the different target groups<sup>2</sup> that the tools and services will add value to their organisations.

#### 4.4 Context and collaboration with existing initiatives

The INNOWATER project is being coordinated by the European Water Partnership (EWP). This organisation aims to support the coordination and enhance initiatives and activities in international water issues and undertakes worldwide promotion of European expertise related to water. The EWP is, amongst other things, involved in the European Innovation Partnership on Water (EIP-W) and the development of a voluntary and integrative system for business and agriculture to assess, verify and communicate sustainable water management practices.

To create synergy of these existing initiatives and INNOWATER, the EWP and INNOWATER Foundation will work closely together in the following areas:

1. **Policy:** promotion of the further set-up of political and economic incentives to implement innovative technologies. Ideally, the EIP-W should provide a further strong platform for delivering messages on how to promote the implementation of innovative technologies to the EU political level.
2. **Water users:** Through the INNOWATER audits (one of them could be the European Water Stewardship (EWS)) and the activities in the INNOWATER projects, INNOWATER audits will be rolled out throughout Europe, raising awareness on water challenges among water users, providing them with concrete advice on improving their water management and promoting the development and implementation of water strategies.
3. **Water innovators:** Through the BPT Tool developed in the INNOWATER project, advice will be provided to innovators on how to get their technologies to the market. In the second half of 2012 and the first half of 2013 a total of 45 BPT support activities were planned to take place with innovators in the UK, Denmark and the Netherlands within the INNOWATER project. After the INNOWATER project is completed, the BPT support will be continued.

---

<sup>1</sup> For example the videos about the EWS and BPT

<sup>2</sup> This applies especially to the SMEs since they are generally reluctant to pay for consultancy support unless a very clear benefit and short-term payback period can be demonstrated

4. **Connecting water users and innovators.** Through the activities of INNOWATER, water-users (and their challenges) and innovators (and their technologies) will be actively brought together. Within the INNOWATER project the EWP and its partners developed a series of roadshows; events in which water-users are invited to present their challenges to an audience of innovators who can pitch their solutions targeted to this specific challenge. The EWP and its partners intend to continue these kinds of events after the end of INNOWATER.

## 5. Tools and Services

The INNOWATER Foundation will have access to products, services and intellectual capital developed within the original project. These include those targeted specifically at the innovating SMEs, as well as the industrial end users.

### 5.1 Tools for Innovators created in the INNOWATER project

- The **Business Proposition Toolkit (BPT)** – INNOWATER identified the need for, and subsequently developed a business support framework to assist innovating SMEs in the articulation of a robust value proposition and the formulation of an appropriate business model that meets the needs of the end user markets. This is a consultant delivered framework called the Business Proposition Toolkit (BPT) and is supported by an extensive web based market intelligence repository. Special features of the BPT are the support in developing an attractive business profile for (for example) investors.
- The **INNOWATER Snapshot:**
- Internationalisation activities include the **Internationalisation Coaching and the Water International Information Days**

### 5.2 Tools for Water Users created in the INNOWATER project

- The **INNOWATER Water Audit (IWA)** – a technology oriented audit providing water-users with an overview of their water management and where improvements could be made
- **The Water Innovation Quick Scan (WIQS)**

### 5.3 Interlinking Tools

- **Matchmaking Events**

- 1

The portfolio of products and services offered via the Foundation will be dynamic, with next generation frameworks being developed informed on the basis of market feedback and accumulated knowledge.

## Organisation and Finance

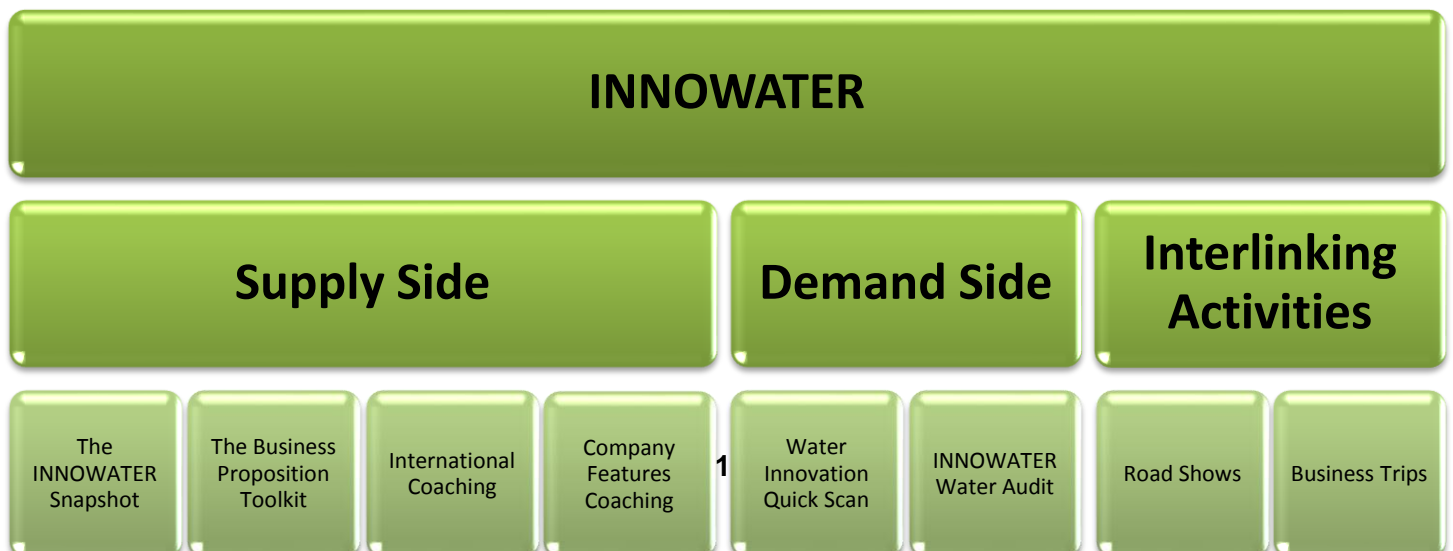
### 5.4 Organisational Structure

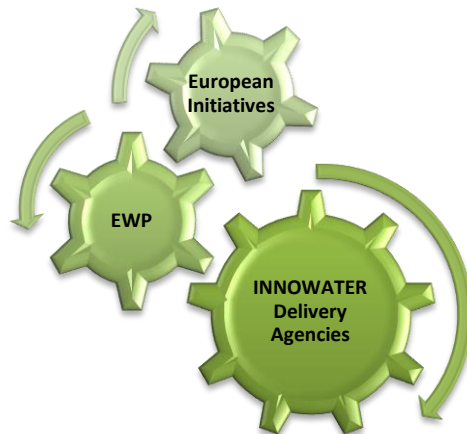
The structure and legal basis of the INNOWATER Foundation will be defined in detail, as well as its commercial and legal relationship to the EWP. Fundamentally, the INNOWATER Foundation is a special purpose vehicle representing the collective interests of the founding partners, providing a commercial platform for the delivery of products and services developed in the original project. At its simplest, the founding partners will be represented on the Board of Directors, which will recruit in a small management team to be responsible for the day-to-day activities of the INNOWATER Foundation.

All founding members of the INNOWATER Foundation will have the right to leverage the brand and capabilities of the INNOWATER Foundation for the benefits of their heritage business.

Project partners can elect to take Royalty Free license to deliver the toolkits themselves via their heritage businesses, and/ or alternatively retain a financial interest in the commercial deployment of the IPR by third parties via their role within the INNOWATER Foundation (see below).

Licenses will be granted on the basis of geographic reach to minimise potential issues of competition.





**Figuur 1 Structure INNOWATER Foundation**

### **5.1 Funding**

The INNOWATER Foundation will require seed funding to 'pump prime' its commercial activities and to resource a Management Team or Secretariat to kick start activities (either as part of the EWP or a separate entity). It is assumed that this initial seed funding will be sought from the European Commission, for example in the Horizon 20|20 initiative. Currently a five-year business plan is under construction to justify the initial funding requirement by providing a (financially) convincing business plan/strategy, and identifying future routes for revenue generation.

Potential sources of revenue that are explored in the business plan are:

1. Direct provision of business and water audit support to businesses using existing and next generation INNOWATER tools and frameworks, using the consultants from the INNOWATER partner organizations;
2. Subscription to multi subscriber studies of interest to aggregated audiences within the sector (e.g. benchmarking studies);
3. Training and accreditation of third party licensee consultancy companies to deliver the products and services of the INNOWATER Foundation;
4. Provision of bespoke internationalization activities in line with the International Business Scouting model;
5. Provision of international broker/matchmaker services between innovators and industrial end users within the INNOWATER Foundation /EWP networks.