

Conclusions

Framework operation #10 for SMEW-RIDW Joint Equity product – Digital and CCS Investments Sub-Product

INVEU-ICR-0046-2022 – SME & Research, Innovations and Digitation Windows

Short description of the financing or investment operation and its objectives

Final recipients	Projects, seed, start-ups, SMEs, Mid-Caps
Countr(ies) of implementation	Multi-country in the EU, with some emphasis on Nordic countries, Benelux, Western- and Southern Europe
Implementing partner	EIF

This Framework Operation aims at supporting the development and growth of cloud services, data and middleware platforms enabling access and integration of computing resources, facilitating emergence, development and scale up of strategic technologies in AI, Blockchain/OLT, cybersecurity tools and solutions and quantum, to provide the developers and operators active in these technologies with adequate start up and growth capital. With respect to investments in the Cultural and Creative Sectors ("CCS"), the focus is expected to be on Sub-Projects pursuing more specialised strategies in audio-visual content production and distribution.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 7 July 2022 for the above mentioned operation.

The technology areas include risks that would typically cause a shortfall in available investment capital such as technology risk as a consequence of unproven and experimental technological developments; commercialisation risk, due to first-mover risk, and the untested and undeveloped nature of a commercial market for a product that has yet to be developed. Investment volumes are insufficient at international scale and there is a lack of the specialised venture capital funds who pursue deep tech, digital solutions and CCS investments.

The availability of the InvestEU Guarantee in this field makes it possible to significantly increase the support beyond what the EIF could do with other managed resources to achieve the target fund size considered optimal for the execution of the fund's strategy. The presence of the Fund as an investor provides a valuable signal of quality for the team, and validation for investment strategies that might otherwise have difficulty gaining fundraising traction.

Given the specificities of the CCS (unpredictability of revenues, difficult understanding of business models, lack of specialised financial intermediaries), InvestEU support will trigger a positive catalytic effort, bringing in new private actors into this nascent equity market.