

# Close to market support to SMEs in HORIZON 2020



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# HORIZON 2020

## Investing in science & innovation to make the economy grow

Horizon 2020 is the European Union's Research and Innovation Funding Programme for the period 2014-2020

With over **€ 80 billion** is the biggest R&I programme ever

A core part of **Europe 2020** strategy for smart, sustainable and inclusive growth; **Innovation Union** strategy to create innovation friendly environment, and **European Research Area**, a unified area open to the world, in which scientific knowledge, technology and researchers circulate freely.

# Three priorities



# 1. Excellent science

(€ million, 2014-2020)

<b><i>European Research Council (ERC)</i></b> Frontier research by the best individual teams	<b>13 095</b>
<b><i>Future and Emerging Technologies</i></b> Collaborative research to open new fields of innovation	<b>2 696</b>
<b><i>Marie Skłodowska-Curie actions (MSCA)</i></b> Opportunities for training and career development	<b>6 162</b>
<b><i>Research infrastructures</i></b> (including e-infrastructure) Ensuring access to world-class facilities	<b>2 488</b>

## 2. Industrial leadership

(€ million, 2014-2020)

<b><i>Leadership in enabling and industrial technologies (LEITs)</i></b> (ICT, nanotechnologies, materials, biotechnology, manufacturing, space)	<b>13 557</b>
<b><i>Access to risk finance</i></b> Leveraging private finance and venture capital for research and innovation	<b>2 842</b>
<b><i>Innovation in SMEs</i></b> Fostering all forms of innovation in all types of SMEs	<b>616</b> + complemented by expected 20% of budget of societal challenges + LEITs and <b>'Access to risk finance'</b> with strong SME focus

### 3. Societal challenges

(€ million, 2014-2020)

<b>Health, demographic change and wellbeing</b>	<b>7 472</b>
<b>Food security, sustainable agriculture, marine and maritime and inland water research &amp; the Bioeconomy</b>	<b>3 851</b>
<b>Secure, clean and efficient energy *</b>	<b>5 931</b>
<b>Smart, green and integrated transport</b>	<b>6 339</b>
<b>Climate action, resource efficiency and raw materials</b>	<b>3 081</b>
<b>Europe in a changing world-inclusive, innovative and reflective societies</b>	<b>1 309</b>
<b>Secure societies-protecting freedom and security of Europe and its citizens</b>	<b>1 695</b>
<i>Science with and for society</i>	<i>462</i>
<i>Spreading excellence and widening participation</i>	<i>816</i>

\* Additional funding for nuclear safety and security from the Euratom Treaty activities (2014-2018)



# Small and Medium sized Enterprises



**SMEs are the driving force of our economic growth and job creation**

**20.35 million SMEs (99.8% of private sector)**

**Good for 86.8 million jobs (67,5% of private sector employment)**

**Good for € 3,395 billion (57.6% of the gross added value of the EU)**

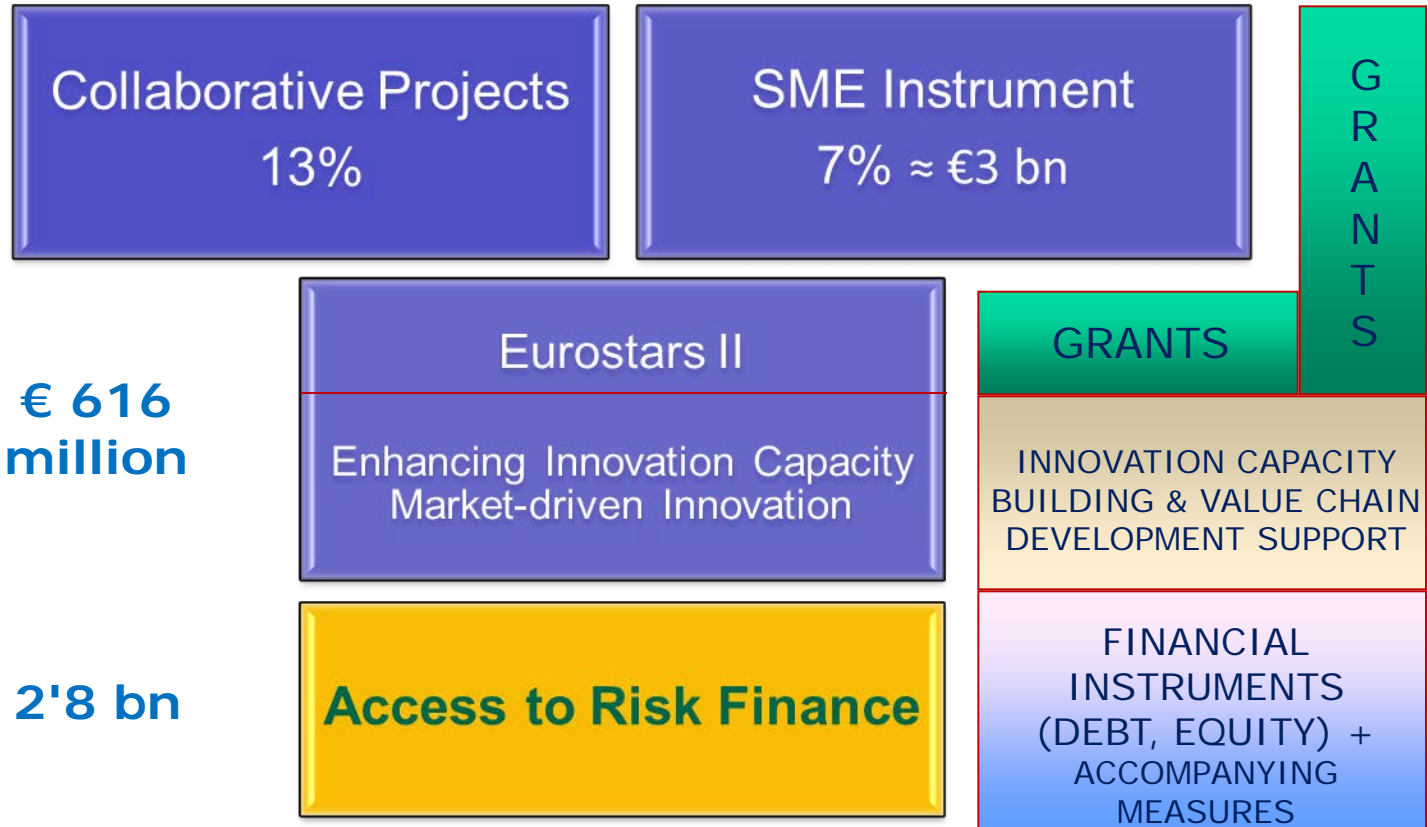
### **EU SME definition**

**<250 employees  
and <€50 million turnover or <€40 million balance sheet**



# Integrated Approach to SME Support throughout the innovation cycle

20% budget  
of LEITs and  
SC to SMEs  
**€ 8'6 bn**



# The New SME Instrument



# Main features

- **Only SMEs\*** will be allowed to apply for funding and support
- Targeted at **all types of innovative SMEs** showing a strong potential to develop, grow and internationalise
- **Single company** support possible
- Scheme divided into three different phases
- 70% funding (exceptions possible)
- Roughly **€ 3 billion** in grant support + business coaching + access to exclusive innovation support

\* SMEs from the EU or associated countries to H2020

# The SME Instrument

SEAMLESS BUSINESS INNOVATION SUPPORT FROM IDEA TO MARKET...

## PHASE I

Grant of € 50,000 (lump sum) + coaching support

Concept & Feasibility Assessment  
Idea to Concept



Idea > Business Plan

## PHASE II

Grant of € 0.5 Million to € 2.5 Million (70% of funding)\* + coaching support

\*as a general rule

Demonstration Market Replication R&D  
Concept to Market-Maturity



Elaborated Business Plan



Commercialisable Output

## PHASE III

Risk Finance (Private/Public)

Commercialisation  
Market-Maturity to Market Launch



Market Success

...YOUR HIGHWAY TO DELIVER INNOVATION ON THE MARKET!

Apply at any time!

6 months

12-24 months

## ACTIVITIES SUPPORTED

### PROOF OF CONCEPT

- ✓ Prove Technical and Commercial Viability
- ✓ Explore IP Regime
- ✓ Design Study
- ✓ Develop Pilot Application
- ✓ Risk Assessment

### DEMONSTRATION OF COMMERCIAL POTENTIAL via

- ✓ Prototyping
- ✓ Testing
- ✓ Piloting
- ✓ Miniaturization
- ✓ Scaling-up
- ✓ Application Development

### GO-TO-MARKET

- ✓ EU Quality Label (Promotion & Networking with Financiers/Clients)
- ✓ Investment Readiness Training
- ✓ SME window in the EU Financial Facilities (debt & equity backed by EIB/EIF)
- ✓ Link to Public Procurement Networks

# Main features – WP 2014-2015

- Applied in all **LEITs** and all **societal challenges**
- **Continued open call** starting on March 2014 with several cut-off dates per year
- **13 broad topics:**
  - *High risk ICT innovation*
  - *Nanotech, or other advances tech for manufacturing and materials*
  - *Clinical research and development*
  - *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)*

# Main features – initial cut-offs

- **Cut-offs:** June, October and December 2014 ( Dec. still under process)
- **Very positive respond** – more than 3,800 proposals received
- Around **50%** of proposals **over threshold** are **funded**
- **333 phase 1** projects involving 361 SMEs selected totalling **€ 16.7 million**
- Together with phase 2 funding, almost **€ 125 million so far**



# Access to Risk Finance for SMEs



# Key Features

- **3.69%** of the Horizon 2020 budget; usually in the form of risk-sharing (loans and guarantees) and by providing risk finance (equity)
- Objectives: **Facilitate access to finance** for (1) RDI-driven/ innovative SMEs & small midcaps and (2) ambitious RDI projects carried out by a variety of recipients (companies, stand-alone projects etc.) / **Addressing financing gaps**: Intervention only if there are financing gaps in the R&I delivery chain (e.g. due to high risk)
- **Around € 2.7 billion** in total (net of administrative costs) for market-driven financial instruments
- One Debt instrument; one Equity instrument; Accompanying measures
- **At least 1/3 of the budget to support RDI-driven SMEs and small midcaps**

# Innovation Investment Package

**€ 22 billion investment into Europe's future**

**10 partnerships including five joint technology Initiatives:**

Innovative medicines, aeronautics, fuel cells and hydrogen, bio-based industries, electronics

## **Joining forces with industry and Member States**

- tackling issues that no one company can deal with alone
- maximising impact of every euro spent on growth and jobs
- bridging the gap between research and market
- offering opportunities to all participants

# More details

- Horizon 2020

- ✓ <http://ec.europa.eu/programmes/horizon2020/en/area/smes>
- ✓ <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/access-risk-finance>
- ✓ <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/innovation-smes>

- SME Techweb – [http://ec.europa.eu/research/sme-techweb/index\\_en.cfm](http://ec.europa.eu/research/sme-techweb/index_en.cfm)

- Financial Instruments

- ✓ RSFF  
<http://www.eib.org/products/rsff/>
- ✓ RSI  
[www.eif.org/what\\_we\\_do/guarantees/RSI/index.htm](http://www.eif.org/what_we_do/guarantees/RSI/index.htm)
- ✓ New Innovfin  
<http://ec.europa.eu/programmes/horizon2020/en/news/innovfin-%E2%80%93-eu-finance-innovators-new-financial-instruments-help-innovative-firms-access-finance>

- EU Access to Finance - [www.europa.eu/youreurope/business/index\\_en.htm](http://www.europa.eu/youreurope/business/index_en.htm)



# HORIZON 2020

**Thank you very much  
for your attention**

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SME support

SMEs, Financial Instrument and State Aid - DG R&I