

Lessons learned & most common mistakes to avoid

- Applications for the SME instrument are only for a minority of SMEs -> think about alternatives, e.g. a key word search in the Participant Portal
- Check your SME-status in case of doubts
- Check if you need (again) to be validated as SME (your PIC from FP7 will remain in Horizon 2020 but might need to be validated)
- In case that you are submitting a proposal as a consortium: think about the protection of your IP before starting to design the project
- Start with your application in due time: keep within the page limits and don't wait until the cut-off date with your submission
- Don't submit your proposal within the last 48 hours before the cut-off date but use the continuous open call mode
- Proposals should be business oriented and not too much focussed on a single (SME-instrument) project
- What are your unique selling points?
- Describe why you and not your competitors are successful in a convincing way
- Describe competing solutions: it shows that you know about them
- Make sure that your solution is not yet existing / not yet on the market
- Make sure that there is proof of already existing commercialisation concept (sufficient TRL-level)
- Don't forget about ethical issues in case that this is of importance for your project

Links

<http://ec.europa.eu/easme/en/horizons-2020-sme-instrument>

http://ec.europa.eu/research/participants/portal/desktop/en/funding/sme_participation.html

<http://ec.europa.eu/research/participants/portal/desktop/en/support/faq.html#f16>

http://ec.europa.eu/research/participants/data/support/manual/urf_sme_wizard_guidance.pdf

<http://ec.europa.eu/research/participants/data/support/manual/urf.pdf>

http://ec.europa.eu/research/participants/data/support/sep_usermanual.pdf

Contact:

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SME Instrument Fact Sheet


Fit
for Health 2.0

What's in for SMEs?

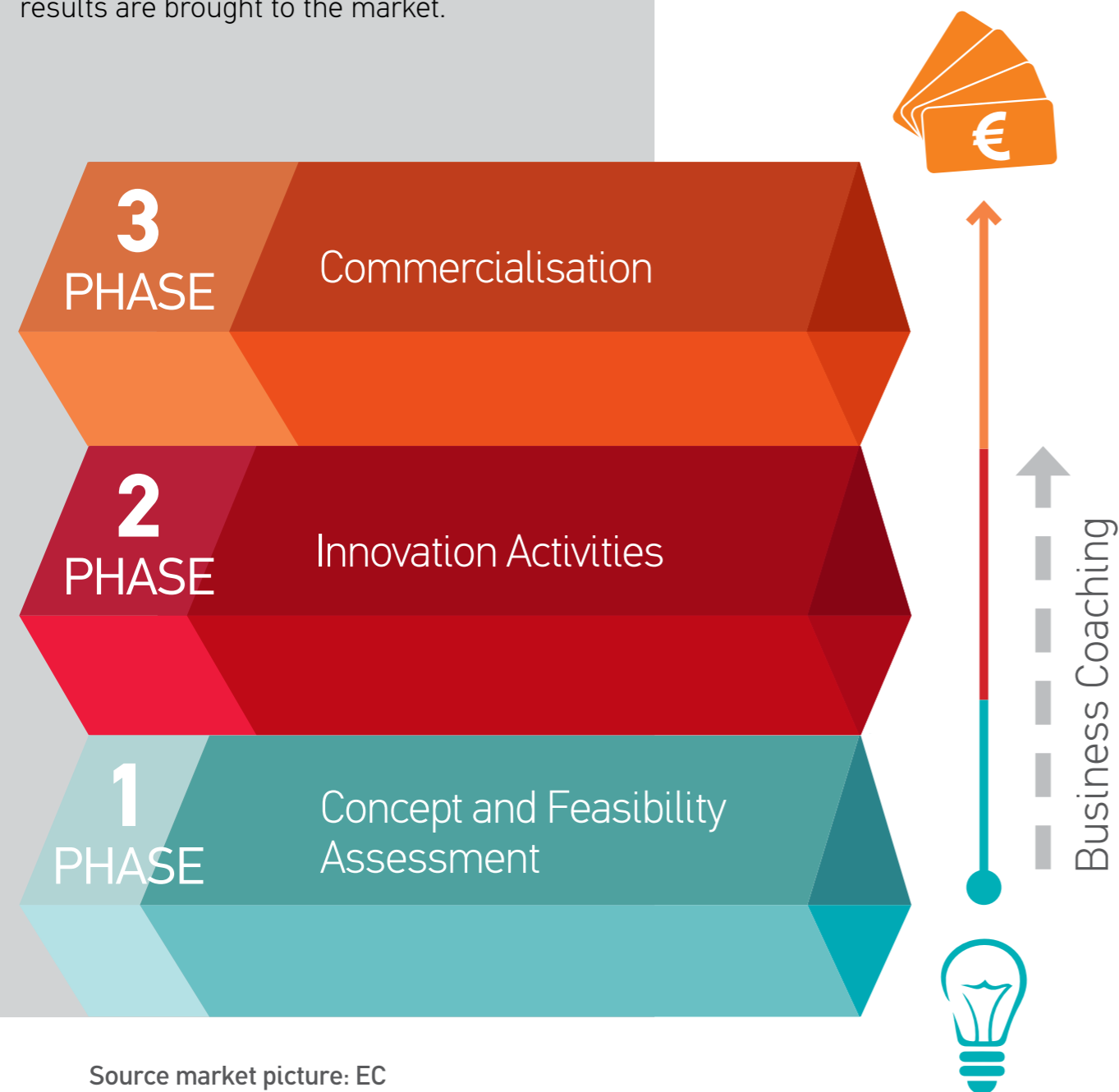


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SME Instrument

The SME Instrument provides staged business innovation support & covers the whole innovation cycle of a project in 3 phases.

These 3 phases are ranging from the very first idea until the obtained project results are brought to the market.



Source market picture: EC

1 PHASE

Concept and Feasibility Assessment – Proof of Concept

The first phase comprises a concept and feasibility assessment, proving the **technical and commercial viability** of the project. The estimation of potential risks that could hamper the realization of the project, potential bottlenecks, the potential of the results, the current IP-situation and partners, that might be needed to help entering the market should be analysed and described. As a result, an **initial business plan** based on the concept and considering the findings is prepared.

The report resulting from phase 1 activities include recommendations for further, additional activities and private financing needs if required. In case that the technical/technological and/or commercial viability of the innovation idea could not be demonstrated it is also an acceptable outcome to stop the project after phase 1. Consequently, no further activities (i.e. phase 2 SME-instrument project) might be recommended in case that solutions are already available or buying existing know-how or IPR turns out to be a better option for the company.

Phase 1 projects should last up to 6 months, shorter durations are possible in justified cases. Time to grant is scheduled with approximately 3 months.

Phase 1 projects get a lump sum of 50,000 Euros. This amount is dedicated to the project and not to the individual SME (in case of consortia).

Activities:

- Risk assessment
- Description of bottlenecks
- Market study
- User involvement
- Exploration of IP regime
- Partner search

➔

Initial business plan based on proposed idea / concept

Results:

- Report: business innovation plan
- Recommendations for additional innovation activities
- Private financing needs
- Solution exists on the market
- Buying existing know-how or IPR as an option ➔ no further funding!

Duration: 6 months (could also be shorter or longer if desired and justified)

Time to grant: About 3 months

Funding: Lump sum: 50,000€

2 PHASE

Demonstration of Commercial Potential

In phase 2 innovation activities are carried out like demonstration, testing, prototyping, clinical studies, piloting, scaling up, miniaturisation and design. Market replication means that a critical mass of customers and sustainable self-sufficiency in the short/medium term can be reached.

The expected results are the development of a new product, process or service that can be deployed and launched on the market. In addition, a **business plan** is prepared that contains a **detailed commercialisation strategy** and a **financing plan** explaining the investment of private investors. For the duration, 1-2 years are scheduled, depending on the project and the respective topic that is related to the proposal. For phase 2 projects, time to grant is scheduled with about 6 months.

Eligible direct costs (partly) are related to the implementation of the project, such as personnel costs, travel, equipment, infrastructure, goods and services and are described in the model grant agreements in detail.

Activities:

- Demonstration
- Testing
- Prototyping
- Clinical studies
- Piloting
- Scaling-Up
- Miniaturisation
- Design
- Market replication

Results:

- Development of new product, process, service that can be deployed and launched on the market
- Business plan containing detailed commercialisation strategy, financing plan explaining the investment of private investors

Duration: 1-2 years (could be longer if desired and justified)

Time to grant: About 6 months

Funding: 70 % funding rate: 0.5-2.5 Mio €

ATTENTION: exception for topic in "Health, demographic change and Wellbeing": 100% funding rate, funding up to 5 Mio €

3 PHASE

Commercialisation

The third phase aims to promote the implementation and successful commercialisation of obtained project results. In phase 3, the SME instrument does not provide grant support to SMEs. Activities comprise support via networking, training, information, addressing of IP management, knowledge sharing and dissemination. Benefit occurs via **indirect support** that is essential to entering markets.

Activities:

- Support via:**
- networking
 - training
 - information
 - addressing i.a. IP management
 - knowledge sharing
 - dissemination

SME window in the EU financial facilities (debt facility and equity facility). Possible connection to Procurement

Results:

No direct funding, but benefit from indirect support measures

Funding: Place new product, service, process on the market

Business Coaching

Business coaching is offered exclusively to SME Instrument participants on a voluntary basis in phase 1 and 2.

For phase 1, 3 coaching days are planned and for phase 2, 12 of them.

The role of coaches is to support SMEs (specifically the management teams) in the (project) commercialisation efforts.

Business coaches are selected out of a pool that is offered by the EC. Selection occurs based on expertise, as of course there are specialists in the particular fields. SMEs will work together with the coaches on a coaching plan for phase 1 and coaching will be important also to help in preparing the application for phase 2.

The coaches will be paid in addition, not out of the funding.

Voluntary business coaching offered in Phase 1 and Phase 2:

- Phase 1: 3 coaching days
- Phase 2: 12 coaching days
- Business coaches will drive the performance of the organization by working with the senior management team
- Coach selection from a pool offered by the EC
- Coaching is paid in addition to Phase 1 and Phase 2 contribution

Additional Considerations

There is no obligation to sequentially cover all phases of the SME instrument but following a linear process is recommended.

No concurrent submission or implementation with another phase 1 or phase 2 project is possible, neither as single applicant nor as partner in an SME consortium.

In case that any of the members of the consortium would have submitted another application for SME instrument Phase 1 or Phase 2, it is not possible to submit a proposal until the moment that the information that the submitted proposal will not be funded is provided.

So if a proposal has been accepted for funding and for the duration of the project, it is also impossible to submit a proposal since it would be ineligible.

- No obligation to sequentially cover all the phases
- Linear process is strongly recommended
- Number of applications / projects: no concurrent submission or implementation with another phase 1 or phase 2 project (neither as lead (single) applicant nor as partner in a consortium)



Applicants

The SMEs addressed for this instrument should be innovative for-profit SMEs with a strong ambition to develop, to grow and to internationalise. Only single for-profit SMEs or consortia of for-profit SMEs can apply for funding.

This SME instrument is **highly competitive** and **clearly market-oriented**. Importantly, the European dimension needs to be shown in particular in case of single company applications. Other partners like research providers or larger companies can be involved as third parties, basically in a subcontracting relationship. Work can be subcontracted in line with the "best-value-for-money"-principle, and provided that conflicts of interest are avoided.

Subcontracting clauses are announced in the annotated specific SME instrument grant agreement model.

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.

- Innovative for-profit SMEs showing a strong ambition to develop, grow and internationalise
- Single company support is possible or consortium of for-profit SMEs
- Highly competitive, market-oriented, EU dimension
- Other partners (research providers like universities and research institutes, large companies etc.) can be involved as third parties (subcontractors)
- SMEs need to be established in the EU-member states or associated countries

Evaluation

The SME Instrument is managed as a permanently open call with – in general – four cut-off dates per year and proposals can be submitted for phase 1 or phase 2 at any time.

Applications will be evaluated after the respective cut-off date and ranked.

Therefore, companies are encouraged to use the whole time span and not to submit proposals very close to the cut-off dates.

In contrast to FP7, negotiations are not foreseen.

Importantly, SMEs have the possibility to name three experts and their affiliation that will not be allowed to consult and evaluate submitted proposals as they are considered as main competitors.

Scores

The **criteria, scoring and threshold** are described in **part H** of the **General Annexes to the work program, with the following exceptions:**

For phase 1 the threshold for individual criteria will be 4 out of 5.

The overall threshold, applying to the sum of the three individual scores, will be 13 out of 15.

For phase 2 the threshold for the criterion 'impact' will be 4.

The overall threshold, applying to the sum of the three individual scores, will be 12 out of 15.

For both phases of the SME instrument, to determine the ranking, the score for the criterion 'impact' will be given a weight of 1.5.

In case of identical scores, the higher score for 'impact' is decisive.

The criterion 'impact' will be evaluated first, then 'excellence' and 'implementation'.

Evaluation criteria SME Instrument – Phase 1



SME Instrument Phase 2:

The **threshold for Impact** will be 4/5

The **overall threshold** will be 12/15