

Opportunities for SMEs to benefit from Horizon 2020

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Thies Wittig

H2020 and SMEs

The main focus of H2020 is on innovation.

What is INNOVATION and why is it so important?

- New ideas ?
- New knowledge ?
- New research results ?
- New methodologies ?

Of course, but ...



- Innovation = Invention (research) + **exploitation**
- A new way of doing things, which is **commercialized**.
- Schumpeter said “an idea that finds its way to the **market**”.

Innovation relates to **Products, Processes, or Business Models**

Since Innovation cannot happen without the private sector, H2020 puts strong emphasis on SME participation.



Where can and should SMEs try to get in?

There are two main and quite different areas in H2020:



Collaborative projects in LEIT and SC:

- Collaborative
- Full spectrum from Research, Innovation, Markets

Single-partner projects in the SME Instrument

- Single partner
- Mature technology (TRL 6)
- Market Feasibility (1)
- Prototyping, Piloting (2)

SMES in LEIT & SC

Leadership in Enabling and Industrial Technologies – LEIT

ICT
Nanotechnologies
Advanced materials
Biotechnology
Advanced Manufacturing
& Processing
Space

Societal Challenges

Health and wellbeing
Food
Energy
Transport
Environment
Reflective societies
Secure societies

> 20% of the budget for SMEs

First 2 Years:

SMEs in LEIT and
SC received
3.6 bn Euro,
24.5% of the
funding in these
two pillars

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The SME Instrument

The dedicated SME instrument encourages for-profit SMEs to put forward their **most innovative ideas** with an **EU dimension**.

The instrument aims to fill gaps in funding for **high-risk innovation** and **close-to-market activities** to give a strong boost to breakthrough innovation.

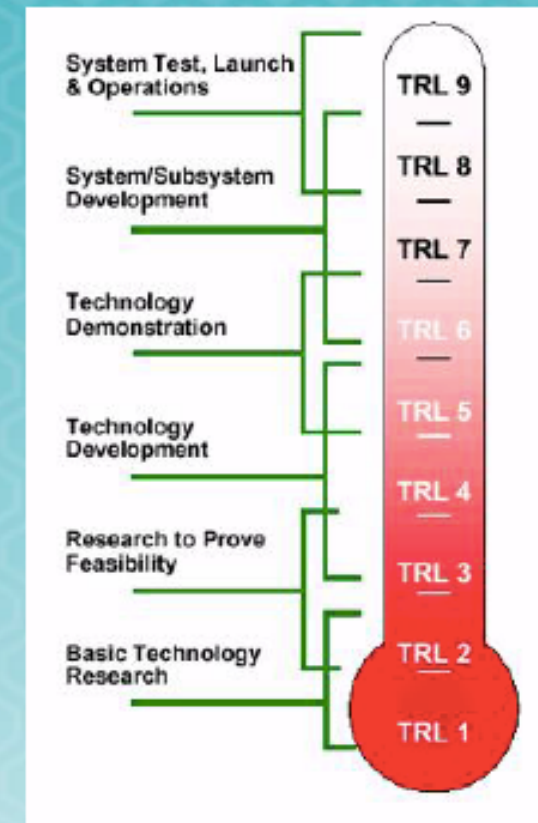
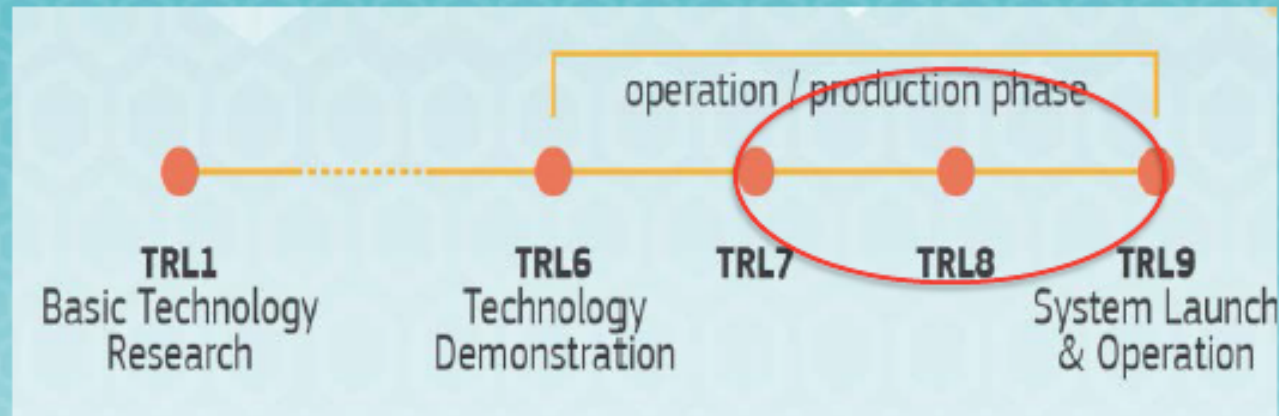
It targets **highly innovative SMEs** with a strong ambition to develop, grow and internationalise.

It covers the **whole innovation cycle**, the focus being on delivery of new products, services or processes **on the market**.



SME Instrument target

Technology readiness level 6 or above



SME Instrument: The Three Project Phases

Around € 3 billion budget



The SME Instrument

Phase 1

Concept & Feasibility Assessment



- €50 000 lump sum for feasibility study
- Initial 10 page business proposal to be drafted
- 6 months in duration
- High competition (around 6% success rate)

The SME Instrument

Phase 2

Innovation Project



- Between €0.5 million and €2.5 million in EU funding (70%)
- Develop project through innovation strategy
- Draft a more developed, 30 page business plan
- 1-2 years in duration

The SME Instrument

Phase 3 – Commercialisation



- No direct funding
- Extensive support and coaching
- Facilitate access to risk finance
- Additional support and networking opportunities (EEN)

The SME Instrument

Business coaching



Coaches will drive the performance of the organisation

Coaches suggested by EEN, and selected by the SME

Voluntary business coaching:

- o Phase 1: 3 days
- o Phase 2: 12 days



The first two years of H2020

The SME Instrument



25,000 applications had been submitted in the SME Instrument.

Average success rate: 8% for Phase 1 and 6% for Phase 2 (*EASME Nov 2016*)

The total funding for around 2000 projects was **680 mill Euro**.

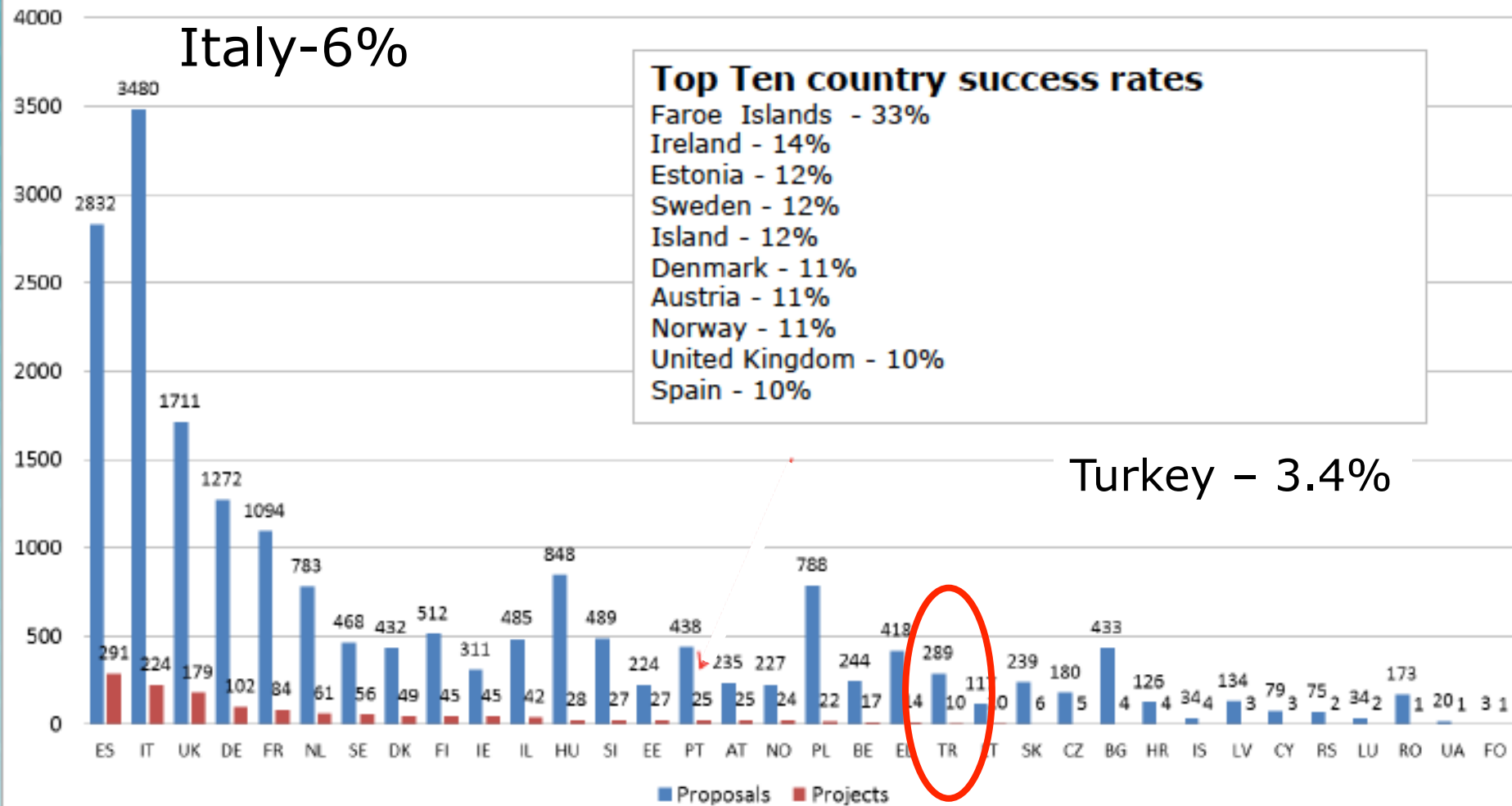
Success rates by country Ph1 + Ph2, 2014-2015

Italy-6%

Top Ten country success rates

Faroe Islands - 33%
Ireland - 14%
Estonia - 12%
Sweden - 12%
Island - 12%
Denmark - 11%
Austria - 11%
Norway - 11%
United Kingdom - 10%
Spain - 10%

Turkey - 3.4%



Figures published by EASME

Why is the SME Instrument so difficult?

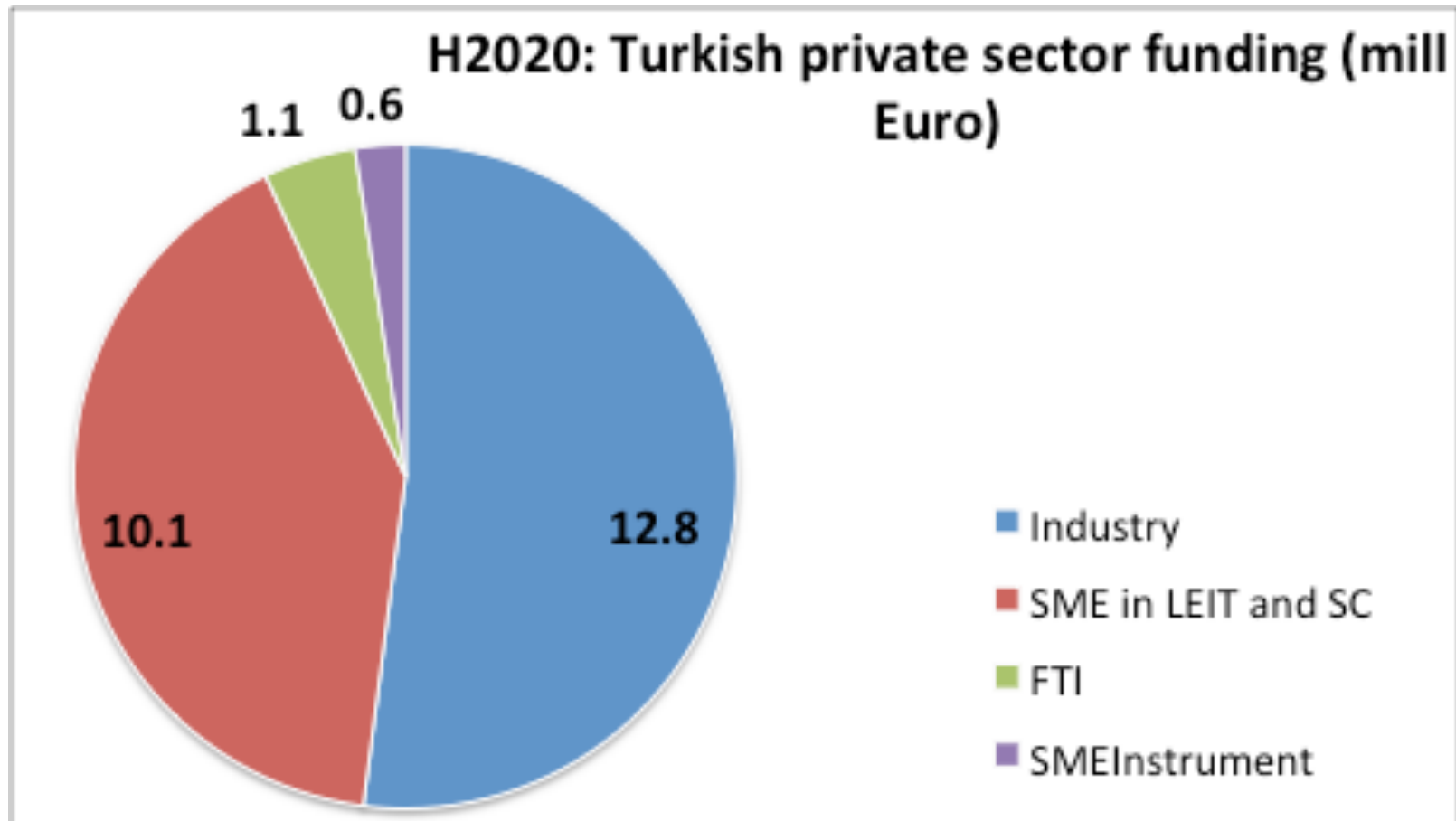
What is the EC looking for?

- Single company
- Innovative idea – disruptive - demonstration stage (TRL 6)
- Knowledge of the market and of competitors
- Convincing commercialisation plan
- Clear ambition to grow at EU/global level

What goes wrong?

- Too much focused on the project, not on the market opportunity
- Without convincing description of the company
- Without enough information on competing solutions
- Not innovative enough
- Without commercialisation concept (TRL too low)





Fast Track to Innovation (FTI) 2015/16

A third area for SMEs was the "**Fast Track for Innovation**" pilot in 2015/16.

The FTI pilot was a fully-bottom-up measure in H2020 to promote close-to-the-market innovation activities. The FTI pilot provided funding for bottom-up proposals for close-to-market innovation activities in any area of technology or application.

The aim was to:

- reduce time from idea to market,
- stimulate the participation of first-time applicants to EU research and innovation funding, and
- increase private sector investment in research and innovation.



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It was to ensure **quick** market take-up ('quick' meaning within a **three-year** period after the start of the FTI-action)

The indicative EU contribution per project was expected to be between EUR 1 million and EUR 2 million (max EUR 3 million).

Continuation of the Fast Track to Innovation beyond 2016 will depend on the results of an in-depth evaluation of the pilot scheme.