



This project is co-financed by the  
European Union and the Republic of Turkey  
Bu proje Avrupa Birliđi ve Türkiye Cumhuriyeti tarafından  
finanse edilmektedir



Technical Assistance for Turkey in Horizon 2020 Phase-II  
EuropeAid/139098/IH/SER/TR

# Project Writing Training for SMEs

Istanbul, 30<sup>th</sup> July 2019



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# Turkey in Horizon 2020 Phase II

Philip Sowden – SME Key Expert

<http://www.turkeyinh2020.eu/>

# Presentation:

## The EC, H2020 and the SME Instrument

### Important changes

### How can our project help?

# EU – the European Union

union of 28 Member States

# EC – the European Commission

the executive body for the EU



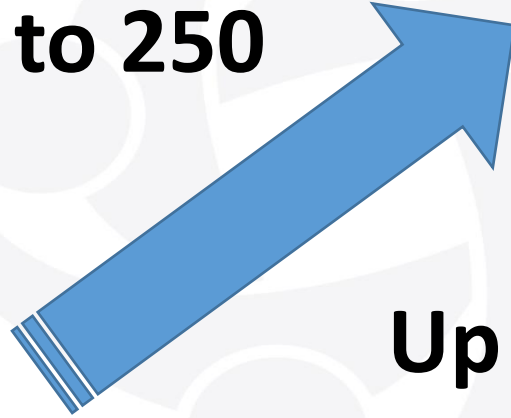
# EU has 28 Member States and 5 Current Accession States

- Albania
- North Macedonia
- Montenegro
- Serbia
- **TURKEY**

# EC defines an SME as...



**1 to 250**



**Up to €50m turnover**



# SMEs are very important to Turkey



**92% of Enterprises**

**78% of Employment**

**53% of GDP**

# The SME Instrument...



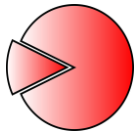
# A few statistics so far...



4980 Companies



€1.78bn. spend



5% - 8% success rate

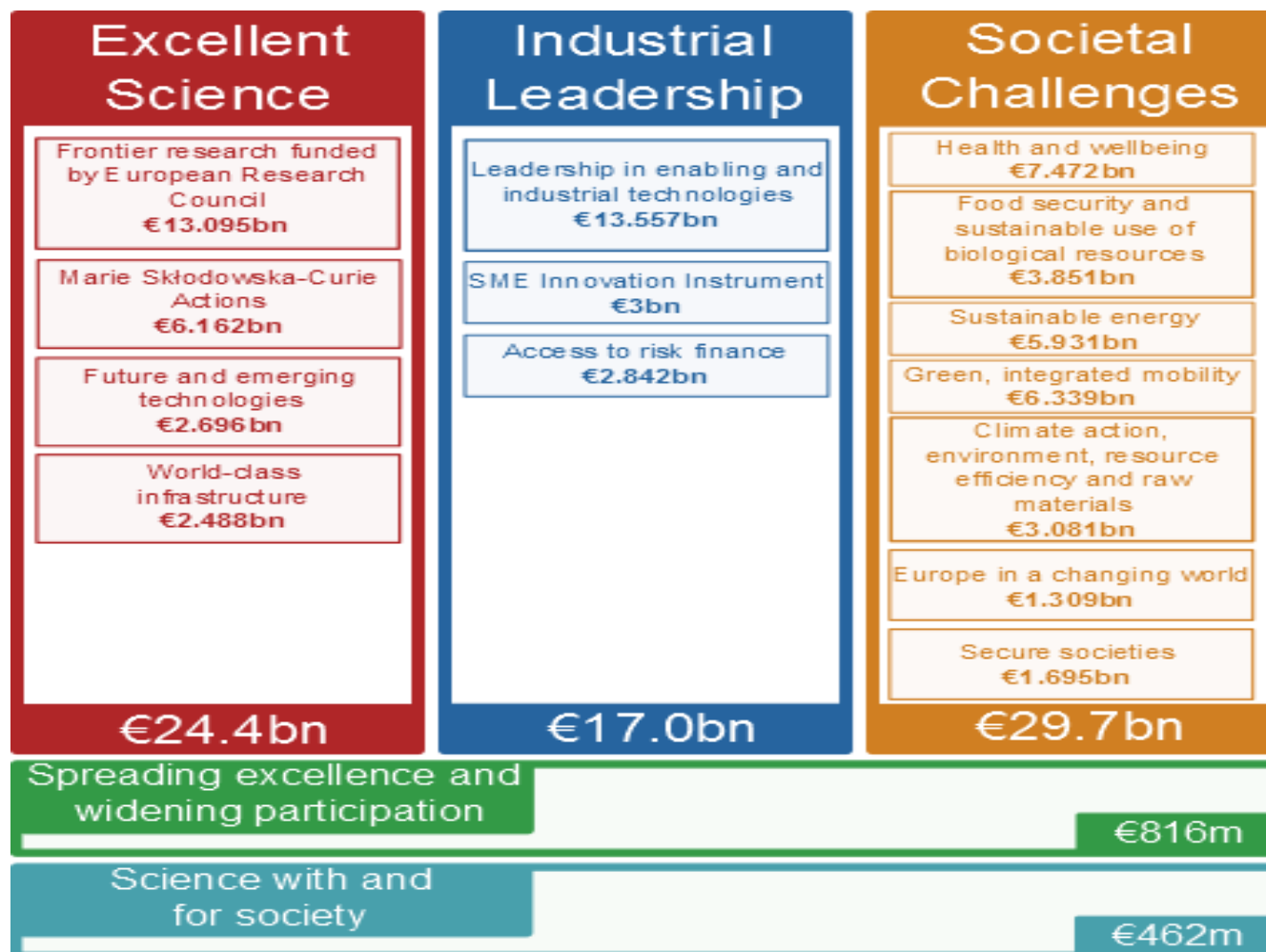


See SME Instrument Data Hub:

<https://sme.easme-web.eu>

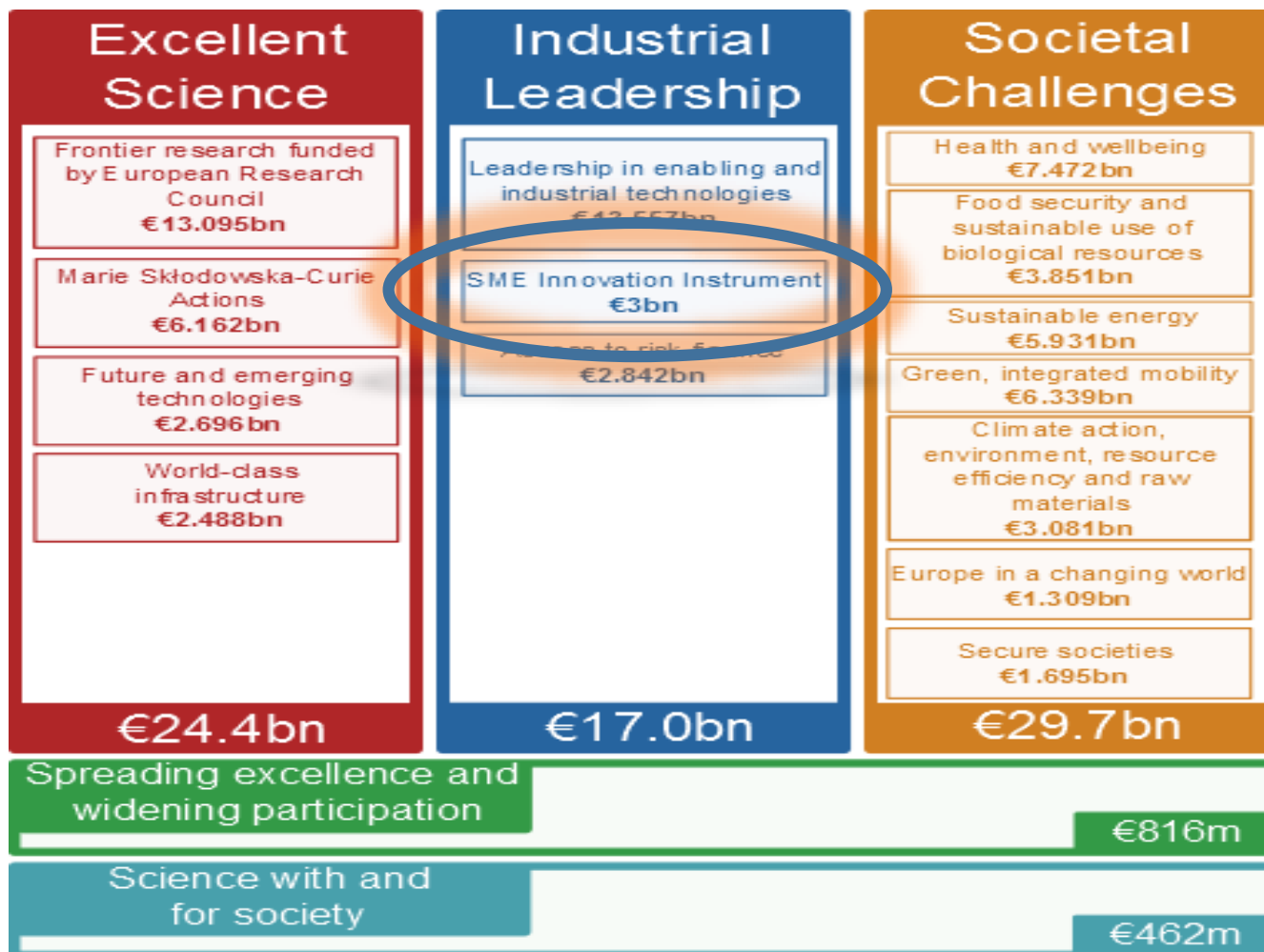


# Horizon 2020





# Horizon 2020



# Six key criteria for projects...

Product, service or business model is:

1. Cross-border
2. High growth
3. Disruptive
4. Close to market
5. Scalable
6. At the prototype stage

# 1. Cross-border

- European dimension
  - Relevance to Europe – innovation, jobs, knowledge, etc.
  - Analysis of target markets
  - Look at competitors
  - ‘Fit’ with European goals



## 2. High growth

The OECD defines a **high growth** business as:

***‘A firm with 10 or more employees that grows employees or turnover by an average 20%+ per year for 3 consecutive years.’***

- Potential for high growth as a result of the project is also taken into account

# Four Related Criteria

3. Disruptive
4. Close to market
5. Scalable
6. At the prototype stage



**At Technology Readiness Level - **TRL 6** - or above**

# Degrees of Innovation

- **INCREMENTAL**  
Small changes which influence market share; the progressive advance of a product
- **STEP-CHANGE**  
More significant changes by adding new technology to give a major market lead
- **DISRUPTIVE (Criterion 4)**  
Creates new markets and value networks by disrupting the existing ones



# Innovation



# Criterion 3 – ‘Close to Market’

**TRL 6 - PROTOTYPE SYSTEM** – Tested in intended environment; prototype close to expected performance.

**TRL 7 - DEMONSTRATION SYSTEM** – Operating in working environment at pre-commercial scale.

# Criterion 5 – ‘Scalable’

‘Demonstrates an ambition to significantly scale up production’

- Able to move from final prototype to mass sales:
  - Own production
  - Production under licence
  - Joint venture

# Criterion 6 – ‘At the Prototype Stage’

# MEASURE YOUR TECHNOLOGY READINESS LEVELS - TRL

How technology ready is your service/product?



Technology Readiness Levels as adapted by the CloudWATCH2 project

Find out more about CloudWATCH2 TRL: [http://bit.ly/TRL\\_MRL](http://bit.ly/TRL_MRL)

# Important changes to the SME Instrument...



REPUBLIC OF TURKEY  
MINISTRY OF INDUSTRY  
AND TECHNOLOGY



COMPETITIVE  
SECTORS  
PROGRAMME



TÜBİTAK



- **‘Horizon 2020’** will run up until 31<sup>st</sup> December 2020
- **‘Horizon Europe’** will then run for 6 years



€77bn.

# HORIZON 2020

- **‘Horizon 2020’** will run up until 31<sup>st</sup> December 2020
- **‘Horizon Europe’** will then run for 6 years

€94bn.



## Horizon Europe

# The SME Instrument gets a name...

The European Innovation Council (EIC) Pilot has created..

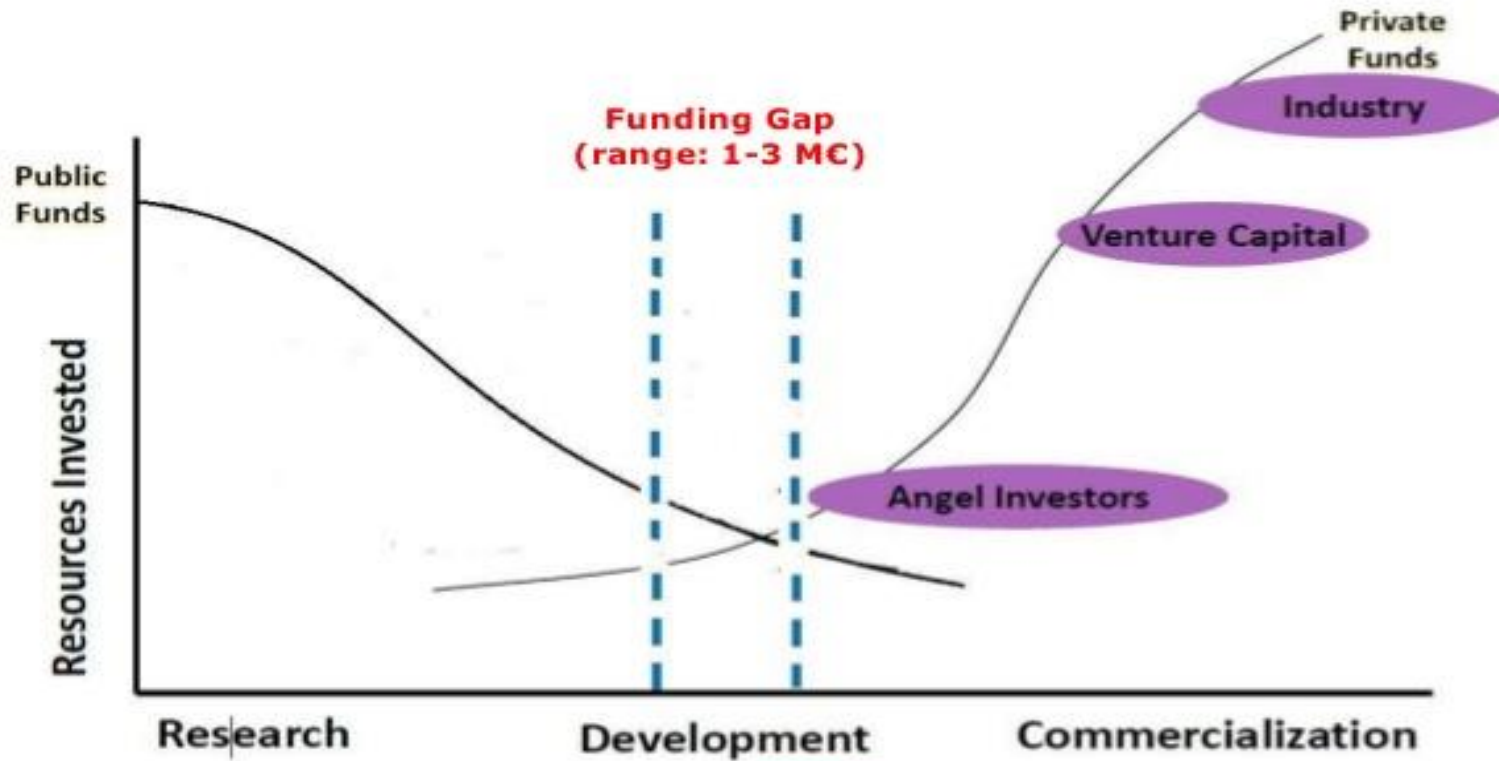
# *ACCELERATOR*





University

Small  
Business



# Same basic logic...

- Lack of finance for breakthrough & disruptive innovators – Start-ups, SMEs, Entrepreneurs
- Estimated total equity-funding gap = €70bn.
- Many SMEs can't find high-risk capital needed to get to private investor stage
- *ACCELERATOR* bridges this gap in finance and risk-taking

# Same basic focus...

- Three key aspects:
  - IMPACT
  - EXCELLENCE
  - IMPLEMENTATION - Quality and efficiency
- High growth potential, high-risk applicants
- Disruptive innovations
- Sound business plans

# Same 3 Key Award Criteria...

**EXCELLENCE:** Does your project have high innovation potential beyond 'State of the Art'?

**IMPACT:** Does your project meet the pressing needs of European and global markets?

**IMPLEMENTATION:** Does your project have a coherent and efficient workplan?

# Major policy changes...

- Greater emphasis on **COMMERCIALISATION**
- ...even more emphasis on **IMPACT**
- **NO** thematic areas
- **OPEN** calls
- Greater involvement in **private sector financing**
- EC will also invest **venture capital**
- Seen as supporting SMEs which need **‘One last push’** before scaling up to market-ready products
- Longer term - move from grants to equity investments

# So who will be offered what?...

- **Phase 1** grant support **disappears** after **5<sup>th</sup> September** cut-off
- **Phase 2** grant support of **70%** up to **€2.5m** will be available to projects at **TRL 6, 7 & 8**
- ‘Blended Finance’ will also be offered to projects at **TRL 6, 7 & 8**
- Private sector/EC equity only will be offered to projects at **TRL 9**
- **Phase 3** as before; coaching and mentoring will be available to all

# MEASURE YOUR TECHNOLOGY READINESS LEVELS - TRL

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# Criterion 3 – ‘Close to Market’

**TRL 6 - PROTOTYPE SYSTEM** – Tested in intended environment; prototype close to expected performance.

**TRL 7 - DEMONSTRATION SYSTEM** – Operating in working environment at pre-commercial scale.

**TRL 8 - FIRST OF A KIND COMMERCIAL SYSTEM** – All technical processes and systems to support commercial activity are in a ‘ready state’.

**TRL 9 - FULL COMMERCIAL APPLICATION** – Technology on ‘general availability’ for all consumers.



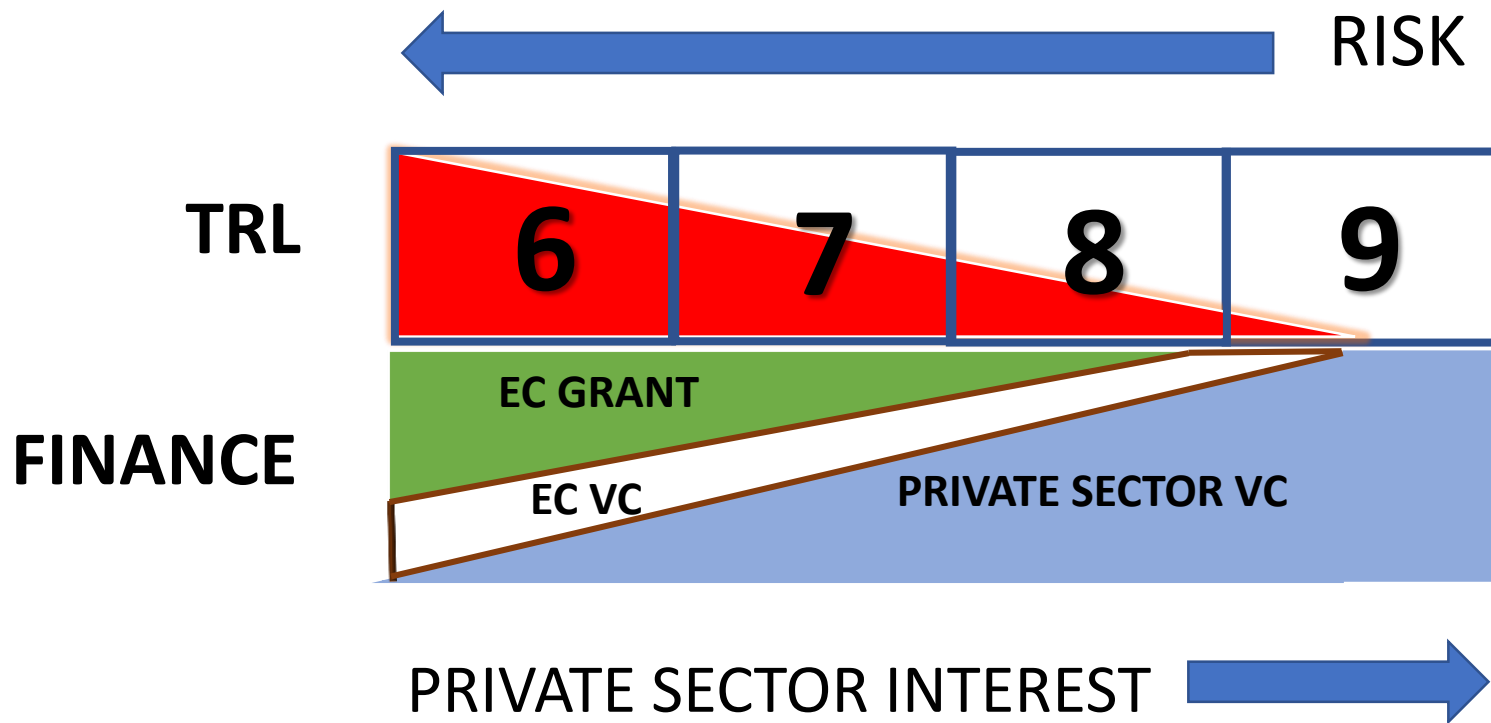
# 'Blended Finance'

- A new development to get more engagement with private sector and better use of EC funding
- Grant plus loan and/or equity investment of up to **€15m.**
- EC will have a 'Special Purpose Vehicle' (**SPV**) to make investments where private sector consider risks too great
- Any income to EC from equity investment will be put back into programme to fund further projects

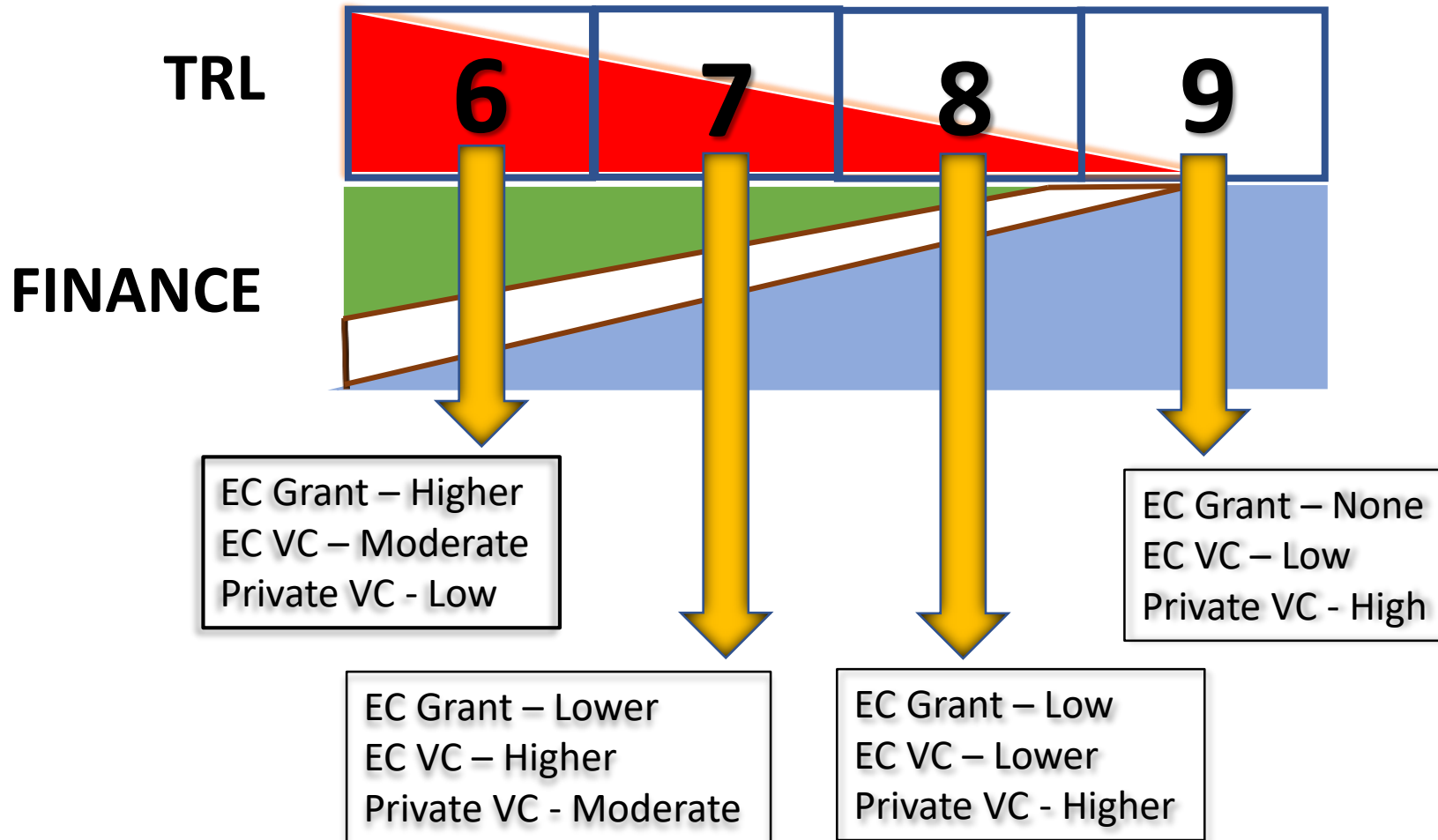
# Blended Finance has complexities...

- Applicants must decide on proposal submission if they are prepared to consider BF if offered
- If 'No', they may be offered a straight grant, but if rejected there will be no offer of BF
- EC will consider all applications for suitability for BF
- If applicants have agreed to consider BF and EC consider it suitable, they will decide on financing mechanism to be offered
- If due diligence fails; any grant offer will be withdrawn

# Blended Finance; Risk versus Finance



# Blended Finance – What are your chances?



# So TRL will be far more important...

- Essential to correctly assess TRLs - this will be the key to the type of funding offered
- Applicants agree to consider blended finance if evaluators conclude that project is suitable
- Investment part will be subject to due diligence by SPV team and/or private sector

# 'Due diligence' ...

Investigation taken before entering into an agreement or contract...

- Review of product, market, customers
- Assessment of accounts; debts, turnover, profits, assets
- Management team
- Patents
- Ownership
- Etc.

...gives confidence that investments will be safe and expectations will be realised.

# Remember, if equity investors are involved...

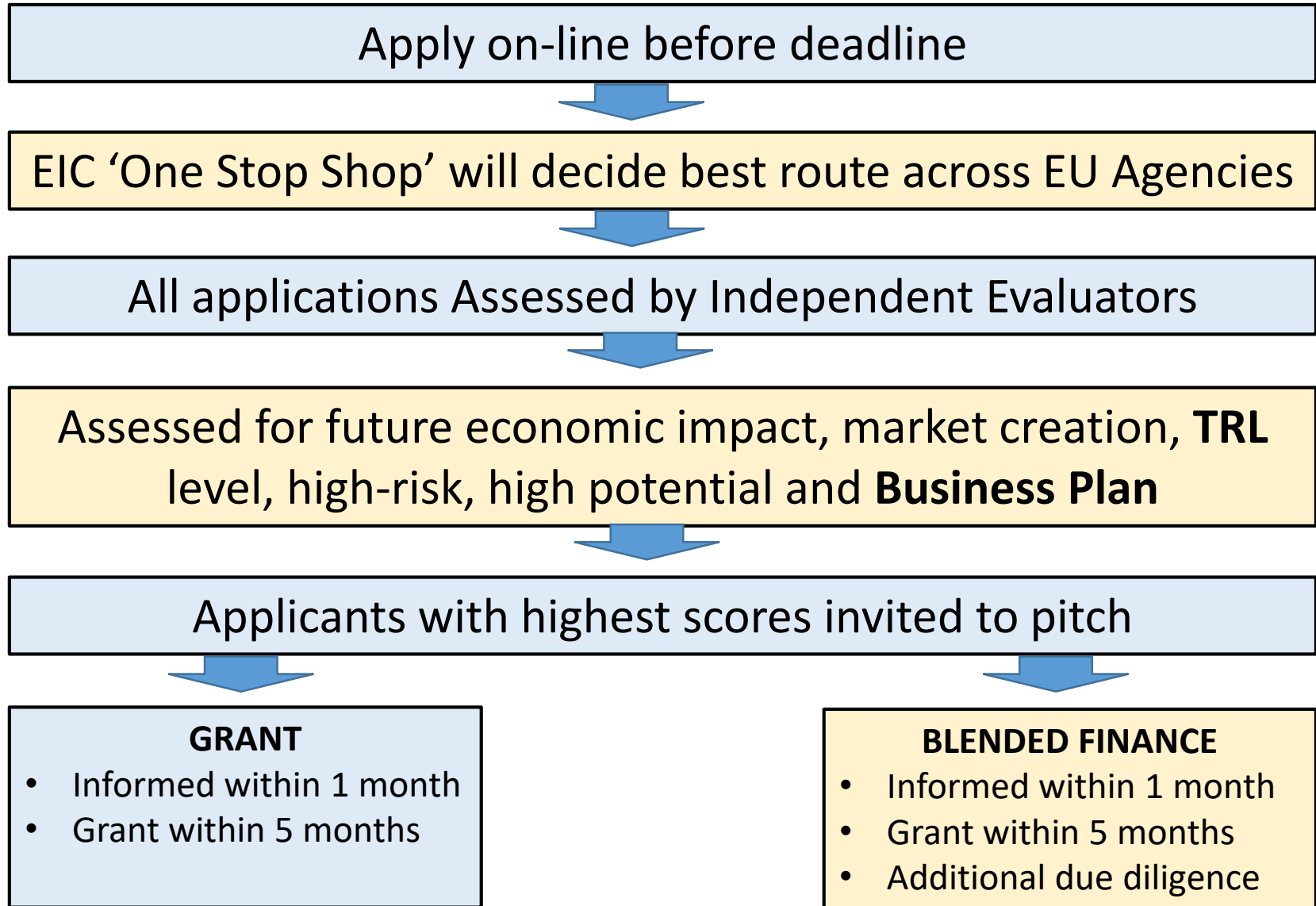
More cash, but...

- Greater scrutiny
- Greater adherence to milestones and results
- Pressure for a good return, to be achieved quickly
- Involvement in management

**BUT!**

- Quicker to market
- Commercial approach
- More saleable company/product
- Possibility of more investment

# Accelerator Application Process





# Accelerator: pitching process

## Jury Interview

Six Juries composed of at least 5 experts

## Panel Review

All experts from all juries



Jury briefing



Interview of Applicants



Jury debriefing



Agreement on **the list of projects** proposed for **funding**

# Is Accelerator for me and my business?

- Are you an SME?
- Has your company successfully commercialised a product?

## Project checklist

- What customer/market needs will this project solve? Evidence?
- Is the project highly innovative?
- Is it above current state of the art?
- Does it have the potential to disrupt existing markets in your sector?
- Is the project at TRL 6 or above?
- Is the management team on board with the project?
- Is IP protection, or a clear IP strategy in place?
- Anticipated project cost level?
- Am I prepared to allow for external investment, due diligence, etc?

# Health Warning!!

- EIC Accelerator Pilot is a **pilot** and may be subject to change ahead of full adoption under Horizon Europe in 2021
- Equity investment aspect has yet to be finalised on rules, ethos, levels of participation, private sector engagement, SPV, etc.
- Submission dates and budgets may change
- **Always check on line and/or with TÜBİTAK to get the current information**

# What we offer in the project...

## Training Events



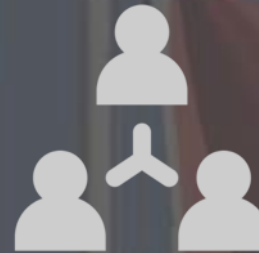
- Introductory
- Focus Groups
- IPR
- Access to Risk Finance
- Webinars
- Lobbying
- Project Writing Camps

## Networking



- Brokerage Events
- International Study Visits
- Award Ceremonies
- Conferences
- Info Days

## SME Support



- 1-to-1 Support
- Project Writing Training
- Pitching Workshop
- Feasibility Reports
- Investment Readiness

## Tools



- Website
- Helpdesk
- Training Guides

# Especially for SMEs

- 50 SMEs x 20h one-to-one Project Writing Support
- 12 Project Writing Trainings for SMEs (1-day)
- 6 Project Writing Camps for SMEs (1-day)
- 9 SME Instrument Webinars
- 1 Pitching Workshop for SMEs
- 10 Feasibility Reports for Innovative SMEs
- 1 Investment Readiness Training



# Contact us...

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