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finanse edilmektedir



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

# Turkey in Horizon 2020 II

## Workshop – EC Terminology

Webinar 7, 10:00 – 12:00

25<sup>th</sup> February 2021



REPUBLIC OF TURKEY  
MINISTRY OF INDUSTRY  
AND TECHNOLOGY



COMPETITIVE  
SECTORS  
PROGRAMME



TÜBİTAK

# Philip Sowden (UK)

- Background in manufacturing
- SME programmes at regional, national & International levels
- Worked with EC for over 30 years
- SME Key Expert on two previous projects in Turkey
- Responsible for SME programmes in the present project

# TinH2020 International Team of Experts



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**YASEMIN EDA ERDAL**  
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# 2019-2020 Webinars

- **Webinar 1 (28/03/19)** – introduction to EC, Horizon 2020 and Accelerator (SME Instrument)
- **Webinar 2 (23/07/19)** – Closer look at Technology Readiness Levels and wider EC eligibility requirements
- **Webinar 3 (10/12/19)** – Business Planning; purpose, process and expectations
- **Webinar 4 (01/09/20)** – Accelerator Financial Issues
- **Webinar 5 (28/09/20)** - Q&A session ahead of Accelerator 7<sup>th</sup> October cut-off

# 2021 Webinars

- **Webinar 6 (02/02/21)** – Reflective look at some of the issues encountered in H2020 bids
- Today's **Webinar 7** – As the new **Horizon Europe** gets under way, a look at the terminology used in Accelerator bids

All recordings are available on [www.turkeyinh2020.eu](http://www.turkeyinh2020.eu)

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€95.5 billion

# HORIZON EUROPE

THE EU RESEARCH &  
INNOVATION PROGRAMME  
2021 - 2027

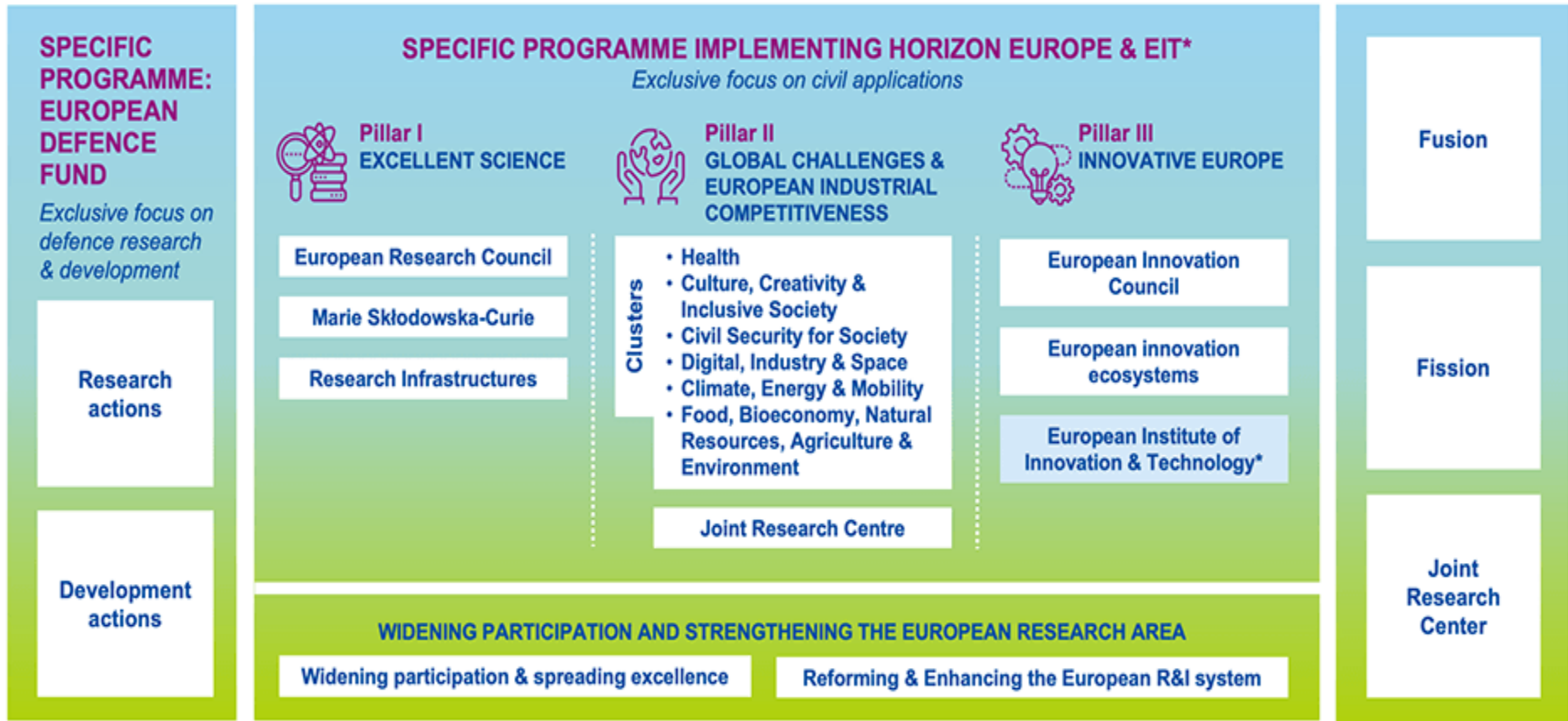
#HorizonEU



EUROPEAN UNION

# HORIZON EUROPE

# EURATOM

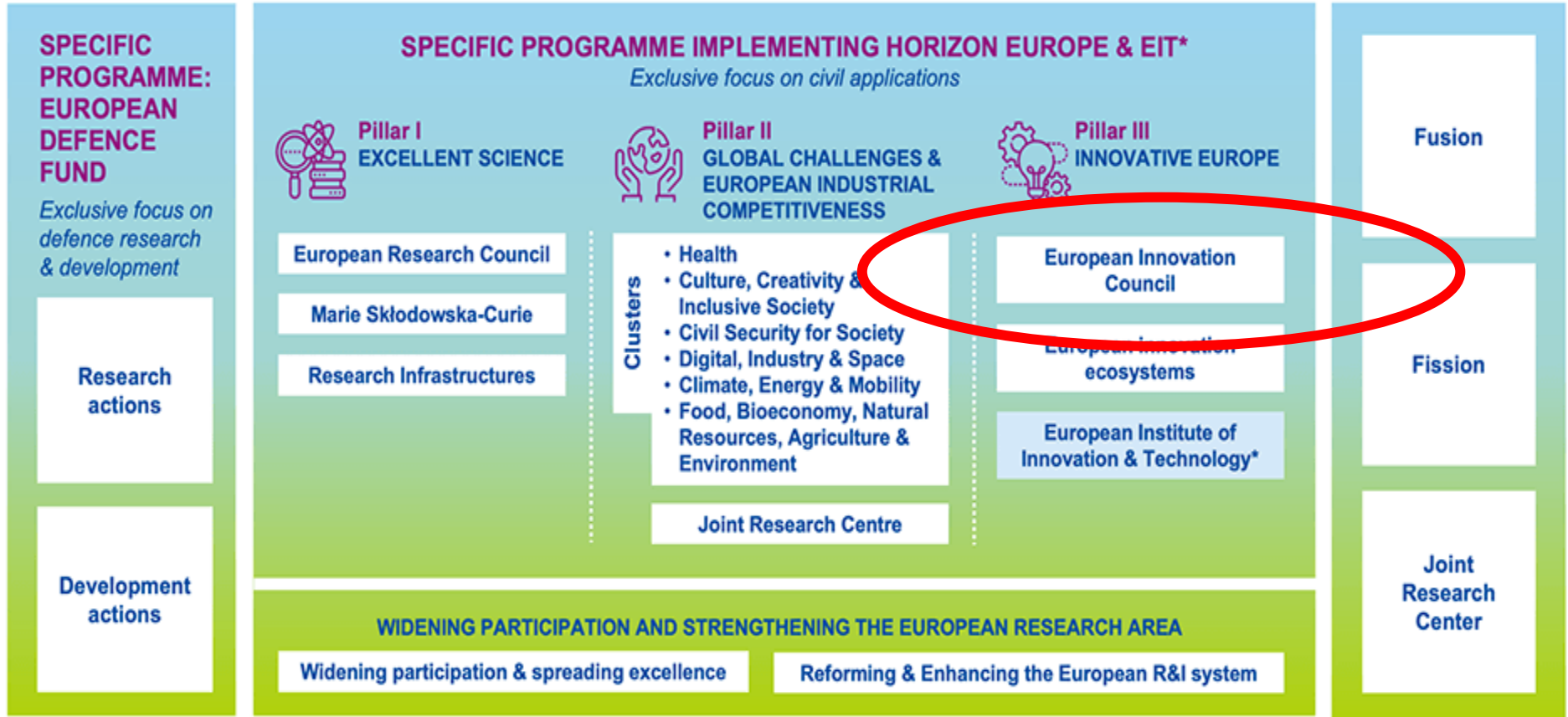


\* The European Institute of Innovation & Technology (EIT) is not part of the Specific Programme



# HORIZON EUROPE

# EURATOM



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# European Innovation Council (EIC)

## Three main supports for SMEs

- **EIC Pathfinder**

Developing novel ideas for radically new technologies

- **EIC Transition Activities**

Transformation of research results into innovation

- **EIC Accelerator**

Deployment of innovation to market.

# 'New' Accelerator - differences with Horizon 2020

- **Tighter focus**
- **Two- stage application process**
- **Resubmissions are limited**
- **'Top-down' as well as 'bottom-up' calls for projects**

# New Accelerator

## Tighter focus...

- **More emphasis on innovations that build on scientific discovery or technological breakthroughs**
- **Funding used to scale-up faster**
- **‘Deep tech’**
- **High-risk**
- **Disruptive**

# Same Key Evaluation Criteria...

**IMPACT**

**EXCELLENCE**

**IMPLEMENTATION**

# Same 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?

# New Accelerator

## Two- stage application process

### • **STAGE 1 – Short Application**

- Submitted any time
- 5-page form to summarise innovation, potential market and project team
- Pitch deck of up to 10 slides
- Video pitch of up to 3 minutes for core team to motivate their application
- Evaluated by experts in 4-6 weeks

# New Accelerator

- **STAGE 2 – Full application – only if Stage 1 successful**
  - Two cut-off dates per year – 9<sup>th</sup> June and 6<sup>th</sup> October 2021
  - Submitted on designated IT platform
  - Full Business Plan
  - Detailed information on company finances and structure
- **If evaluated successfully – jury pitch & interview**
  - Jury held 8-9 weeks after submission
  - Result in 2-3 weeks after jury interview



# New Accelerator

- **Resubmissions are limited**

- **STAGE 1**

- 2 attempts, then no re-submission for 12 months

- **STAGE 2**

- If rejected by 1 of 3 evaluators, can resubmit at following cut-off
- If rejected by 2 of 3 evaluators, or rejected twice, can re-submit Stage 1 proposal after 12 months
- If rejected at interview, can attend another interview. If rejected again, reverts to Stage 1 proposal after 12 months

# New Accelerator

**‘Top-down’ as well as ‘bottom-up’ calls for projects**

- ‘Open calls’ receive majority of budget
- There will be ‘Top-down calls’ for specific challenges:
  - Green Deal
  - Digital Society
  - Health priorities
  - Etc...

# Key Project Objectives for Turkey

- Support Turkish participation in Horizon Europe
- Strengthen capacity in Science, Technology and Innovation
- Help Turkish Researchers into European Research Area by increasing Horizon Europe participation
- Provide range of activities to support businesses – particularly SMEs

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



**TURKEY<sup>in</sup>**  
**HORIZON 2020**  
COOPERATION, INNOVATION, COMPETITIVENESS

**... continues into Horizon Europe until March 2022**

# Project activities ...

## Training Events



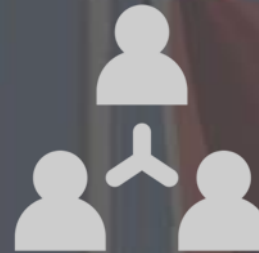
- Introductory
- Focus Groups
- IPR
- Access to Risk Finance
- Webinars
- Lobbying
- Project Writing Camps

## 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

# Why Participate in Horizon Europe?

- Financial support
  - Grants to cover final stage project risks
  - Funding to commercialise - EC venture funding
  - Access to private sector venture capital
- Support from mentors
  - Stronger management
  - Better market awareness
  - Commercial experience
- As a company
  - More strategic view
  - Commercial strength
  - More confidence from Turkish investors
  - Product 'endorsed' by EC funding
  - Amplifies national project investment



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# EC Terminology



REPUBLIC OF TURKEY  
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TÜBİTAK



# Grigoris Chatzikostas

## Training Coordinator in "Turkey in Horizon 2020 – Phase II" project



- “ Managing multi-national and cross-sectoral consortia, **writing proposals for EU funding and coordinating large-scale projects** that promote tech-enabled entrepreneurship in various sectors such as agrifood, ICT, environment, health, manufacturing, entrepreneurship etc.
- “ **Training, coaching, mentoring and supporting researchers and innovators** on issues related to proposal writing for EU funding opportunities, project management of EU funded projects, IPR management and entrepreneurship, in countries such as Greece, Serbia, Bulgaria, Turkey, Tunisia, Poland etc

17yrs

Experience in EU  
projects



1st position in  
Serbia in attracting  
H2020 funds

100+ m€

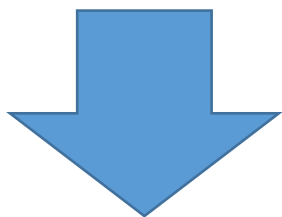
Total value of  
projects managed

# Why is terminology an issue?

- Terminology often difficult to understand..
- Some terms do not translate easily
- Easy to ignore requirements and presume correct interpretation
- SMEs often missing commercial knowledge
- Time consuming to get it right
- High competition with specialists in applications

# European Innovation Council (EIC)

- Recognise these problems among SMEs
- Recognise that National Contact Points (NCPs) also have difficulty in helping SMEs to interpret
- Difficult to make transition from R&D to commercial business



- EIC commissioned our project partner APRE to develop tools and associated definitions for NCP organisation; 'Access2EIC'

# Access2EIC Tools

- Based on Business Model Canvas (BMC)
- Well known and respected business development tool
- Based on 4 main business areas:
  - **Company**                      **LEFT** part of canvas
  - **Value proposition**        **MIDDLE**
  - **Market**                         **RIGHT**
  - **Finance**                        **BOTTOM**

**All of the terminology fits in this framework**

# Business Readiness Level (BRL)



## Business Conceptualization (0-3)

- Perceived need that your offer can satisfy
- By BRL 3 you may have a potential product/service with evidence from clients and an idea of how you can generate value to you and to them

## Business Testing (4-5)

- 'Market' is strongest factor
- Testing your business with potential stakeholders or early adopters
- By BRL5 you should have measured and evolved your business and product to match client's stated needs

## Business Deployment (6-9)

- Consolidate product with paying customer needs
- By BRL 9 you become a trusted supplier and your cashflow becomes predictable and increasingly profitable

# Business Readiness Levels (BRLs)

Each of these 3 groupings:

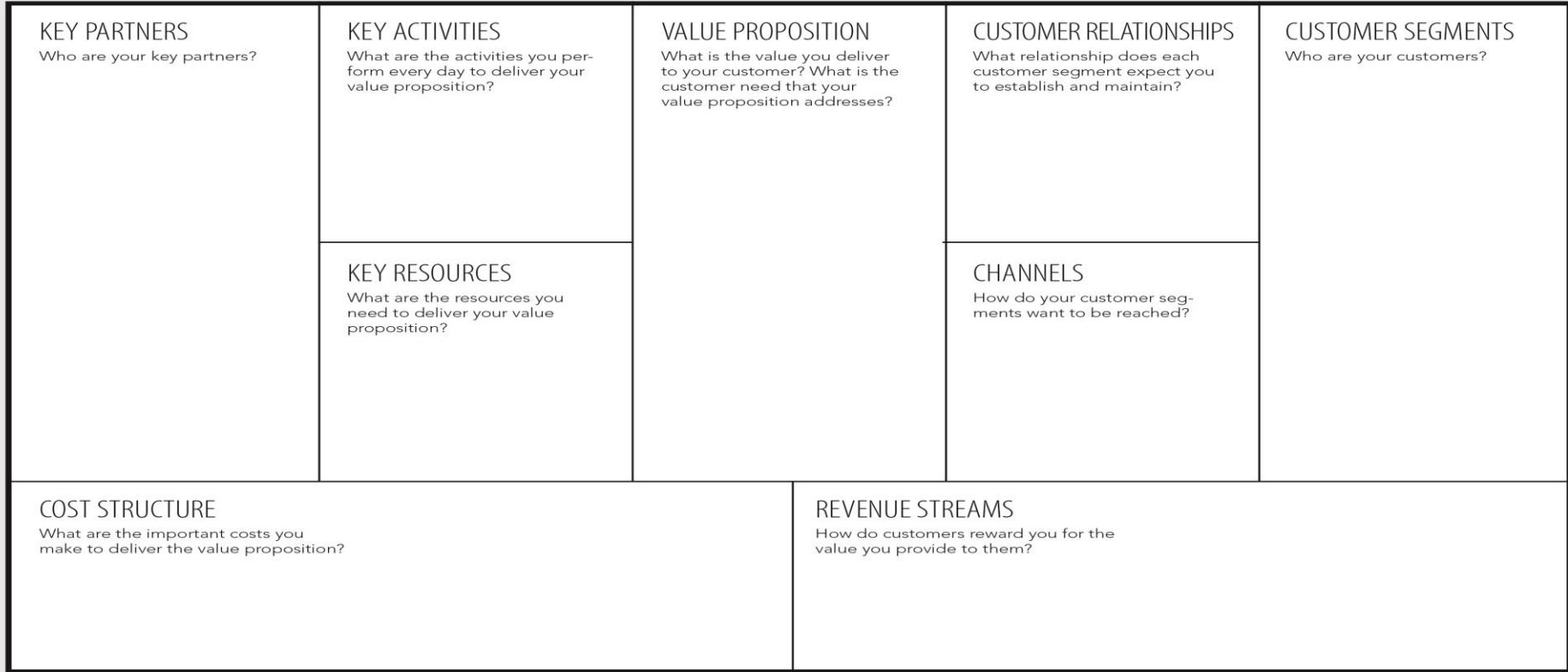
- 1. Business Conceptualization (BRL 0-3)**
- 2. Business Testing (BRL 4-5)**
- 3. Business deployment (BRL 6-9)**

Have their own terminology in Business Model Canvas.

*Now, let's take a look at them...*

# The Business Model Canvas (BMC)

## BUSINESS MODEL CANVAS



DESIGNED BY **BUSINESS MODEL FOUNDRY AG**

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**REPUBLIC OF TURKEY**  
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 & COHESION  
 PROGRAMME



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## Stage zero - the first steps...

# BMC – BRL 0 - Business start-up

<p><b>Company</b></p> <p>Business Business Model Business Plan Business Type</p>	<p><b>Offer</b></p> <p>Demand Offer</p>	<p><b>Market</b></p> <p>Customer End user</p>
<p><b>Finance</b></p> <p>Balance Sheet Bankruptcy Capitalization table Cost structure Debt capital Dilution</p> <p style="text-align: center;"><b>BRL 0</b></p> <p>Elevator Pitch Equity capital Fundraising Investment term sheet Profit Revenue</p>		

# BMC – BRL 0 – Business Start-up

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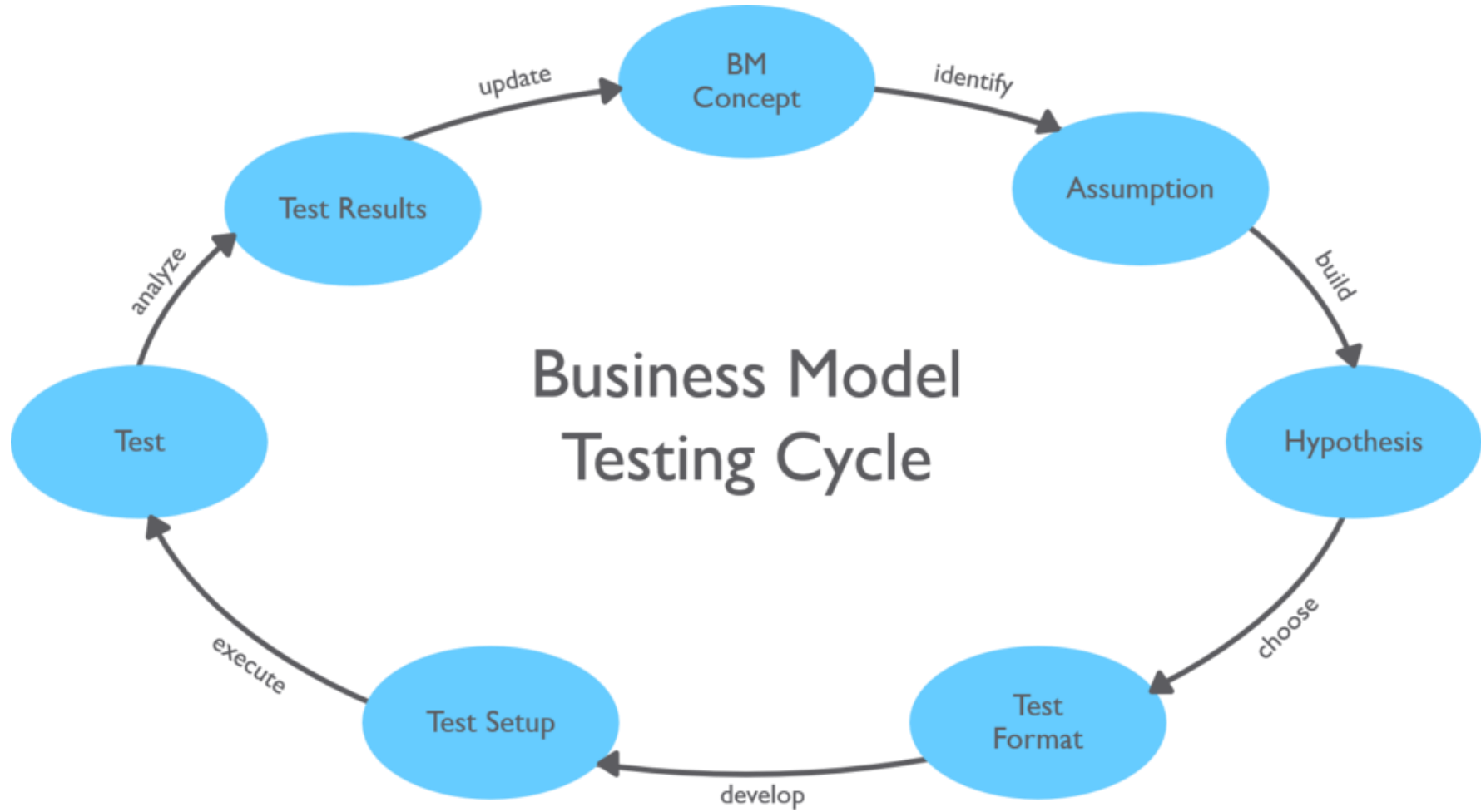
# BRL 0 – Company Terminology

- **Business**
  - Organized activities to produce and sell goods at a profit
- **Business Model**
  - A company's plan for making a profit
- **Business Plan**
  - How a company is going to achieve its goals
- **Business type**
  - How a business will operate – B2B, B2C, combination, etc.

# Typical Business Plan



# Business model testing cycle



# BMC – BRL 0 – Business Start-up

<p><b>Company</b></p> <p>Business Business Model Business Plan Business Type</p>	<p><b>Offer</b></p> <p><b>Demand Offer</b></p>	<p><b>Market</b></p> <p>Customer End user</p>
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# BRL 0 – Offer Terminology

- **Demand**
  - Customers' wish to buy goods and their willingness to pay
- **Offer**
  - The range of goods that a company intends selling



# BMC – BRL 0 – Business Start-up

<p><b>Company</b></p> <p>Business Business Model Business Plan Business Type</p>	<p><b>Offer</b></p> <p>Demand Offer</p>	<p><b>Market</b></p> <p><b>Customer End user</b></p>
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# BRL 0 – Market Terminology

- **Customer**

- Individual or business that will buy a company's goods

- **End-user**

- Person or company who will ultimately use a product

IF I WERE OUR TEENAGE  
GIRL TARGET, I WOULD  
LOVE OUR NEW PRODUCT.

HAVE YOU ACTUALLY  
TALKED TO ANY TO  
MAKE SURE?

WHAT? AND  
LEAVE THIS  
ROOM?



TOM  
FISH  
BURNE

# BMC – BRL 0 – Business Start-up

<p><b>Company</b></p> <p>Business Business Model Business Plan Business Type</p>	<p><b>Offer</b></p> <p>Demand Offer</p>	<p><b>Market</b></p> <p>Customer End user</p>
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# BRL 0 – Finance Terminology

- **Balance sheet**
  - Statement of what a company owns and owes and the amount invested by shareholders
- **Bankruptcy**
  - Legal proceeding on companies unable to repay outstanding debts. Assets eventually used to pay some of their debts
- **Capitalization table**
  - Spreadsheet that shows equity capitalization – total value of shares - for the company
- **Cost structure**
  - Fixed costs that don't change, plus variable costs that change with production/sales volumes
- **Debt capital**
  - The amount of money borrowed by the company
- **Dilution**
  - When a company releases new shares they dilute the value of existing shares

# BRL 0 – Finance Terminology cont.

- **Elevator Pitch**
  - Summary of 2 minutes or less to grab attention of potential investors or customers
- **Equity capital**
  - The money invested in a company in exchange for shares
- **Fundraising**
  - Activities that a company uses to raise grants, investments, etc. to fund its activities
- **Investment term sheet**
  - Sets out basic terms and conditions under which an investment will be made
- **Revenue**
  - Total income from sale of goods
- **Profit**
  - Cash remaining after all costs have been deducted

# First stage: Business Conceptualization...



# BRL 1-3 – Business Conceptualization

...building a business on a perceived need that you can satisfy.

Three main questions;

1. Is there a real problem to solve?
2. Can we solve this problem with our know-how/IP/product?
3. Is the problem relevant or needed enough that someone will pay an economic price to solve it?

...by the end of this phase you should have a candidate product, customer evidence that it is needed, how you can make money from it and what investment is needed in your business to achieve it.



# BMC – BRL 1-3 – Business Conceptualization

<p><b>Company</b></p> <ul style="list-style-type: none"> <li>Business ecosystem</li> <li>Incubator/Accelerator</li> <li>Intellectual property</li> <li>Key activities</li> <li>Key partners</li> <li>Key resources</li> <li>Value chain</li> </ul>	<p><b>Offer</b></p> <ul style="list-style-type: none"> <li>Benefits</li> <li>Copyright</li> <li>Freedom to operate</li> <li>Patent</li> <li>Proof of concept</li> <li>Trade secret</li> <li>Value proposition</li> </ul>	<p><b>Market</b></p> <ul style="list-style-type: none"> <li>Channels</li> <li>Customer gains</li> <li>Customer jobs</li> <li>Customer pains</li> <li>Customer relationships</li> <li>Customer segment</li> </ul>
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**BRL 1-3**

# BMC – BRL 1-3 – Business Conceptualization

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# BRL 1-3 – Company Terminology

- **Business ecosystem**
  - Businesses, suppliers, agencies, etc. involved in delivering a specific product
- **Business incubator/accelerator**
  - Organization designed to launch or accelerate business growth
- **Intellectual property (IP or IPR)**
  - Intangible assets of a business with a value – ideas, designs, concepts...
- **Key activities**
  - The most important activities in executing a company's value proposition
- **Key partners**
  - Main business relationships for optimizing operations
- **Key resources**
  - Human, physical, financial, intellectual resources needed to optimize business
- **Value chain**
  - Series of steps to turn raw materials and other inputs into finished products

# From innovation ecosystem to start-up ecosystem

## Innovation Ecosystem



## Startup Ecosystem



# BMC – BRL 1-3 – Business Conceptualization

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# BRL 1-3 – Offer Terminology

- **Benefits**
  - Statement of what the customer gets from the product
- **Copyright**
  - Protection of a creator's original work, usually giving exclusive user rights
- **Freedom to operate**
  - Analysis to determine whether a product may impinge on other persons' patent(s) or ownership claims
- **Patent**
  - A grant of property rights to an invention; legally prevents others from copying
- **Proof of Concept**
  - Evidence that a design concept or product proposal is technically feasible
- **Trade secret**
  - Confidential information that gives a company competitive advantage over others
- **Value proposition**
  - Collection of products that a business offers to meet customer needs – what distinguishes a business from its competitors – technical advantage, price, risk reduction, etc.

# BMC – BRL 1-3 – Business Conceptualization

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# BRL 1-3 – Market Terminology

- **Channels**

- Means of delivering products to customers – own store, partners, agents, etc.

- **Customer jobs**

- Solving a customer task, problem, bottleneck, etc.

- **Customer gains**

- Savings in customer time and money, getting their job done

- **Customer pains**

- What is annoying and troublesome for customers – preventing getting their job done

- **Customer segments**

- Which customer groups are you intending to serve, based on different needs and attributes?

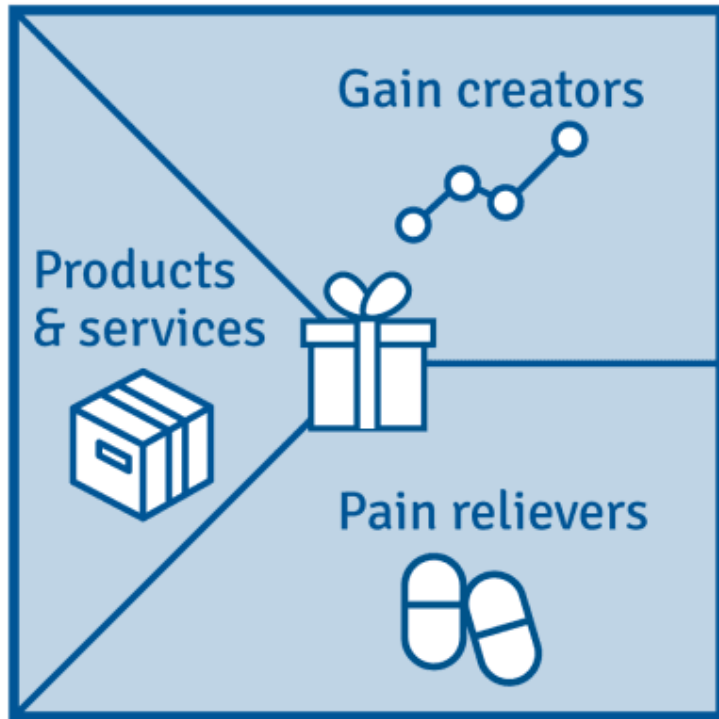
- **Customer relationships**

- How will you keep existing customers and get new ones, so that you can grow your income/profit?

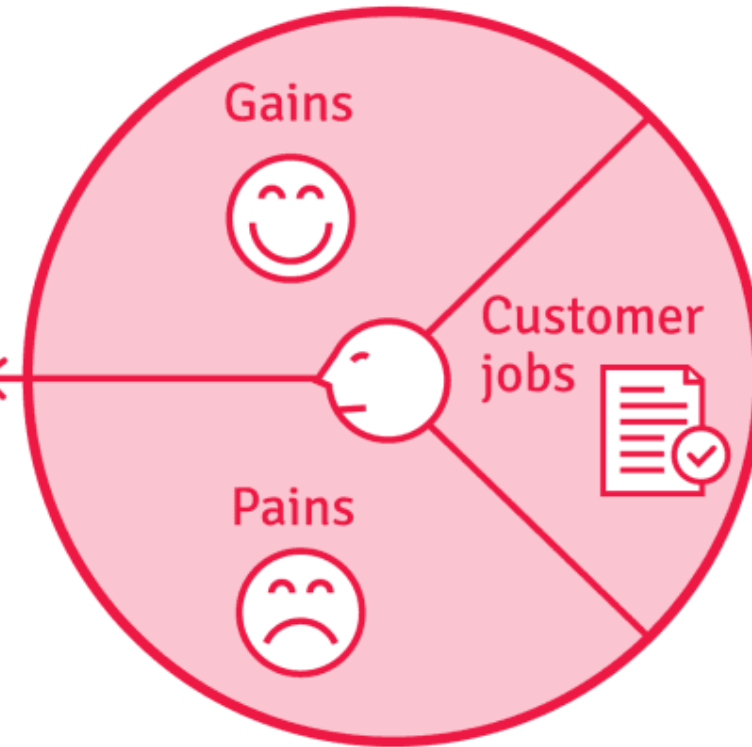


# Value proposition canvas

## Value Proposition



## Customer Profile



# BMC – BRL 1-3 – Business Conceptualization

<p><b>Company</b></p> <ul style="list-style-type: none"> <li>Business ecosystem</li> <li>Incubator/Accelerator</li> <li>Intellectual property</li> <li>Key activities</li> <li>Key partners</li> <li>Key resources</li> <li>Value chain</li> </ul>	<p><b>Offer</b></p> <ul style="list-style-type: none"> <li>Benefits</li> <li>Copyright</li> <li>Freedom to operate</li> <li>Patent</li> <li>Proof of concept</li> <li>Trade secret</li> <li>Value proposition</li> </ul>	<p><b>Market</b></p> <ul style="list-style-type: none"> <li>Channels</li> <li>Customer gains</li> <li>Customer jobs</li> <li>Customer pains</li> <li>Customer relationships</li> <li>Customer segment</li> </ul>			
<table border="0" style="width: 100%; text-align: center;"> <tr> <td data-bbox="105 803 689 1232"> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li><b>Asset</b></li> <li><b>Bootstrapping</b></li> <li><b>Break-even point</b></li> <li><b>Business Angel</b></li> <li><b>Cash</b></li> </ul> </td> <td data-bbox="689 803 1315 1232"> <p><b>BRL 1-3</b></p> </td> <td data-bbox="1315 803 1976 1232"> <ul style="list-style-type: none"> <li><b>Crowdfunding</b></li> <li><b>Liability</b></li> <li><b>Quasi equity</b></li> <li><b>Revenue streams</b></li> <li><b>Seed capital</b></li> </ul> </td> </tr> </table>			<p><b>Finance</b></p> <ul style="list-style-type: none"> <li><b>Asset</b></li> <li><b>Bootstrapping</b></li> <li><b>Break-even point</b></li> <li><b>Business Angel</b></li> <li><b>Cash</b></li> </ul>	<p><b>BRL 1-3</b></p>	<ul style="list-style-type: none"> <li><b>Crowdfunding</b></li> <li><b>Liability</b></li> <li><b>Quasi equity</b></li> <li><b>Revenue streams</b></li> <li><b>Seed capital</b></li> </ul>
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# BRL 1-3 – Finance Terminology

- **Asset**

- Tangible and intangible assets that have an economic value for the company

- **Bootstrapping**

- When an individual starts and runs a business using their own cash resources, without external investment

- **Break-even point**

- The point at which a business starts to make profit - costs are less than sales

- **Business Angel**

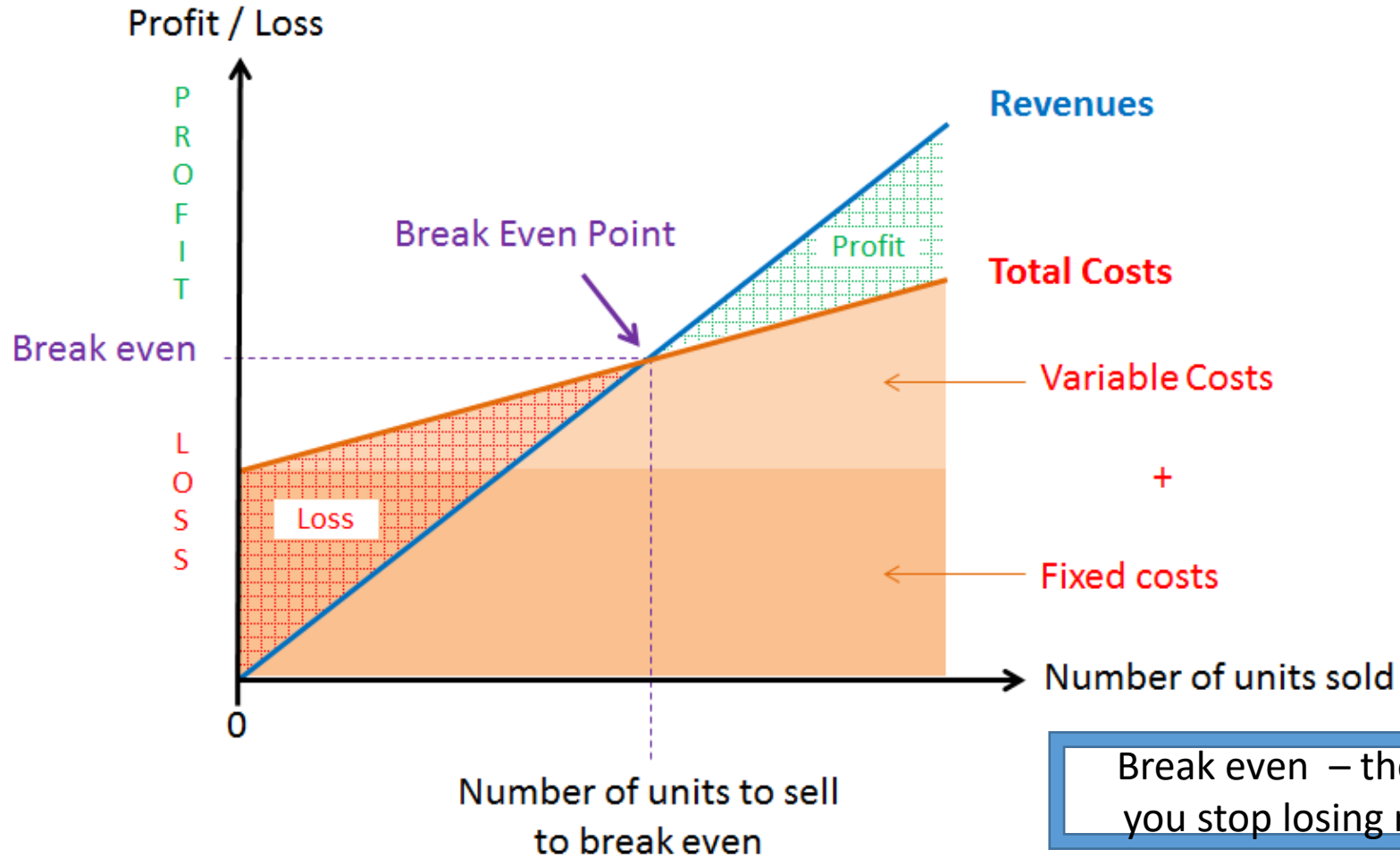
- Individual who acts as a financial backer using their own funds, usually in return for a share of ownership

- **Cash**

- An asset in currency form

- **Crowd funding**

- Use of small amounts of capital from a large number of investors. Can be paid back in products, profits or equity



# BRL 1-3 – Finance Terminology cont.

- **Liability**

- An obligation – often financial – yet to be paid back by one party to another

- **Quasi equity**

- Debt that has an element of equity – flexible repayment options, convertible loans, etc.

- **Revenue streams**

- Ways that a company gets income from each customer segment

- **Seed capital**

- The earliest stage of capital investment for a start-up

# Second stage - Business Testing...



# BRL 4-5 Business Testing

Testing and changing business model to answer 4 key questions:

1. What parts of your business model and product are supported by facts from your clients?
2. How big is the market you can access and how well do you know it?
3. Does your financial model fit with clients' willingness to pay?
4. How are you going to fund all of these processes?

By the end of this process you should have a robust and costed product, evidence of market size and value, a tested revenue model, a clear issue of the company structure and projected budgets based on a sound strategy which draws all of this together

# BMC – BRL 4-5 – Business Testing

<b>Company</b> CEO CFO CMO CTO Key Performance Indicator Option pool	<b>Offer</b> Co-design Competitive advantage Must have Nice to have Product as a service Service-as-a-product Unique selling point Willingness to pay	<b>Market</b> Competitive analysis Competitor Compound annual growth rate Early adopters KOL Market annual growth rate Route to market SAM-SOM-TAM
<b>Finance</b> Cash flow Combined revenue streams Common stock Double one-off revenue streams Drag-along right Due diligence	<h2>BRL 4-5</h2> Enterprise value Free cash flow Licensing Liquidation preference	One-off revenue streams Preferred stock Recurrent revenue streams Tag alone clause Unit cost Venture Capital



# BMC – BRL 4-5 – Business Testing

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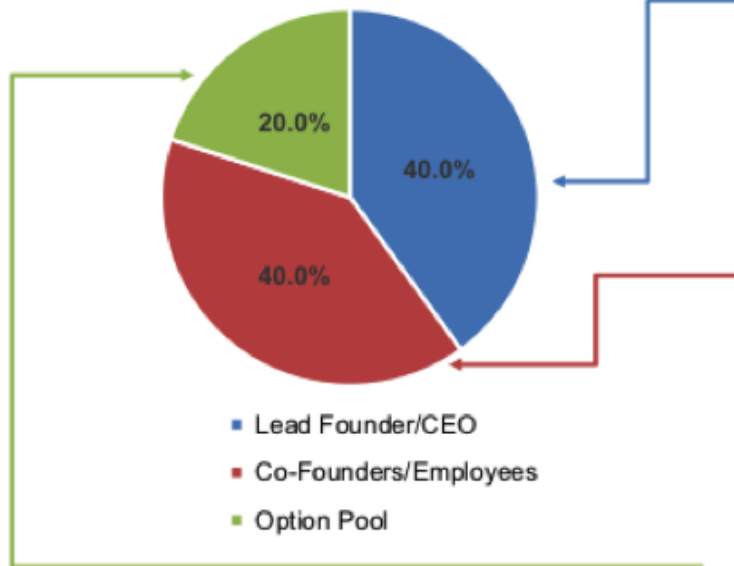
# BRL 4-5 – Company Terminology

- **CEO** – Chief Executive Officer
- **CFO** – Chief Financial officer
- **CMO** – Chief Marketing Officer
- **CTO** – Chief Technical Officer
- **Key Performance Indicators (KPIs)**
  - Metrics to measure performance against agreed targets and business objectives – profit per employee, sales per salesman, etc.
- **Option pool**
  - Shares reserved for employees – to attract or reward

# Shareholding structure – example

## INITIAL FOUNDER SPLIT

Example Initial Cap Table



- Initial CEOs/Lead Founders typically get the largest chunk of ownership
- These Founders are day-to-day
- Initial Equity ranges from 30-60% of the company
- Co-Founders and key employees includes founding scientists, C-level execs, VP, and any initial employee
- Investors will typically like to see an initial team in place before investing in a company
- Initial option pools are set up to incentivize new hires
- A company typically refreshes their option pool at every financing round and targets 15-25%

# BMC – BRL 4-5 – Business Testing

Company	Offer	Market
<b>Finance</b> Cash flow Combined revenue streams Common stock Double one-off revenue streams Drag-along right Due diligence	<b>BRL 4-5</b> Enterprise value Free cash flow Licensing Liquidation preference	Competitive analysis Competitor Compound annual growth rate Early adopters KOL Market annual growth rate Route to market SAM-SOM-TAM One-off revenue streams Preferred stock Recurrent revenue streams Tag alone clause Unit cost Venture Capital

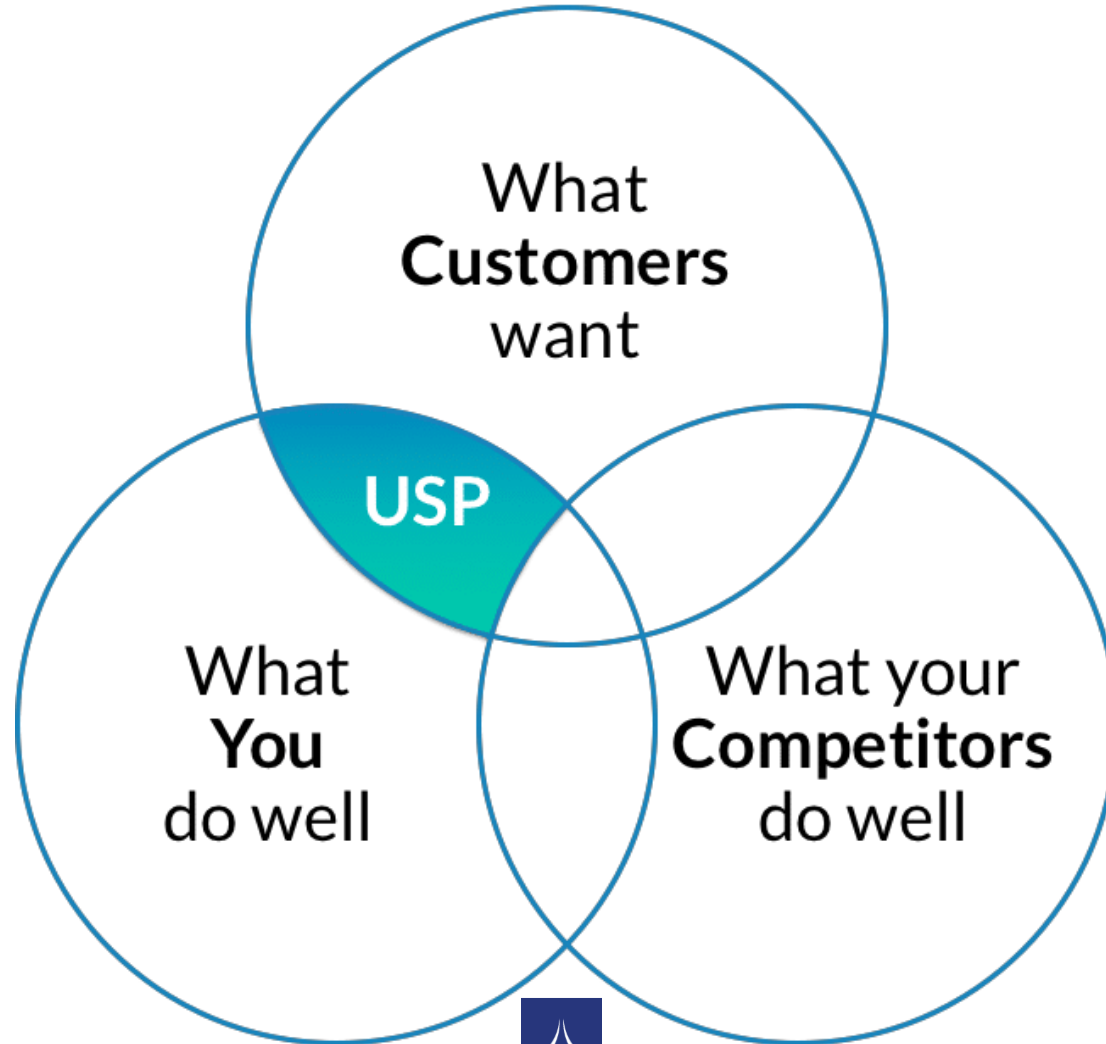
# BRL 4-5 – Offer Terminology

- **Co-design**
  - Planning and developing a product using designers, technicians, customers
- **Competitive advantage**
  - Factors that allow a company to produce better or cheaper goods than its competitors
- **Must have**
  - A product which is absolutely essential to customers' life or business
- **Nice to have**
  - Something a consumer might enjoy, but does not need – a 'want'
- **Product as a service**
  - The product is not transferred to a customer, but they have the right to use for a given period

# BRL 4-5 – Offer Terminology cont.

- **Service-as-a-product**
  - Set of services brought together and sold as a product
- **Unique Selling Point [or Proposition] (USP)**
  - A factor that makes a product different from the competition – what you have that the competition don't
- **Willingness to pay**
  - Maximum price at which, or below which, a customer will definitely buy a product

# Unique Selling point (or proposition)



# BMC – BRL 4-5 – Business Testing

Company	Offer	Market
<p><b>Finance</b></p> <p>Cash flow Combined revenue streams Common stock Double one-off revenue streams Drag-along right Due diligence</p>	<p><b>BRL 4-5</b></p> <p>Enterprise value Free cash flow Licensing Liquidation preference</p>	<p>One-off revenue streams Preferred stock Recurrent revenue streams Tag alone clause Unit cost Venture Capital</p>



# BRL 4-5 – Market Terminology

- **Competitive analysis**

- Process of identifying competitors and evaluating their strategies to find strengths/weaknesses compared to your products

- **Competitor**

- Company operating in same market sector with alternative products offered to same target groups

- **Compound annual growth rate**

- Geometric progression that calculates a constant rate of return over time

- **Early adopters**

- A customer that adopts a new product ahead of others in their market segment

- **Key Opinion Leaders (KOL)**

- Authorities on a particular topic whose opinions are well respected

# BRL 4-5 – Market Terminology cont.

- **Market annual growth rate**
  - Trends in investments/markets based on previous year figures
- **Route to market**
  - Roadmap to ensure that products reach customers in an efficient and effective manner
- **SAM-SOM-TAM**
  - **SAM** – Serviceable Available Market
  - **SOM** – Serviceable Obtainable Market
  - **TAM** – Total Addressable Market

**TAM:** Total Available Market

**Focus on:** Total market / size

Example: **Total Agricultural Robotics Market**

**SAM:** Serviceable Addressable Market

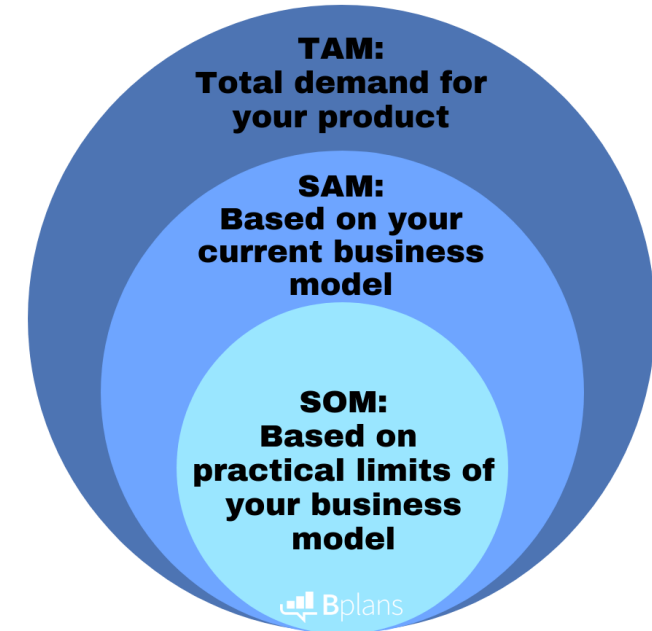
**Focus on:** Your own technology/ services

Example: **Total market for spraying robots** (Segment of total agricultural robotics market)

**SOM:** Serviceable Obtainable Market

**Focus on:** Which realistic market share can be obtained by myself considering: competition, trends, expected demand/forecast, countries, my sales/distribution channels and other market influences?)

Example: **My realistic goal** to sell spraying robots to farmers.



# BMC – BRL 4-5 – Business Testing

Company	Offer	Market
<p><b>Finance</b></p> <p>Cash flow Combined revenue streams Common stock Double one-off revenue streams Drag-along right Due diligence</p>	<p><b>BRL 4-5</b></p> <p>Enterprise value Free cash flow Licensing Liquidation preference</p>	<p>One-off revenue streams Preferred stock Recurrent revenue streams Tag along clause Unit cost Venture Capital</p>

# BRL 4-5 – Finance Terminology

- **Cash flow**
  - Net amount of cash going into and out of a business
- **Combined revenue streams**
  - Periodic cash inputs where applicable, plus ongoing sales cash
- **Common stock**
  - Shares of ownership with voting rights and variable dividends
- **Double one-off revenue streams**
  - Combined sales values over time relating to one product – ink jet printer plus regular ink cartridge purchases
- **Drag along right**
  - Majority shareholder has right to force minority shareholders to sell their shares

# BRL 4-5 – Finance Terminology cont.

- **Due diligence**
  - Analysis of financial standing before entering into a loan or other agreement
- **Enterprise value**
  - Entire economic activity of a company – takeover price
- **Free cash flow**
  - Cash remaining after paying debts, dividends or buying back stock
- **Licensing**
  - Granting of IP rights to another party under a financial arrangement
- **Liquidation preference**
  - Pay-out order of debtors in case of liquidation

# BRL 4-5 – Finance Terminology cont.

- **One-off revenue streams**
  - Where a business generates cash each time there is a product sale
- **Preferred stock**
  - Shareholders receive higher dividends than common stock holders
- **Recurrent revenue streams**
  - Business generates income periodically – e.g. subscriptions
- **Tag along clause**
  - Gives minority shareholders the right to sell at same time and price as major shareholders
- **Unit cost**
  - Cost to create one unit of a product
- **Venture Capital**
  - Private equity invested in promising companies



# Third Stage - BRL 6-9 – Business Deployment





# Business Deployment

Stage 2 will have shown the business and its product are viable; this stage will allow consolidation of the company and lead to its expansion.

Key questions:

- How can I make my business more sustainable?
- How can I organize to serve all the customers/markets identified?
- How can I grow my team to meet the challenge?
- How am I going to fund it all?
- What element of risk may attract EC funding?

By the end of this stage there should be a clear route to growth, with agreed responsibilities against a clear business strategy, planning and budgeting.

# BMC – BRL 6-9 – Business Deployment

<b>Company</b> Business development Business strategy Corporate culture Corporate social responsibility Cost-benefit analysis Human resources Open innovation Partnership Scalability	<b>Offer</b> Bundling pricing strategy Penetration pricing Pricing strategy Unfair advantage Upselling pricing strategy	<b>Market</b> Advertising Brand strategy Brand Churn rate CAC-CCR-CLV Customer retention Funnel marketing Qualified lead
<b>Finance</b> Blended value investing Burn rate CAPEX Debt to equity ratio EBITDA EBITDA margin EBTIDA multiple	<h2>BRL 6-9</h2> Employee stock options Impact finance OPEX Private equity	Return on capital employed Return on equity (ROE) Return on investment (ROI) Senior debt Subordinated debt

# BMC – BRL 6-9 – Business Deployment

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# BRL 6-9 – Company Terminology

- **Business development**
  - Ideas and activities aimed at making the business better
- **Business strategy**
  - Agreed objectives that a company aims to achieve and the strategic plan to reach them
- **Corporate culture**
  - Beliefs and behaviours on how employees and management interact with customers and each other
- **Corporate Social Responsibility (CSR)**
  - Company's role in contributing to quality of life of society as a whole
- **Cost-benefit analysis**
  - Analysis of costs against likely profits over time

# BRL 6-9 – Company Terminology cont.

- **Human Resources (HR)**
  - Responsibility for recruiting, training and maintaining well being of employees
- **Open Innovation**
  - Leveraging innovative capabilities of company, customers, suppliers, etc. to achieve overall strategic goals
- **Partnership**
  - Collaboration to share knowledge and profits on an agreed basis
- **Scalability**
  - Maintaining or improving profits while sales volume increases

# BMC – BRL 6-9 – Business Deployment

<p><b>Company</b></p> <ul style="list-style-type: none"> <li>Business development</li> <li>Business strategy</li> <li>Corporate culture</li> <li>Corporate social responsibility</li> <li>Cost-benefit analysis</li> <li>Human resources</li> <li>Open innovation</li> <li>Partnership</li> <li>Scalability</li> </ul>	<p><b>Offer</b></p> <ul style="list-style-type: none"> <li><b>Bundling pricing strategy</b></li> <li><b>Penetration pricing</b></li> <li><b>Pricing strategy</b></li> <li><b>Unfair advantage</b></li> <li><b>Upselling pricing strategy</b></li> </ul>	<p><b>Market</b></p> <ul style="list-style-type: none"> <li>Advertising</li> <li>Brand strategy</li> <li>Brand</li> <li>Churn rate</li> <li>CAC-CCR-CLV</li> <li>Customer retention</li> <li>Funnel marketing</li> <li>Qualified lead</li> </ul>
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# BRL 6-9 – Offer Terminology

- **Bundling pricing strategy**
  - Sell combined products as one ‘bundle’
- **Penetration pricing**
  - Selling at a lower price initially to build sales
- **Pricing strategy**
  - Method used by a company to build its product pricing – can be cost plus, market pricing, etc.
- **Unfair advantage**
  - Setting higher margins than competitors due to factors such as location, dependence from previous sales, market monopoly, etc.
- **Upselling pricing strategy**
  - Customers buy more than they originally intended by being offered better pricing, features, etc.

# BMC – BRL 6-9 – Business Deployment

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# BRL 6-9 – Market Terminology

- **Advertising**

- The process of drawing customers' attention to products, offers, etc.

- **Brand**

- Combination of name, logo, slogan, etc. which gives distinctive identification to a company or product

- **Brand strategy (or Branding)**

- Set of activities that help to consolidate brand in the marketplace

- **Churn rate**

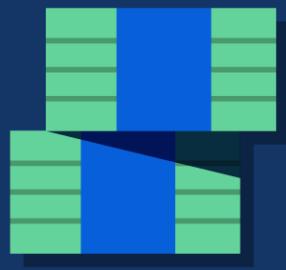
- Rate at which customers drop out – for example one-off versus repeat subscriptions

- **Customer acquisition cost (CAC)**

- Cost of winning new customers – advertising, sales team, etc.

# Customer Acquisition Cost (CAC)

## Customer Acquisition — Cost Formula —



**CAC**

Customer  
Acquisition Cost

=



**TE**

Total expense to attract,  
engage, and convert a  
new customer

/



**NC**

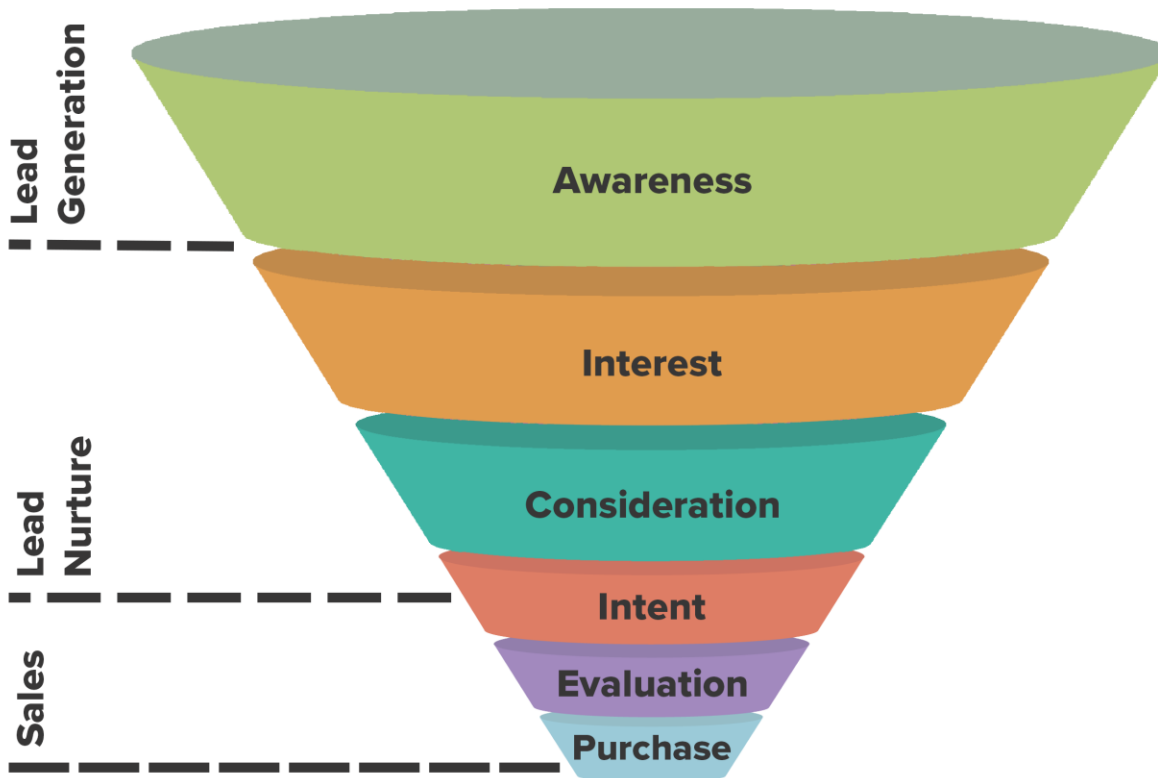
Number of new  
customers  
acquired

# BRL 6-9 – Market Terminology cont.

- **Customer conversion rate (sales conversion rate; lead conversion rate)**
  - Proportion of genuine sales leads compared to number of customers approached
- **Customer Lifetime Value (CLV or CLTV)**
  - Prediction of profit attributed to entire future relationship with a customer
- **Customer retention**
  - Ability of a company to retain its customers over time
- **Funnel marketing**
  - 4 steps to transform awareness into customers; awareness, interest, wish to buy, sales
- **Qualified lead**
  - A customers expressing a definite interest in a product and likely to buy

# Marketing Funnel

## The Marketing Funnel



### SKYWORD

- Marketing campaigns and consumer research
- Events, advertising, tradeshow, blog, webinars, direct mail, viral campaigns, social media, search, media mentions, and more
- Engagement and introduction to positioning
- Emails, targeted content, classes, newsletters, and more
- Product information and specials
- Automated email campaigns, case studies, free trials, and more
- Product demos and shopping carts
- Sales adds to nurture stream
- Marketing and sales work to prove their product is best
- Sales transaction is completed

# BMC – BRL 6-9 – Business Deployment

Company	Offer	Market
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# BRL 6-9 – Finance Terminology

- **Blended value investing**
  - Financial investment strategy comprised from various sources supporting economic, social and environmental values
- **Burn rate**
  - Cash spend per month
- **CAPEX (Capital Expenditure)**
  - Cash spent to acquire, upgrade and maintain physical assets over time
- **Debt to equity ratio**
  - Determines financial leverage of a company – high debt to equity = high leverage
- **EBITDA**
  - Business earnings before interest, taxes, depreciation and amortization
- **EBITDA margin**
  - Surplus of profit as percentage of its EBITDA

# BRL 6-9 – Finance Terminology cont.

- **EBITDA multiple**

- Ratio that compares overall value to annual EBITDA. Used to compare with similar businesses as a measure of net profitability

- **Employee stock options (ESO)**

- Means of compensating employees by offering stock at a set price for set period

- **Impact finance**

- Means of measuring impact on society as well as profitability

- **OPEX**

- Cash used to fund operational expenses

- **Private equity**

- Funds from private investors not covered by shareholding

# BRL 6-9 – Finance Terminology cont.

- **Return on equity (ROE)**

- Financial performance measured by dividing net income by shareholders' equity

- **Return on investment (ROI)**

- Amount of return compared to the investment's cost

- **Return on capital employed (ROCE)**

- Ratio of how well a company is generating profit from its capital

- **Senior debt**

- Borrowed money that a company must repay first if it goes out of business

- **Subordinated debt**

- Unsecured loan that ranks behind senior debt in pay-out order



# EC Terminology - Summary

- Many terms in the business canvas
- Even though the EC do not look for them all – they are all related
- Investors and EC judges will ask about some of those most focused on potential markets, return on investment, worth of company, debts, etc.
- Many of these terms do not come easily to technologists – either learn them in detail or (preferably) engage someone who can
- Know your limitations and share the burden with appropriate team members
- Building and expanding a business is a team effort!

Remember – we are here to help!!

More information may be found at:

[Access2EIC tools: From technology to business – Access2eic](#)

and [Access2EIC Business-Glossary-sep-2020-Final-4.pdf](#)

- or web search [Access2EIC](#)

Thank you for participating in our webinar –  
any more questions?

Contact:

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REPUBLIC OF TURKEY  
MINISTRY OF INDUSTRY  
AND TECHNOLOGY



COMPETITIVE  
& INNOVATIVE  
GROWTH PROGRAMME



TÜBİTAK



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

# Turkey in Horizon 2020 II

## Workshop – EC Terminology

Webinar 7, 10:00 – 12:00

25<sup>th</sup> February 2021



REPUBLIC OF TURKEY  
MINISTRY OF INDUSTRY  
AND TECHNOLOGY



COMPETITIVE  
SECTORS  
PROGRAMME



TÜBİTAK



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TURKEY<sup>in</sup>  
**HORIZON 2020**  
COOPERATION. INNOVATION. COMPETITIVENESS

Technical Assistance for Turkey in Horizon 2020 Phase-II

EuropeAid/139098/IH/SER/TR

# Participant Feedback

Please scan the SurveyMonkey QR code with your  
smartphone or tablet opens the survey on the device  
so you can take the survey !



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AND TECHNOLOGY



COMPETITIVE  
SECTORS  
PROGRAMME



TÜBİTAK