



SME support under HORIZON 2020

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Enterprises"**

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The Analysis

Outcome of impact assessments

- Less than 50% of industrial partners use the publicly funded applied research projects strategically
- Only about 22% of SMEs participating in EU research programs are strategic innovators
- Most academics engage with industry to further their research rather than to commercialise their knowledge
- Results are not exploited because projects were not designed for exploitation
- There is a strong relationship between internationalisation and innovation, but SMEs are not aware of internationalisation support programmes.
- The information environment of (European) R&D programmes is unattractive and repelling to SMEs



University

Small
Business

Funding Gap
(range: 1-3 M€)

Private
Funds

Industry

Venture Capital

Angel Investors

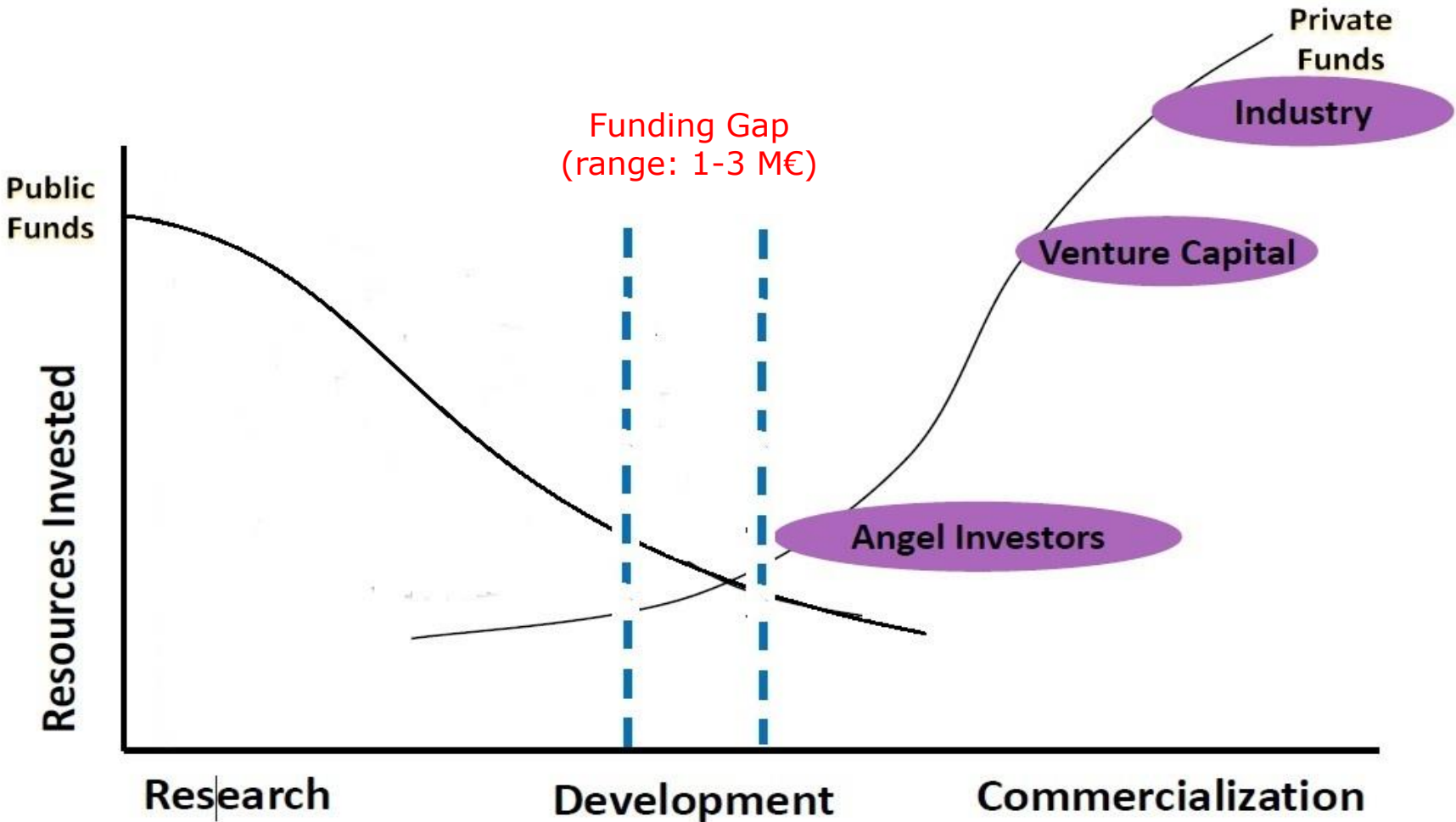
Public
Funds

Resources Invested

Research

Development

Commercialization



Innovation Union Commitment n° 7

Ensure stronger involvement of SME in future EU R&I programmes

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European Council 4 February 2011

Commission is invited to explore the feasibility of a Small Business Innovation Research Scheme



Concept and Design

Why participate?

- **To compete among the best European companies → "Champions league" with only very few winners, quality label based on a rigorous assessment**
- **Visibility at European level**
- **Possibility to receive business/management coaching**
- **Networking possibility with investors and customer networks**
- **Preferential treatment for subsequent financing (EU Financial Instruments: loan and equity facilities)**

SME support: integrated approach

**20 %
budgetary
target in
LEITs & SC**

Collaborative
projects
13%

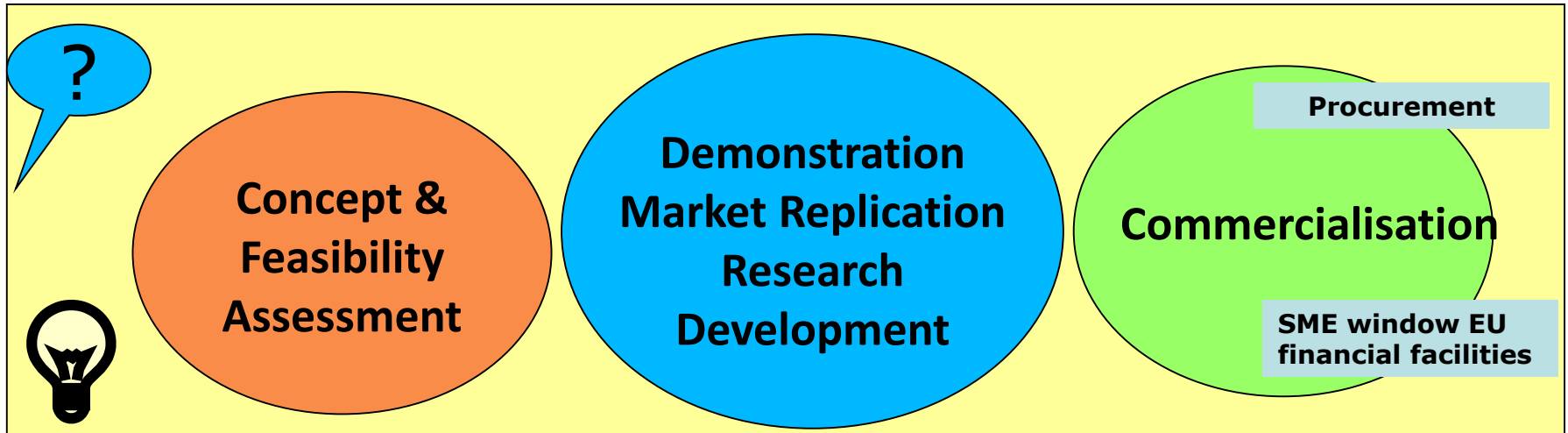
SME instrument
7%

**'Innovation
in SMEs'**

Eurostars II
Enhancing Innovation
Capacity
Market-driven Innovation

Access to Risk Finance

SME instrument



IDEA

business coaching and complimentary services

MARKET



Phase 3+coaching → 2% budget

Phase 1: Concept and feasibility assessment

Input: Idea/Concept: "Business Plan 1" (~ 10 pages)
10% budget

Activities:
Feasibility of concept
Risk assessment
IP regime
Partner search
Design study
Pilot application
etc.

10% success

Output: elaborated "Business plan 2"

Lump sum: 50.000 €
~ 6 months

Phase 2: R&D, demonstration, market replication

Input: "Business plan 2" plus description of activities under Phase 2 (~ 30 pages)
88% budget

Activities:
Development, prototyping, testing, piloting, miniaturisation, scaling-up, market replication, research

30-50% success

Output: "investor-ready Business plan 3"

0.5-2.5 M€ EC funding
~ 12 to 24 months

Phase 3: Commercialisation

Promote instrument as quality label for successful projects
Facilitate access to private finance

Support via networking, training, information, addressing i.a. IP management, knowledge sharing, dissemination

SME window in the EU financial facilities (debt facility and equity facility)

Possible connection to Procurement

No direct funding



Main features

- Targeted at all types of innovative SMEs showing a strong ambition to develop, grow and internationalise
- Only SMEs will be allowed to apply for funding and support
- Single company support possible
- No obligation for applicants to sequentially cover all three phases; each phase open to all SMEs
- 70% funding (exceptions possible)

Article 18(2) Regulation

[...] a dedicated SME instrument that is targeted at all types of SMEs with an innovation potential, in a broad sense, shall be created under **a single centralised management system** and shall be **implemented primarily in a bottom-up manner** via a **continuously open call** [...]

- Implemented centrally by one agency (EASME)
- Bottom-up approach within the frame of SC & LEIT
→ each SC & LEIT defines a broad topic
- Continuously open call with around 4 cut-off dates per year

Draft Dates:

2014		2015	
<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 1</u>	<u>Phase 2</u>
18/06/2014	09/10/2014	18/03/2015	18/03/2015
24/09/2014	17/12/2014	17/06/2015	17/06/2015
17/12/2014		17/09/2015	17/09/2015
		16/12/2015	16/12/2015



Evaluation: Remote evaluation throughout the process
Suggestion to abandon consensus meetings
Long feedback loops ("ESRs") slow down the process

Other eligibility conditions:

- * established in EU or associated country
- * one application/project (phase 1 or phase2) at a time

Funding over 7 years:

ca. 5,200 Phase 1 projects (fixed lump sum of 50K€)
ca. 1,700 Phase 2 projects with an average size of 1.5 M€
(or 2550 of an average size of 1 M€; 1250 of an average size of 2 M€)



The profile and competences of evaluators is highly important

**Commercialisation
potential and
economic impact**

**Excellence in
innovation**

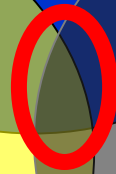
Market Opportunity

company's potential
achieving the
envisaged results

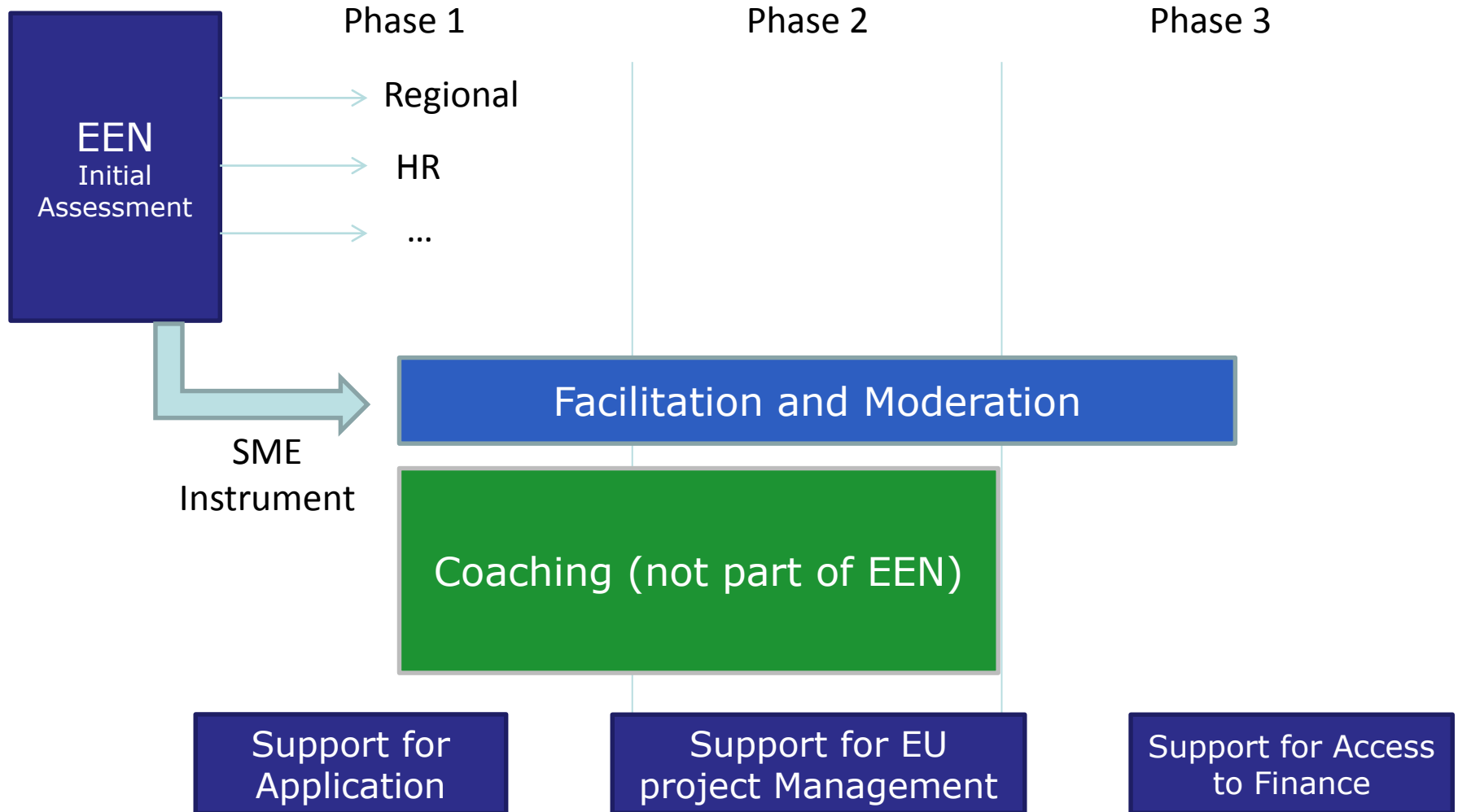
Technical solution
possible and better
than existing ones

**Company's
growth
potential**

Plus: EU added value



Coaching and EEN support





- Voluntary coaching offered in Phase 1 and Phase 2:
 - ✓ Phase 1 – 3 coaching days
 - ✓ Phase 2 – 12 coaching days
- Coaches will drive the performance of the organization by working with the senior management team
- Coach suggestion provided by the EEN, but final selection by the SME
- Coach and SME to decide a coaching plan in Phase 1. A summary of coaching foreseen for Phase 2 will form part of application to Phase 2
- Coaching paid in addition to Phase 1 and Phase 2 contribution



**Thank you very much for
your attention**