

Turkey in Horizon 2020 II
 Changes to the SME Instrument
 Investment Readiness Training
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Overview

- Pillars of Horizon 2020
- H2020 for SMEs
- Changes in SME I
- EIC Accelerator
- Our project for SMEs

The 3 Pillars

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

Proposed Structure for Horizon Europe
Image Credit: European Commission

What does EIC offered so far?

Instrument →	SME-Instrument		FTI	FET-Open	EIC prizes
	Phase 1	Phase 2			
For whom	One or more European ¹ SMEs		From 3 to 5 European ¹ entities (mostly industrial ²)	At least 3 entities ³	At least one entity (which must be European ¹ for some of the prizes)
Maximum funding⁴	50,000 €	2.5 ME	3 ME	3 ME (RIAs) 0.5 ME (CSAs)	Varies for each prize
Total budget 2018-20	163 ME	1421 ME	300 ME	705 ME (RIAs) 10 ME (CSAs)	40 ME
Focus	Exploring the feasibility of a business idea (~ 6 months)	Breakthrough innovation & international growth (12-24 months)	Close-to-market innovation	Radically new technologies	6 different topics (major societal issues)

A period of transition: European Innovation Council Pilot

The EIC pilot supports **top-class innovators, entrepreneurs, small companies** and scientists with bright ideas and the ambition to scale up internationally.

It brings together the parts of Horizon 2020 that provide **funding, advice** and **networking** opportunities for those at cutting edge of innovation.



European Commission
eic European **INNOVATION** Council

The SME Instrument becomes the EIC Accelerator

#EU_eic #H2020

EIC Accelerator

- Builds on the SME Instrument Phase II
- Grant-only support or blended finance (combining grant and equity).
- **High-risk, high-potential innovative SMEs**
 - // develop and commercialise **new products, services and business models**
 - // drive **economic growth**
 - // shape **new markets or disrupt existing ones in Europe and worldwide.**
- Eligible: Only for-profit SMEs established in Members State or a Horizon 2020 associated country.
- The EIC Accelerator pilot has a total budget of more than €1.3 billion for 2019-2020.



Same Logic

- **Lack of finance** for breakthrough & disruptive innovators – Start-ups, SMEs, Entrepreneurs
- Estimated total equity-funding gap = €70bn.
- No access to **high-risk capital** needed to get to private investor stage
- **ACCELERATE** bridges gap in **finance and risk-taking**



Same basic focus

- Three key aspects:
 - **IMPACT**
 - **EXCELLENCE**
 - **IMPLEMENTATION** (Quality / efficiency)
- 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 (**Blended Finance**)
- 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 'Special Purpose Vehicle' (SPV) for 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 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.

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So who will be offered what?...

- 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

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MEASURE YOUR TECHNOLOGY READINESS LEVELS - TRL

How technology ready is your service/product?

0	IDEA Idea/concept, no testing has been performed	IDEA
1	BASIC RESEARCH You can now describe the need(s) but have no evidence	
2	TECHNOLOGY FORMULATION Concept and application have been formulated	
3	NEEDS VALIDATION You have an initial offering - stakeholders like your idea/s	PROTOTYPE
4	SMALL SCALE PROTOTYPE Built in laboratory environment (e.g. 3D printed)	
5	LARGE SCALE PROTOTYPE Tested in relevant environment	VALIDATION
6	PROTOTYPE SYSTEM Tested in relevant environment close to expected performance	
7	DEMONSTRATION SYSTEM Operating in operational environment at pre-commercial scale	
8	FIRST OF A KIND COMMERCIAL SYSTEM All technical subsystems and systems in operation and selling in ready state	PRODUCTION
9	FULL COMMERCIAL APPLICATION Technology on general availability for all consumers	

Find out more about CloudWATCH2 TRL: http://bit.ly/TRL_MRL

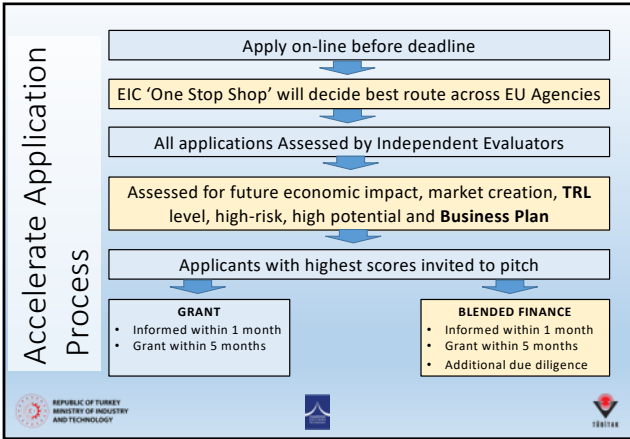
www.cloudwatchhub.eu

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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

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'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.

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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

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European Innovation Council

Support to innovations with breakthrough and disruptive nature and scale up potential that are too risky for private investors.

European Innovation Council! Helping innovators create markets of the future, leverage private finance, scale up their companies, Innovation centric, risk taking & agile, proactive management and follow up

Two complementary instruments bridging the gap from idea to investable project

Pathfinder: grants
(from early technology to pre-commercial)

Accelerator: grants & blended finance
(from pre-commercial to market & scale-up)

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EIC Pathfinder

- FET-Open and FET-Proactive
- Grants < €4 million
- Collaborative, inter-disciplinary research and innovation on science-inspired and radically new future technologies.
- Consortia > 3 entities from 3 different Members States and associated countries.
- Targeted calls:
 - Artificial Intelligence
 - implantable autonomous devices and materials
 - breakthrough zero-emissions energy generation for full decarbonization
- EIC Pathfinder pilot total budget ~ €660 million for 2019-2020.

https://ec.europa.eu/eurostars/eurostars2020_en/2020_section/fetopen

Fast Track to Innovation Pilot

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

REFINE YOUR PROPOSAL

Build your industry-relevant consortium! (maximum 3 partners - maximum 5 partners call based on the EU call) or in Horizon 2020 associated countries)

Proposal

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

Continuously open call until end 2019

DEVELOP YOUR INNOVATION

Receive an EU grant of €3M - 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

6 months time-to-grant

GET THE MARKET!

Start your commercial activities

The Market
Market-Maturity to Market-Launch

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

At least 36 months from grant to market

NEXT CALLS:	21 February 2019 23 May 2019 22 October 2019	19 February 2020 09 June 2020 27 October 2020
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FET Open: Future Emerging Technologies

- Novel ideas for radically new technologies
- Radical vision
- Breakthrough technological target
- Ambitious interdisciplinary research

NEXT CALLS:	FETOPEN-01-2019-2020	FETOPEN-03-2019-2020 (CSA)
	18 September 2019 13 May 2020	08 October 2019 14 October 2020

One more thing: Eurostars

- Project Leader: R&D SME from Eurostars country (36)
- 3 – 4 participants (Min=2)
- 2 – 3 Countries
- Project Duration: 3 years
- Average Project 1,4m
- 75% Funding (TR SMEs)

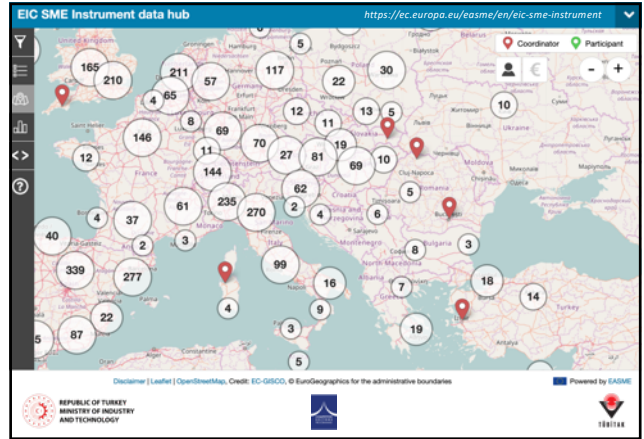
<https://www.eurostars-europa.eu/>

Co-funded by EUREKA member countries and the European Union Horizon 2020 Framework Programme

Success Stories

<https://ec.europa.eu/easme/en/news/press/innovation-kitchen-sme-instrument-impact-report-2018>

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What we offer in this project

Training Events

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

SMEs 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

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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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