



HORIZON 2020 SME Instrument Implementation

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Enterprises"

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FP7 → Horizon 2020

15% → 15% (20% PGA/EP)

R4SME will disappear

Finance instruments will continue (stronger attempt to serve SMEs and also supporting equity funding)

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Activities for SMEs

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

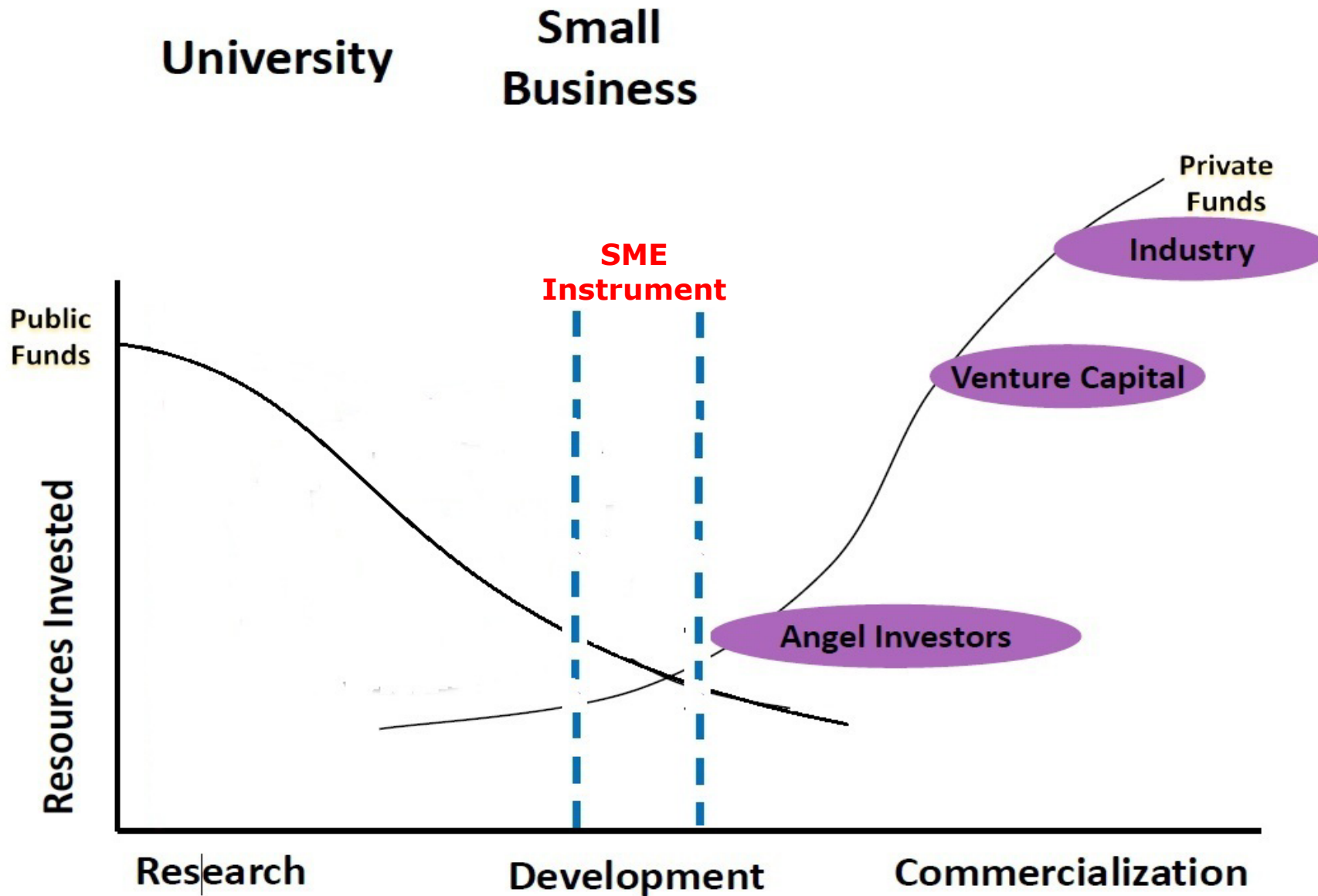
- SME participation in **collaborative** R&D or innovation projects (all three priorities)
- **SME instrument** (budget from all societal challenges as well as from the LEITs)
- Innovation in start-ups, spin-offs and young companies (**Eurostars** and other measures)
- Access to **risk finance** (debt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

Strategic positioning



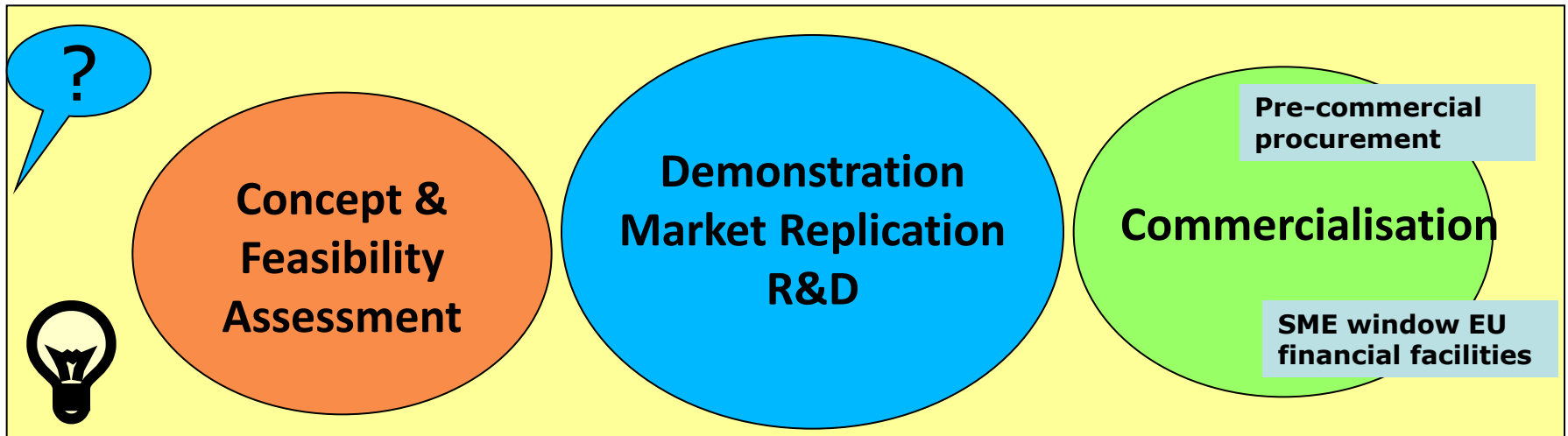


SME Instrument





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



SME Instrument

Phase 1: Concept and feasibility assessment

Input: Idea/Concept:
"Business Plan I"
(~ 10 pages)

Activities:
Feasibility of concept
Risk assessment
IP regime
Partner search
Design study
Pilot application
etc.

Output: elaborated
"Business plan II"

Lump sum: 50.000 €
~ 6 months

Phase 2: R&D, demonstration, market replication

Input:
"Business plan II" plus
description of
activities under Phase
II (~ 30 pages)

Activities:
Development,
prototyping, testing,
piloting,
miniaturisation,
scaling-up, market
replication

Output: investor-ready
"Business plan III"

Output based payments:
1 to 3 M€ EC funding
~ 12 to 24 months

Phase 3: Commercialisation

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

No direct funding

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SME instrument main features

- Targeted at all types of innovative SMEs showing a strong ambition to grow (and to develop and internationalise)
- Only SMEs allowed to apply for funding (single company support, but collaboration is certainly advisable)
- Competitive, EU dimension → only the best ideas pass phase I
- Market-oriented, close-to-market activities: 70% funding
- 3-phased and coaching
- Entrance in both Phase 1 and 2
- Embedded in societal challenges and key enabling technologies

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Demand

Based on various surveys (EVCA, EIM, NESTA), it is estimated that about 1 to 6 % of all SMEs belong to the target group, i.e. 200,000 to 1.2 million SMEs.

Without restrictions it is estimated to receive 10 to 15,000 SME applications for Phase 1 every year.

This number is limited in case of topic oriented calls

Measures to "reduce" applications:

1. Only one application per company per year (in both phases)
2. This implies also: no possibility to apply for Phase 1 during the submission and/or implementation of a Phase 2 project and vice versa.
3. Advice by the support network(s)
4. SMEs should be encouraged to enter the scheme in Phase 1



SME validation

SME specific activities include SME status as eligibility criteria.

An **electronic questionnaire** is to be used, ideally integrated into the participant registration tool. The outcome of this "SME test" provides the company with a supported self-declaration and shall be completed by a **Declaration of honour**.

Random checks and checks in case of doubt should ensure compliance with the SME definition.

Financial Viability Verification: Single beneficiaries are not considered "coordinators" and the verification rules according to Art 14.5 RfP do not apply. For groups of SMEs the general rules have to apply.

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Phase 1

- Low Value Grant (lump sum of 50,000 €)
- max. 10 page proposal
- Success rate suggested: 10-15% (depending on budget and number of applications)
- Employing only the minimum of experts needed for assessing the low-value proposals of Phase 1 will speed up the process
- Evaluation leads to go/no decision
- Suggestion: Grant decision and decision operational at AOSD level

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Phase 2

- Grant agreement
- Output based funding (series of lump sums)
- Success rate suggested: 50-70%
- No negotiations. Only high quality projects will be funded. Phase 1 funding complemented by coaching of beneficiaries should have allowed to prepare a solid proposal for Phase 2.
- Seamlessness: Based on the experiences with FET Open, the suggestion is to organise two parallel open calls for Phase 1 and 2. A topic-oriented approach will make this more difficult and lead to longer project cycles.

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**Thank you very much for
your attention**