The SME instrument: DRILL DOWN

WORKSHOP

LOUIS PAPAEMMANUEL
Expert in EU Funding for Startups
SMEs are the backbone of Europe's economy

Constitute 99% of companies

Employ 2/3rd of the total private sector employment in the EU

Represent 85% of new jobs
For many years they received very little innovation support from European R&D budgets

Complex
100+ pages

Consortium based
minimum 3 independent entities from 3 MB States

One-off and Lengthy
8+ months evaluations

Governed by the non-profit principle

NOT STREAMLINED TO SINGLE-PRODUCT START-UPS
Reflections on changing the process

Economic crisis

Monopoly of innovation was moving away from traditional players

US Start-up phenomenon

THE EUROPEAN COMMISSION LAUNCHED A CONSULTATION
H2020 SME Instrument: Changing the Game

Reserved for SMEs only
Possibility to apply as a Single Applicant

Market Oriented (No R&D)
Based on Product Roadmap / Business Plan with Commercialisation Activities

Fast and Easy
10-30 pgs – Shortened evaluation (+/- 4 to 6 weeks)

Market-Oriented
Open Call: Multiple cut-offs
## Business innovation support from idea to market

### Concept & Feasibility Assessment
**IDEA TO CONCEPT**

- **IDEA > BUSINESS PLAN**

### Demonstration Market Replication R&D
**CONCEPT TO MARKET-MATURITY**

- **ELABORATED BUSINESS PLAN**
- **COMMERCIALISABLE OUTPUT**

### 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 (Prommotion & 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
**Phase 1**

- Idea - Concept - MVP
- No TRL
- Proposal (10 pages): Initial business plan
- Duration project: 6 months
- Funding: €50,000 (No Fin. Reporting)
- Up to 3 coaching days

**OUTCOME:**
- Feasibility assessment
- Leading to a more elaborated business plan

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**Phase 2**

- Demonstration / Go-to-Market
- TRL 6 to 9 (Prototype to Market Readiness)
- Proposal (30 pages): feasibility assessment + full BP
- Duration: 24 Months
- Funding: €0.5 – €2.5M
- Up to 12 days coaching

**OUTCOME:**
- Launch on the market
- Finalise Development / Piloting
- Build Commercial Architecture
The largest and most competitive start-up non-dilutive grant scheme in the world

- 5 years of the programme
- 60K applications
- 3200 SMEs supported
- 1.9BN in funding
- 750 coaches deployed
SME Instrument in numbers

- ~4500 companies
- 1200 in Phase 2
- 1.9 billion committed
- 1.2 billion in Grants over 500k
- 5% - 8% success rate
Number of funded SMEs in different industrial sectors
A new turning point in the SME Instrument

High number of applicants

Doubts over the Commission’s ability to navigate capital markets

Unresolved problem of Scaling (only 3%)
ENTREPRENEUR

Entrepreneurs to EU: Europe is in danger of blowing its startup moment

CHRIS O’BRIEN @OBRIEN MARCH 12, 2018 7:05 AM

Above: Andrus Ansip, the European Commission’s vice president for the digital single market.
Image Credit: EC

EU should back growth companies, not the formation of start-ups, entrepreneurs say

Open letter calls for European Commission to trust outside investors with picking the best companies to fund

By Eanna Kelly

Entrepreneurs are calling on the European Commission to re-define its role in the innovation game, by out-sourcing more funding decisions to investors, in an open letter to Commission president Jean-Claude Juncker and six commissioners, including Carlos Moedas, the EU head of research.
Formation of the European Innovation Council

Chaired by Dr Hermann Hauser, co-founders of Amadeus Capital Removal of Topics with specific funding allocations

No more blind ranking: Much more intelligent and fair selection process

Secondary evaluation by a panel (Bas, Entrepreneurs, VCs) for Phase 2
Selection Process

2x as many candidates as there is funding are invited

Deck to be sent 2 working days after invitation has been received Panel of 6

Jury members (2 weeks after invitation)

Jury Concentration

Decision: 2-3 weeks after (A or B)

Detailed feedback provided
Some Considerations

Do not underestimate the level of detail of the BP

Keep it simple, work on the flow, make it look smart

Prepare to spend 400 hrs – 2 to 4 submissions are needed

Do not use the template – use the ESR!

Seek advice!
LOUIS PAPAEMMANUEL
Expert in EU Funding for Startups

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