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Bu proje Avrupa Birliği ve Türkiye Cumhuriyeti tarafından finanse edilmektedir

H2020
SME Instrument

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Outline

1. SME Instrument in brief
2. Key points and main mistakes done in the SME Instrument applications and Tips from an Evaluator Perspective
3. Q & A

TURKEY in HORIZON 2020
COOPERATION, INNOVATION, COMPETITIVENESS

To cross the SME Instrument bridge:

Question:

Does this solution have a potential to become a big business?

Does it solve a real problem for many potential customers ?

Password: Yes !


01
Technical and market feasibility
assessment of technical feasibility and market potential of new ideas
02
Demonstration activities
developing, testing, prototyping, piloting innovative processes, products and services
03
Commercialisation
support measures toward commercialising SMEs' innovative products

Phase 1. Concept & Feasibility Assessment

Idea to concept (6 months)

The European Union will provide **€50 000 in funding**, and carry out a feasibility study to verify the viability of the proposed disruptive innovation or concept.
The SME will draft an initial **business proposal** (around 10 pages).

Phase 2. Demonstration, Market Replication, R&D

Concept to Market-Maturity (1-2 years)

Assisted by the EU, **the SME will further develop its proposal through innovation activities**, such as demonstration, testing, piloting, scaling up, and miniaturisation. It will also draft a more developed business plan (around 30 pages).
Proposals will be based on a business plan developed on phase 1 or otherwise. The EU aims to contribute **between €0.5 million and €2.5 million.**

Phase 3. Commercialisation

Prepare for Market Launch

SMEs will receive **extensive support, training, mentorship and facilitating access to risk finance** as the project is further polished into a marketable product.
Additional support and networking opportunities will be provided by Enterprise Europe Network (EEN).
The EU will **not** provide additional direct funding in this phase.

How it works?

Phase 1: concept and feasibility analysis

Input:
Idea/Concept in "Business Plan I"
(~ 10 pages)

Main Activities:

Feasibility of concept
Risk assessment
IP regime
Partner search
Design study
Pilot application

Output: elaborated "Business plan II"

Lump sum: 50.000 €

~ 6 months

Phase 2: Close to market activities

Input:
"Business plan II" + "Description of activities under Phase2" (~ 30 pp.)

Main Activities:

Development Prototyping
Testing
Piloting
Miniaturisation
Scaling-up
Market replication

Output: investor-ready "Business plan III"

Output based payments:
1 to 2.5 M€ EU funding

~ 12 to 24 months

Phase 3: Commercialisation

Input:
"Business plan III"
+

Opportunities:

'Quality label' for successful Phase 1 & 2

Easier access to private finance

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

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

No direct funding

Main Differences with Collaborative Calls

Collaborative Calls	SME Instrument
Proposal shall respond to a specific call	Topic based but topics are very wide so bottom up approach
Consortium approach	Single company can apply
Not restricted to SMEs	Only SME
According to the specific call condition TRL can be at any level	The proposed innovation shall be minimum at TRL6- even for Phase 1
Mostly one stage: For two stage calls, those who success in the first stage can apply to the second stage	3 phases- It is suggested to start with Phase I but they are independent !!!!!
No coaching support	Coaching (3 days for Phase 1, 12 days for Phase II)
No disruptive technology requirement	Looking for "Disruptive Technology"
No such requirement	Best- value for money requirement for Subcontracting for Phase II
Success rate is over 10%, so less competitive	Success rate is around 2-3% for Phase 2 and 5-6% for Phase I

Topics in 2017

1. Open Disruptive Innovation Scheme
2. Accelerating the uptake of nanotechnologies advanced materials or advanced manufacturing and processing technologies
3. Dedicated support to biotechnology SMEs closing the gap from lab to market
4. Engaging SMEs in space research and development
5. Supporting innovative SMEs in the healthcare biotechnology sector
6. Accelerating market introduction of ICT solutions for Health, Well-Being and Ageing Well
7. Stimulating the innovation potential of SMEs for sustainable and competitive agriculture, forestry, agri-food and bio-based sectors

Topics in 2017

8. Supporting SMEs efforts for the development - deployment and market replication of innovative solutions for blue growth

9. Stimulating the innovation potential of SMEs for a low carbon and efficient energy system

10. Small business innovation research for Transport and Smart Cities Mobility

11. Boosting the potential of small businesses in the areas of climate action, environment, resource efficiency and raw materials

12. New business models for inclusive, innovative and reflective societies

13. Engaging SMEs in security research and development

Budget for 2017

Topics	Budgets (EUR million)	
	2016	2017
SMEInst-01-2016-2017	60.00 [14]	66.00 [15]
SMEInst-02-2016-2017	31.83 [16]	35.32 [17]
SMEInst-03-2016-2017	7.50 [18]	7.50 [19]
SMEInst-04-2016-2017	11.37 [20]	12.60 [21]
SMEInst-05-2016-2017	35.00 [22]	45.00 [23]
SMEInst-06-2016-2017	18.00 [24]	12.50 [25]
SMEInst-07-2016-2017	25.46 [26]	32.19 [27]

Budget for 2017

SMEInst-08-2016-2017	9.50 [28]	10.00 [29]
SMEInst-09-2016-2017	46.00 [30]	50.00 [31]
SMEInst-10-2016-2017	57.57 [32]	61.23 [33]
SMEInst-11-2016-2017	25.00 [34]	27.50 [35]
SMEInst-12-2016-2017	10.80 [36]	11.40 [37]
SMEInst-13-2016-2017	15.37 [38]	14.67 [39]
Overall indicative budget	353.40	385.91

Cut-Off Dates

2017 Phase I	2017 Phase II
15 February (Overdue)	18 January (Overdue)
3 May	6 April
	1 June
	18 October

TURKEY in HORIZON 2020
COOPERATION, INNOVATION, COMPETITIVENESS

SME Instrument Success Rates in Turkey for Phase 1

	# of Applications	Successful Applications	Success Rate
2014	122	3	2,4 %
2015	124	4	3,2 %
2016	249	4	1,6 %
2017	61	-	
Average	556	11	1,9 %

SME Instrument Success Rates in Turkey for Phase 2

	# of Applications	Successful Applications	Success Rate
2014	31	3	9,6 %
2015	37	1	2,7 %
2016	41	1	2,4 %
2017	16	1	6,25 %
Average	125	6	4,8 %

Proposal Drafting

Max. 10 pages for Phase 1 and max 30 pages for Phase 2 technical annex

- Impact !
- Excellence
- Implementation

Business plan-logic

- Market relevance and positioning / exploitation strategy (IPR!)
- Financing needs / framework conditions
- Return on investment?

- Intended outcome, key performance indicators/success criteria.

Proposal Evaluation

- Fully remote
- Panel of four independent experts with **commercial and financial expertise!**
- Evaluators are mostly: private investors, finance experts, experienced and serial entrepreneurs, business and management consultants, senior managers
- Median of 4 evaluators
- Thresholds: **overall 13/15 for Phase 1 and 12/15 for Phase 2**; score for **"Impact"** needs to be **4/5 or higher!**

Evaluation Criteria

- Impact
- Excellence in innovation
- Quality and efficiency of the implementation

Evaluation Criteria- Impact

- Enhancing innovation capacity and integration of new knowledge
- Strengthening the competitiveness and growth of companies by developing innovations meeting the needs of European and global markets
- Other environmental and socially important impacts
- Effectiveness of the proposed measures to exploit and disseminate the project results

Evaluation Criteria- Excellence

- Clarity and pertinence of the objectives
- Credibility of the proposed approach
- Soundness of the concept, including trans-disciplinary considerations
- Ambition, innovation potential and comparison with the state of the art.

Evaluation Criteria- Implementation

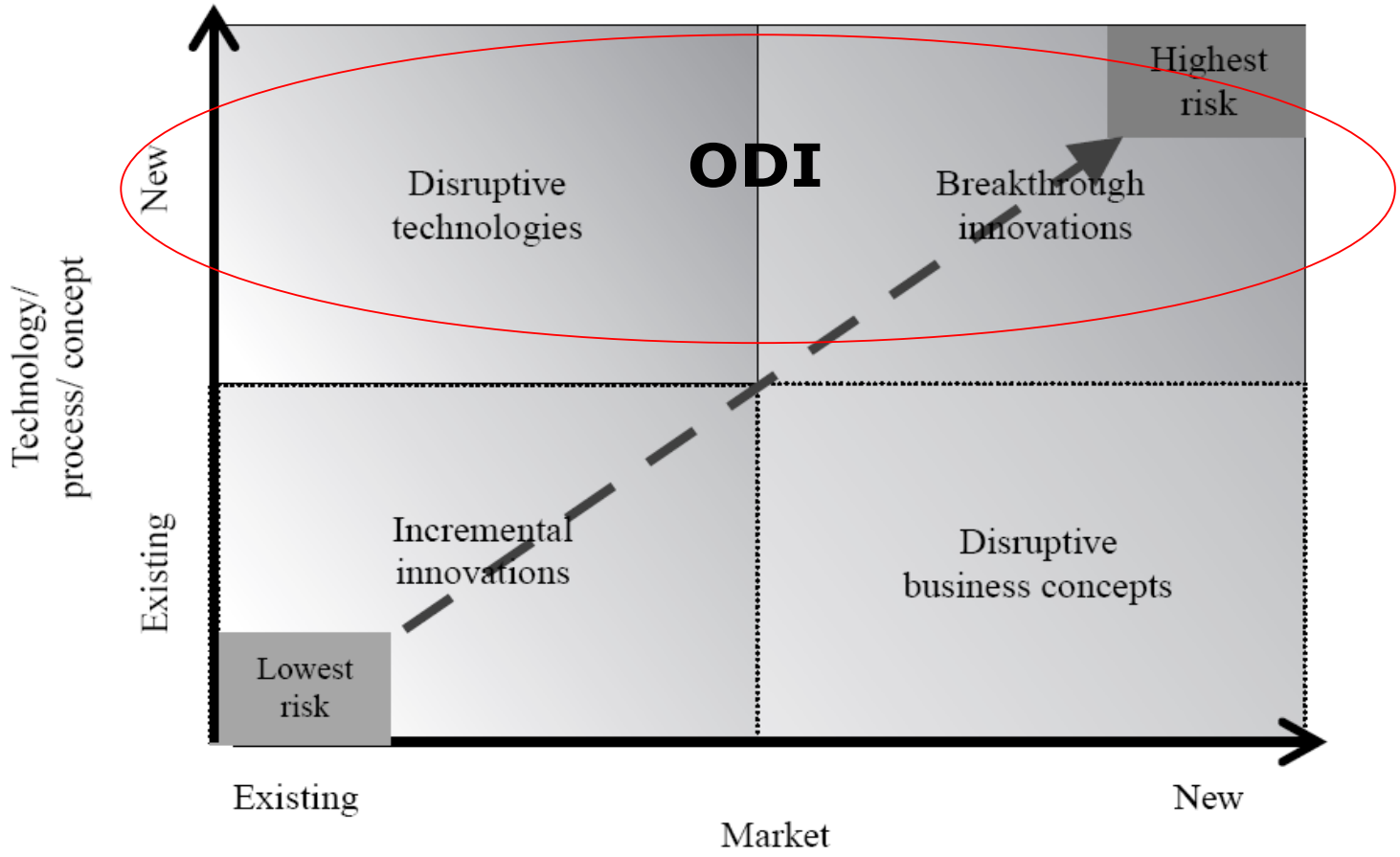
- Coherence and effectiveness of the work plan, including appropriateness of the allocation of tasks and resources
- Complementarity of the participants within the consortium
- Appropriateness of the management structures and procedures, including risk and innovation management
- Appropriateness of the budget

What to Consider when Preparing a Proposal?

1. Disruptive Technology

- Disruptive technology is an innovation that creates a new market and value network and eventually disrupts and existing market and value networks, displacing established market leading firms, products and alliances.
- Instead of competing with the alternative products they create new demand in the market and they crate their "blue ocean", where there is no competition
- Examples: Skype, Ipad, Digital photography, smart phones, e-mail, Google

What do we mean by Disruptive Innovation



Disruptive innovation encompasses any innovative concept, product and service that create new markets by applying new sets of rules, values and models which ultimately disrupt and/or overtake existing markets by displacing earlier technologies and alliances (or create new markets).

2. Technology Readiness Level at min 6

Technology readiness levels (TRL)

Horizon 2020
Work Programme 2016-2017

General annex G of the Work programme 2016-2017,

Where a topic description refers to a TRL, the following definitions apply:

- TRL 1 – basic principles observed
- TRL 2 – technology concept formulated
- TRL 3 – experimental proof of concept
- TRL 4 – technology validated in lab
- TRL 5 – technology validated in relevant environment (industrial environment in the case of key enabling technologies)
- TRL 6 – technology demonstrated in relevant environment (industrial environment in the case of key enabling technologies)
- TRL 7 – system prototype demonstration in operational environment
- TRL 8 – system complete and qualified
- TRL 9 – actual system proven in operational environment (competitive manufacturing in the case of key enabling technologies; or in space)

3. Big and Accessible Market and Superiority to Competitors

- Initial market research should have been done and detailed target market and competitor knowledge should be reflected in the proposal.
- Impact Criteria, where the market potential of the proposed innovation is evaluated, has the highest multiplier in the overall evaluation of the proposal
- The advantages of the product in the following areas should be emphasized:
  - Technology and its protectability (IPR)
  - Business Model
  - Access to markets and customers
- When the superiority/advantages against competitors is stated, you should use measurable indicators; such as 25% less energy consumption, 30% shorter ROI period.

4. Growth Potential of the Company

- The impact of the proposed innovation on the company turnover, profitability and employment levels should be emphasized. You shouldn't forget that the main motivation of this program is to create global companies that will compete with US and Asian companies.

- Therefore a 5 year cash flow estimation and employment estimation should be made in the proposal.

5. Strong Team & Management Capabilities

- When proposals are evaluated, what is more important than the proposed idea is to convince the evaluator that this company is capable of successfully implementing this idea.
- And the most important factor behind this is the Human Capital!
- Therefore the proper introduction of the whole team and their appropriateness to the relevant position is very important.
- A balanced team composed of both technical and management people is very important.

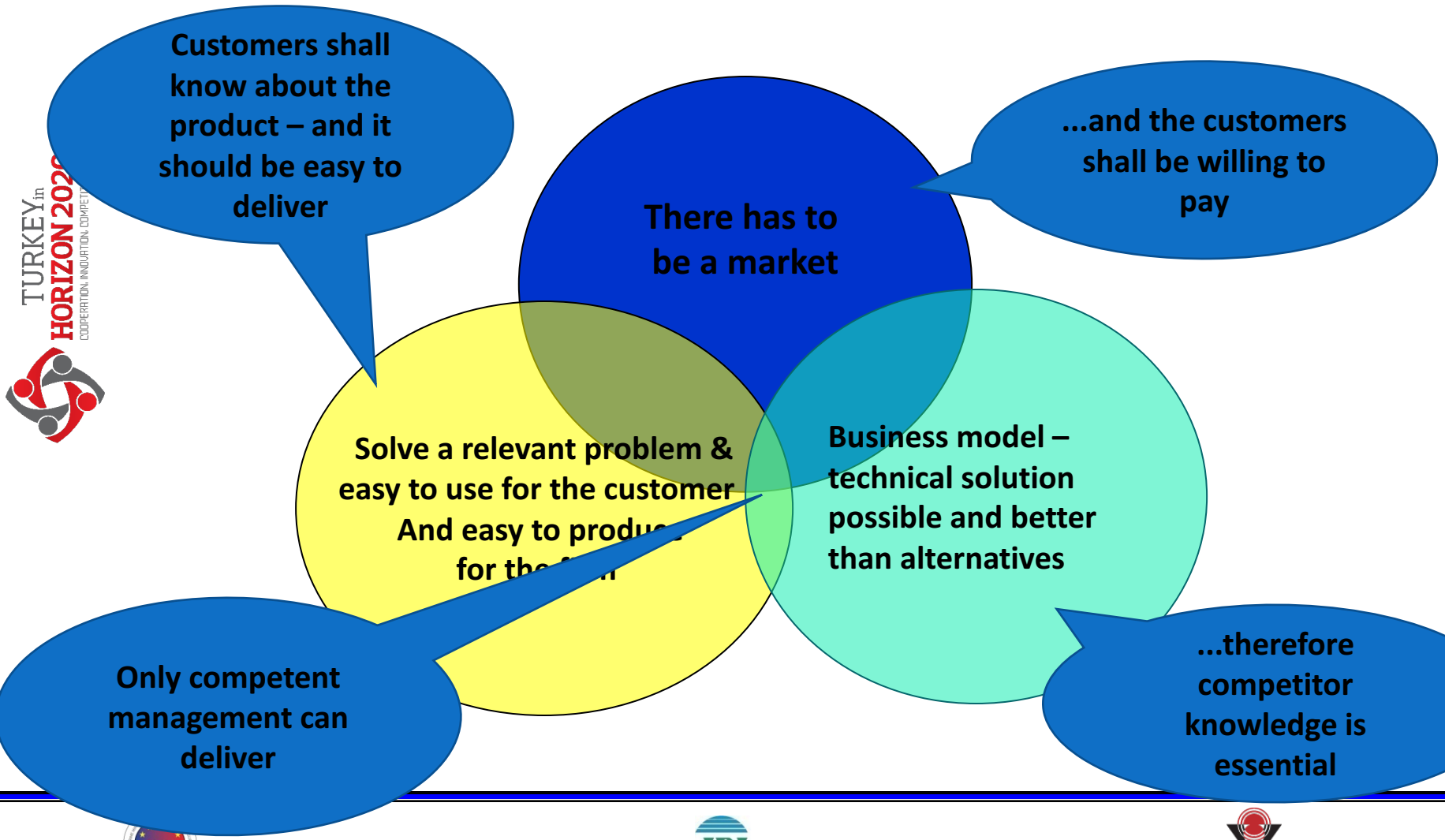
6. Strong European Dimension

- What HORİZON 2020 aims is to provide solutions to European problems. Therefore the scope of the proposed innovation should address at least most of Europe instead of a partial solution.
- The mission, the vision and the targeted geography should address a wide region. It shouldn't be limited to home or only neighbouring countries.
- Also when making a competitor analysis, you should make a comparison against European and global competitors.

Key Points- Summary

- Disruptive solution
- TRL 6
- Innovation activities instead of R&D
- Big and accessible market
- Superiority to competitors in terms of;
  - technology
  - commercialization strategy
  - implementation capacity
- Strong European dimension
- High growth on turnover and employment of consortium members
- Strong company profile, sufficient infrastructure and intangible resources, balanced human resources and relevant experiences

Eligibility Check

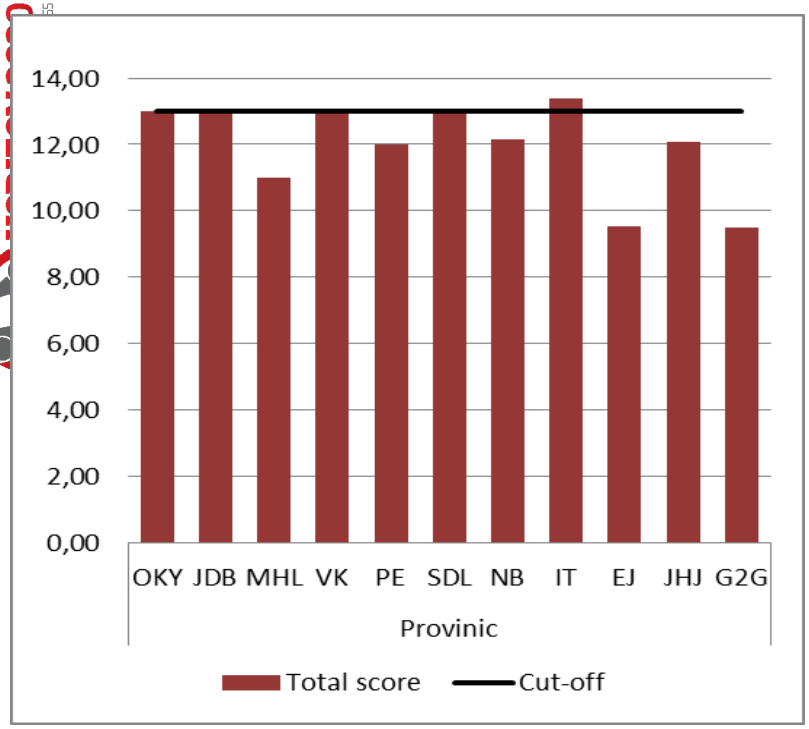


Main Mistakes Done in Proposals:

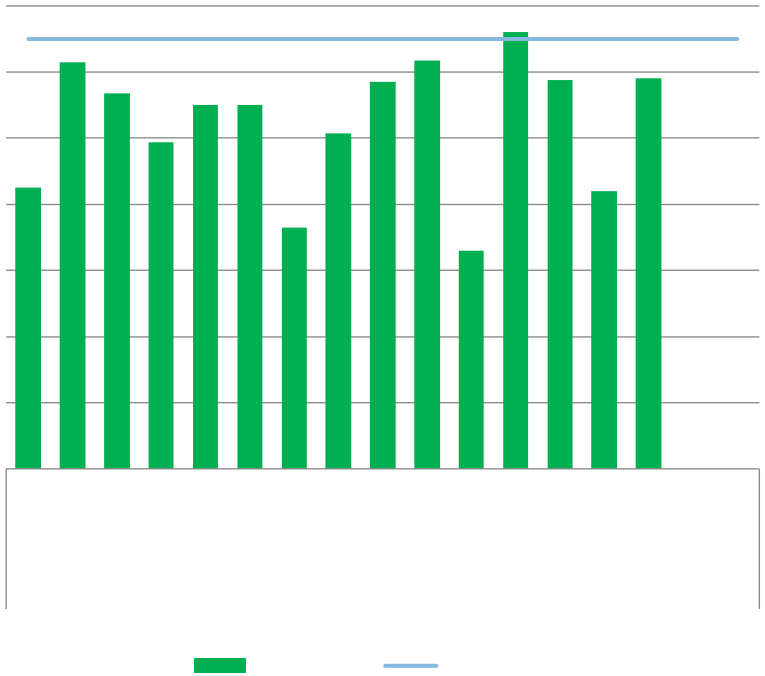
- Too much focus on technology rather than business opportunity
- Not enough info on USP (Unique Selling Proposition)
- Not convincing about its target market share potential
- Missing Market Analysis to assess competition
- Innovation dimension is too low, rather incremental improvement
- Mainly ideas, with little effort on commercialisation concept
- Weak team- not balanced in terms of experience and abilities

Different Perspectives on Evaluation

Academician, Researcher



Investor, Consultant



THANK YOU!

Questions?