Workshop on investment Vehicles and Financial Instruments for Technology Transfer and Innovation
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European Commission initiatives on technology transfer and SMEs

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Workshop on Investment vehicles and financial instruments for technology transfer

InnovFin Technology Transfer

Technology Transfer capacity Building

SME instrument
Workshop on Investment vehicles and financial instruments for technology transfer

InnovFin Technology Transfer
# InnovFin – product overview

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- **Early-stage Enterprises**: Early-Stage Enterprises, SMEs and Small Midcaps < 500 Employees
- **SMEs**: SMEs and Small Midcaps < 500 Employees
- **Midcaps**: Midcaps < 3,000 Employees
- **Large Caps**: Large Caps Typically > 3,000 Employees
- **Thematic Finance**: SPV, Midcaps and Large Caps
- **Advisory**: Public and Private Sector Promoters

- **Direct products**
- **Indirect products**
InnovFin Technology Transfer: Rationale and scope

• Lack of (private) finance for technology transfer (through creation of companies or licensing); technology transfer is high-risk business

• Facilitate transfer of R&D results with a high commercial potential from PROs and HEIs to market

• Support both PoC and very early stage of new companies before conventional Venture Capital would be available

• InnovFin Technology Transfer part of the InnovFin Equity financial instruments supported by Horizon 2020 ('Access to risk finance' programme)
InnovFin Technology Transfer: What and How

- **Demonstrate scope and scale of demand** for TT finance and precise stages at which finance is needed
- Create a network of TT funds in which TTFF has invested

- InnovFin Technology Transfer to invest **on pari-passu terms through co-investor/TT fund**
- **Decentralized approach: InnovFin Technology Transfer** invests in accredited TT funds
- Selection of TT funds through **call for expression of interest**
TTFF Concept

Equity Instrument

TT fund/ TTO

Licensing route

Optional Proof of Concept

Further Proof of Concept

Licensing

Company creation route

Seed stage: development and demonstration

Start-up stage: market development and commercialisation
TTFF Concept

Proof of Concept phase (pre-company stage): up to EUR 100,000
Explore the technological feasibility and commercial viability of translating R&D results into new innovative applications
Activities: Feasibility and market studies; IPR management; partner search, risk assessment

If creation of a spin-off company (legal entity):

Investment phase: up to EUR 1,5 m
Demonstration and commercialization

(1) Seed stage (up to EUR 500,000): development and demonstration
Activities: Piloting, design studies, prototyping

(2) Start-up stage: market development and commercialization
Activities: further product development, scaling-up, commercial applications and first sales

Licensing
InnovFin Technology Transfer Accompanying measure

- **Capacity Building action** launched in January 2015
- **Goal:** Improve the investor readiness of projects, research teams and TTOs, also includes mentoring, not about patenting or licencing
- **Timeline:** Q1/2015 - Q3/4 2017
- **Expected results:** 60 TTOs to benefit, more TT investments
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Technology Transfer capacity Building
InnovFin Technology Transfer capacity Building

PROGRESS-TT Consortium awarded the contract
Progress-TT

Share the experience of leading PROs with those PROs with the greatest potential to commercialise their research results by:

- Identifying best practice and case studies
- Leveraging them to build tools and courses
- Mentoring from Key Experts and experienced PROs
Progress-TT

**Strategy** – Capacity Building Strategy, self-assessment tool and Critical Areas of Focus

**Development** – Formulate and Validate training solutions

**Implementation** – One-to many and one-to-one support

**Legacy** - sustainable legacy
Progress-TT Critical areas of Focus (CAF)

**CAF 1** – Idea Harvesting - Scouting ideas and technologies and incentivising disclosures

**CAF 2** – Idea Validation, Business Development, Assessing IP potential, validating technologies

**CAF 3** – Investor Relationships, Access to finance and interaction with investors.

**CAF 4** – Securing TTO skills and organising the TTO for growth
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SME instrument
SME instrument

Needed a new approach to 'Innovation in SMEs' Observations on experience FP7 'Research for the benefit of SMEs'

• Obligatory cooperation with 'research providers' had put the Research organisation in 'driver's seat' – hardly any real integration of clients

• Incremental innovation not radical (let alone disruptive) innovation

• Focus on product and process innovation – not much on business model innovation

• Few young companies as beneficiaries
SME instrument - overview

**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.
SME instrument – design features

- Support provided in stages or phases, not necessarily sequential)
- Only SMEs can apply - but can work with others as needed (not as partners within the consortium)
- Technology readiness level 6 or higher – closer to the market
- The business idea and the new market to be shaped is the 'excellence' criterion
- Single companies can be supported – but have to demonstrate 'European added value'
- 70% of funding (as a general rule)
SME Instrument - target population
SME Instrument - in a nutshell

Investing in the most promising European disruptive SMEs
More than 1400 companies were selected
Instrument tailored to innovative SME needs
Not only about money, also a range of services such as business coaching, opportunities to network with potential investors
In 2015, one of our companies went public, several successfully closed series A and B rounds, as well as equity crowdfunding campaigns
SMEI companies develop strategic partnerships with key business players
SME instrument beneficiaries - some fun facts

- **Young, small & growing**: almost half SMEs are micro-sized and almost a third are younger than 3 years.
- **Manufacturing**: the most common activity.
- **Spain & Italy**: most successful.
- **New customers & distribution channels**: are a first priority for 44% of SMEs.
- **Recognised potential**: 25% are in the venture radar of top 10% growing companies & 5 are in the Deloitte fast growing enterprises.
- **11%**: backed by accelerators.
- **12%**: spin-offs from academia.
- **Better access to private investment**: 3x more private investments, €692m private equity, faster access to markets.
- **Promising projections**: for Phase 1, 400% growth in turnover and 100% in employment expected.
SME instrument – participation phase 1
SME instrument – participation phase 2

Phase 2 (All cut-offs 2014-2015)
SME Instrument - participation

The Horizon 2020 Participant Portal:


- Calls for proposal
- Horizon 2020 documents
- Support services
- Evaluation experts
**SME Instrument – SME participation**

### SME Participation

**SME Instrument**

The SME Instrument has been designed specifically for *single or groups of highly innovative SMEs with international ambitions*, determined to turn their innovative business ideas into winners on the market. The instrument provides full-cycle business innovation support from the stage of business idea conception and planning (phase I) over business plan execution and demonstration (phase II) to commercialisation (phase III). Participants will be able to call on business innovation coaching for the duration of their project.

- **Phase I (proof-of-concept):** Explore the scientific or technical feasibility and commercial potential of your new idea in order to develop an innovation project, with the help of a € 50,000 grant, and receive more support in case of a positive outcome.
- **Phase II (development & demonstration):** Develop your sound, ground-breaking business idea further with the help of a grant in the order of € 500,000 to 2.5 million into a market-ready product, service or process!
- **Phase III (go-to-market):** Take advantage of additional EU support to enter the market successfully (no grants).

**Collaborative Projects (SME + partners)**

Work with at least 2 international *partners* (separate legal entities) from different EU countries (at least 3 in total) and request EU project support! To find partners, you can use the assistance of various *partner search services*.

**Access to Debt and Equity Financing**

Discover where and how the EU can help your company to *access finance* for further business development.

For more information, please see the Work Programme part *Access to Risk Finance*.

**Support to SME**

Get personalized advice and guidance on how to apply from two support networks who understand your local and
Contact details at DG RTD:

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