

BRUSSELS POLICY BRIEF #1

From Lab to Market:

Closing the Knowledge Valorisation

Gap in FP10 and the European

Competitiveness Fund

June 2026

Austrian Research Promotion Agency (FFG)

Austrian Federal Economic Chamber (WKÖ)

CONTEXT

Europe generates world-class research. Yet it consistently fails to turn this into companies that are globally competitive at scale. The **Draghi Report (2024¹)** places this gap at the centre of Europe's competitiveness challenge. Despite the steadily growing European Union (EU) Framework Programme (FP) budgets, the structural bottlenecks constraining knowledge valorisation — from research to commercialisation to market-leading scaleups — remain largely unresolved.

The proposed European Competitiveness Fund (ECF), into which Horizon Europe/FP10 will be linked, represents the most significant restructuring of EU Research and Innovation (R&I) policy in decades. The Startup and Scaleup Strategy and the forthcoming European Innovation Act (EIA) signal political willingness to act. It therefore follows that ambition must be translated into policy design choices that are fundamentally different from past approaches.

This policy brief distils the key insights from "From Lab to Market", a joint WKÖ/FFG policy dialogue held in Brussels on 22 January 2026. The event brought together European Commission officials, university innovation leaders, investors, research organisations, and deep tech founders to examine from the ground up what it takes to bridge the gap between research excellence and commercial impact.

¹ https://commission.europa.eu/topics/competitiveness/draghi-report_en

EXECUTIVE SUMMARY

Three structural failures constrain Europe's ability to valorise knowledge: **weak transfer pathways, fragmented and slow scaling support**, and **structural market fragmentation**. These are not problems of ambition or budget — they are systemic problems. Therefore, FP10 and ECF must be built to address all three simultaneously:

A Strategic Vision for European Knowledge Valorisation

1. From funding to building

EU R&I policy must shift its centre of gravity from disbursing grants to building companies. This means redesigning instruments around commercial milestones, not administrative deliverables.

2. From single instruments to a valorisation continuum

No single programme can close the lab-to-market gap. FP10/ECF must be designed as a seamless, permeable system where researchers, Technology Transfer Officers (TTOs), startups, investors, and corporate customers interact without walls between programmes.

3. From European supply to European demand

Whilst Europe is relatively good at funding research and early-stage innovation, it is structurally weak at creating demand for its own innovations through procurement, corporate partnerships, and patient capital at scale. This includes not only commercialisation and startup creation, but also piloting, demonstration, industrial scale-up, manufacturing capacity and long-term value creation within Europe.

Top Recommendations

1	Redesign TTOs as strategic actors. Fund them as operational enablers, not administrative units. Give them authority, equity stakes, and measurable KPIs beyond patents and publications.
2	Create a transparent, navigable funding continuum. Redesign the Funding & Tenders Portal as a genuine navigation tool. Publish sequencing logic for instruments. Reduce time-to-grant radically — align funding cycles with innovation cycles.
3	Strengthen the Seal of Excellence (SOE) as a real pathway. Make it an operational fast-track with EU-level bridging grants where national budgets fall short, and structured private co-financing options.

4	<p>Deploy ARPA²-style challenge instruments. Empower programme managers, use milestone-based contracting, tolerate portfolio-level failure. Each challenge must include a clear regulatory sandbox and procurement pathway to deployment.</p>
5	<p>Make innovation procurement the default, not an exception. Deploy pre-commercial procurement (PCP) and first-of-a-kind procurement with standardised EU tender clauses, streamlined cross-border procedures, and Intellectual Property (IP) templates that are startup-friendly.</p>
6	<p>Incentivise large enterprises as first customers and co-developers. Introduce R&D tax credits for procurement from startups, co-development frameworks, and explicit corporate engagement requirements within European Innovation Council (EIC) and ECF-funded instruments.</p>
7	<p>Launch the Scaleup Europe Fund quickly and complement it with diversified instruments. Mobilise institutional capital (pension funds, insurance) through regulatory reform (Solvency II³ recalibration) and build an IP-backed finance track for intangible-heavy companies.</p>
8	<p>Implement a genuine 28th Regime (EU Inc.⁴). Standardised incorporation, portable ESOPs, interoperable tax treatment, streamlined cross-border investment — so scaleups can expand across Member States without rebuilding legal structures.</p>
9	<p>Recalibrate public instruments to crowd in — not crowd out — private capital. Simplify EIC blended finance terms; recalibrate Solvency II risk charges for deep tech fund allocations; pilot IP-backed finance for intangible-heavy companies.</p>

² The ARPA Model describes an organizational approach to high risk, high reward innovation, modeled after US government agency DARPA as the original mold.

³ https://www.eiopa.europa.eu/browse/regulation-and-policy/solvency-ii_en

⁴ https://commission.europa.eu/news-and-media/news/eu-inc-making-business-easier-european-union-2026-03-18_en

<p>10</p>	<p>Measure what matters. Move beyond publications and patents as valorisation metrics. Track time-to-market, follow-on private investment, commercial revenues, and jobs created — and tie instrument design reviews to these outcomes.</p>
<p>11</p>	<p>Use the European Innovation Act (EIA⁵) to unlock all financing layers simultaneously. The EIA must establish EU-wide regulatory sandboxes, operationalise the Venture Customer Journey, e.g., linking startups with industrial partners, pilot environments and early deployment opportunities, clarify state aid rules for pre-market startups, and introduce the European Business Wallet. Without this framework, every downstream funding mechanism remains siloed.</p>
<p>12</p>	<p>Embed EU National Contact Points (NCPs) in policy design. NCPs must be partners in the structure of FP10 design, with defined operational roles (plug-in pathways, fast-track signposting), not just administrative intermediaries.</p>

PART I — KEY TAKEAWAYS FROM "FROM LAB TO MARKET"

The event brought together more than 40 participants spanning EU institutions, innovation agencies, universities, deep tech founders, and investors. Two structured panels highlighted concrete, ground-level evidence on where European knowledge valorisation is working — and where it is systematically failing. Three challenges emerged with striking consistency across all speakers.

1. Transfer Barriers: The Research-to-Market Wall

Europe's funding model has strong signalling power. ERC and EIC labels genuinely open doors to networks, partnerships, and downstream capital. This signalling effect is underutilised and should be preserved and amplified in FP10.

However, the mechanics of translation from research to commercial application does not function optimally. Universities are generally well funded for scientific research, but the complementary



⁵ https://research-and-innovation.ec.europa.eu/strategy/support-policy-making/shaping-eu-research-and-innovation-policy/european-innovation-act_en

capabilities needed for commercialisation, such as business development, legal support, IP strategy, market intelligence, are systematically underfunded and institutionally undervalued.

The funding pathway is opaque. Researchers and early-stage founders consistently report not knowing which instruments to approach, in which sequence, and under what conditions. The transition from research funding to commercialisation support is experienced as a cliff edge, not a continuum. This is not a minor user experience problem since it leads to the loss of projects with high potential.

Technology Transfer Offices are often under-resourced and not empowered to drive commercialisation. Even where they exist, many lack the commercial capabilities, decision-making autonomy and incentive structures needed to enable spinouts at scale. Importantly, Europe operates under different IP regimes: Sweden's "professor's privilege" assigns IP ownership largely to researchers, whereas many other countries place ownership with institutions. Regardless of the regime, outcomes hinge on professionalised support structures and predictable, founder- and investor-friendly processes.

The EIC is recognised but inaccessible. Founders describe applying to the EIC as an extremely time-intensive process with highly uncertain outcomes, undertaken under conditions of acute financial pressure. Low success rates deter applications from promising but early-stage companies. The opportunity cost of a failed EIC application can be existential for a startup.

FROM THE GROUND

"The review process needs a complete rethink — pitch formats, not 80-page applications. We need instruments that can move at market speed." — Marcus Lebesmühlbacher, CEO, Holloid

2. Scaling Barriers: The Fragmented Middle

Scaling is not simply a money problem. Many European promising innovations reach technical validation but fail to achieve rapid growth because the scaling system is fragmented, slow, and demand-deaf. Capital is harder to mobilise at later stages. Cross-border expansion remains legally and administratively costly. And demand-side pull through corporate customers and public procurement is structurally too weak.

Administrative burden is disproportionate and limits innovation. The opportunity cost of EU project administration is enormous, regardless of grant size. For smaller companies with limited capacity, compliance absorbs time that should go to building markets, hiring talent, and executing on strategy. Participants called for radically fewer, larger, and better-designed funding calls.

The 'valley of death' is not metaphorical — it is structural. The transition from proof of concept to early commercial traction is the least well-served stage in the European R&I system. Revenues are not yet stable. Strategic partnerships are not yet secured. And suitable instruments — patient, milestone-tolerant, commercially-oriented capital — are in short supply. In many sectors, the most critical bottlenecks emerge not only during early commercialisation, but during pilot production, industrial demonstration, first-of-a-kind deployment and manufacturing scale-up.

Corporate engagement is the exception, not the rule. Large European enterprises play a critical role as development partners, validation environments, and first customers for deep tech startups. In practice, misaligned incentives, IP concerns, risk aversion, and cultural distance make this collaboration rare. Europe risks falling further behind unless it complements supply-side funding with stronger demand-side pull—while the US and China more systematically use procurement and strategic buyers to accelerate deep-tech adoption.

International orientation as a design feature. Many European consortia remain overly domestically oriented; FP10 should incentivise globally oriented partnerships and stronger exposure to international competition to accelerate learning, sharpen market fit, and improve readiness for global scale.

Systematic policy learning and benchmarking. FP10 should institutionalise continuous “learning by doing” in instrument design—testing and scaling best-practice features from high-performing models (e.g., ARPA/DARPA-style programme management, milestone funding, and faster decision cycles) to reduce procedural burden and keep founders focused on customers rather than finding their way through the instrument portfolio or compliance.

FROM THE GROUND

"Founders shouldn't spend more time on compliance than on customers. The ratio is currently backwards." — Jodi Barrientos, CEO Ribbon Biolabs

3. Structural Barriers: The Fragmented Ecosystem

Even when individual instruments work well, structural fragmentation at the system level undermines their impact. Five structural failures are particularly acute:

1. **Europe has a venture capital gap — and it is most severe at the growth stage.** Even though early-stage financing has improved considerably in Europe through instruments like the EIC Accelerator and national programmes, the critical stretch from Series B onwards⁶ remains chronically under-

⁶ Series B: in which companies need €50–200M+ to industrialise, hire at scale, and internationalise

served. The result is predictable: European deep tech companies relocate to the US not because they want to, but because the capital is there⁷.

2. **Public instruments must crowd in private capital — not substitute for it.** This is one of the most critical design challenges for FP10 and ECF. When public grants, equity, or blended finance instruments are poorly calibrated, they can crowd out private investors — either by taking up equity at terms that deter follow-on VCs (Venture Capital), or by creating dependency on grant cycles that distort company incentives. The event discussions made clear that EIC blended finance, while directionally right, has in some cases created friction with private co-investors due to complex terms, slow processes, and asymmetric rights. The design principle must be: public instruments should de-risk and signal quality, then step back as private capital takes over. The Scaleup Europe Fund, if managed with full private-sector discipline and a minimal public share (~20%), offers a model worth watching — but its success will depend entirely on the quality of the fund managers selected and the speed of its first investment cycle.
3. **Institutional capital is structurally excluded from deep tech.** Pension funds and insurance companies represent Europe's largest pool of long-term savings, yet regulatory frameworks (particularly Solvency II) make it prohibitively expensive for them to allocate capital to unlisted venture and growth funds. Recalibrating risk charges for diversified, long-term equity investments in deep tech is one of the highest-leverage regulatory changes available to European policymakers. The forthcoming European Innovation Investment Pact, which aims to encourage voluntary allocations to innovative companies, is a positive signal, but voluntary commitments without regulatory reform will deliver limited scale.
4. **Market fragmentation is a “tax” on scaling.** Operating across 27 different legal and regulatory regimes imposes real costs in time, legal complexity, and management distraction. The 28th Regime (EU Inc.) and Capital Markets Union remain works in progress. Until they deliver, cross-border expansion will remain a competitive disadvantage for European companies relative to US and Chinese peers operating in large, unified domestic markets.
5. **Strategic direction is fragmented across too many initiatives.** Europe has many strategies, funds, and programmes, but limited ability to concentrate them on a defined set of technology priorities

⁷ For example, a recent qualitative [study](#) by the European Investment Bank finds that financing constraints are one contributing factor to relocation, with many of the analysed companies having moved to the United States.

where critical mass can be achieved. Without strategic focus, funding spreads thin and fails to build globally competitive ecosystems in any single domain.

FROM THE GROUND

"Speed and structure matter more than new organisations. We need what's already there to work better — faster, more connected, more focused." — Alexander Svejksky, Managing Director, Austrian Institute of Technology (AIT)

PART II — POLICY RECOMMENDATIONS

The following twelve recommendations are addressed to the European Commission, the European Parliament, and Member State governments engaged in the design of FP10 and the European Competitiveness Fund. They are grounded in the discussions at "From Lab to Market" and aligned with the broader European policy debate on competitiveness and innovation.

I. Strengthening Transfer Pathways

Recommendation 1 — Redesign Technology Transfer Offices as strategic partners, not administrative units

TTOs must become genuine commercialisation actors. This requires **dedicated EU co-funding for TTO capacity-building**, introduction of **equity-based revenue models** that align TTO incentives with spinout success, and **revised KPIs** that track time-to-market, follow-on investment raised, and revenue generated — not just IP filings and publications. FP10 should pilot a **"TTO Excellence Label"** that unlocks faster access to EIC instruments for universities meeting defined commercialisation standards.

Recommendation 2 — Make the funding pathway transparent and navigable

The EU's Funding & Tenders Portal must be fundamentally redesigned as a **journey-based navigation tool** — guiding innovators through funding sequences based on their technology readiness, sector, and development stage. Instrument descriptions should include explicit **sequencing logic** (e.g., "from ERC Proof of Concept (PoC) to EIC Transition to EIC Accelerator"), so researchers and founders can self-navigate without requiring specialised advisory support at every step.

Recommendation 3 — Accelerate time-to-grant and align funding cycles with innovation cycles

Current processing times are incompatible with market-speed innovation. FP10 should set a **maximum 4-month time-to-grant for EIC instruments**, introduce **rolling submission windows** for key programmes, and mandate a **structured feedback loop** for unsuccessful applicants. The Seal of Excellence should trigger automatic eligibility for fast-track national follow-up, EU bridging grants where national budgets are insufficient, and structured co-financing from private investors.

II. Unlocking Scaling

Recommendation 4 — Deploy ARPA-style challenge instruments with real authority

The EIC Advanced Innovation Challenges model should be scaled and empowered. Effective challenge instruments require **empowered programme managers** with genuine decision-making independence, **milestone-based contracting** with stop/go decisions, and **portfolio-level tolerance for failure** rather than project-level risk aversion. Critically, each challenge must include a **clear deployment pathway** — regulatory sandbox access, procurement-ready routes, and corporate off-take commitments — so successful prototypes transition to adoption.

Recommendation 5 — Make innovation procurement a default instrument, not a special case

Pre-commercial procurement (PCP) and first-of-a-kind procurement must become standard tools in the hands of public buyers across EU Member States. FP10/ECF should **mandate standardised EU tender clauses** (covering IP, liability, and pilot-to-scale options), **simplify cross-border procurement procedures**, and establish **startup-friendly IP templates** that give innovators meaningful rights over results. The European Semester⁸ should be used to benchmark and incentivise Member States on innovation procurement performance.

Recommendation 6 — Mobilise large enterprises as venture customers and co-developers

Europe's large enterprises must be structurally incentivised to engage earlier with deep tech startups. Large enterprises play a critical role not only as early customers, but also as industrialisation partners providing testing environments, pilot production capacities, manufacturing expertise and scale-up infrastructure. This requires **R&D tax credits for procurement from startups and SMEs**, explicit **corporate co-development requirements** within EIC and ECF instruments, and dedicated **"early customer" programmes** that reduce commercial risk for both corporate buyers and startup suppliers. The ARPA-inspired 'Venture Customer Journey' concept proposed in the EU Startup and Scaleup Strategy should be operationalised and piloted with committed corporate partners. Beyond incentives, there is also a need for a system that can reliably identify suitable large companies for projects.

III. Fixing Structural Fragmentation

Recommendation 7 — Deploy the Scaleup Europe Fund with private-market discipline and complement it with diversified instruments

First, fund managers must be selected on track record and sector expertise alone, not on political or geographic considerations. **Second, the public share (~20%) must be structured to preserve full**

⁸ https://commission.europa.eu/topics/economy-and-euro/european-semester_en

private-market governance — avoiding the delays, national conditionality, and complex reporting that have undermined past public-private vehicles. **Third, the first investment cycle must launch by end of Q2 2026** — early, credible deals are the only way to build institutional investor confidence and crowd-in subsequent rounds of private capital. The Fund's complementarity with EIC, InvestEU, and ETCI must be explicitly mapped to prevent overlap and ensure it fills the late-stage gap rather than substituting for instruments already serving earlier stages.

Recommendation 8 — Implement the 28th Regime as a genuine single market for companies

A credible EU Inc. regime must deliver **standardised company incorporation, portable employee equity (ESOP) frameworks, streamlined cross-border investment and fundraising procedures**, and **clear, interoperable tax and compliance treatment** across Member States. Without this, cross-border scaling will remain a structural disadvantage for European companies competing against US and Chinese peers operating in large, unified home markets.

Recommendation 9 — Recalibrate public instruments to crowd in, not crowd out, private capital

Every public R&I instrument in FP10 and ECF must be assessed against one question: does it attract private capital or replace it? The guiding design principle should be **public instruments de-risk and signal quality — then step back**. In practice this means: **recalibrating EIC blended finance terms** to reduce friction with co-investing VCs (simplified shareholder agreements, faster processes, no asymmetric governance rights that deter follow-on rounds); **recalibrating Solvency II risk charges** to make diversified, long-term allocations to deep tech funds viable for pension funds and insurance companies; and using the **European Innovation Investment Pact** not just as a voluntary commitment mechanism but as the basis for regulatory relief that incentivises institutional portfolio allocations. At the same time, advancing the Capital Markets Union remains essential, as fragmented national capital markets are too small to support the capital-intensive scaling of key technologies across Europe. IP-backed finance tracks should be piloted for intangible-heavy companies that cannot access traditional bank debt.

Recommendation 10 — Concentrate resources on strategic technology priorities

Europe cannot maintain leadership in every domain. FP10/ECF should **concentrate capital in a defined set of strategic technology areas** that function as cross-cutting enablers across multiple sectors rather than distributing thin funding across all sectors. Within these priorities, investment should be **concentrated in fewer, larger, world-class research and infrastructure centres** rather than duplicated across many national facilities.

Recommendation 11 — Use the European Innovation Act to unlock all three financing layers simultaneously

The EIA should be designed as a **system-level unlock**, not a narrow regulatory tidying exercise. The EIA's value is seen as a **framework law that unlocks the other funding mechanisms**: without the legal clarity and governance architecture it provides, instruments like the Scaleup Europe Fund, EIC blended finance, and innovation procurement will continue to operate in isolated silos. The EIA must therefore be treated as a political priority and enacted swiftly — delays in its adoption directly delay every downstream funding mechanism that depends on it.

Recommendation 12 — Embed National Contact Points in policy design

NCPs possess unmatched ground-level knowledge of realities across Member States. Both FP10 and ECF should establish **structured NCP consultation mechanisms** in instrument design phases, assign NCPs **defined operational roles** (fast-track signposting, Seal of Excellence follow-up, client handoffs), and use NCP intelligence to identify implementation failures early. EU instruments that ignore Member State realities systematically underperform — NCPs are the most cost-effective fix.

PART III - CONCLUSIONS

Europe's knowledge valorisation challenge is not a question of ambition or budget — it is a question of system design. The proposed ECF architecture and FP10 negotiations offer a historic opportunity to build an R&I system that is oriented, from the outset, toward commercial impact, not just research excellence. Europe's competitiveness challenge is not only about generating innovation, but about ensuring that innovative technologies can be industrialised, manufactured, scaled and retained within Europe.

The discussions at "From Lab to Market" made clear that the reforms needed are within reach — but they require political choices that go beyond incremental adjustment. They require simplification over complexity, speed over process, demand creation over supply-side investment, and strategic concentration over broad-based distribution.

The twelve recommendations in this brief are intended to serve as a **concrete and actionable input** to FP10 and ECF design discussions. The organisations behind this brief — FFG and WKÖ — stand ready to deepen this dialogue with European Commission services, European Parliament, and Member State stakeholders.

About the Event

"From Lab to Market — Towards Successful Knowledge Valorisation in FP10" was organised jointly by the Austrian Research Promotion Agency (FFG) and the Austrian Federal Economic Chamber (WKÖ / Department for Innovation and Digitalisation) on 22 January 2026 at AT60 — Haus der Österreichischen Wirtschaft, Brussels.

The event brought together approximately 40 participants from EU institutions, innovation agencies, universities, research organisations, investors, and deep tech founders. It was structured around two panels: an Innovation Showcase with startup founders and a System-Level panel with ecosystem actors.

The Speakers

Jodi Barrientos — Ribbon Bio GmbH

Johannes Klinglmayr — Linz Center of Mechatronics (LCM)

Marcus Lebesmühlbacher — Holloid GmbH

Cédric Adam — European Commission (DG RTD A.5)

Markus Wanko — XISTA Science Ventures

Lisa Ericsson — KTH Royal Institute of Technology / KTH Ventures

Alexander Svejkovsky — Austrian Institute of Technology (AIT)

Authors

Alessio Giustolisi — Department for Innovation and Digitalisation, Austrian Federal Economic Chamber (WKÖ)

Iraklis Agiovlasis — Austrian Research Promotion Agency (FFG)

Margit Noll — Austrian Research Promotion Agency (FFG)

Elisabeth Hajicek — Austrian Research Promotion Agency (FFG) and NCP-IP

Contact

For further information or to discuss this brief, please contact:

Alessio Giustolisi | WKÖ | alessio.giustolisi@wko.at

Elisabeth Hajicek | FFG | elisabeth.hajicek@ffg.at

This policy brief reflects discussions held at the "From Lab to Market" event and does not represent an official position of FFG, WKÖ, or the European Commission.