

Business plan in H2020 proposals

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Business Plans in H2020

In Horizon 2020 most business oriented types of project/actions are:

- EIC Accelerator (former SME instrument)
- **Fast Track to Innovation**
- **Innovation action**



Technology Readiness Levels (TRL)

The higher Technology Readiness Level (TRL) means more business-oriented project. close-to-market activities (TRL 6 till TRL 9) => RIA (if Higher as TLR6)

- 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
- TRL 6: technology demonstrated in relevant environment
- TRL 7: system prototype demonstration in operational environment
- TRL 8: system complete and qualified
- TRL 9: actual system proven in operational environment



Bussiness plan resommend in RIA and AI in case the TLR > 6

Main types of Actions/ projects in Horizon

Research and Innovation Actions (RIA)

Business Plan (TRL higher than 6)

=>What? Funding available for collaborative research projects tackling clearly defined challenges which can lead to the development of new knowledge or new technology.

=>Who? Consortia of partners from different countries, industry and academia. Min. 3 legal entities established in 3 Member States or Associated Countries.

Innovation Actions (IA)

Business Plan (TRL higher than 6/ if stated in the application form)

=>What? Funding available for closer-to-the-market activities including prototyping, testing, demonstrating, piloting, scaling-up etc. for new or improved products, processes or services.

=>Who? Consortia of partners from different countries, industry and academia. Min. 3 legal entities established in 3 Member States or Associated Countries.

EIC Accelerator (former SME instrument)

THE THREE PHASES



Business Plan =
part of application
form

Fast Track to Innovation Pilot

THE ULTIMATE BOOST FOR OUTSTANDING BUSINESS INNOVATORS WITH A NEED FOR SPEED...

PREPARE YOUR PROPOSAL

Build your industry-intensive consortium*
minimum 3 partners - maximum 5 partners
(all based in the EU and / or in Horizon 2020
associated countries)

Proposal



Outstanding Business Innovation Concept
(high-readiness level / TRL 6, meaning
demonstrated in a relevant environment)

Continuous open call
until end 2016

6 months time-to-grant

DEVELOP YOUR INNOVATION

Receive an EU grant of EUR 1 million to 3 million
(70% of funding, 100% of funding for non-profit entities)

From Mature R&D
Demonstration
Market-Oriented
R&D
to Market-Mature Innovation

12-24 months for implementation

HIT THE MARKET!

Start your commercial activities



The Market
Market-Maturity to Market
Launch



Market-ready result
(finished product, service,
process/ TRL 9)

At most 36 months from grant to market

*In a consortium with 3 or 4 partners, at least 2
should be industry, and in a consortium with 5
partners, at least 3; alternatively at least 60% of
the project budget should be allocated to industry
(i.e. private for profit entities)

... AND EAGER TO COMPETE ON GLOBAL MARKETS...!

ACTIVITIES SUPPORTED

Systems validation in real working conditions – Testing – Piloting – Business model validation – Standard setting – Pre-normative research – EU quality label

Business Plan = part of application form

- **Business plan** can be a part of a project proposal **when explicitly mentioned in topic => Call text.** => included in criterion 2 – Impact, part 2.2 (Measures to maximise impact).
- For FTI and EIC Accelerator (former SME instrument) substantial part is also covered in part 2.1 (Market / Company). Further business related information may be provided in part 4 (Members of the consortium) of the proposal without page limits.
- The **business plan needs to describe how the consortium intends to use results of activities carried out during the project or after the project.**

Draft Business Plan

- *Overall market trends*
- *Definition of Target groups*
- *Competition analysis*
- *Project results and exploitation routes*
- *Business model*
- *Exploitation timetable*

Building the plan

4 Key questions to start:

- **Who**
- **What** (problem/-s definition)
- **How** the problem will be solved
=Is our product more efficient in solving this issue?

Things to Think While Defining Your Business Model

- Your ultimate goal
- Global market
- Local market
- 6-12-18-24-36 months plan

A business model describes the rationale of how an organization creates, delivers, and captures value.

Defining the Business model

- **What is the sales strategy? Directly to clients? Through marketing channels? Online? Offline?**
- **What are the marketing strategies?** For example: events, conferences (booths), publications, presentations, website, liaising with key partners, etc.
- **What is the revenue model?**
 - Will the product be sold?
 - Will the product be available free of charge but earn income from advertising and/or for selling data gathered?
 - Are post-sale services a money making element? Pricing?
- **Is the business model scalable?**
 - In how many countries do you already have presence with clients/ distributors/ staff/ offices?
 - Are you commercialising with your own salesforce/ distributors/ partners/ the internet?
 - You may need to have a separate approach per market segment/country.
 - local conditions.
- **What are the (other) funding sources of the company / product / project?**
- **What is the supply chain?**

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Customer Segments



For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (Brand patents, copyrights, data)
Human
Financial

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
How do we raise awareness about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Cost Structure



What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES	FIXED PRICING	DYNAMIC PRICING
Asset sale	List Price	Negotiation (bargaining)
Usage fee	Product feature dependent	Yield Management
Subscription Fees	Customer segment dependent	Real-time Market
Lending/Renting/Leasing	Volume dependent	
Licensing		
Brokerage fees		
Advertising		

9-Blocks model (Osterwalder):

- > **Key partners:** Who are your key partners/suppliers? What are the motivations for the partnerships?
- > **Key activities:** What key activities does your value proposition require? What activities are important the most in distribution channels, customer relationships, revenue stream...?
- > **Value Proposition:** What core value do you deliver to the customer? Which customer needs are you satisfying?
- > **Customer Relationship:** What relationship that the target customer expects you to establish? How can you integrate that into your business in terms of cost and format?
- > **Customer Segment:** Which classes are you creating values for? Who is your most important customer?
- > **Key Resources:** What key resources does your value proposition require? What resources are important the most in distribution channels, customer relationships, revenue stream...?
- > **Distribution Channels:** Through which channels that your customers want to be reached? Which channels work best? How much do they cost? How can they be integrated into your and your customers' routines?
- > **Cost Structure:** What are the most cost in your business? Which key resources/ activities are most expensive?
- > **Revenue Streams:** For what value are your customers willing to pay? What and how do they pay? How would they prefer to pay? How much does every revenue stream contribute to the overall revenues?

Lean model – (Ash Maurya)

<p>Problem</p> <p>Top 3 problems</p> <p>1</p>	<p>Solution</p> <p>Top 3 features</p> <p>3</p> <p>Key Metrics</p> <p>Key activities you measure</p> <p>6</p>	<p>Unique Value Proposition</p> <p>Single, clear, compelling message that states why you are different and worth buying</p> <p>2</p>	<p>Unfair Advantage</p> <p>Can't be easily copied or bought</p> <p>7</p> <p>Channels</p> <p>Path to customers</p> <p>4</p>	<p>Customer Segments</p> <p>Target customers</p> <p>1</p>
<p>Cost Structure</p> <p>Customer Acquisition Costs Distribution Costs Hosting People, etc.</p> <p>5</p>		<p>Revenue Streams</p> <p>Revenue Model Life Time Value Revenue Gross Margin</p> <p>5</p>		

Lean Canvas is adapted from The Business Model Canvas (<http://www.businessmodelgeneration.com>) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

Ash Maurya – Running Lean

The Lean Canvas

Problem

➤ A problem box was included because several businesses do fail applying a lot of effort, financial resources and time to build the wrong product. It is therefore vital to understand the problem first.

Solution

➤ Once a problem has been recognized the next thing is to find an amicable solution to it. As such, a solution box with the Minimum Viable Product “MVP” concept was included.

Key Metrics

➤ A startup business can better focus on one metric and build on it. The metrics include the range of products or services you want to provide. It is therefore crucial that the right metric is identified because the wrong one could be catastrophic to the startup.

Unfair Advantage

➤ This is basically the competitive advantage. A startup should recognize whether or not it has an unfair advantage over others.

Key Activities and Key Resources

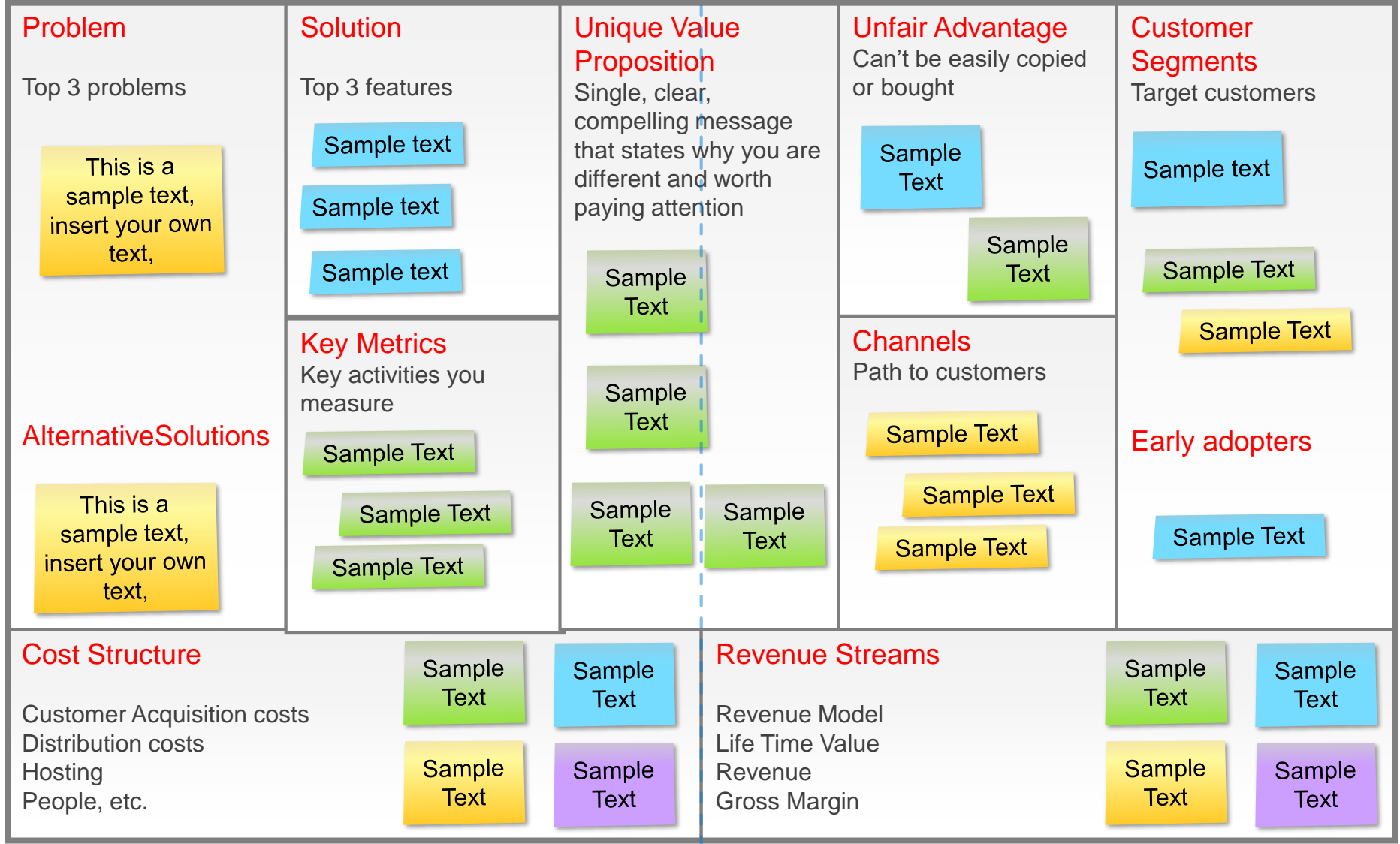
➤ Short description

Customer Relationships

➤ A deeply focused startup business should establish customer relationships from the beginning. As such, these were covered in the Channels box.

The Lean Canvas

Project Acronym



SOLUTION

MARKET

Application form (RIA, IA, FTI)

1. Excellence

1.1 Objectives

1.2 Relation to the work programme

1.3 Concept and methodology

1.4 Ambition (*included only to IA, FTI/ not part of RIA*)

2. Impact

2.1 Expected impacts

2.2 Measures to maximise impact

a) Dissemination and exploitation of results

b) Communication activities

3. Implementation

3.1. Workplan – Workpackages, Deliverables

3.2 Management structure, milestones and procedures

3.3 Consortium as a whole

3.4 Resources to be committed

4. Members of the consortium

5. Ethics and Security

Where to include parts of the business plan FTI, IA (recommendation)

1. **Customer Segments** (2.1 Expected Impact)
2. **Value Proposition** (1.3 Concept and Approach + 1.4 Ambition)
3. **Channels** (2.2 a. Measure to maximise Impact)
4. **Customer Relationships** (2.2 a. c. Measure to maximise Impact)
5. **Revenue Streams** (2.1 Expected Impact)
6. **Key Resources** (2.2 b. Measure to maximise Impact + 3.4 Resources to be committed + Section 4)
7. **Key Activities** (3.1 Work plan)
8. **Key Partners** (2.1 Expected Impact + 3.3 Consortium as a whole + Section 4 e 4.2)
9. **Costs Structure** (Part A + 3.4 Resources to be committed + 2.1 Expected Impact)

SME Instrument Phase 1 - Businesses model description

- How does this innovation fit with your company's overall business strategy?
- Describe your value chain. Identify which of these or other stakeholders should be involved to ensure successful commercial exploitation. Define the nature of your current relation with them.
- Outline your business model, including the revenue model and your commercialization plan with an approximate time-to-market or deploy
- Why is your model scalable? How do you intend to scale-up and reach European and/or global markets?

SME Instrument Phase 2 - Businesses model description

Proposals shall be based on a feasibility assessment and contain an elaborated business plan, either developed through SME instrument phase 1 support of other means.

Example 1:

DATACloud - a data sharing platform
to support the emergence of
industrial data economy

H2020-ICT-2019-2

IA

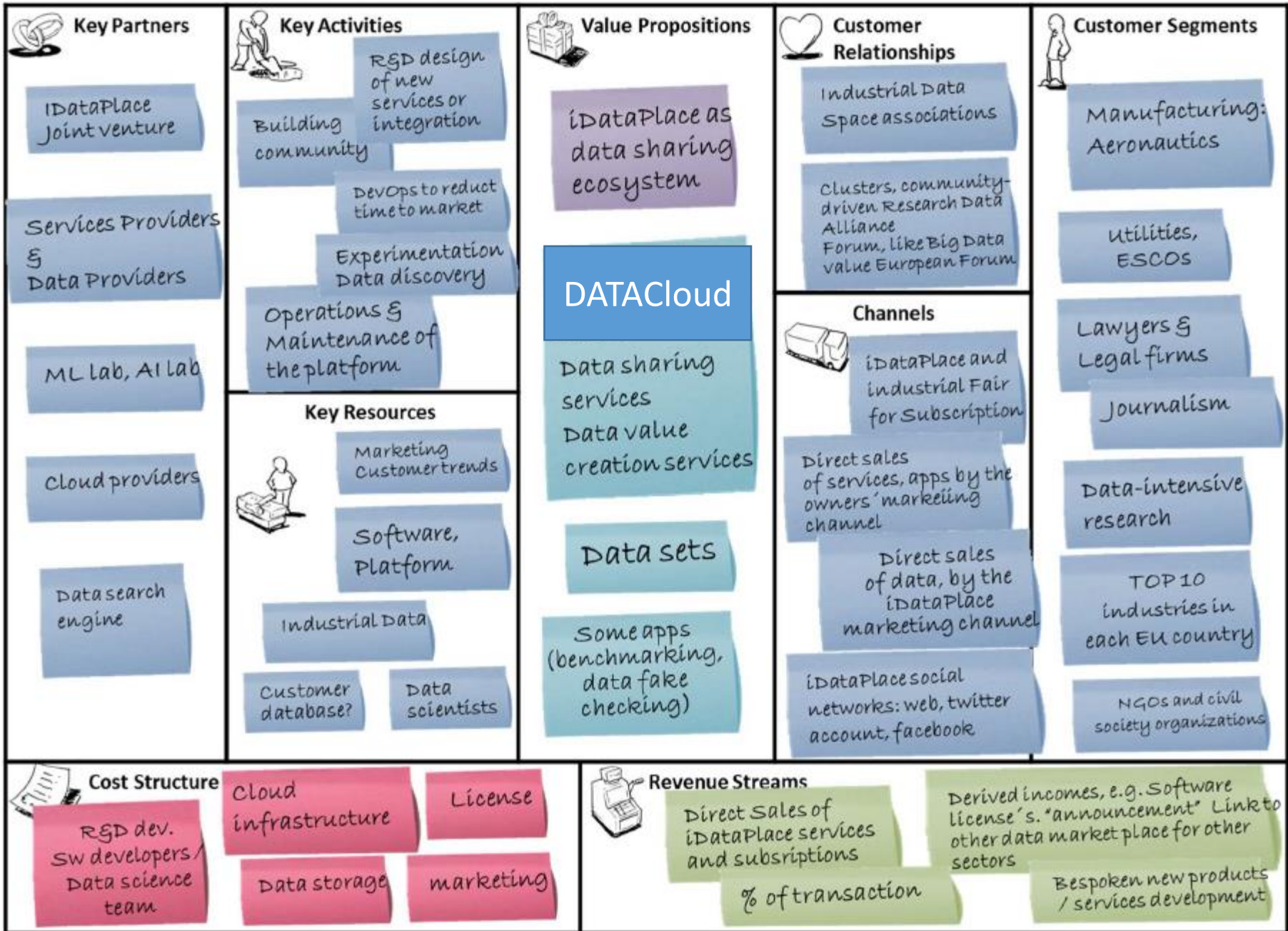
Project Description

DataCloud main objective is to build an “Industrial data platform” to enable data sharing and support Digital transformation of industry by exploiting mainly Advanced Big Data analytics (data-driven decision making), AI (prediction and prescription) and Digital Ledger Technology (data sharing agreements enforcement) as catalysts for Industry 4.0 and as key technologies to provide in a secure way, data, dataset and data services. The project will help to democratize data (through self-service) and empower data providers and data users/consumers to participate in this type of data ecosystems.

2.3. Impact – Exploitation Strategy

Business planning

- The joint exploitation of the innovative platform will be organized by the new developed joint venture. **Each partner with established sales network and distribution channels** will approach the relative market before the extension of the commercialization scope. So, for each involved partner it will be necessary to identify the total number of potential customers based on the current trends of the market. Once the target market is established, the analysis of the competitors, when present, will allow the partners to make a sales forecast, based on their market share. A coherent and detailed Business Plan (part of the PDER) will take into consideration all data, facts and factors that partners have collected. An **initial Business Model Canvas**, serving as a **basis for the full business plan**, demonstrates the factors that explain how the project's main end result



Data Market study
Data providers
Services providers

Platforms
Data management
Big data analytics
(data siloed)

Target Sectors
Manufacturing (IoT)
Energy
Legal services

Baseline products
+ technology
integration

Support of joint
exploitation

Prototype tools
+ demonstrators

Forward-looking
approach +
VRM Methodology

Data sharing and
Data value creation
services
Technology bricks

iDataplace
platform as data
sharing ecosystem
(Data sharing agr.)

Applications with
enhanced features

Forefront
knowledge for
innovation

Transfer knowledge
for growth and
competitiveness

Commercialisation
path
*Develop show case
and best practices*

Novel data
services (AI,
ML, DLT, data
science)

Other market
opportunities:
*Education
automotive
digital twin*

Jobs creation

Target:
*Data sharing
community,
SME
engagement*

Dissemination & Exploitation of iDataPlace Platform

Long-term Exploitation, market take-up
After iDataPlace action execution

Implementation – WPX – Innovation, Business models, commercialisation

Objectives to ensure that the project results will be effectively exploited in the market, and to work on the steps required for deploying and exploiting DATACloud outcomes.

Specific objectives are:

- To gather market information to ensure a well-positioned and differentiated solution
- To explore the different business opportunities around the solution
- To define potential iDP business model and business case for exploiting opportunities
- To define how iDP delivers the maximum partner and societal and economic impact, and to establish background and IPR baselines as well as the foreground IPRs agreements
- To define the joint and individual exploitation plans around the solution

Example 2:

Algae +

PROTEIN INGREDIENTS FOR
THE FOOD AND FEED OF
THE FUTURE

IA (winning proposal: H2020-SFS-2019-1)

Project Description

- will set the basis for market uptake of innovative, healthy and sustainable food and feed products, reformulated with protein-rich ingredients from Spirulina, Lemon/lightly/Chlorella vulgaris, Tetraselmis chuii and Nannochloropsis oceanica.
- Multi-factors approach and LCA/LCC will boost sustainability of the microalgal biomass production and processing, by reducing energy/water consumption and the carbon footprint.
- Implementation of innovative technologies will increase the efficiency and decrease the production costs of biomass, ingredients and foods/feeds.










Ambition

- to promote an affordable, socially responsible and sustainable microalgae biomass production;
- to support the production of microalgae protein-rich ingredients
- to promote the **consumption** and **increase the availability** of foods and feeds reformulated with microalgae protein-rich ingredients.
- to **strengthen the responsibility, sustainability and competitiveness of the microalgae value-chain** in the EU, including producers, processors, distributors and consumers.
- The project has a strong innovation potential because innovative technologies will be tested and demonstrated by industrial partners in collaboration with RTDs.

	Product/services in the market	Ambition	Innovation potential
Microalgal biomass production	Few species authorized for food/feed applications. High cost, high fresh water and energy consumption & low productivity of the current microalgae cultivation systems. Few commercial strains selected for protein production.	Increase the efficiency and sustainability of microalgal cultivation. Reduction of fresh water (-40%) and energy (-50%) consumption, increase the efficiency (+40%), reduce cost (-30%) and improve sustainability and resilience of the microalgal biomass production for the 4 targeted species.	Testing and demonstration of innovative strains & technologies (CO ₂ Direct Air Capture, mixotrophic and heterotrophic growth, use of agri-food industry process streams and energy reduction strategies (off-the-grid & low cost photobioreactors, two-phase production and LiquoFlux systems) at TRL6/7 and higher.

Bussiness model

- The main product will be algae-based proteins (ingredients for food and feed production). These products are oriented towards to the business and personal clients. High demand is observed for algae products from the food and feed industry. In addition to that, because of changes in customers habits and increase of general knowledge about sustainability, demand is also increasing from personal client's market.
- The global algae protein market is expected to register a CAGR¹¹¹ of 6.5% during the forecast period (2018-2023), owing to the growing demand for plant-based protein alternatives, the positive effects of the algae proteins on the immune system, and their attributes that improve the nutrient content of the food.¹¹¹ Global algae products market expected to reach almost €3 billion by 2025. By region, Asia-Pacific was the largest market for algae products in 2017 due to rise in population coupled with increased demand of food in the region. Increase health awareness and rise of disposable income in countries such as China, India, and Japan, boost the consumption of nutraceutical products, which fuel the growth of the algae products market.¹¹³ Taking into account that the market is rising, project has great potential to grab significant share of that market.
- Project has unique business model Main innovation is made by the fact that ProFuture is a consortium of 24 partners, who have expert **knowledge** in various areas like **biomass-, food- and feed production**. In addition to that, there are several universities and research facilities involved.

 Key partners	 Key activities	 Value proposition	 Customer relationship	 Customer segments
<ul style="list-style-type: none"> • Biomass producers • Food producers • Feed producers • Protein processors • Universities • Research centers and laboratories • Distributors 	<ul style="list-style-type: none"> • Planning • Researching • Product development • Value chain development • Customer and partner relationship building • Marketing and advertising 	<ul style="list-style-type: none"> • <i>Whole value chain covered</i> • <i>Innovation in microalgal biomass production</i> • <i>Innovation in protein-rich ingredients production</i> • <i>Innovative food and feed production</i> • <i>Quality</i> • <i>Healthy products</i> • <i>Competitive price</i> 	<ul style="list-style-type: none"> • Sales representatives • Retailers • Manufacturers 	<ul style="list-style-type: none"> • Business clients • Personal clients
	 Key resources		 Channels	
	Experts in algae production Strong and wide-scale partnerships		Website Collaborations with other algae associations	
Scientific knowledge				
 Cost structure		 Revenue Streams		
Fixed costs: Employee salaries Variable costs: Production costs, Material costs, Travel costs, Marketing & advertising		<ul style="list-style-type: none"> ➤ Sales ➤ Licensing of innovative technologies 		

Futher Resoruces

- European Commission H2020 Online Manual:
https://ec.europa.eu/research/participants/docs/h2020-funding-guide/index_en.htm
- IPR Helpdesk: <http://www.iprhelpdesk.eu/>
- Access4SMEs – National Contact Points for innovation:
<http://www.access4smes.eu/>