HORIZON 2020 – THE SME INSTRUMENT AND OTHER OPPORTUNITIES FOR SMES

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ON UK INNOVATION

HORIZON 2020 – NEW FOCUS

Horizon 2020 is the biggest EU Research and Innovation programme ever with some €79 billion of funding available over 7 years (2014 to 2020)

FP7 UK

HORIZON 2020

http://ec.europa.eu/programmes/horizon2020/en

EU HORIZON 2020 - WHAT'S NEW?

- Less prescriptive workprogrammes, more emphasis on impacts
- A single set of rules, covering all research programmes and funding bodies
- New forms of funding aimed at innovation
- One project – one funding rate, for all participants and all activities
- Faster time to grant – target of 8 months
- Fewer, better targeted controls and audits
- VAT is an eligible cost: where non-recoverable
  - Self-declaration of SME status(SME Wizard on portal)

SME SUPPORT – AN INTEGRATED APPROACH

20% budgetary target in Industrial Leadership and in Societal Challenges

'Innovation in SMEs'

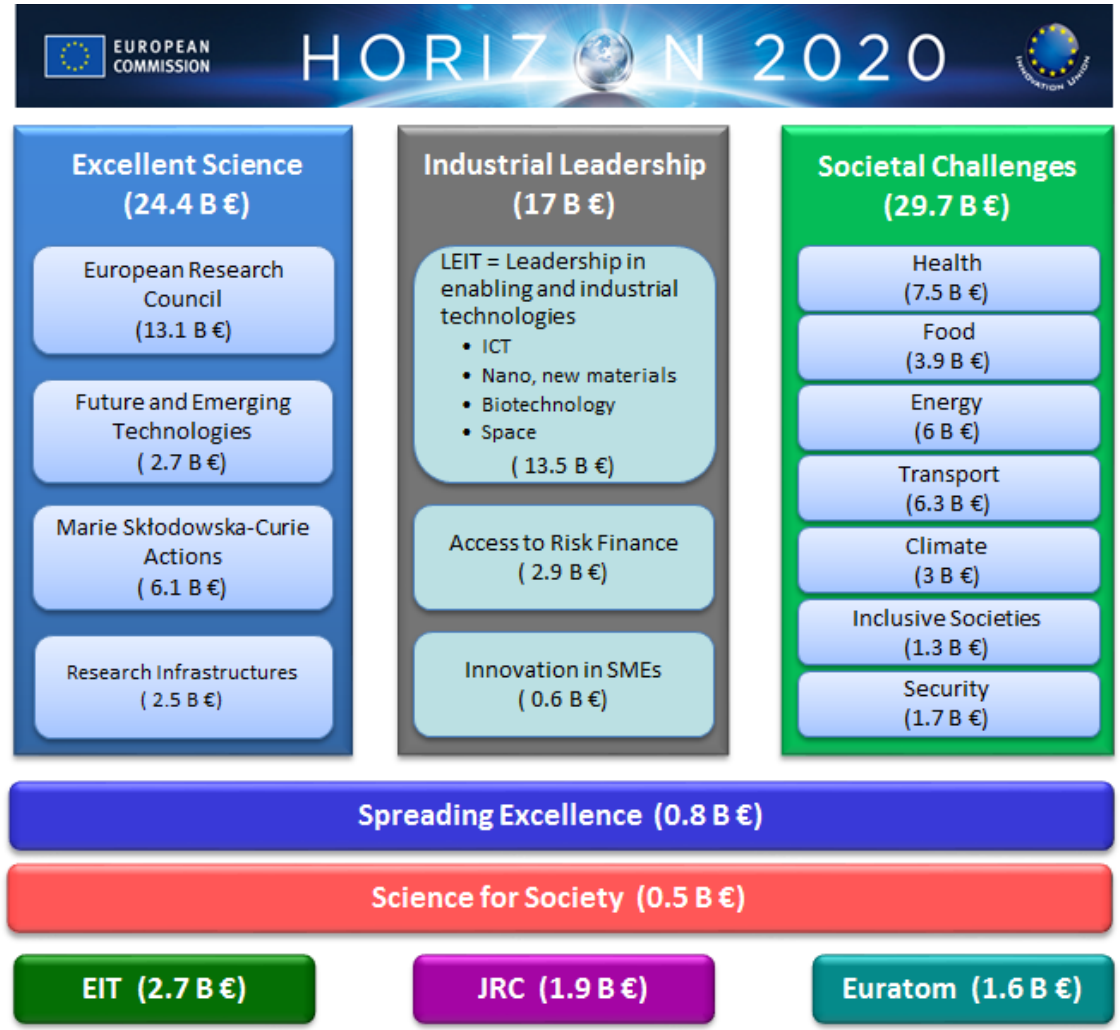
Collaborative Projects 13%

SME Instrument 7%

Eurostars II Enhancing Innovation Capacity

Access to Risk Finance

THE THREE PILLARS OF H2020



UK NATIONAL CONTACT POINTS (NCPS) FOR HORIZON 2020

- Part of Innovate UK, publicly funded, a free and confidential service for all types of organisations interested in participating in Horizon 2020
- Each theme within H2020 has a dedicated National Contact Point
- Support to all UK organisations but with a particular focus on industry
- No wrong door policy

www.h2020uk.org/national-contact-points

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NCP SUPPORT – TO ENCOURAGE, INFORM & ADVISE

- Guidance on choosing relevant H2020 topics and types of action
- Support with the application process
- Advice on administrative procedures and contractual issues
- Assistance in partner search
  - Through network support (EEN, KTN, etc.)
  - Through theme specific databases or across the network of other Member State NCPs
- Project scope queries with EU Project Officers
- Feedback on summary proposals
- Some feedback on results…

CONTACT

For further information on H2020 and on the rules for participation

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www.h2020uk.org

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Jane Watkins

NCP, Innovate UK

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SME VALIDATION

- To count as an SME, your organisation must be engaged in an economic activity and must have:
  - Fewer than 250 employees; and
  - An annual turnover of no more than €50 million and /or
  - An annual balance sheet of no more than €43 million;

- Whether you count as an SME may depend on how you count your workforce, turnover or balance sheet

For more details:

- Recommendation 2003/361/EC - see "Annex" for a full definition of an SME

OBJECTIVE

To help fill the gap in funding for high risk research and innovation, stimulate break-through innovations and increase private sector commercialisation of research results

Horizon 2020 specific programme

KEY FEATURES

- Targeted at all types of innovative SMEs showing a strong ambition to grow (and to develop and internationalize)
- Only for profit SMEs allowed to apply for funding (single company support, but collaboration is certainly advisable)
- Competitive, EU dimension - only the best ideas pass
- Market-oriented, close-to-market activities (TRL 6): 70% co-funding
- Embedded in societal challenges and key enabling technologies
- Evaluators: market perspective
- Time to grant: 400 days in 2008 - > 150 days in 2014

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**

OVERVIEW

Phase 1: Concept and Feasibility Assessment	Phase 2: R&D, Demonstration, Market Replication	Phase 3: Commercialisation
Input: Idea/Concept: "Business Plan 1" (~ 10 pages)	**Input:** "Business plan 2" plus description of activities under Phase 2 (~ 30 pages)	Promote instrument as quality label for successful projects
Activities: Feasibility of concept Risk assessment IP regime Partner search Design study Pilot application, etc. 3 days coaching	**Activities:** Development, prototyping, testing, piloting, miniaturisation, scaling-up, market replication, research 12 days coaching	Support via networking, training, information, addressing. IP management, knowledge sharing, dissemination SME window in the EU financial facilities (debt facility and equity facility)
Output: elaborated "Business plan 2"	**Output:** "investor-ready Business plan 3"	
Lump sum: 50.000 €	1-3 (5) M€ EC funding	Indirect funding

COACHING

Voluntary business coaching offered in Phase 1 and Phase 2:

- Phase 1: 3 coaching days
- Phase 2: 12 coaching days
- Business coaches will drive the performance of the organisation by working with the senior management team
- Coaches suggested by the Enterprise Europe Network, and selected by the SME
- Coach and SME to decide a coaching plan in Phase 1. A summary of coaching foreseen for Phase 2 will form part of the application to Phase 2

CUT OFF DATES

- Implemented centrally **by one agency** (EASME)
- Continuously open call with around 4 cut-off
- Dates per year

2014		2015	
Phase 1	**Phase 2**	**Phase 1**	**Phase 2**
18/06/2014	09/10/2014	18/03/2015	18/03/2015
24/09/2014	17/12/2014	17/06/2015	17/06/2015
17/12/2014		17/09/2015	17/09/2015
		16/12/2015	16/12/2015

PHASE 1: FIRST CUT-OFF DATE

- 2602 eligible applications received, 317 (12%) were evaluated above threshold

- Based on the positively evaluated applications per topic 155 projects could be funded (6%)

- 49% of applications above threshold will be funded
  → **every second "good" proposal is funded**

- 105 out of 155 (68%) of the SMEs reportedly are newcomers to Framework Programmes

- Countries with **highest success rate** are:
  - Ireland (20%), Austria (15%), UK (11%), Israel (10%) and Spain (9%)

LESSONS LEARNED SO FAR

Most of the non-selected proposals were:

1. Too much focused on the project and not enough on the business opportunity
2. Not convincing when describing the company (you have to explain why your company will succeed and not your competitor)
3. Not providing enough information on competing solutions
4. Having a too low level of innovation, planning to develop a product that already exists on the market
5. Proposing just an idea without any concept for its commercialisation
6. Just trying their luck (the SME Instrument is not a lottery!)

CONTACT

For further information and guidance on the SME Instrument

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www.h2020uk.org Register for updates

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EUREKA EUROSTARS

The Eurostars Programme is the first European funding and support programme to be specifically dedicated to R&D performing SMEs.

Short lead-time
(14 WEEKS from cut-off date to funding decision)

Two ‘open’ calls per year

Projects funded by the respective partners national funding bodies
UK – Innovate UK

EUREKA EUROSTARS

Consortium leader is an **R&D-performing SME**

At least 2 partners from 2 different Eurostars participating countries

Project duration is no more than 36 months

Market introduction is foreseen within 2 years after project ends.

Research-performing SMEs undertake minimum 50% of total R&D cost

No single country or project partner is responsible for more than 75% of the project costs

No restriction on thematic area [except military] and project managed from the bottom up

Partners in a Consortium must be separate legal and non-linked entities

EUREKA EUROSTARS

In the UK R & D Intensive SME's are eligible for funding. Large companies, RTOs and Universities can participate in Eurostars projects, but must source alternative funding.

- Trading for at least 12 months.
- VAT registered - Maintain up to date "books" or management accounts sufficient to generate a Profit and Loss account.
- Revenue generation from commercial operations and/or investment to cover non-grant funding – at the time of application.
- Sub-contract must not exceed 20% of UK Participant Project costs.
- Projects must be managed by (R)SME, not subcontracted. Single entities cannot manage a project.
- For UK - funding level 60% of eligible costs – up to €360K
- Maximum grant €360K per UK partner

EUREKA EUROSTARS

Austria
Bulgaria
Belgium
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Israel
Italy
Latvia
Lithuania
Luxembourg
Malta
The Netherlands
Norway
Poland
Portugal
Romania
Slovak Republic
Slovenia
South Korea
Spain
Sweden
Switzerland
Turkey
United Kingdom

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