The SME Instrument under H2020

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HORIZON 2020
The EU Framework Programme for Research and Innovation

- the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020);

- the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness.

- Based on 3 main pillars:
  - Excellent Science
  - Industrial Leadership
  - Societal Challenges
Towards Horizon 2020: political foundations

- **Innovation Union, in particular Commitment n°7**
  Ensure stronger involvement of SME in future EU R&I programmes

- **European Council 4 February 2011**
  Commission is invited to explore the feasibility of a Small Business Innovation Research Scheme

Supporting SMEs throughout the innovation cycle

All types of innovation

More impact!!
Business-oriented & SME-friendly

- **Strong challenge-based approach**, allowing applicants to have considerable freedom to come up with innovative solutions
- **Emphasis on innovation**, with continuing support for R&D
- **Strong emphasis on expected impact**
- **A strategic approach**, with two-year work programmes
- Focus areas bring together different technologies, along the entire innovation chain
- **Cross-cutting issues mainstreamed** (e.g. social sciences, gender, international cooperation)
## Structure of Horizon 2020

<table>
<thead>
<tr>
<th>Excellent Science</th>
<th>Industrial Leadership</th>
<th>Societal Challenges</th>
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</thead>
<tbody>
<tr>
<td>• European Research Council</td>
<td>• Leadership in Enabling and Industrial Technologies: Space, Nanotechnologies, ICT</td>
<td>• Health</td>
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<td>• Future and Emerging Technologies</td>
<td>• Access to Risk Finance</td>
<td>• Food</td>
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<td>• Marie Skłodowska-Curie Actions</td>
<td>• Innovation in SMEs</td>
<td>• Energy</td>
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<td>• Research Infrastructures</td>
<td>• SME instrument</td>
<td>• Transport</td>
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<td>• Climate and Environment</td>
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<td>• Inclusive, innovative societies</td>
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<td>• Secure societies</td>
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Association to the EU Framework Programmes for Research and Innovation

- SME instrument available for **MS** and **AC** only.

- EaP countries associated to H2020:
  - Moldova;
  - Ukraine;
  - Georgia;
  - Armenia.
• No grant, but…
• Coaching support
• Market and Investment Readiness support
• Promotion / networking with financiers & clients
• … and more indirect support!
Objectives

O.1. Providing funding to SMEs in their early stages of activity

O.2. Enhancing innovation and international competitiveness

- Addresses all types of innovative SMEs that have growth, development and internationalization capacities

- Provides support to all types of innovation (non-technological, social innovation, in the field of services, etc.)
Eligible participants (1)

- High growth, highly innovative SMEs with global ambitions that want to disrupt the existing markets

- It's a good sign if your company is based in an innovation hub, has received grants or venture capital funding, received innovation-related tax benefits, or won an innovation prize in the last 2 years
Eligible participants (2)

- Small and medium-sized enterprises according to the definition of the EU recommendation 2003/361

The main factors determining whether an enterprise is an SME are:

- **staff** headcount and
- either **turnover** or **balance sheet total**.

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
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<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
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<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
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<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
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Eligible participants (3)

Additional information:
SME self-assessment questionnaire
User Guide to the SME definition
How it works

Phase 1: Concept & Feasibility Assessment
- Feasibility of concept
- Risk assessment
- IP regime
- Partner search
- Design study

Funding: 50 k€
Duration: 6 months
Call: Open call
Evaluation: 2 evaluators, 4 weeks -> go/no-go, no feedback given
Time to Grant: 8-12 Weeks

Phase 2: Innovation and R&D Activities
- Development, prototype, test
- Miniaturisation/design
- Clinical trials
- Etc.

Funding: 1 to 2,5 M€
Duration: 12-24 months
Call: Open call
Evaluation: 3 evaluators -> unanimous «go», feedback given
Time to Grant: max 150 days

Phase 3: Commercialisation
- Access to private finance
- Support via networking, training, coaching, knowledge sharing & dissemination

No funding

Market

Entry directly in Phase 2 possible

Indicative information, subject to change by the European Commission
Support available

- Business innovation grants for **feasibility assessment** purposes (optional phase I): **EUR 50,000** (lump sum) per project (70% of total cost of the project);

- Business innovation grants for **innovation development & demonstration** purposes (possible phase II): an amount in the indicative range of **EUR 500,000 and 2.5 million** (70% of total cost of the project as a general rule);

- **Free-of-charge business coaching** (optional in phases I and II), in order to **support and enhance the firm’s innovation capacity** and help align the project to strategic business needs;

- **Access to a wide range of innovation support services** and **facilitated access to risk finance** (mostly in optional phase III), to facilitate the commercial exploitation of the innovation.
General features

- For all types of innovative SMEs (EU-28 + H2020 AC) showing a strong ambition to develop, grow and internationalise
- Administered through a single and permanently open call (until the end of H2020)
- Single company applications and support possible
- Only 1 application (phase 1 or phase 2) per SME allowed simultaneously
- Start-ups are not excluded
- From idea to market through three phases of continuous support
- No obligation for applicants to sequentially cover all three phases
- 70% funding (as a general rule)
- Ideas with a clear European dimension
- Total budget for SME instrument close to EUR 3 billion over 2014-2020
Open calls in 2016-2017
### Topics of open call

<table>
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<tr>
<th>SMEInst</th>
<th>Description</th>
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<tr>
<td>SMEInst-01-2016-2017</td>
<td>Open Disruptive Innovation Scheme</td>
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<tr>
<td>SMEInst-02-2016-2017</td>
<td>Accelerating the uptake of nanotechnologies advanced materials or advanced manufacturing and processing technologies by SMEs</td>
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<td>SMEInst-03-2016-2017</td>
<td>Dedicated support to biotechnology SMEs closing the gap from lab to market</td>
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<td>SMEInst-04-2016-2017</td>
<td>Engaging SMEs in space research and development</td>
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<td>SMEInst-05-2016-2017</td>
<td>Supporting innovative SMEs in the healthcare biotechnology sector</td>
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<tr>
<td>SMEInst-06-2016-2017</td>
<td>Accelerating market introduction of ICT solutions for Health, Well-Being and Ageing Well</td>
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<td>SMEInst-07-2016-2017</td>
<td>Stimulating the innovation potential of SMEs for sustainable and competitive agriculture, forestry, agri-food and bio-based sectors</td>
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<td>SMEInst-08-2016-2017</td>
<td>Supporting SMEs efforts for the development - deployment and market replication of innovative solutions for blue growth</td>
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<tr>
<td>SMEInst-09-2016-2017</td>
<td>Stimulating the innovation potential of SMEs for a low carbon and efficient energy system</td>
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<tr>
<td>SMEInst-10-2016-2017</td>
<td>Small business innovation research for Transport and Smart Cities Mobility</td>
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<tr>
<td>SMEInst-11-2016-2017</td>
<td>Boosting the potential of small businesses in the areas of climate action, environment, resource efficiency and raw materials</td>
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<td>SMEInst-12-2016-2017</td>
<td>New business models for inclusive, innovative and reflective societies</td>
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<tr>
<td>SMEInst-13-2016-2017</td>
<td>Engaging SMEs in security research and development</td>
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<tr>
<td>Phase 1:</td>
<td>Phase 2:</td>
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<tr>
<td>17:00:00 (Brussels time)</td>
<td>17:00:00 (Brussels time)</td>
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<td>15 February 2017</td>
<td>18 January 2017</td>
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<tr>
<td>03 May 2017</td>
<td>06 April 2017</td>
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<tr>
<td>06 September 2017</td>
<td>01 June 2017</td>
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<td>08 November 2017</td>
<td>18 October 2017</td>
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Identify a call
How to read a call (1)
How to read a call (2)

Specific challenge to address; Scope of the action; Expected impact

Relevant information: eligibility, evaluation, timetable, proposal templates, provisions, additional documents

On-line submission
On-line manual

Steps in preparing application and submitting proposal

- Contact the SME National Contact Points for H2020, that are entitled to provide SMEs free-of-charge info and guidance on H2020.


- Use specific templates for SME Instrument applications (phase 1 and phase 2). Find them with each of the SME Instrument call topics.

- There is no specific template for applications to Phase 3.

- Only SMEs already participating in previous phases might benefit from Phase 3.

- Submit your application for Phase 1 or Phase 2 at any time.

- The SME Instrument call is permanently open with more cut-off dates per year.
Evaluation of your proposal

- **Evaluation criteria:**
  - Impact (out of 5)
  - Scientific and Technological Excellence (out of 5)
  - Implementation (out of 5)

- **Information on the outcome of the evaluation:**
  - 2 months after the corresponding cut-off date set out above for phase 1 and
  - 4 months after the corresponding cut-off date set out above for phase 2.

- **Indicative date for the signing of grant agreement:**
  - 1 month from the date of informing applicants in phase 1 and
  - 2 months from the date of informing applicants in phase 2
SME instrument implementation overview

Member States and Associated Countries participation

Source: DG Research and Innovation
SME instrument implementation overview*

Size and Age of SMEs

- On average:
  - 10.8 years old
  - Annual turnover of EUR 4 million
  - 21 employees

*2014-2015 data  
Source: DG Research and Innovation
Lessons learnt

- Not convincing when describing the company (you have to explain why your company will succeed and not your competitor);
- Not providing enough information on competing solutions;
- Having a too low level of innovation, planning to develop a product that already exists on the market;
- Proposing just an idea without any concept for its commercialisation (clear description of the market needed).
Take-aways:

It is not just about a good company, nor about an excellent idea.

*It is about an excellent idea, which is clearly strategic for the business of the applicant company.*

The objective of the SME instrument is to help innovations to reach the market and to make innovative SMEs grow, leading to the enhanced competitiveness and creation of jobs in Europe.
Useful links:

- SME Techweb: http://ec.europa.eu/research/sme-techweb/index_en.cfm
Opportunities are never lost! Someone will take the ones you miss. Seize the moment!
Thank you for your attention!

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