Commercialisation in Horizon 2020 proposals

Session 4

Nikolaos Floratos

Who is Nikolaos Floratos

- **Founder** of Funding Expert Academy programmes that masters individuals in EU funding programmes and advances successful **proposal developers** across Europe

- **Active** in european funding industry since 1997 (**20+ years**)

- **EC** expert/evaluator since 2003 (**14+ years**)

- **Author** of the ebook "Learn from the Horizon 2020 champions" downloadable from www.NikolaosFloratos.com

- **Trained and coached hundreds** of organisations on exploiting successfully EU funds and advancing their sustainability

- Globally **recognised** as one of the **most influential** and **inspiring speakers** and **trainers** on Horizon 2020 with hundreds of speeches and trainings in 24+ countries including overseas **500+** linkedin recommendations and endorsements

- Organiser and host of the Horizon 2020 virtual summit (horizon2020summit.eu) with training sessions by 35 top experts in Horizon 2020 topics and 2500+ participants from 30 countries

- Engineer (B.Eng, BA and M.Sc) and MBA

- **Phd** Researcher in student **engagement** and **online courses**

- Business Angel and Member of European Business Angel network

Research and Innovation Cycle

R&I Development cycle

Bottom-up Actions : ERC

Bottom-up Actions : FET Open

Bottom-Up Actions : FTI

Bottom-Up Actions : SMEi

Top-Down Actions : RIA

Top-Down Actions : IA

TRL 1: Basic Principles

TRL 2: Technology Formulation

TRL 3: First laboratory tests

TRL 4: System/**Technology validated in lab**

TRL 5: **Technology validated in relevant environment**

TRL 6: **Technology demonstrated**

TRL 7: Demonstrated system

TRL 8: System complete and qualified

TRL 9: Commercial system

Basic Research

Market

© Nikolaos Floratos

Innovation Development Cycle

TRL-X   TRL-Y   TRL-9   time

Start Project   Project End

| Exploitation Plan | → | Industrialisation/ Commercialisation Plan | → | Business Plan |
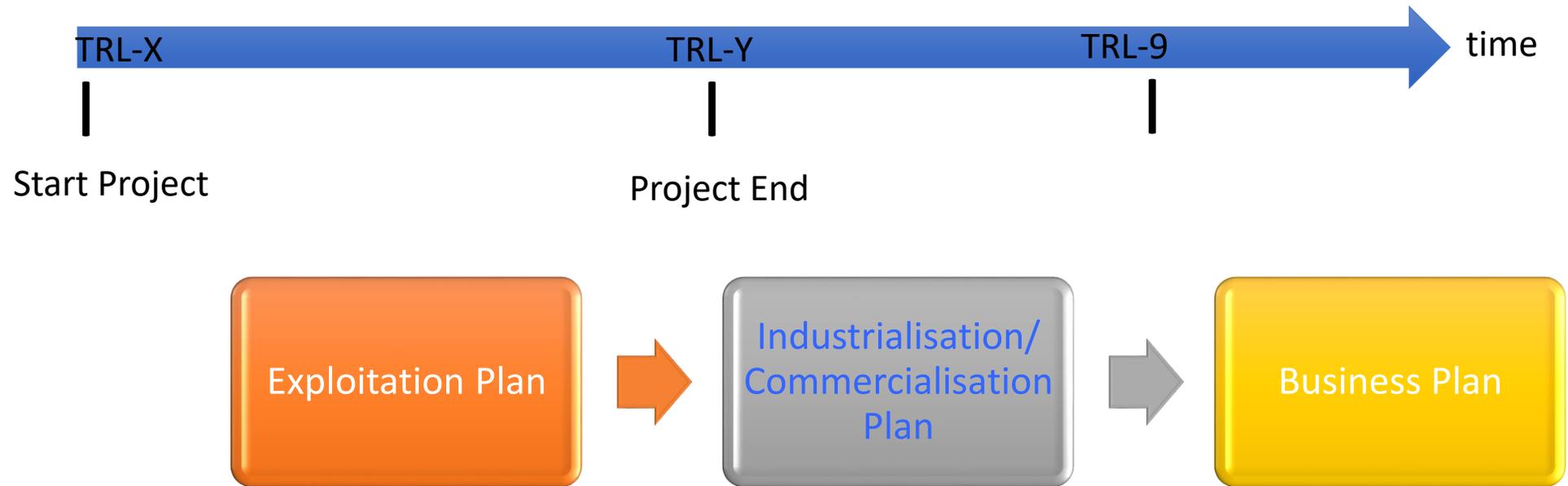
Commercialisation Actions
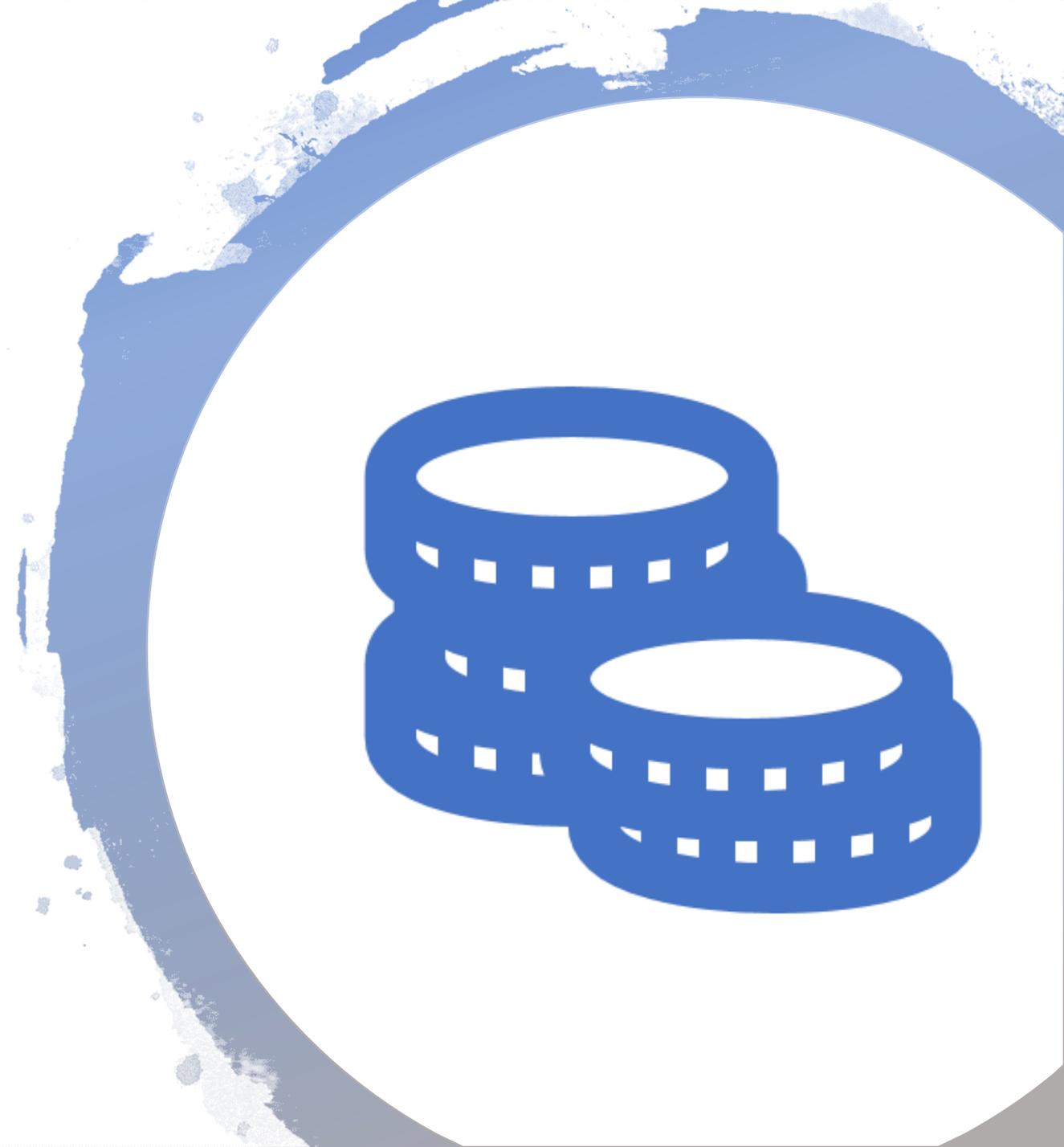
Tip for great proposals!

Any RIA or IA project that at its <u>completion</u> has reached a TRL < 9 should show also at the proposal stage the follow-up steps planned after the end of the project that would lead to TRL 9

Example: Industrialisation/Commercialisation Plan

1. *End of project (M48): TRL 6 – Fully functional prototype for testing in operational environment*
2. *End (M48) +M12: TRL 8 - First Trials and bug fixing on the manufacturing process*
3. *End (M48)+M12:TRL 8- Building relationships with clients and revising marketing strategy*
4. *End (M48)+M18: TRL 9 – Establishing a production line and scaling up in european markets*
5. *End (M48)+M24: TRL 9 – Scaling up in international markets*

	Result	By Whom	When	Resources	How well
Scaling-up and bug fixing manufacturing processes on TRL6 product	Fully Functional product – TRL8	Company A	M60	In person months and with other actors (e.g. end-users)	Fully functional product at intended environment and scale
Building relationships with clients &revising marketing strategy	List of prospects and revised marketing strategy	Company A, Company B	M60	Pms and other actors (e.g. affiliators)	KPI, e.g. no. of prospects/clients
Establishing a production line & scaling up in european markets	Product of TRL 9 and Penetration in european markets	Company A, Company B, Company C	M66	Pms, Distributors, local support, etc	KPI, expected sales in Europe
Scaling up in international markets	Product of TRL 9 and penetration in international markets	Company A, Company D, Company E	M72	Pms, Distributors, local support, etc	KPI, expected sales outside Europe

Business Strategy in research projects

- A section (say a Business Plan) describing the future market performance can be required in <u>IAs</u> and in some <u>RIAs</u>

- BUT, there are two issues to consider
  - Any financial projections for innovations that have not been developed yet and in 4-6 years from now CANNOT be **realistic UNLESS a credible industrial partner estimates the projections**
  - Grant application size _____ does not allow a detailed business plan unless required to be annexed (e.g. in SMEi phase 2).

- Therefore, in such cases, it is advisable to use the **Business I_____**, that is a visual chart with elements describing an innovation's value proposition, infrastructure, customers, and finances.

Business Model Canvas
as Commercialisation Plan

The Business Model Canvas

Key Activities
Distribution channels
Customer relationships
Revenue Streams

Key Partners
Who are they?
Key suppliers?
Key activities they perform?

Key Resources
Staff
Physical
Intellectual
Financial

Value Propositions
What value do we deliver?
What problem are we solving?
What are we offering to each customer segment

Customer relationships
What type?
How costly are they?

Channels
Best way to reach customers?
Most cost effective?
Integrate with customers?

Customer Segments
For whom are we creating value?
Who are most important customer?
Mass market?
Niche?

Cost Structure
Most important costs
Fixed Costs
Variable costs
Economies of Scale, of Scope

Revenue Streams
What will customers pay?
Fixed price? Subscription? Dynamic price?

© Nikolaos Flor

https://youtu.be/QoAOzMTLP5s

BMC in Measures to Maximise Impact

Market Analysis and Business Modelling

© Nikolaos Floratos

Source:TH2020ii/R2M
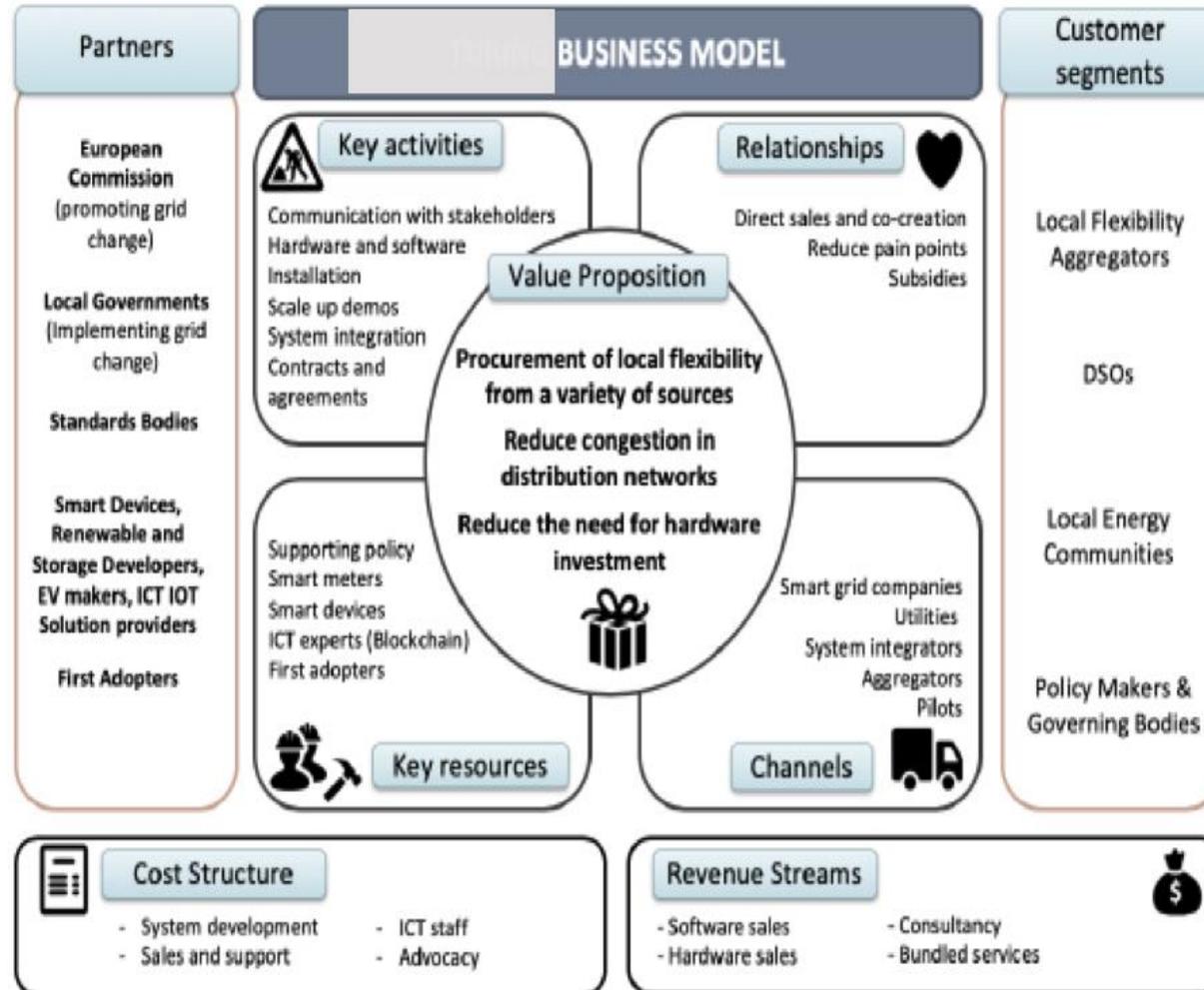
Good practices on Business Model Canvas in Horizon 2020 proposals

- Draw a canvas in one _____. While writing a complete model can take days, an initial idea should be drafted quickly

- It is okay to leave parts of the canvas empty in your first drafts. Rather than over-researching or debating the "right" answers, put something down quickly or leave it blank and come back to it later. Some things take time to figure out. The canvas is an evolving document.

  Use a stakeholder-centric approach. Be clear about who is going to benefit from your project innovation.

- A Business Model Canvas is critical for both RIA (more generic) and IA (more specific) as long as actions tor reaching TRL 9 have been addressed

14

How to deal with Financial Projections in RIA/IA for your commercialisation

- Have clear IPR provisions (Who owns what under which condition)
- Have a credible industrial partner to describe actions for reaching TRL 9
- Make a financial projection (Cost/Benefit Analysis) as follows:
- <u>Type of Costs</u>
  - **Capital Costs**
    - Hardware
    - User interface
  - **Running Costs**
    - Facility
    - Energy
    - Distribution costs
    - Manpower
  - **RTD Costs**
  - **TOTAL Costs**
  - **Production cost per unit**
  - **Added Value**
  - <u>Type of Revenues</u>
    - Expected Income per product Unit/service unit

Comments from EC evaluators related to commercialisation

ESRs - negative and positive remarks - Commercialisation

- Missing clear exploitation plan (individual and Joint)

- Not considering scalability and replicability plan

- Outlook on market penetration is not very realistic

- No business model supporting the solution

- Unique selling points with respect to the competition are not justified by sufficient technical data

+ The proposal includes a convincing business case and strategy for the consortium to exploit the project outputs, highlighting key exploitable results and individual exploitation strategies for each type of partner organisation

+ The replicability to other similar demo sites is highly convincing (3 demos + 5 followers)

Source: TH2020II/R2M/APRE

17
© Nikolaos Floratos

Congratulations!