

# EU Funding - The SME Instrument

## What is the SME Instrument?

The SME Instrument is a funding tool developed by the European Commission specifically to address the internationalisation needs of SME and will fund projects aligned with specific themes (see below).

*“The SME Instrument addresses the financing needs of internationally oriented SMEs, in implementing high-risk and high-potential innovation ideas. It aims at supporting projects with a European dimension that lead to radical changes in how business (product, processes, services, marketing etc) is done.”*

## What will the funds cover?

The SME instrument is targeted at all types of innovative SMEs showing a strong ambition to develop, grow and internationalise. It provides staged support covering the whole innovation cycle in three phases complemented by a mentoring and coaching service. Each phase is open to new entrants.

**Phase 1** - a feasibility study can be developed verifying the technological/practical as well as economic viability of an innovation idea/concept with considerable novelty to the industry sector in which it is presented (new products, processes, design, services and technologies or new market applications of existing technologies).

This could comprise innovation strategy development, partner search, feasibility of concept including any risks, bottlenecks and must have a European dimension and address the potential return in investment in innovation activities.

The proposal should also contain an initial business plan on the proposed idea/concept.

- Projects co-financed at a rate of 70% (\*with the exception of health at 100%) in a lump sum of 50,000 Euros

**Phase 2** - innovation projects will be supported that address the specific challenges identified and that demonstrate high potential in terms of company competitiveness and growth underpinned by a strategic plan. Activities include demonstration, testing, prototyping, piloting, scaling-up, miniaturisation, design, market replication etc aiming to bring an innovative idea (product, process, service etc) to industrial readiness and maturity for market introduction, but may include some research.

- Projects are co-financed at a rate of 70% and paid over the duration of the project

**Phase 3** – SME can benefit from indirect support measures, such as support with venture capital. No direct funding provided

**Mentoring and Coaching.** Each successful applicant of the SME instrument will be offered business coaching support. No direct funds paid to the Beneficiary, the Coach will receive payment directly

## Requirements of submission

For Phases 1 and 2

- Application made online
- Applications can be made by micro-company or SME but must be a legal entity
- Can be a single company application. If more than one applicant, then a consortia agreement must be in place
- Subcontracting is permitted as long as it can be justified within the project scope
- Go through the checklist to ensure you have completed all of the forms and that they are readable and printable

Phase 1

- Projects should last around 6 months
- Proposals are not required to provide a draft plan for exploitation and dissemination
- Phase 1 can be used to develop a business plan for Phase 2
- 10 page online submission template

Phase 2

- Projects should last between 12-24 months
- EC contribution to projects 0.5-2.5 million Euros
- Projects must include a first commercialisation plan

Cut off dates for Phase 1 submission 18/06/2014, 24/09/2014, 17/12/2014

## The evaluation process

- Proposals and documents will be treated confidentially by experts
- Proposals will be evaluated individually when they arrive and ranked in terms of Impact, Excellence and Implementation, each one out of 5
- If the project fails to reach 4 on Impact, evaluation of the project will be stopped
- Projects will be evaluated within 2 months of the cut off date for Phase 1, and 4 months after the cut off date in Phase 2
- No concurrent submissions are allowed

## Successful applications

The SME Instrument aims to cut down on bureaucracy by fast tracking successful projects. Projects will be evaluated upon submission with no further negotiations.

Successful applicants will be offered coaching and mentoring support during Phase 1 and Phase 2. This service will be accessible via the Enterprise Europe Network Key Account Manager and delivered by a dedicated independent coach.

## **The Mentoring and Coaching scheme**

Successful applicants of the SME instrument will be offered business coaching support during Phases 1 and 2 in addition to the grant offered. This support will be provided via the Enterprise Europe Network and delivered by a group of qualified and experienced business coaches. The local EEN office will introduce the beneficiary to the coaching process and propose a selection of coaches from the database managed by the Commission

- Beneficiaries of Phase 1 receive up to 3 coaching days
- Beneficiaries of Phase 2 receive up to 12 coaching days

The purpose of the coaching is to equip beneficiaries with the necessary skills, business process and relevant competencies for long term growth. Phase 3 does not include coaching but beneficiaries can receive continued support from the EEN.

The coaches will be recruited from a central database managed by the Commission and paid directly upon completion of work.

## **Funded themes and challenges**

### **Space-SME-2014-1:**

Specific challenge: To engage small and medium enterprises in space research and development, especially those not traditionally involved in it and reduce as much as possible the entry barriers to SMEs for Horizon 2020 funding.

### **ICT -37-2014-1: Open Disruptive Innovation Scheme (through the SME Instrument), innovative ICT concepts, products and services applying new sets of rules, values and models which ultimately disrupt existing markets**

Specific Challenge: The challenge is to provide support to a large set of early stage high risk innovative SMEs in the ICT sector. Focus will be on SME proposing innovative ICT concept, product and service applying new sets of rules, values and models which ultimately disrupt existing markets.

The objective of the ODI is threefold:

- Nurture promising innovative and disruptive ideas;
- Support their prototyping, validation and demonstration in real world conditions;
- Help for wider deployment or market uptake.

Proposed projects should have a potential for disruptive innovation and fast market up-take in ICT. In particular it will be interesting for entrepreneurs and young innovative companies that are looking for swift support to their innovative ideas. The ODI objective will support the validation, fast prototyping and demonstration of disruptive innovation bearing a strong EU dimension.

**NMP-25-2014-1: Accelerating the uptake of nanotechnologies, advanced materials or advanced manufacturing and processing technologies**

Specific challenge: Research results should be taken up by industry, harvesting the hitherto untapped potential of nanotechnologies, advanced materials and advanced manufacturing and processing technologies. The goal is to create added value by creatively combining existing research results with other necessary elements,[1] to transfer results across sectors where applicable, to accelerate innovation and eventually create profit or other benefits. The research should bring the technology and production to industrial readiness and maturity for commercialisation after the project.

**\*PHC-12-2014-1: Clinical research for the validation of biomarkers and/or diagnostic medical devices**

Specific challenge: Biomarkers are used in clinical practice to describe both normal and pathological conditions. They can also have a prognostic or a predictive power. They are therefore increasingly used in medicine and many potential biomarkers are proposed every year.

Only a few of them are however validated for use in a clinical research setting. Such validation implies the demonstration of a link to a pertinent clinical endpoint or process, as well as a robust and appropriate analytical method.

The clinical validation of biomarkers will be increasingly important for the development of new diagnostics, and this is a research area where many small European companies are active. Improved clinical decisions should lead to better health outcomes while contributing to the sustainability of the health care system.

**SFS-08-2014-1: Resource-efficient eco-innovative food production and processing**

Specific Challenge: To remain competitive, limit environmental degradation and optimise the efficient use of resources, the development of more resource-efficient and sustainable food production and processing, throughout the food system, at all scales of business, in a competitive and innovative way is required. Current food production and processing systems, especially in the SME sector, need to be revised and optimised with the aim of achieving a significant reduction in water and energy use, greenhouse gas emissions and waste generation, while at the same time improving the efficiency in the use of raw materials, increasing climate resilience and ensuring or improving shelf life, food safety and quality. New competitive eco-innovative processes should be developed, within the framework of a transition towards a more resource-efficient, sustainable circular economy.

**BG-12-2014-1: Supporting SMEs efforts for the development – deployment and market replication of innovative solutions for blue growth**

Specific Challenge: To remain competitive, limit environmental degradation and optimise the efficient use of resources, the development of more resource-efficient and sustainable food production and processing, throughout the food system, at all scales of business, in a competitive and innovative way is required. Current food production and processing systems, especially in the SME sector, need to be revised and optimised with the aim of achieving a significant reduction in water and energy use, greenhouse gas emissions and waste generation, while at the same time improving the efficiency in the use of raw materials, increasing climate resilience and ensuring or improving shelf life, food safety and quality. New competitive eco-innovative processes should be developed, within the framework of a transition towards a more resource-efficient, sustainable circular economy.

### **SIE-01-2014-1: Stimulating the innovation potential of SMEs for a low carbon energy system**

Specific Challenge: SMEs play a crucial role in developing resource-efficient, cost-effective and affordable technology solutions to decarbonise and make more efficient the energy system in a sustainable way. They are expected to strongly contribute to all challenges outlined in the legal base of the Horizon 2020 Societal Challenge 'Secure, Clean and Efficient Energy'[1], in particular with regard to

- Reducing energy consumption and carbon footprint by smart and sustainable use (including energy-efficient products and services as well as 'Smart Cities and Communities'),
- Low-cost, low-carbon electricity supply (including renewable energy as well as CCS and re-use),
- Alternative fuels and mobile energy sources,
- A single, smart European electricity grid
- New knowledge and technologies
- Robust decision making and public engagement.

### **IT-1-2014-1: Small business innovation research for Transport**

Specific challenge: The European transport sector must have the capacity to deliver the best products and services, in a time and cost efficient manner, in order to preserve its leadership and create new jobs, as well as to tackle the environmental and mobility defies. The role of SMEs to meet these challenges is critical as they are key players in the supply chains. Enhancing the involvement of weaker players in innovation activities as well as facilitating the start-up and emergence of new high-tech SMEs is of paramount importance.

### **SCS-20-2014-1: Boosting the potential of small businesses for eco-innovation and a sustainable supply of raw materials**

Specific challenge: Innovative SMEs have been recognised as being able to become the engine of the green economy and to facilitate the transition to a resource efficient, circular economy. They can play an important role in helping the EU to exit from the economic crises and in job creation. The potential of commercialising innovative solutions from SMEs is however hindered by several barriers including the absence of the proof of concept, the difficulty to access risk finance, the lack of prototyping, insufficient scale-up studies, etc. Growth therefore needs to be stimulated by increasing the levels of innovation in SMEs, covering their different innovation needs over the whole innovation cycle.

Innovative SMEs should be supported and guided to reach and accelerate their full green growth potential. This topic is targeted at all types of eco-innovative[1] SMEs in all areas addressing the climate action, environment, resource efficiency and raw materials challenge, focusing on SMEs showing a strong ambition to develop, grow and internationalise. All kinds of promising ideas, products, processes, services and business models, notably across sectors and disciplines, for commercialisation both in a business-to-business (B2B) and a business-to-customer (B2C) context, are eligible.

### **DRS-17-2014-1: Critical infrastructure protection topic , protection of urban soft targets and urban critical structures**

Specific challenge: The aim is to engage small and medium enterprises in security research and development and in particular to facilitate and accelerate the transition of their developed products/services to the market place.

The specific challenge of the actions and activities envisaged under this topic are related to protection of urban soft targets and urban critical infrastructures. Specific consideration should be

given to 'urban soft targets', which are exposed to increasing security threats which can be defined as urban areas into which large numbers of citizens are freely admitted, for usual activities or special events or routinely reside or gather. Among others, these include parks, squares and markets, shopping malls, train and bus stations, passenger terminals, hotels and tourist resorts, cultural, historical, religious and educational centres and banks.

***BIOTEC-5a-2014-1: SME boosting biotechnology-based industrial processes driving competitiveness and sustainability***

Specific challenge: The large number of SMEs which characterise the EU biotechnology sector are playing a crucial role in the move to competitive and sustainable biotechnology-based processes. These SMEs are characterised by their research intensity and long lead times between early technological development and market introduction. They therefore need to be supported to overcome the so-called "valley of death".

**Link to call text**

<http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/calls/h2020-smeinst-1-2014.html>