




This project is co-financed by the European Union under the Republic of Turkey Budget Agreement on Turkey Contribution to Horizon 2020




Technical Assistance for Turkey in Horizon 2020 Phase-II
Europe/AG110804/01/01/07/19

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Changes to the SME Instrument






Brief overview...


- Pillars of Horizon 2020
- Changes in SME I
- Our project for SMEs

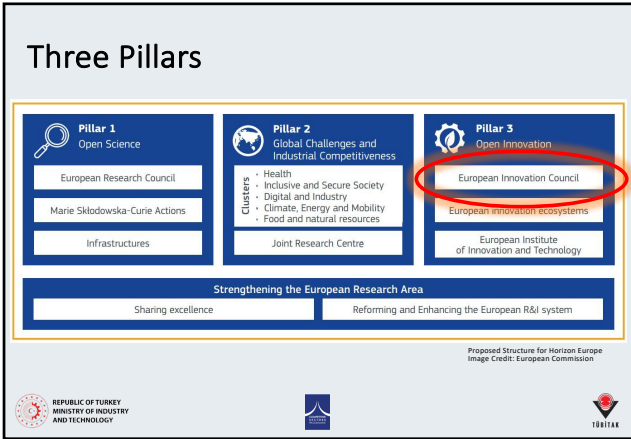


Three Pillars

 <p>Pillar 1 Open Science</p> <p>European Research Council</p> <p>Marie Skłodowska-Curie Actions</p> <p>Infrastructures</p>	 <p>Pillar 2 Global Challenges and Industrial Competitiveness</p> <p>Clusters</p> <p>Health Inclusive and Secure Society Digital and Industry Climate, Energy and Mobility Food and natural resources</p> <p>Joint Research Centre</p>	 <p>Pillar 3 Open Innovation</p> <p>European Innovation Council</p> <p>European innovation ecosystems</p> <p>European Institute of Innovation and Technology</p>
<p>Strengthening the European Research Area</p> <p>Sharing excellence Reforming and Enhancing the European R&D system</p>		

Proposed Structure for Horizon Europe
Image Credit: European Commission





The SME Instrument gets a name...

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

ACCELERATE

REPUBLIC OF TURKEY
MINISTRY OF INDUSTRY
AND TECHNOLOGY

TEBİTAK

- Same 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
 - **ACCELERATE** bridges this gap in finance and risk-taking
- REPUBLIC OF TURKEY
MINISTRY OF INDUSTRY
AND TECHNOLOGY
- TEBİTAK

Same basic focus...

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

Major policy changes...

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

'Blended Finance'

- A new development to get more engagement with private sector and better returns for the EC
- 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

Why EC investment?

'We are not in the logic of making money; what we want is to take risks where the private sector won't.

For public investments, failure is the measure of success; if we were to succeed disproportionately, it would mean that we simply displaced private investment'

Julien Guerrier, Director of the Executive Agency for Small and Medium Enterprises, European Commission

What does this mean to SMEs?...

- **Phase 1** grant support will disappear after 5th September cut-off
- **Phase 2** grant support of up to €2.5m will be expanded to include 'Blended Finance' from 9th October cut-off date and beyond (5th June cut-off will be the last grant only cut-off)
- **Phase 3** as before; coaching and mentoring, pitching to corporates, etc.

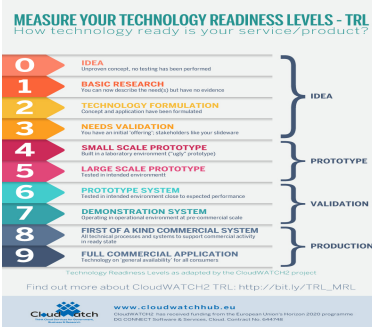


So who will be offered what?...

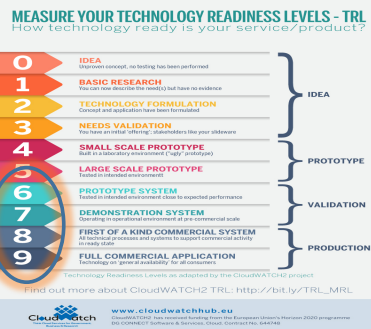
- **Phase 1** grant support will disappear after 5th September cut-off
- **Phase 2** grant only support of up to €2.5m will only be available to projects at **TRL 6**
- 'Blended Finance' will be offered to projects at **TRL 7 & 8**
- Private sector/EC equity only will be offered to projects at **TRL 9**
- **Phase 3** as before; coaching and mentoring will be available to all



Technology Readiness Levels (TRL)



Current SMEI Coverage



TRL 6 – Phase 2 Grant Only

MEASURE YOUR TECHNOLOGY READINESS LEVELS - TRL

How technology ready is your service/product?

0	IDEA Idea conceived, no testing has been performed	IDEA
1	BASIC RESEARCH You can describe the concept but have no evidence	
2	TECHNOLOGY FORMULATION Concept and application have been formulated	PROTOTYPE
3	NEEDS VALIDATION You have an initial offering; stakeholders like your solution	
4	SMALL SCALE PROTOTYPE Built in laboratory environment ("lab" prototype)	VALIDATION
5	LARGE SCALE PROTOTYPE Tested in intended environment	
6	PROTOTYPE SYSTEM Tested in intended environment close to expected performance	PRODUCTION
7	DEMONSTRATION SYSTEM Operating in operational environment at pre-commercial scale	
8	FIRST OF A KIND COMMERCIAL SYSTEM All technical problems and systems to support commercial activity in early stage	
9	FULL COMMERCIAL APPLICATION Technology in general availability for all customers	

Technology Readiness Levels as adapted by the CloudWATCH2 project
Find out more about CloudWATCH2 TRL: http://bit.ly/TRL_MRL

CloudWatch
www.cloudwatchhub.eu
CloudWATCH2 has been funded by the European Union's Horizon 2020 programme
DO CONNECT Software & Services, Cloud Contract No. 044148

TRL 7 & 8 – Grant & Investment

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TRL 9 – Private/EC Investment Only

MEASURE YOUR TECHNOLOGY READINESS LEVELS - TRL

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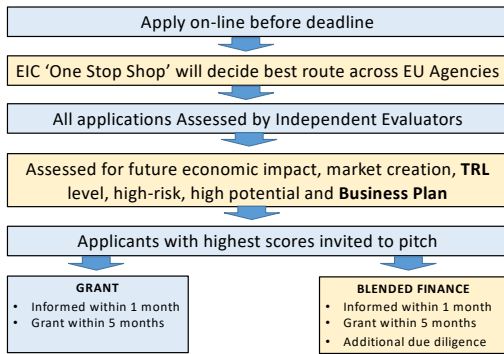
So TRL will be far more important...

- Essential to correctly assess TRLs - this will be the key to the type of funding offered
- Grants only will apply at TRL 6
- Applicants agree to consider blended finance if evaluators conclude that project qualifies – if no agreement, no grant and project will be rejected
- Investment part will be subject to due diligence by SPV team – if this fails, no grant





Accelerate Application Process



'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

Other elements of EIC Pilot...

EIC Pathfinder Pilot

- For Future and Emerging Technologies (FET)
- Grants of up to €4m.
- Collaborative, inter-disciplinary research
- Targeted calls
 - Artificial Intelligence
 - Zero emission energy generation
 - Implantable autonomous devices and materials
- Consortia of at least 3 entities from 3 countries

Other elements of EIC Pilot...

Fast Track to Innovation (FTI)

- For mature ground-breaking technologies, concepts and business models which are close to market
- Grants of up to €3m.
- Consortia of 3 to 5 entities from 3 different countries



Other elements of EIC Pilot...

Fast Track to Innovation (FTI)

- For mature ground-breaking technologies, concepts and business models which are close to market
- Grants of up to €3m.
- Consortia of 3 to 5 entities from 3 different countries



Other elements of EIC Pilot...

EIC Horizon Prizes

- Winners meet defined challenges
- Boost breakthrough innovation across sectors
- Fosters cutting-edge solutions
- Bring major benefits to citizens and society
- Individual prizes of 5 or 10 million Euro



Health Warning!!

- EIC Accelerate 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**



...so how can the Turkey in Horizon 2020 Phase II Project help you?

What we offer in the project...

- Training Events**
 - Introductory
 - Focus Groups
 - IPR
 - Access to Risk Finance
 - Webinars
 - Lobbying
 - Project Writing Camps
- SME Support**
 - 1-to-1 Support
 - Project Writing Training
 - Pitching Workshop
 - Feasibility Reports
 - Investment Readiness
- Networking**
 - Brokerage Events
 - International Study Visits
 - Award Ceremonies
 - Conferences
 - Info Days
- 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

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