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Slides courtesily provided by
Unit "Small and Medium-Sized
Enterprises"
DG Research and Innovation

SME support under HORIZON 2020

The Multiannual Financial Framework 2014-2020: Commission's proposals 29 June 2011

Key challenge: stabilise the financial and economic system while taking measures to create economic opportunities

1. Smart & inclusive growth (€491bn)



2. Sustainable growth, natural resources (€383bn)

3. Security and citizenship (€18.5bn)

4. Global Europe (€70bn)

5. Administration (€62.6bn)

**Total:
€ 1,025bn**

SME, entrepreneurs, innovation at the core of EU2020 strategy

HORIZON 2020

COSME

Regional funds



Societal Challenges

- Health, demographic change and well-being
- Food security, sustainable agriculture, marine and maritime research, and the bio-economy
- Secure, clean and efficient energy
- Smart, green and integrated transport
- Climate action, resource efficiency and raw materials
- Inclusive, innovative and secure societies

EIT

31748 M€*

Industrial Leadership

- Leadership in enabling and industrial technologies (LEITs)
- Access to risk finance
- Innovation in SMEs

17938 M€*

Excellent Science

- European Research Council (ERC)
- Future and Emerging Technologies (FET)
- Marie Curie Actions
- Research infrastructure

24598 M€*

*in constant prices

Activities for SMEs

All forms of R&D and all forms of innovation, towards exploitation and commercialisation

- SME participation in **collaborative** R&D or innovation projects (all three priorities)
- **SME instrument** (budget from all societal challenges as well as from the LEITs)
- Innovation in start-ups, spin-offs and young companies (**Eurostars** and other measures)
- Access to **risk finance** (debt and equity facility)
- Exchange and **mobility** of researchers involving SMEs (Marie Curie actions)
- Links for access to **procurements...**



The Analysis

Outcome of impact assessments

- Less than 50% of industrial partners use the publicly funded applied research projects strategically
- Only about 22% of SMEs participating in EU research programs are strategic innovators
- Most academics engage with industry to further their research rather than to commercialise their knowledge
- Results are not exploited because projects were not designed for exploitation
- There is a strong relationship between internationalisation and innovation, but SMEs are not aware of internationalisation support programmes.
- The information environment of (European) R&D programmes is unattractive and repelling to SMEs

Known pitfalls

- In case of interesting research results SMEs cannot benefit from them due to missing IPR strategy in the beginning of the project
- Projects are "front-loaded" (=R&D centred), insufficient resources planned for exploitation phase
- SMEs are not encouraged to take the project leadership, but public (R&D) organisations lack the entrepreneurial expertise



The Concept



European
Commission

TARGET SHIFT

from

SCIENCE with SMEs

towards

SMEs with SCIENCE

"SMEs in the driver seat"



European
Commission

SCOPE SHIFT

from

TECHNOLOGY segmentation

towards

CHALLENGE oriented
segmentation

"Market driven, bottom-up"

SYSTEM SHIFT

from

Specialised programme structures

towards

INTEGRATIVE architecture

"Synergies of support measures"

Strategic positioning

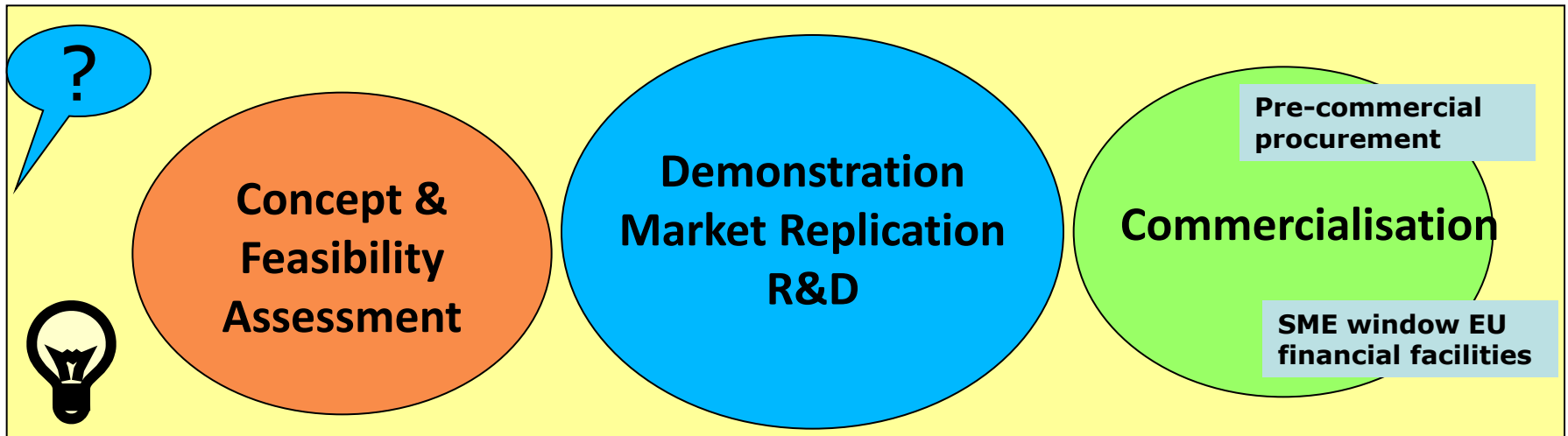




The Design



SME instrument



Idea to concept,
risk assessment,
technological &
commercial feasibility

Demonstration,
prototyping, testing ,
market replication, scaling
up, miniaturisation,
research

Quality label for
successful projects,
access to risk
finance, indirect
support

IDEA

continued support throughout the project

MARKET



European

Horizon 2020

Idea/Concept = Business plan I

Phase 1: Concept and feasibility assessment

- Feasibility of concept
- Risk assessment
- IP regime
- Partner search
- Design study
- Pilot application intention
- Business plan II

Lump sum: around
50.000 €
~ 6 months

Phase 2: R&D, demonstration, market replication

- Development, prototyping, testing
- Piloting innovative processes, products and services
- Miniaturisation/design of products
- Planning & developing scaling-up (market segments, process etc.)
- Market replication
- Business plan III

Cost reimbursement:
1 to 3 M€ EC funding
12 to 24 months

Phase 3: Commercialisation

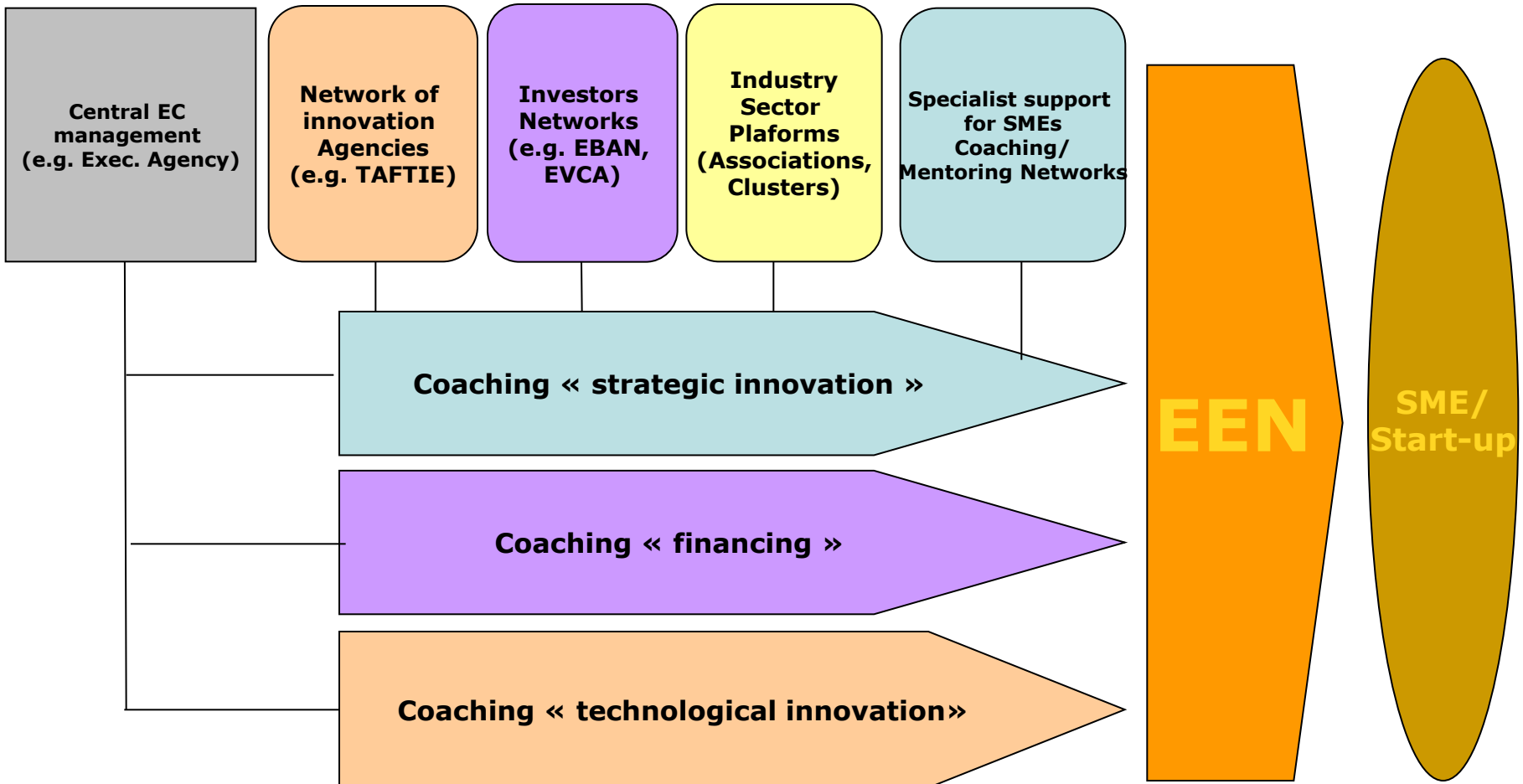
- Quality label for successful projects
- Facilitate access to private finance
- Support via networking , training, coaching, information, addressing i.a. IP management, knowledge sharing, dissemination
- SME window in the EU financial facilities (debt facility and equity facility)

No direct funding

SME instrument main features

- Targeted at all types of innovative SMEs
- Only SMEs allowed to apply for funding (single company support possible)
- Competitive
- Market-oriented, EU dimension
- Bottom-up while addressing societal challenges and/or key enabling technologies
- Grant-based staged funding

The organisation of a mentoring scheme



Proposed funding (million euro, 2014-2020)

<i>Innovation in SMEs</i> <i>Fostering all forms of innovation in all types of SMEs</i>	
<i>Eurostars, innovation capacity building, support to EEN for innovation support</i>	619
<i>SME support in general, of which a part is foreseen for the SME instrument</i>	6 829 (expected 15% of societal challenges + LEIT) and 'Access to risk finance'

Next steps:

- **Ongoing:** Parliament and Council negotiations on the basis of the Commission proposals
- **Ongoing:** Parliament and Council negotiations on EU budget 2014-20 (including overall budget for Horizon 2020)
- **Mid 2012:** Final calls under 7th Framework Programme for Research to bridge gap towards Horizon 2020
- **Mid 2013:** Adoption of legislative acts by Parliament and Council on Horizon 2020
- **1/1/2014:** Horizon 2020 starts; launch of 1st calls

Open issues

- Evaluation and selection based on market relevance
- How much paper do we need... to strike a balance between a lean administration and a reliable selection
- Mentoring and coaching: definitions, organisational aspects
- How to convince potential lead customers and investors of the quality of the selection process... towards a quality label

**We are eager to discuss with and
to learn from you**