Innovation Kitchen


May 2018
4 years of the programme

47K applications

3200 SMEs supported

1.3B in funding

750 coaches deployed
SMART MONEY

With us, support to small businesses goes far beyond a grant. We offer companies the backing, the advice and the international network needed to grow fast, conquer new markets and speed up the pace of their innovation. This is what singles us out compared to other funding schemes.
The SME Instrument offers full-cycle business innovation support. Companies can apply for two distinct phases. Phase 1 offers a lump-sum of €50 000 to carry out a concept and feasibility assessment. Phase 2 invests between €0.5 and 2.5 million in innovation activities such as demonstration, testing, prototyping, pilot lines, scale-up studies and market replication.

To make sure the companies are ready to meet the challenges of scaling up and going global, the SME Instrument offers 3 to 12 days of free business innovation coaching. Our coaches are experienced entrepreneurs and investors. They will empower the companies to cope with challenges like defining their strategy, identifying their market segment and attracting the right finance.

Just as much as getting the right investment, having the right network is key to growing a successful business. Through bespoke matchmaking with corporate and financial partners and international trade fairs, the SME Instrument helps companies build partnerships with investors and potential clients. Companies join a community of peers to exchange, learn and consolidate their network.
**OPEN CALL**
4 cut-offs per year for each Phase

**FAST & EASY**
10-30 page application. Results in around 1 month

**ACROSS THE BOARD**
Small businesses from all industries

**TRANSPARENT**
Independent experts, clear selection criteria, constructive feedback

**HIGHLY COMPETITIVE**
Acceptance rate: 8% for Phase 1 4.8% for Phase 2

**MARKET-ORIENTED SELECTION**
Focused on impact, unique ideas, team’s capacity

**HIGH-RISK**
20% of funded SMEs are pre-revenue companies

**LEARNING EFFECT**
Coaching in Phase 1 boosts market readiness and doubles chances for Phase 2

**CONNECTING BUSINESSES**
More than 100 events linking entrepreneurs, investors, large companies and more
The SME Instrument improves the performance of SMEs on the private investment market.
Thanks to the SME Instrument companies raise higher investment rounds in a shorter time span. The average time to get a new investment drops from 20 to 8 months and funded companies secure on average €6 million of private investment instead of €4 million prior to the grant.

The SME Instrument is valuable for European investors because it’s able to de-risk deep tech companies by validating their product on the market. It can bridge the gap between product validation and commercialisation, where private investors come in.

EWA TREITZ  BLACK PEARLS VC

PRIVATE INVESTMENT ATTRACTED

€ 1,3 BN

FASTER ACCESS TO INVESTMENT

PRIVATE INVESTMENT ATTRACTED

€ 1,3 BN

FASTER ACCESS TO INVESTMENT
Four years after the start of the programme each €1 invested by the SME Instrument generated €1.6 of private investment.
TOP 5 investors backing SME Instrument innovators

- Industrifonden: €103.9 million
- investo: €62 million
- woodford: €35.1 million
- LIFELINE VENTURES: €33.3 million
- Caixa Capital: €29.5 million

TOP 5 companies, backed by the backed SME Instrument

- KIOSKD: €51 million
- Arralis: €50 million
- ada: €40 million
- ultrahaptics: €35 million
- SOLVOLTAICS: €31 million
of European tech IPOs in 2017 were companies funded by the SME Instrument.

8 COMPANIES ON THE STOCK MARKET

10% of acquirers are large companies based in Europe.

18 COMPANIES ACQUIRED BY BIG PLAYERS

70%

THE NEXT UNICORN

TOP 5 valued companies funded by the SME Instrument.

ARCAM valued at €609M
ARRALIS valued at €200 - 300M
ARSANIS valued at €165 - 248M
ADA HEALTH valued at €160 - 240M
BONESUPPORT valued at €135 - 202M
A BOOSTER FOR GROWTH

With our support, companies grow faster and improve their innovation capacity. We give them the right tools to face the challenges of becoming global market leaders.
We offer companies tailor-made business coaching that empowers them to face the challenges of becoming market leaders. The Phase 1 feasibility study and the coaching support offered by the SME Instrument build up strategic and managerial capacity within funded SMEs. It shapes in particular their knowledge of the market and their understanding of clients' needs.

**IMPROVED INNOVATION CAPACITY**

SME Instrument funding and coaching helped companies with (replies out of 10):

- Understand IPR: 7
- Internal organisation: 7
- Strategic management: 7
- Contact with support organisations: 7
- Knowledge of competitors: 8
- Marketing method: 8
- Risk management: 8
- Company reputation: 8
- Understand technical issues: 8
- Understand client’s needs: 8
The European Commission allowed us to build a culture around our vision, which is bringing farming back to cities. Our company has grown to over 100 people. Back when we started our project with the SME Instrument, we were only 12!

118% increase in turn-over

158% increase in employment

48% of Phase 2 companies increased their profitability or became profitable

MARTIN WEBER INFARM
We believe that having the right network counts just as much as having major investments. With our business acceleration support, the companies we fund can count on a network of business experts, potential partners and prospective customers.
The SME Instrument connects Europe’s most innovative companies with global corporate players.

When we organised the Airbus Corporate Day with the SME Instrument business acceleration services, initially we wanted to meet 15 companies, but so many attracted our attention that in the end, we ended up inviting twice more! Many are ideal candidates for investment, and we very much look forward to cooperating with them in the future.

FABIAN VON GLEICH  AIRBUS
GATEWAY TO GLOBAL MARKETS

The SME Instrument takes funded SMEs to the most prominent trade fairs in Europe and overseas.

Lagos international trade fair is THE reference for West Africa so when we learnt about the SME Instrument offering us the possibility to join the European pavilion we didn’t hesitate. Now we have a product ready for the Nigerian market, good contacts and a hook to potential projects – all you need for a fast start on a new market.

JAVIER BUSTOS  GFM
There are many challenges in the European technology ecosystem: a lack of community, a lack of funding ready to bear the risk, a lack of support to cross the valley of death. In this context, the SME Instrument is not only providing funding but also bringing together a large community.

CONNECTING NETWORKS
At SME Instrument our goal is to build a community of top innovators who can connect through an interactive online platform and meet in person in more than 50 events annually.
We give our companies access to a network of 750 business coaches and innovation experts. Our international coaches fine-tune market strategies, advise the companies on organisational challenges and help them make the best of their management capabilities and resources. Our partners from Enterprise Europe Network help us select the best fit for each company.

The leadership coaching we have received from the SME Instrument proved to be a very valuable tool in scaling up from 10 to 50 employees. The coaching sessions enabled us to apply best practices for scaling-up and allowed us to get away from the day-to-day business and view things from another perspective.

PIM BREUKELMAN   AMPYX POWER
The SME Instrument supports breakthrough inventions in the most radical areas of innovation — those that are the most likely to create and shape new markets.
The companies we fund are active in 31 out of the 37 most ground-breaking innovation areas mapped by the MIT and World Economic Forum.

Number of funded companies active in TOP 10 breakthrough innovation areas:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Technology</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Artificial Intelligence</td>
<td>72</td>
</tr>
<tr>
<td>2</td>
<td>3D Imagery and Printing</td>
<td>45</td>
</tr>
<tr>
<td>3</td>
<td>Solar Cells</td>
<td>23</td>
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<tr>
<td>4</td>
<td>Precision Farming</td>
<td>20</td>
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<tr>
<td>5</td>
<td>Gene-Based Medicine</td>
<td>17</td>
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<tr>
<td>6</td>
<td>Nanothings</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>Fuelcell/Hydrogen Vehicles</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>Next-Generation-Batteries</td>
<td>14</td>
</tr>
<tr>
<td>9</td>
<td>Sense-and-Avoid-Drones</td>
<td>13</td>
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<tr>
<td>10</td>
<td>Liquid Biopsies</td>
<td>13</td>
</tr>
</tbody>
</table>
Getting approved for the SME Instrument has been very positive for our development because, at the time, we had been working on our technology for quite a while, and getting this type of validation from the EU was a real plus for us. It has both reassured our shareholders and been positive in our conversations with prospective investors.

DANIEL NATHRATH  ADA HEALTH

HIGH FLYING SECTORS

Industry sectors where SME Instrument-funded companies receive more investments than the peer group.

Average investment in SME Instrument funded companies

Average investment in the peer group

medical healthcare  security  developer tools  construction  semi-conductors  marketing  analytics  home  agritech  food
Our added-value lies in a timely set of measures and our access to European networks, which makes us complementary to national and local schemes.
"EU LABEL" adds credibility

ACCESS TO INTERNATIONAL NETWORKS

MARKET-ORIENTED ACTIVITIES

HIGH GRANT WITH PRE-PAYMENT

BACKS SINGLE COMPANIES

COACHING AND ACCELERATION SUPPORT
The SME Instrument intervenes at a critical early stage of innovation development, when private investors are reluctant to step in. It gives companies the right financial boost and the business support they need to cross the “valley of death”, validate their product with clients and get ready for scaling up.
Ultrahaptics is a company that is now four years old. We produce feeling and sensations in mid-air, using focused ultrasonics, which we use to create buttons, sliders, switches and so on that allows us to create machines and creating objects in virtual and augmented reality. The company received a Horizon 2020 SME Instrument grant 3 years ago which was instrumental in transforming the company from a small technology university spin-out into a commercial business that now employs 80 people.

STEVE CLIFFE, ULTRAHAPTICS
SME Instrument was very beneficial for Immunovia. It accelerated the development of our first diagnostic test for pancreatic cancer, it created investor confidence and thereby supported the financing of the company after the grant. It also created confidence among clinical collaborators (leading cancer centers) and supported our agreement efforts in this area. All of this was necessary to be able to be listed on Nasdaq.

MATS GRAHN, IMMUNOVIA
IMMUNOVIA
company founded

€4.2M share issue for technology optimization and proof of concept

2014

2015

€4.2M SME Instrument grant for clinical validation

Company grows 2-40 employees

€24M from extra share issue, further validation and upscaling of production of the pancreas cancer test

2016

2017

IPO €6.7M from IPO on Nasdaq First North Clinical validation of the pancreatic cancer test

IPO €214M company valuation after IPO on NASDAQ main list

2018

IPO

Immunovia
Diversity is our frame of mind. In our portfolio you will find high-fliers, settled market leaders and start-ups working on cutting edge technology in the most inventive areas of innovation. All of this close to you.
The highest number of companies supported by the SME Instrument come from Spain, Italy and the UK. However, countries with the highest acceptance rates to the programme are Iceland, Switzerland, Ireland, Austria and Denmark.
The SME Instrument really steps in at a critical moment between seed funding and the next stage of investment that is available once you’ve proven that you have a commercial technology. That in-between-space is really difficult and it’s really valuable that there are public funds there to help companies make that jump.
The industry sectors where most of the funded companies are active in are medical and healthcare (544 companies), cleantech (360 companies) and energy (330 companies).
The most common revenue model chosen by the funded companies is manufacturing (1141 companies). 300 companies get their revenues through subscriptions and 162 through commissions.
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#SMEInstrument | @H2020SME

Executive Agency for Small and Medium-sized Enterprises
The SME Instrument supports market-creating innovation in small and medium-sized businesses with significant growth potential and global ambitions. As part of Horizon 2020 – the EU’s €80 billion research and innovation funding programme – it will invest €3 billion in 7 500 companies until 2020. With around 50 000 applications received and over 3 200 small companies funded, in only four years the SME Instrument has emerged as an essential player on the European innovation scene.

The SME Instrument impact report aims to provide first hand insights into the growth trends and profiles of the funded companies. Results and impacts observed in only four years are just a glimpse of the companies’ future potential. This report presents cumulative data from 2014 to end of 2017. The sources and methodology are explained in full detail in the main Report.