Open Call for Proposals

for the European Space Agency Business Incubation Centre in Hungary

(ESA BIC Hungary)

2021-2025

**Version**

v2.00 - 03/05/2024

based on ESA BIC Open Call template v1.5, 12/01/2024

and

ESA BIC - Space Connection Assessment, Version 1.1, 30/09/2022

# Invitation to Apply to ESA BIC Hungary

Thank you for your interest in ESA BIC Hungary.

The European Space Agency (ESA) together with its Member States supports entrepreneurs with the ambition to exploit space technology or utilise space systems in non-space markets, or become suppliers to the space sector, e.g. by exploiting non-space technology in the space market.

Together with its local partners, ESA manages a network of Business Incubation Centres (ESA BICs) across Europe. In Hungary, Design Terminal Public Benefit Non-Profit Limited Liability Company is responsible for managing ESA BIC Hungary.

ESA BIC Hungary offers a comprehensive package of support to start-ups selected for incubation, including office accommodation, incentive funding, technical support, business coaching, and legal/IPR advice to the start-ups selected for incubation.

ESA BIC Hungary hereby invites you to submit your application for business incubation. This document provides an introduction to the application and evaluation process and contains references to the templates that should be used when applying.

Please contact ESA BIC Hungary for any further questions.

Yours sincerely,

Sophia Hanson

ESA BIC Manager

ESA BIC Hungary

## Introduction

The purpose of this Open Call for ESA BIC Hungary is to inform you about the opportunity for space-related start-ups to become incubated in ESA BIC Hungary and to provide the material and guidance needed to apply for incubation.

Selection and evaluation of applications are scheduled periodically, see https://esabichu.designterminal.org/en for details.

The Call is permanently open, has no closing date for the submission of applications unless the ESA BIC Hungary has indicated otherwise.

## Who can apply?

In general, any space-related start-ups in Hungary not older than five years, or natural persons with the intention to set up a space-related start-up, are welcome to apply for incubation.

However, some further criteria apply. These can be found in the Cover Letter Template of the application documents. In particular, note the following:

* The application needs to have a valid *space connection*. In general terms this means that it must be evident that “space” (space technology or a space based service such as satellite communication, navigation or earth observation) is actually needed. Alternatively, it must be evident that the proposed technology or service fulfils a need in a space context. It is strongly recommended that ideas related to performing activities or using technology in space are verified by a third party before applying. In case of doubt, please contact the ESA BIC for further guidance.
* Applicants need to run their start-up at their own risk. In practice this means that more than half of the shares must be owned by the entrepreneur(s) that apply to the ESA BIC.
* In case the application is done by natural persons, these need a permanent working permit in Hungary. Also, the process of setting up a company must have been started. The application shall include details about the status, the intended legal structure, and the shares distribution. An incubation contract can only be signed with a legal entity.

## How to apply

Please make sure you have received the following documents, which are part of the Open Call documentation:

* Cover Letter including Requirement Checklists
* Business Plan
* Incubation Proposal
* Draft Incubation Contract
* Draft Rental Agreements

Make sure to fill in all required sections in the application templates and pay particular attention to the following:

* Instructions inside the documents (highlighted in blue in each template) shall be followed in order to fulfill all pre-conditions of the Open Call and for the application to be accepted.
* Please read the Draft Incubation Contract carefully. The Cover Letter must include a clear, explicit and unambiguous statement declaring that the applicant has read, understood and accepted the terms and conditions contained in the contractual documentation (this is part of the Cover Letter template). Modifications or amendments to the Incubation Contract may only be done in exceptional cases. Please contact the local ESA BIC Manager for guidance.
* Make sure the Cover Letter and the Requirement Checklists are signed by either the majority shareholder or by shareholders with a combined ownership in excess of 50%.
* The incubation proposal should include details on how the incentive funding is meant to be spent. Note that, as a general rule, the incentive funding has a ceiling of 50.000,- EUR and shall be used for purposes linked to the objectives of the incubation. The incentive is provided in two equal parts, one from ESA and one from a local co-funding partner. The ESA part of the incentive can only be spent in Hungary. Please see the Draft Incubation Contract for details.
* Incubation in ESA BIC Hungary may be requested for a **maximum of 12 months**.

Please submit the application documents in electronic form (pdf, maximum three files, one for each required document) to the following e-mail address: space@designterminal.org with subject “ESA BIC Hungary Open Call”.

ESA BIC Hungary will verify the identity of applicants. You are requested to send digital copies of a passport etc. in a separate file together with your application.

Any questions related to submission of proposals should be sent to the same e-mail address: space@designterminal.org.

Annex 1 - Evaluation

## The evaluation procedure

The evaluation of all received applications is managed locally by ESA BIC Hungary and follows common ESA BIC procedures.

Once a published submission deadline has passed, ESA BIC Hungary first assess the formal aspects of applications received before the submission deadline. If a non-compliance of a minor nature is found, the applicant may be asked to address this in an updated proposal within 48 hours. If the proposal is found non-admissible, the applicant will be informed and the reason will be explained. In such a case an applicant is eligible to submit a revised proposal at a later date.

If the application is compliant with the formal requirements, applicants will be invited to hold a presentation to the ESA BIC Hungary evaluation board. The evaluation will typically take place a few weeks after the submission deadline. The evaluation board consists of representatives of ESA BIC Hungary, ESA, the local funding agency, and other experts. There will also be an opportunity for the evaluation board to ask questions to the applicant.

The application and the presentation will be marked against the criteria in Table 1, taking weighting factors into account.

|  |  |
| --- | --- |
| **Criteria** | **Weighting factor** |
| Background and Experience   * Experience and team composition * Support entities * Vision | 25% |
| Technology/Service   * Space Connection * Technical feasibility of the product/service to be developed * Production development strategy * Intellectual Property strategy | 20% |
| Value proposition & Market   * Value proposition * Market * Competition | 20% |
| Business Modelling and Risk   * Revenue model * Finance * Risk | 15% |
| Activity proposal   * Quality of the application * Milestones/Cost-planning * Work break-down * Management * ESA BIC investment opportunity | 20% |

Table 1: ESA BIC evaluation criteria and weighting factors.

All applicants will be notified in writing about the outcome of the evaluation. The applicant may require, within 10 calendar days from the receipt of the notification, an oral debriefing explaining the reason why the application was successful or not.

ESA BIC Hungary will enter into contract negotiations with successful applicants, taking the comments of the evaluation board into account. ESA BIC Hungary has the right *not* to place a contract if, after three months after the notification to a successful applicant, no contract still has been signed, and this is because of a reason for which the applicant can be held accountable.

Additionally, ESA BIC Hungary has the right not to place a contract in case the (intended) legal entity presented in the application is different from the actual established and registered legal entity.

Furthermore, we kindly ask you to pay attention to the following:

* Please note that applications will be treated as confidential. However, the applicant’s idea may through this application fall into the public domain (e.g. if local laws require so). Therefore, we strongly recommend that the applicant discusses the protection of his/her idea with a dedicated expert in this field prior to application, and – if relevant – takes appropriate steps to protect the idea (e.g. by applying for a patent).
* As far as allowed by law, any title held by the applicant to his/her idea shall remain vested in him/her. An application to ESA BIC Hungary will not result in the acquisition of any title whatsoever to the idea. *However, ESA retains a right to use the Intellectual Property in specific cases, generally related to publicity and promotion. Please read the detailed conditions described under the section “Use of Intellectual Property Rights” in the Draft Incubation Contract.*
* At the end of incubation the ESA BIC will request one or several deliverables. The purpose of these are both to verify the correct use of the incentive and for promotional purposes. The application should specify suitable deliverables.
* Please don’t apply to several ESA BICs at the same time. Please wait for one application to be evaluated and only if this is not successful, you may apply again to the same or another ESA BIC, taking any feedback into account.
* No expenses incurred in either stage of the application procedure will be reimbursed to the applicant by ESA BIC Hungary, ESA and/or any third party.
* This Open Call does not impose any obligation upon ESA BIC Hungary to enter into negotiations with any applicant.

Annex 2 – Space Connection

Space Connection Assessment – the “We Need More Space” check

European Space Agency Business Incubation Centres (ESA BICs)

Introduction

To be accepted for incubation in an ESA BIC, the applicant must present a business idea with a valid *space connection*. This document provides a guideline to help all parties involved to assess the space connection of your business idea.

*The use of the document is not mandatory, but recommended especially in cases where the space connection is not clear beforehand and needs elaboration or justification.*

The principle for assessment is based on the main characteristics of a valid space connection. The principle should work for the majority of business ideas expected to be proposed to an ESA BIC. However, as innovations tend to lead to new types of technologies and applications that fall outside the range of commonly proposed ideas, it may happen that more information is needed at a later stage.

It may also happen that a space connection found valid now may turn out to be invalid at a later stage, if the initial assumptions don’t hold anymore.

For the applicant to the ESA BIC

*Please contact your ESA BIC to discuss the space connection in advance of submitting your application.*

Applications for the ESA BIC are typically considered with the following types of space connections (please use the check-boxes to indicate in which category your idea falls):

Downstream – Your idea is about utilising space systems or exploiting space technology in a non-space domain, in one of the following areas:

Applications

Satellite Navigation

Earth Observation

Satellite Communication

Technology Transfer

Hardware

Software or Firmware

Knowledge, processes

Intellectual Property Rights (IPR)

Upstream – Your idea is about exploiting new technology in the space domain, or you intend to be active as a supplier to the space sector, in one of the following areas (including systems, sub-systems, components, and services):

Launchers

Satellites

Ground systems

Human spaceflight

Other

If the space connection of your business idea is in one of the above areas, please continue the initial assessment below. Otherwise please contact your ESA BIC for clarification and guidance.

Assessment of the Space Connection

Below follow the main criteria against which the space connection will be evaluated. To do the initial assessment please proceed as follows:

* First, go to the relevant section “Downstream” or “Upstream”.
* Read the text carefully and answer the questions clearly and concisely. Note that further details of your space connection should be described in the application. This document should *just contain the key arguments*.
* When finished, send the initial assessment to the ESA BIC. Preferably, this should be done well in advance of submitting the application such that guidance can be given by the ESA BIC, if needed.
* Normally the ESA BIC should be able to advise whether the space connection is sufficient. Note that the ESA BIC Tender Evaluation Board still may reject an application if it deems the space connection to be insufficient.

Downstream: Application/Technology Transfer

**Criterion 1. “We *need* space”**

Firstly, the reviewers of your application need to understand that “space” is actually needed. In other words, they must be convinced that

* Space provides a feasible solution to solve the problem, and
* Space offer a technical, cost, or other advantage compared to other non-space or existing solutions.

When analysing the need for space, you must understand the requirements for the product/service that you plan to bring to the market and to what degree both your own and any existing alternatives meet these requirements.

*Please provide a very brief explanation to the reviewers of your application why space is needed:*

<We need space because …>

**Criterion 2. We need *more …***

Furthermore, for the ESA BIC to support your business idea, the space-based solution must be more than what is obvious or already commonly in use. Generally, we expect that *some innovative step is taken*, for example that data is being analysed or combined with other sources to generate new information, or that software or hardware is being integrated to provide a new technical solution.

There are some space connections that are *normally* *not considered sufficient*, for example:

* If the business idea builds on “re-packaging” of space-related data, software, or hardware, we consider the space connection too weak.
* In case the business idea is related to re-using a technology/product/service that has been commercialised by another ESA BIC start-up, this will not be considered a sufficient space connection on its own.
* Likewise, if the proposed technology transfer from space has already taken place in the non-space domain that is targeted, additional arguments would be needed.
* We will normally not support the development of “yet another” Location Based Service for mobile phones.
* We will normally not support development of applications using Earth Observation data merely as background maps or similarly, with no or only little additional processing taking place.

Cases where the technical solution is standard but the novelty is rather in the business model, or where a market segment is addressed in which space is still not used in a way that may be standard elsewhere, may still be acceptable.

*Please describe very briefly for the reviewers of your application why your solution is “more” than the state-of-art and what the specific innovation is.*

<We do more …>

**Criterion 3. Space is *available***

In order for the ESA BIC to be able to support your start-up, you also need to make sure that the space you need is available in practice. Data, services or products are often commercially available or even available for free, however – especially for IPR including technologies – it happens that licenses need to be negotiated.

In some cases, the price for using space technology or data can be a limiting factor for your business idea. The price is not assessed as part of the space connection, but instead when evaluating your business case. However, you are advised to already now consider whether the price could substantially impact your business. For example, while you may use Earth Observation data provided by any party, raw or in a processed form, the price difference may be significant.

*In any case, incubation may not start before access to the data, services, IPR or technology you need is granted.*

If you intend to use an ESA patent or other IPR/technology with space origin, you need to investigate and confirm in advance that the IPR/technology provides advantages with respect to the state-of-art. For ESA patents, please contact the ESA patent office at [patent@esa.int](mailto:patent@esa.int) who will provide assistance. A positive statement from the ESA patent office is required with the proposal if you plan to use an ESA patent, although it is not sufficient on its own for your company to be accepted to the incubation programme.

Please indicate the status of availability:

Available for free

Commercially available Price is known

Price is unknown or needs to be negotiated

Availability is unknown or needs to be negotiated

In case of IPR including technologies, the owner has been contacted and a positive statement has been received regarding access to IPR

*Please describe very briefly for the reviewers of your application the status of availability:*

<Space is available …>

Upstream

For upstream business ideas the space connection is normally obvious. In the proposal to the ESA BIC you will have to explain how the business idea can be realized. There are however situations when it is not immediately clear that a proposed technology, service, etc. would be useful in a space context, for example:

* New types of systems, sub-systems or components that provide new functions (i.e. not merely replacing existing technology with something better),
* Technology and services intended to be used onboard the International Space Station (ISS) or related to other human spaceflight activities.

In such situations we *request that a Letter of Interest from a potential customer or user* is provided together with the proposal. This letter should:

* Confirm the usefulness of the proposed technology, service, etc., in a space context,
* Declare the customer’s/user’s intention to participate in trials during the incubation,
* Preferably contain a statement of becoming a customer if the development of the idea is successful.

If in doubt, please contact your ESA BIC to understand whether a Letter of Interest is advisable. (Note that such a letter is *always* useful and that it is never too early to engage potential customers!)

In case you have been in contact with experts at ESA to discuss your idea, please provide references (name, e-mail, and telephone number) in your proposal.

Contact details ESA BIC Hungary

Postal address: 1122 Budapest, Határőr út 36.

Email address: [space@designterminal.org](mailto:space@designterminal.org)

Contact person: Sophia Hanson ESA BIC Manager

Phone number: +36709038912