

Introduction to the SME Instrument



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01. Overview of the SME Instrument

Background

- Across Horizon 2020 pillars, SMEs will be supported through a **new dedicated SME Instrument**
- The SME Instrument was designed to be a solution for one of FP7's most widely noted shortcomings – the lack of commercial products/technologies that resulted from research projects
- Implemented centrally by one agency (**Executive Agency for Small and Medium-sized Enterprises - EASME**)



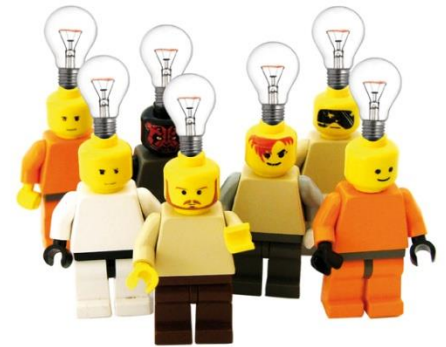
The **aim of the SME Instrument** is to:

- > **fill gaps in funding** for early-stage, high-risk research and innovation by SMEs as well as stimulating breakthrough innovations.
- > **target all types of innovative SMEs** showing a strong ambition to develop, grow and internationalise.
- > provide **support to all types of innovation**, including non-technological, social and service innovations, provided each activity has a clear European added-value.

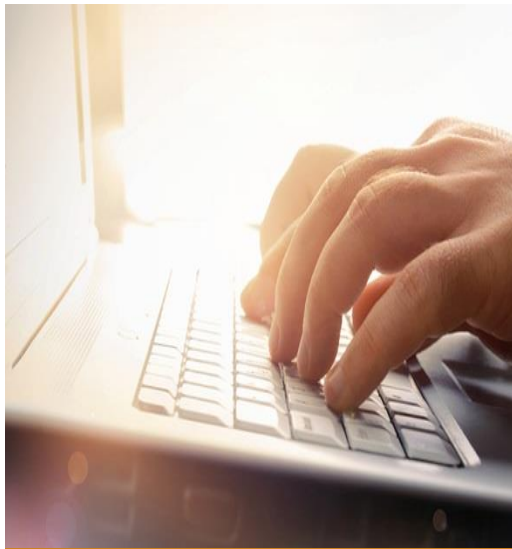
Budget

- > Work Programme 2014/2015: **ca € 512 million**

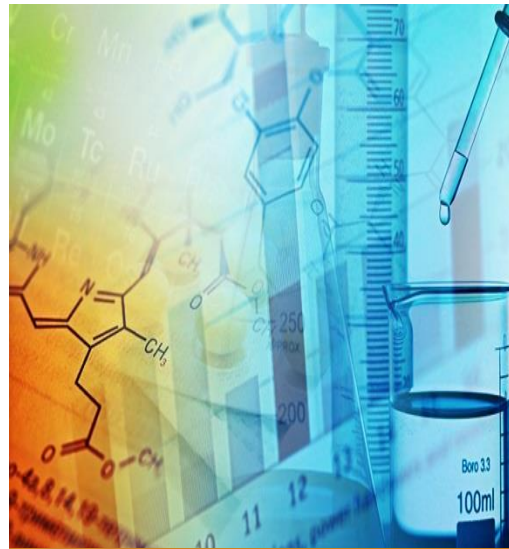
The SME instrument covers all fields of **science, technology and innovation**, in a bottom-up approach, within a given **societal challenge or enabling industrial technology**, so as to leave sufficient room for all kinds of promising ideas, notably cross-sector and inter-disciplinary projects, to be funded.



The SME instrument will provide easy access with simple rules and procedures, as well as a staged support in **3 phases** which will cover the whole innovation cycle.



**Concept &
Feasibility
Assessment**



**Demonstration,
Market
Replication, R&D**



Commercialization

02. Eligibility

Who can apply?

- Only a **single for-profit SME or a consortium of for-profit SMEs** can apply for funding under the SME instrument. Other partners like research providers or larger companies can be involved as third parties, in general in a subcontracting relationship.

How to register as SME?

- Companies will need to fill in a SME questionnaire if they want to register as SME in the **Beneficiary Register of the Participant Portal:**

<http://ec.europa.eu/research/participants/portal/desktop/en/organisations/register.html>

Definition of SME



“The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.”

COMMISSION RECOMMENDATION of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC)

Can SMEs from third countries participate?

- Only applications from a single SME or a consortium of SMEs, that are all established in EU Member States or countries associated to Horizon 2020 are eligible for funding. In principle, SMEs established in third countries could be involved as **third parties, for example in a subcontracting relationship.**

When are the results published?

- If an application does not reach the pre-determined evaluation thresholds, applicants will receive that information within a short time after submitting their application. If the threshold is reached, the result of the application (funded/not funded) only be communicated **after the respective cut-off dates.**



How to apply?

- There are **specific templates** for SME instrument applications
- They can be found with each of the SME Instrument call topics:

http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/ftags/sme_instrument.html#c.topics=flags/s/SME/1/1&+callDeadline/desc

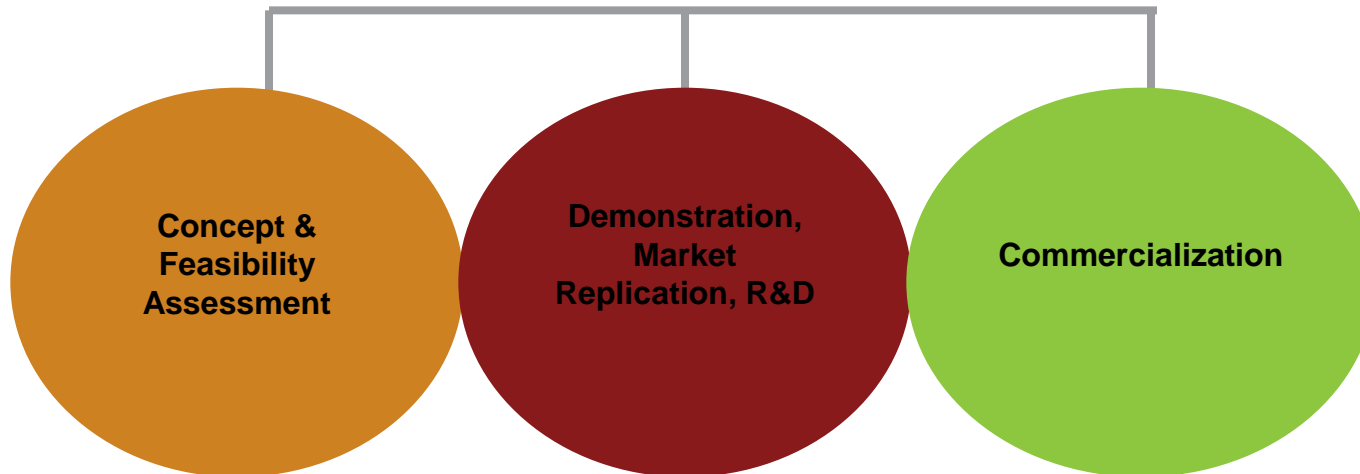


03. Structure of the SME Instrument



- **3-phased instrument;** SMEs are recommended to apply for funding starting with phase 1, however they are allowed to apply directly to phase 2 or even phase 3, depending on the stage of their project.

Phases





Phase 1: Concept and feasibility assessment

- **Idea to concept** (6 months)
- The SME to draft an initial **business proposal** (around 10 pages)
- The European Union will provide **€50 000 in funding**, and carry out a feasibility study to verify the viability of the proposed disruptive innovation or concept.
- Business coaching support of up to **3 coaching days**
- Planned time-to-grant: **3 months**



Phase 1: Concept and feasibility assessment

- The activities could, for example, comprise risk assessment, market study, user involvement, Intellectual Property management, innovation strategy development, partner search, feasibility of concept and the like to establish a **solid high-potential innovation project** aligned to the enterprise strategy and with a European dimension.
- **10% success rate** (expected)
- Technology Readiness Level **(TRL) 4-5**



Phase 2: Demonstration, Market Replication, R&D

- **Concept to Market-Maturity** (1-2 years)
- Proposals based on a business plan developed on phase 1 or otherwise. The EU aims to contribute **between €0.5 million and €2.5 million**.
- Business coaching support up to **12 coaching days**
- Assisted by the EU, the SME will **further develop its proposal through innovation activities**, such as demonstration, testing, piloting, scaling up, and miniaturisation. It will also draft a **more developed business plan** (around 30 pages).



Phase 2: Demonstration, Market Replication, R&D

- **30-50% success rate** (expected)
- Technology Readiness Level **(TRL) 6-8**
- Planned time-to-grant: **6 months**
- Activities should focus on innovation activities such as **demonstration**, testing, prototyping, piloting, scaling-up, miniaturisation, design, **market replication** and the like aiming to bring an innovation idea (product, process, service etc) to **industrial readiness** and maturity for market introduction, but may also include some research.



Phase 3: Commercialisation

- **Prepare for Market Launch**
- SMEs to receive **extensive support, training, mentorship and facilitating access to risk finance** as the project is further polished into a marketable product.
- Additional support and networking opportunities provided by **Enterprise Europe Network (EEN)**.
- The EU will **not** provide additional direct funding in this phase.

Mentoring and Coaching



- Each beneficiary of the SME instrument will be offered **business coaching support** during Phase 1 and Phase 2 in addition to the grant offered.
- This support will be provided through the **Enterprise Europe Network (EEN)** and delivered by a group of qualified and experienced business coaches. Coaches will be provided by EEN, but final selection will be made by the SME.
- The local EEN office will introduce the beneficiary to the coaching process and propose a selection of coaches from the database managed by the Commission for the beneficiary to choose from.
- The objective is to **accelerate the impact** of the support provided through the SME instrument and to equip beneficiaries with the necessary skills, business processes and relevant competencies for long-term growth.

04. Evaluation Criteria

Evaluation criteria of the projects

Commercialisation potential and
economic impact

Excellence in Innovation

There has to be a
market

Technical solution
possible and
better than
existing ones

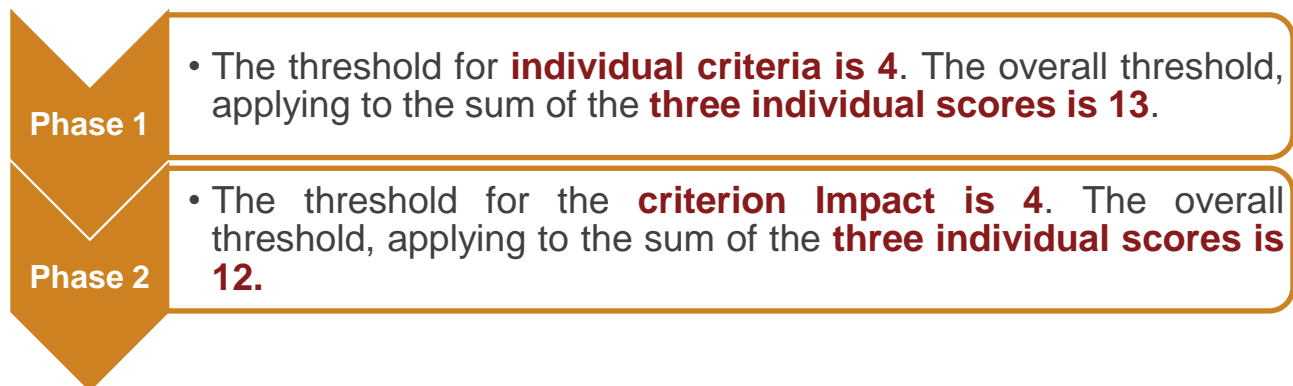
Company's potential
to achieve the
envisaged results

PLUS: EU added
value

Company's growth potential

Evaluation criteria of the projects

- Proposals are scored on a **scale of 15**, based on the criteria of **Excellence**, **Implementation** and **Impact** (each criterion having the maximum value of 5 points).
- The criterion **Impact** will be evaluated first, then Excellence and Implementation. If the proposal fails to achieve the threshold for a criterion, the evaluation of the proposal will be stopped.



05. Themes



Total of projects and deadlines:


	Call id 2014		Call id 2015	
	Phase 1	Phase 2	Phase 1	Phase 2
Total	~500 projects	~145 projects	~510 projects	~160 projects
Deadlines for all themes:				
The calls for proposals are continuously open but there are several cut-off dates per year:	18/06/2014 24/09/2014 17/12/2014	09/10/2014 17/12/2014	18/03/2015 17/06/2015 17/09/2015 16/12/2015	18/03/2015 17/06/2015 17/09/2015 16/12/2015

- In 2014 and 2015 the SME Instrument will sponsor SMEs operating within **13 themes**:

Themes
High risk ICT innovation
Nanotech, or other advanced tech for manufacturing and materials
Space research and development
Diagnostics devices and biomarkers
Sustainable food production and processing
Blue growth
Low carbon energy systems
Greener and more integrated transport
Eco-innovation and sustainable raw material supply
Urban critical infrastructure
Biotechnology-based industrial processes
Mobile e-government applications (2015 only)
SME business model innovation (2015 only)



- In 2014 and 2015 the SME Instrument will sponsor SMEs operating within **13 themes**:

Theme	Call id 2014		Call id 2015	
	Phase 1	Phase 2	Phase 1	Phase 2
High risk ICT innovation	ICT-37-2014-1 90 projects	ICT-37-2014 ~26 projects	ICT-37-2015-1 90 projects	ICT-37-2015 ~26 projects
Nanotech, or other advanced tech for manufacturing and materials	NMP-25-2014-1 43 projects	NMP-25-2014 ~13 projects	NMP-25-2015-1. 47 projects	NMP-25-2015 14 projects
Space research and development	Space-SME-2014-1 17 projects	Space-SME-2014-2 ~5 projects	Space-SME-2015-1 18 projects	Space-SME-2015-2 ~13 projects
Diagnostics devices and biomarkers	PHC-12-2014-1 132 projects	PHC-12-2014 ~38 projects	PHC-12-2015-1 90 projects	PHC-12-2015 ~26 projects
Sustainable food production and processing	SFS-08-2014-1 18 projects	SFS-08-2014 ~5 projects	SFS-08-2015-1 18 projects	SFS-08-2015 ~10 projects
Seas and oceans (Blue growth)	BG-12-2014-1 6 projects	BG-12-2014 1-2 projects	BG-12-2015-1 10 projects	BG-12-2015 2-3 projects
Low carbon energy systems	SIE-01-2014-1 67 projects	SIE-01-2014 ~20 projects	SIE-01-2015-1 74 projects	SIE-01-2015 ~22 projects

- In 2014 and 2015 the SME Instrument will sponsor SMEs operating within **13 themes**:

Theme	Call id 2014		Call id 2015	
	Phase 1	Phase 2	Phase 1	Phase 2
Greener and more integrated transport	IT-1-2014-1 72 projects	IT-1-2014 ~21 projects	IT-1-2015-1 78 projects	IT-1-2015 23 projects
Eco-innovation and sustainable raw material supply	SC5-20-2014-1 ~34 projects	SC5-20-2014 ~10 projects	SC5-20-2015-1 38 projects	SC5-20-2015 ~11 projects
Urban critical infrastructure	DRS-17-2014-1 14 projects	DRS-17-2014 4 projects	DRS-17-2015-1 14 projects	DRS-17-2015 ~4 projects
Biotechnology-based industrial processes	BIOTEC-5a-2014-1 8 projects	BIOTEC-5a-2014 ~2 projects	BIOTEC-5b-2015-1 5 projects	BIOTEC-5b-2015 1 project
Mobile e-government applications	-	-	INSO-9-2015-1 8 projects	INSO-9-2015 ~2 projects
SME business model innovation	-	-	INSO-10-2015-1 22 projects	INSO-10-2015 ~6 projects

- For additional information please consult **your SME National Contact Point** or **Enterprise Europe Network**.

http://ec.europa.eu/research/participants/portal/desktop/en/support/national_contact_points.html

<http://een.ec.europa.eu/>

- Or please visit the **SME instrument call-page** at the participant portal:

http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/ftags/sme_instrument.html#c.topics=flags/s/SME/1/1&+callDeadline/desc



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