

Can we have a win-win relationship between angel investors and public funders?

The example of the Horizon 2020 SME Instrument



SME SUPPORT

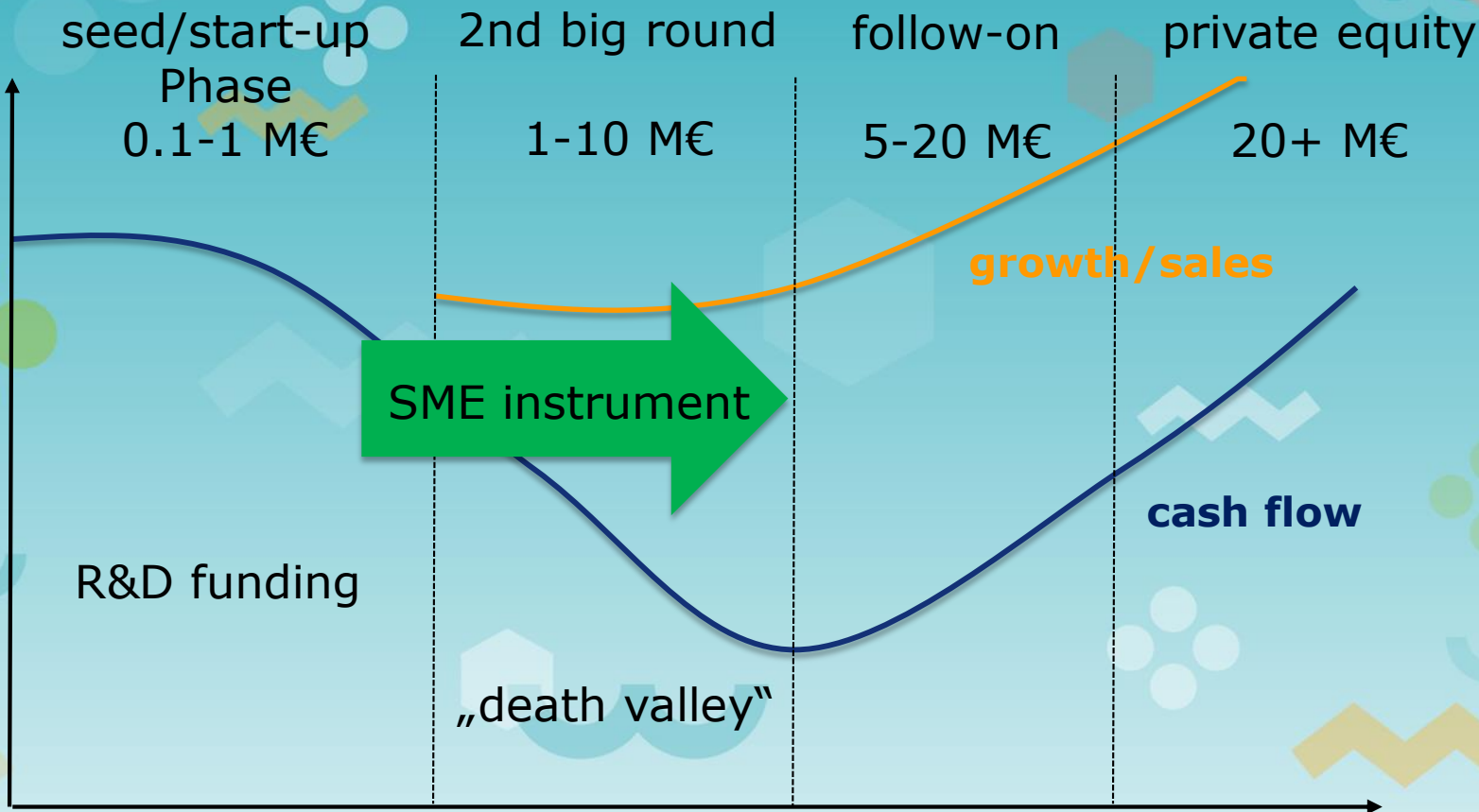
- *Dr Bernd Reichert*
- *Unit "Horizon 2020 Small and Medium-Sized Enterprises"*
- *Executive Agency for SMEs (EASME)*



- Funding programmes mostly targeting activities too far from the market
- Projects not planned for commercialisation and valorisation
- Activities project rather than company oriented
- Excellence in science and innovation, but what about market conditions, USP and company expertise?



European
Commission





SME Instrument phases

PHASE 1

Concept & Feasibility Assessment
Idea to concept (6 months)



The SME will draft an initial **business proposal**.

The European Union will provide
€50 000 in funding
and business coaching.

PHASE 2

Demonstration, Market Replication, R&D
Concept to Market-Maturity (1-2 years)



The SME will further develop its proposal through **innovation activities**, and draft a more developed **business plan**.

The EU may contribute between
€0.5 million and **€2.5 million***
and provide business coaching.

PHASE 3

Commercialisation
Prepare for Market Launch



The SME will receive extensive support to help polish its concept into a marketable product, and have access to **networking opportunities**.

The EU will not provide funding in this phase.



European
Commission

Phase 1 - Concept & Feasibility Assessment



- **€50 000 in EU funding**
- **Feasibility study**
- **Initial 10 page business proposal to be drafted**
- **6 months in duration**



European
Commission

Phase 2 – Innovation Project



- **Between €0.5 million and €2.5 million in EU funding.**
- **Develop project through innovation strategy**
- **Draft a more developed, 30 page business plan**
- **1-2 years in duration**



European
Commission

Phase 3 – « Commercialisation »

- **No stand-alone phase!**
- **No direct funding**
- **Business coaching**
- **Facilitate access to risk finance**
- **Additional support and networking opportunities**
- **“Alumni Club”**



The **business innovation coaching mission** is to empower SMEs in their efforts and challenges towards successful commercialisation of their innovation. This goes hand in hand with the reinforcement of the company's capability in alignment with the changing requirements in the different life cycle stages.

Coaching is focused on the SME needs and systemic, looking on one side at the object of the innovation (the product, service or process) and on the other side at the SME organisation, the generation of ideas, the skills and competences needed, the strategy

Coaching methodology uses a "sense and solve" approach to understand the context of the operations, identify issues, help the SME management to design possible solutions, make choices and capture value.



- How can we convince you that our evaluation are as rigorous and business oriented as your due diligence?

Evaluation: IMPACT



- Market opportunity
- Targeted users
- Market conditions
- Impact on growth
- Alignment with strategy and experience
- Commercialisation plan
- European dimension
- Knowledge protection

Evaluation: EXCELLENCE



- New market opportunity / EU challenge
- Breakthrough/disruptive innovation
- Added value
- Comparison with existing solutions
- Consistency with the expected impact
- Commercial potential
- Understanding of risks and opportunities



Evaluation: IMPLEMENTATION



- Resources
- Partners and stakeholders
- Time frame
- Experience of the team

Experts:



- 100% experience in business/industry
- business development, finance, technology
- 88% work in private for-profit companies
- 6% investors (BA, VC, institutional investors)
5% other finance
- we don't want to mimic an investor process,
but we are interested in companies with a
good commercialisation strategy

Results



	Cut-off date		
	18/06/2014	24/09/2014 ^{*)}	09/10/2014 ^{*)}
Phase	1	1	2
N° of proposals received	2666	1944	852
Single company applications	97%	91%	78%
Above threshold	317	237	142
Rate of positively evaluate	12%	12%	17%
Funded	155	174	60

Rigorous selection

^{*)} preliminary results



European
Commission

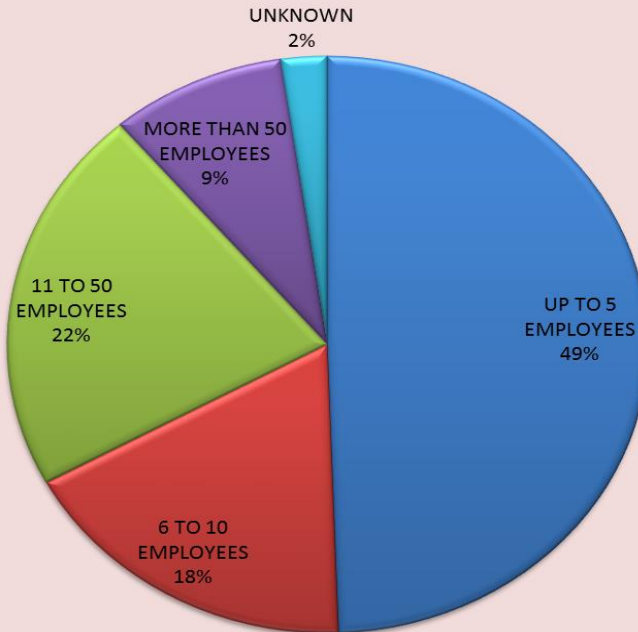
Map of beneficiaries



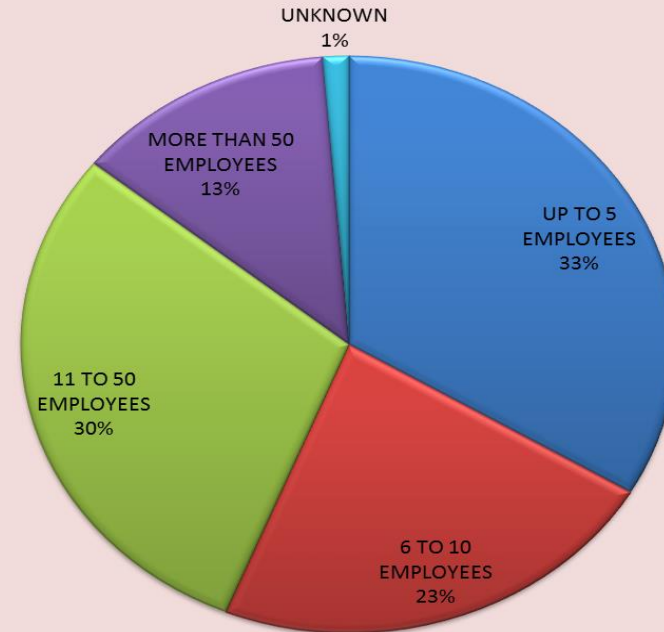
SME size



Staff in Applicant SMEs(All topics)



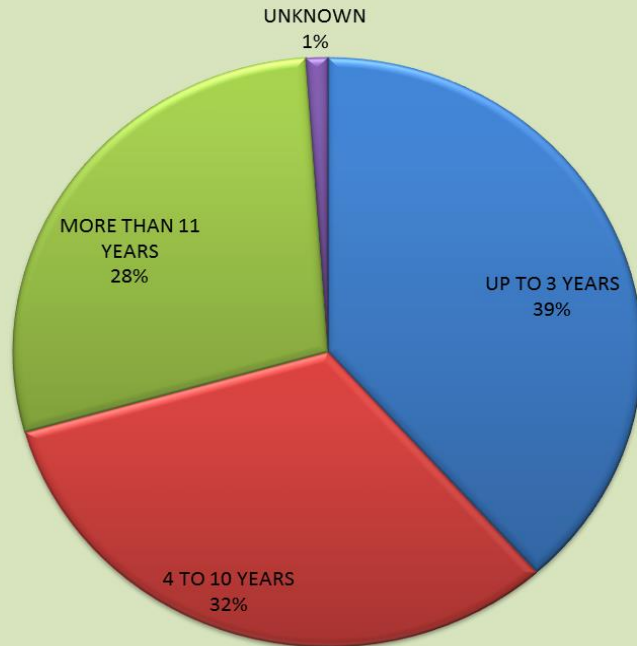
Staff in Funded SMEs(All topics)



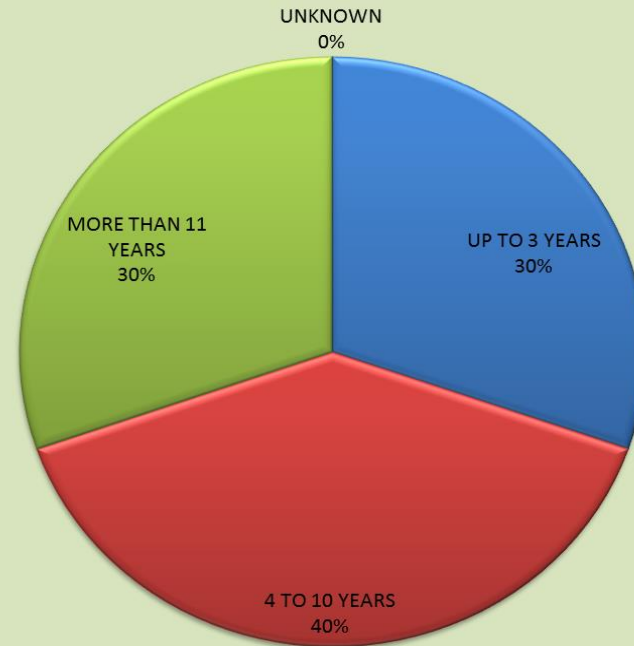
SME age



Years trading of Applicant SMEs



Years Trading of Funded SMEs



Our « selling proposition »



- Inviting and soliciting potential innovative companies
- Competition at European level
- Accompanying activities to improve investor readiness
- Availability of a feasibility assessment after phase 1
- Validated and reproducible solutions (e.g. prototypes, test production) after phase 2
- Invitation to co-investment for the full innovation strategy
- “De-risking” of private investments



European
Commission

QUESTIONS?



For more information

<http://ec.europa.eu/easme/sme/>



@H2020SME

EASME-SME-HELPDESK@ec.europa.eu

Executive
Agency
for SMEs

EASME