



## Fit for Health

Support to **SMEs & Researchers**  
in **FP7 Health-oriented projects**

## SMEs Instruments in Horizon 2020

5 September 2013 | Bucharest

Rocio Escolano | APRE

[www.fitforhealth.eu](http://www.fitforhealth.eu)

- SME definition
- SMEs in FP7
- Horizon 2020 – SME instrument
  - phase 1
  - phase 2
  - phase 3
- PCP-PPI

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## *The SME definition from the European Commission since 01/01/2005:*

- ✓ enterprise with interest in business and commerce
- ✓ employs fewer = than 250 persons
- ✓ annual turnover does not exceed EUR 50 million or annual balance-sheet total does not exceed EUR 43 million
- ✓ autonomous



### **Complete definition:**

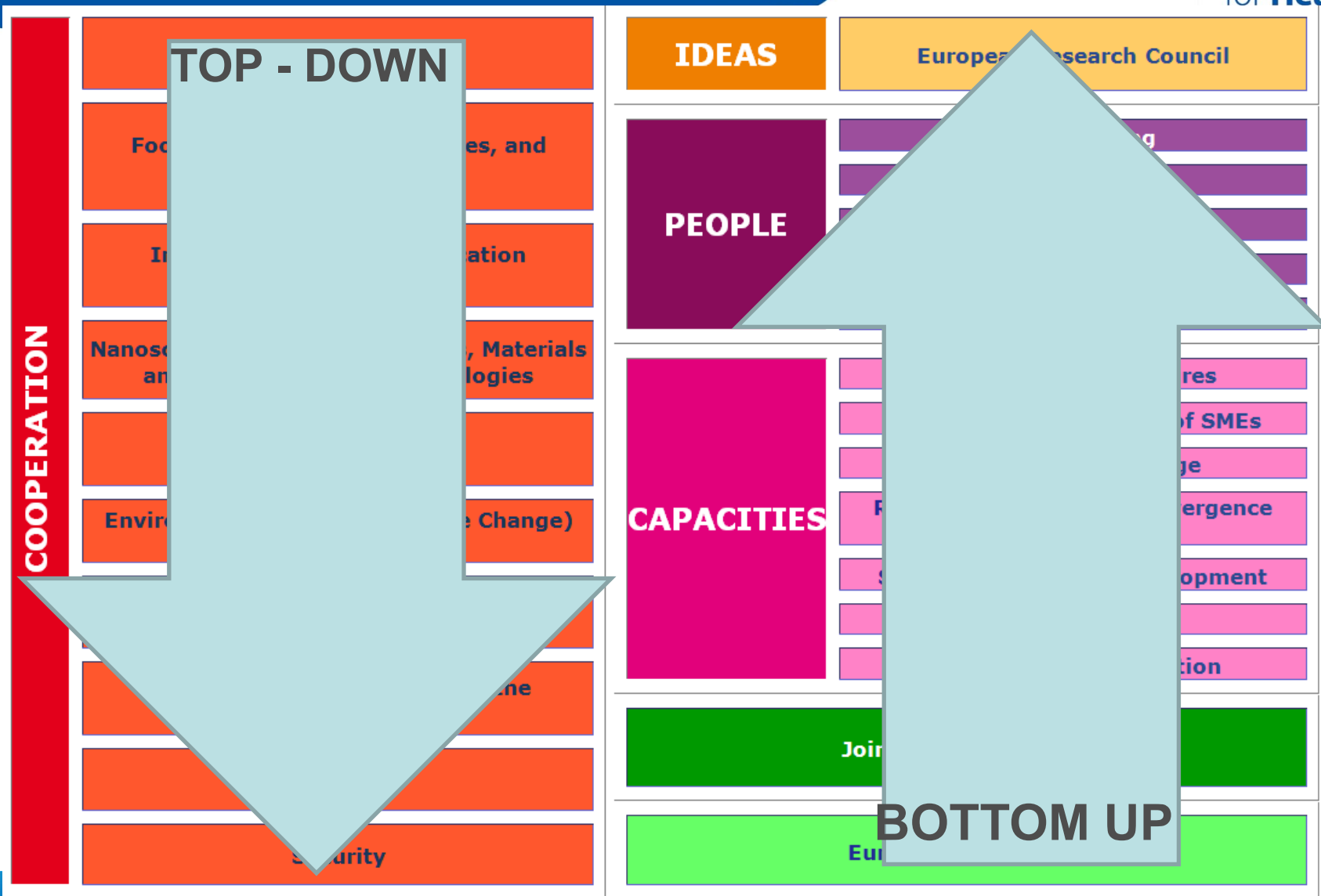
[http://europa.eu/legislation\\_summaries/enterprise/business\\_environment/n26026\\_en.htm](http://europa.eu/legislation_summaries/enterprise/business_environment/n26026_en.htm)

### **Guide:**

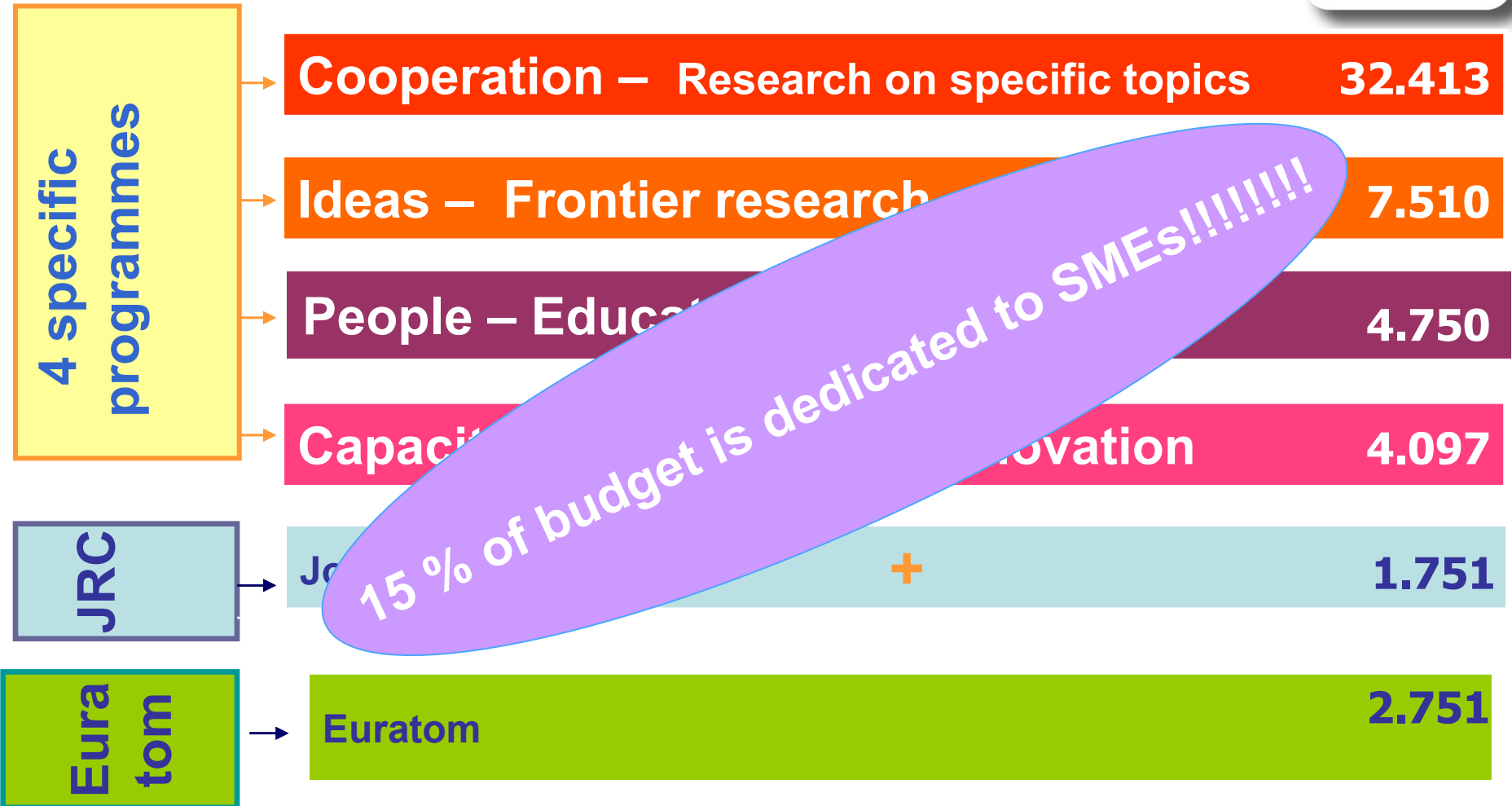
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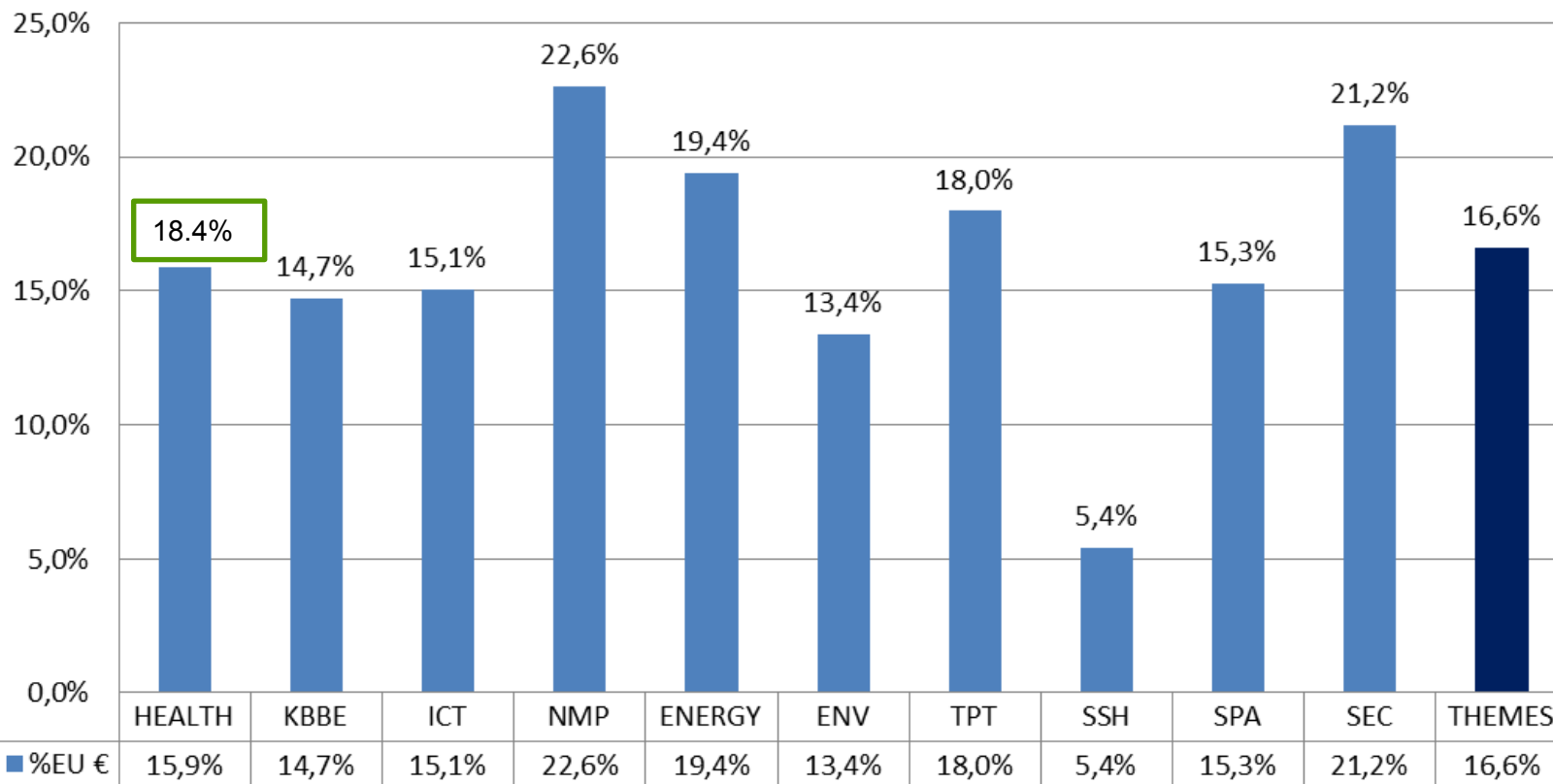
# The 7th Framework Programme (2007-2013)



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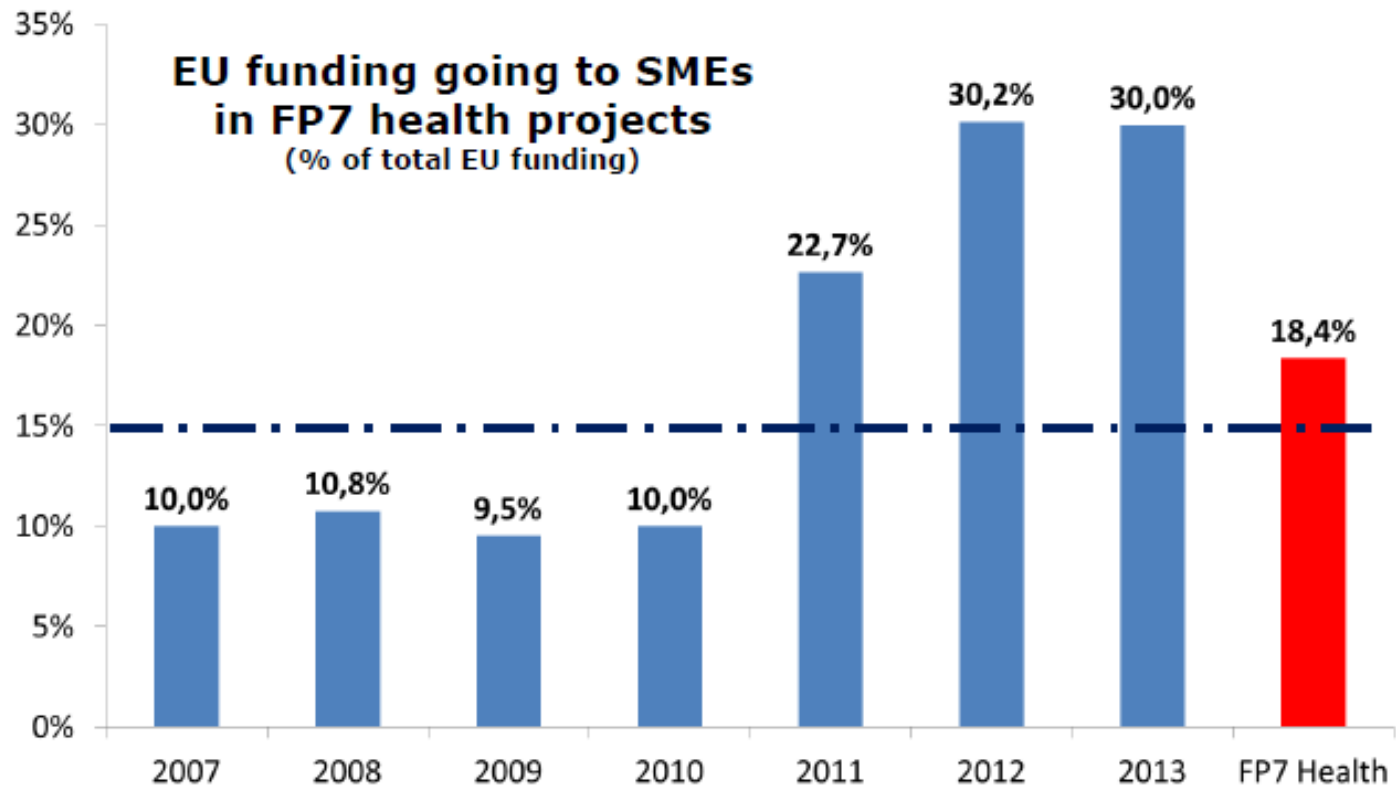


## %SME share on EU Contribution, 2007-2013 Data of 15/04/2013



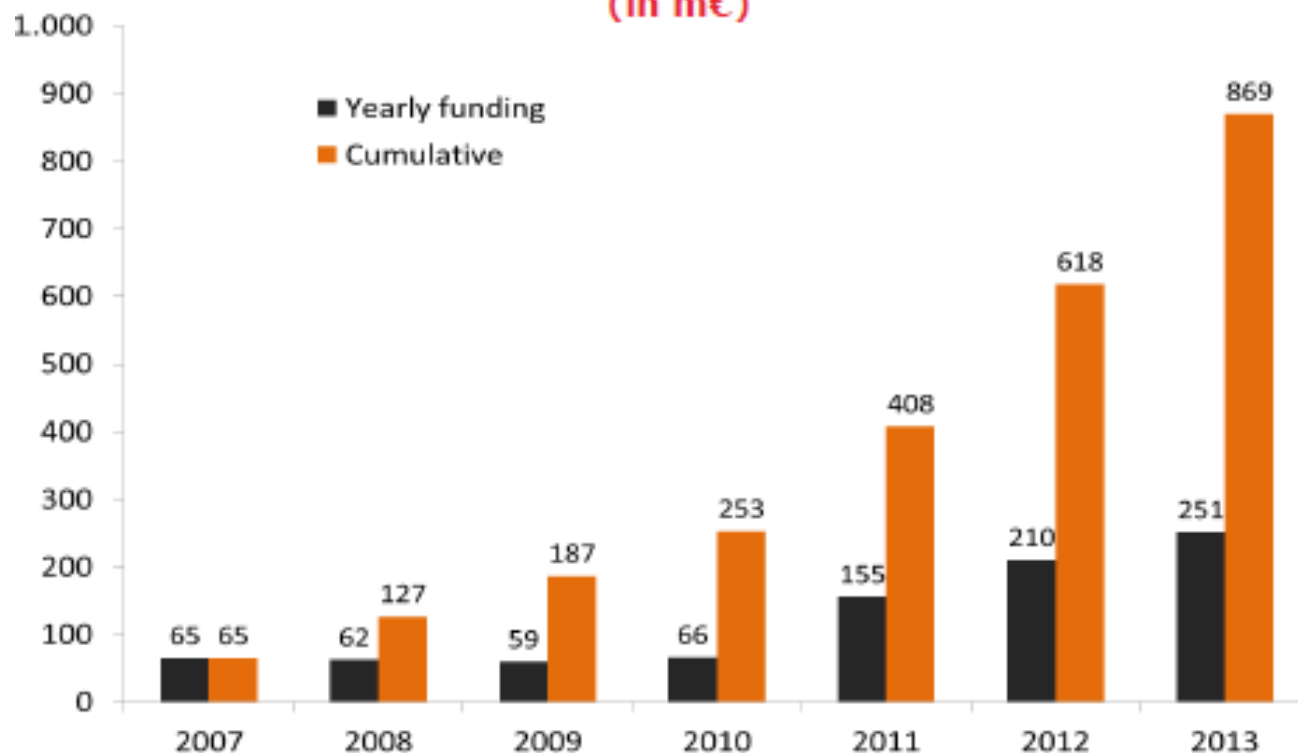
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Health Directorate DG Research and Innovation- European Commission





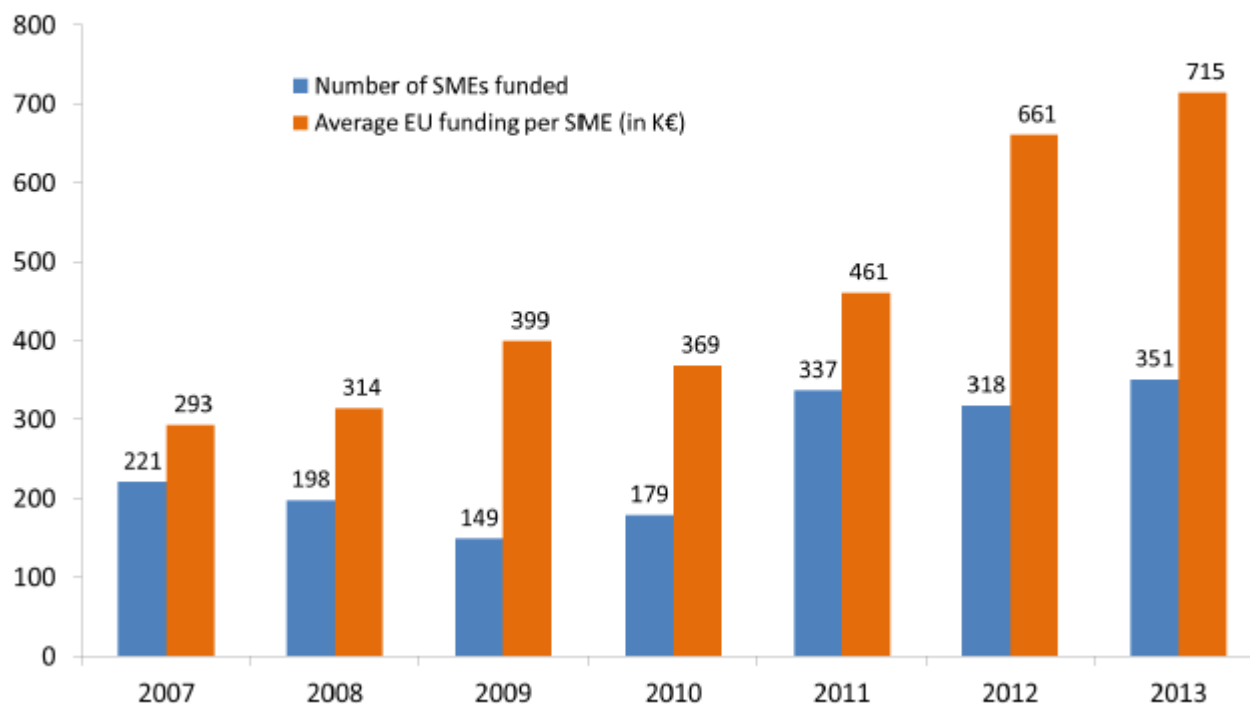
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## EU funding going to SMEs (excl. IMI) (in m€)



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## Number of SMEs supported and average EU funding (excl. IMI)



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THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION



HORIZON 2020

The graphic features the word 'HORIZON 2020' in large, white, sans-serif capital letters. The letter 'O' in 'HORIZON' is replaced by a small, realistic globe of the Earth. The text is set against a dark blue background with a glowing horizon line and radiating light beams, suggesting a sunrise or a bright future.

## Excellent science

- **European Research Council**
  - *Frontier research by the best individual teams*
- **Future and Emerging Technologies**
  - *Collaborative research to open new fields of innovation*
- **Marie Skłodowska Curie actions**
  - *Opportunities for training and career development*
- **Research infrastructures (including e-infrastructure)**
  - *Ensuring access to world-class facilities*

## Industrial Technologies

- **Leadership in enabling and industrial technologies**
  - *ICT, nanotechnologies, materials, biotechnology, manufacturing, space*
- **Access to risk finance**
  - *Leveraging private finance and venture capital for research and innovation*
- **Innovation in SMEs**
  - *Fostering all forms of innovation in all types of SMEs*

## Societal challenges

- **Health, demographic change and wellbeing**
- **Food security, sustainable agriculture, marine and maritime research & the bioeconomy**
- **Secure, clean and efficient energy**
- **Smart, green and integrated transport**
- **Climate action, resource efficiency and raw materials**
- **Inclusive, innovative and reflective societies**
- **Security society**

European Institute of Innovation and Technology (EIT)

Spreading Excellence and Widening Participation

Science with and for society

Joint Research Center (JRC)

- ✓ Targeted at all types of innovative SMEs showing a strong ambition to grow (and to develop and internationalize)
- ✓ Only 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: **70% co-funding**
- ✓ Entrance in both Phase 1 and 2
- ✓ Embedded in societal challenges and key enabling technologies
- ✓ Evaluators: market perspective
- ✓ Time to grant\*: 400 days in 2008 - > 150 days in 2014
  
- ✓ Starting date: early 2014
- ✓ Budget: aprox 5€ billion

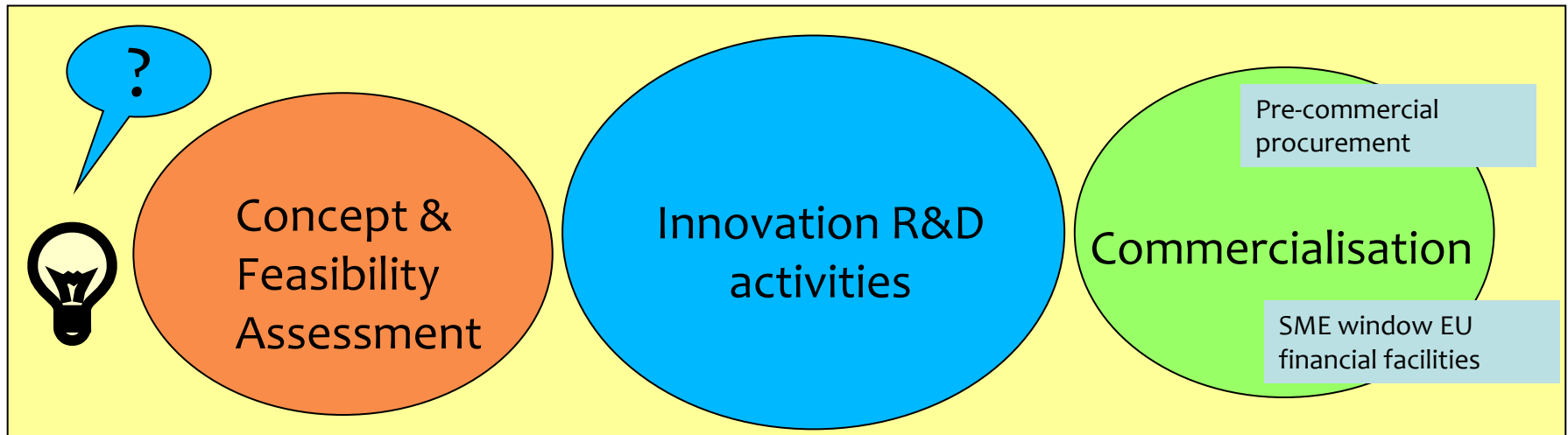


Source: Mr. Antoine Mialhe  
Health Directorate DG Research and Innovation European Commission

- ✓ It is proposed to have a Horizontal Call through the Societal Challenges and LEITs for the SME instrument.
- ✓ Bottom-up approach and open the possibility for all kinds of cross-challenges/cross-LEITs projects to be submitted.
- ✓ In the innovation activities phase II (demonstration, piloting, scaling up) companies will want to combine different technologies and approaches to develop a final product, process or service



## SME instrument phases



**IDEA**

**Business Coaching through out the project**

**MARKET**

## Phase 1:

### Concept and feasibility assessment

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

#### Main Activities:

Feasibility of concept  
Risk assessment  
IP regime  
Partner search  
Design study  
Pilot application

Output: elaborated "**Business plan II**"

Lump sum: around 50.000 €  
~ 6 months

## Phase 2:

### Innovation R&D activities

Input:  
**"Business plan II" + "Description of activities under Phase2"** (~ 30 pages)

#### Main Activities:

Development Prototyping  
Testing  
Piloting  
Miniaturisation  
Scaling-up  
Market replication

Output: investor-ready "**Business plan III**"

Output based payments:  
1 to 2.5 M€ EU funding  
~ 12 to 24 months

## Phase 3:

### Commercialisation

Input:  
**"Business plan III"**  
+  
Opportunities:  
**'Quality label'** for successful Phase 1 & 2

Easier access to private finance  
see Access to risk finance: 2 pillar.  
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

## Phase 1 - Concept and feasibility assessment



- ✓ Funding : 50.000 € Lump sum
- ✓ Duration: ca. 6 months
- ✓ Call: open Call
- ✓ Evaluation: 2 evaluators, Go/ No Go
- ✓ Time To contract: 8-12 weeks

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- ✓ Only **one application** per company per year will be allowed.
- ✓ Resubmission of the same proposal shall **not be admitted**.
- ✓ No possibility to apply for part 1 during the submission and/or implementation of a part 2 project
- ✓ European Union added value could be an **eligibility criterion** that can immediately result in exclusion regardless of the quality of the rest of the proposal. This should allow rejecting projects that have clearly no European dimension at an early stage.

- ✓ A **comprehensive** Communication strategy will be developed that clearly outlines the objective and scope of funding under the SME instruments.
- ✓ High-potential innovative **SMEs** shall be attracted to participate, but it will be made very clear that only projects with a truly **European dimension** have a chance to be funded



- ✓ Funding: 1 to 2.5 million € (higher if justified)
- ✓ Duration: 12 months (higher if justified)
- ✓ Call: open Call
- ✓ Evaluation: 3 evaluators -> Unanimous Go required
- ✓ GA: output-based funding model (Payments will be made after reaching each milestone.)
- ✓ Time To contract: max 150 days

- ✓ Applicants that have presented a **positively** reviewed feasibility report, either developed under part 1 or through other means outside Horizon 2020, shall be able to get grants to realize their innovation project.
- ✓ This can include some research, but **the focus** will be on **innovation activities** such as demonstration, testing, prototyping, pilot lines, scale-up studies, miniaturisation, design, performance verification etc. and market replication,



## Result:

- ✓ At the end of part 2 participating companies should have developed a **NEW** idea (product, process, service) that can be deployed and launched on the market.
- ✓ The business innovation plan III to be developed by the end of part 2 will contain a detailed marketing and commercialisation strategy and a financing plan describing how private investment will be used





Only **one** application per company per year will be allowed.

- ✓ Resubmission of the same proposal shall not be admitted.
- ✓ No possibility to apply for part 2 during the submission and/or implementation of a part 1 project (see possibility to join the scheme at any stage)

### Duration:

- ✓ The duration should be on average 12 months, but could be longer if desired and justified by the SME.
- ✓ Since the scheme will be open at any stage, new entrants can be expected at part two. They will be treated and have to fulfill the same requirements as beneficiaries of part 1

Considering that mainly innovation activities will be supported and to further simplify the process, exclusively a **funding rate of 70%** shall be applied.

- ✓ Funding: No direct funding
- ✓ Objective: Provide support and facilitate access to private finance -> financing instruments
- ✓ Coaching: ~ 20 coaching days (5 days for phase 1, 15 days for phase 2)

## Objective:

- ✓ This part aims to promote the implementation and successful commercialisation of **innovative solutions** by facilitating access to private capital and first customers as well as offering support services.
- ✓ The SME instrument with business-oriented evaluation and selection at stages 1 and 2 will provide for a competition at EU level allowing only projects of the **highest quality** and with the highest commercialisation potential to be funded.
- ✓ Successful completion of parts 1 and 2 should therefore constitute in itself a "quality label" being conducive to market uptake and private investment.



## Result:

- ✓ In this stage the companies should successfully place an innovation (product, process, service etc.) **on the market**

- Equity instrument for innovative SMEs:
  - Seed, start-up, early stage, expansion & growth phase
  - Target: indirect support to 1,000 SMEs
- Debt instrument for innovative SMEs:
  - Loan guarantees for small and mid caps
  - Target: indirect support to 3,000 SMEs
- Large organisations:
  - Loans & guarantees services
  - Current RSFF: 1b€ leveraged 9b€ of loans

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## Pre-Commercial Procurement (PCP) Public Procurement of Innovative Solutions (PPI)

- ✓ Societal Challenges: The activities shall cover the full cycle from research to market, with a new focus on innovation-related activities, such as support for public procurement
- ✓ Industrial Leadership: the support to PCP and PPI are all aspects that are essential in addressing competitiveness
- ✓ SME instrument: may connect to measures promoting PPC and PPI
- ✓ Support will be provided to PCP by **Research Infrastructure** actors to drive forward innovation and act as early adopters of technologies

## Pre-Commercial Procurement (PCP) Public Procurement of Innovative Solutions (PPI)

### Rules for Participation (Article 2)

- ✓ *PCP: 'pre-commercial procurement' means procurement of research and development services involving risk-benefit sharing under market conditions, and competitive development in phases, where there is a separation of the research and development phase from the deployment of commercial volumes of end-products*
- ✓ *PPI: 'public procurement of innovative solutions' means procurement where contracting authorities act as a launch customer for innovative goods or services which are not yet available on a large-scale commercial basis, and may include conformance testing*







Thank you!

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