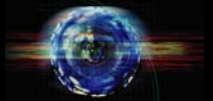


# Opportunities and Challenges for SMEs



Dr Jane Watkins  
UK NCP for SMEs  
FP7UK



# Seventh Framework Programme (FP7)

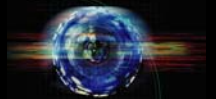
## What is the Seventh Framework Programme?

- The Seventh Framework Programme (2007-2013) of the European Community for Research, Technological Development and Demonstration Activities
- Framework Programme 7 **FP7**
- Budget €50.5 billion  $\equiv$  £35 billion = £35,000,000,000
- Building the Europe of Knowledge
- The biggest Research Programme in the World



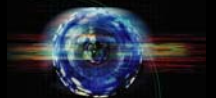
## *What does FP7 fund?*

- **Not your short term new product project**
- **Not to enable your organisation to survive**
- **Knowledge generation that looks a bit too much in the future for you to fund fully**
- **Things you can't do alone**
- **To establish and bind expanded networks**



# The Big Picture

- Highly competitive
- Funding for Research by partnerships (mostly)
- Long timescales
- Contribute your excellence
- Derive your benefit
- Complex and Bureaucratic



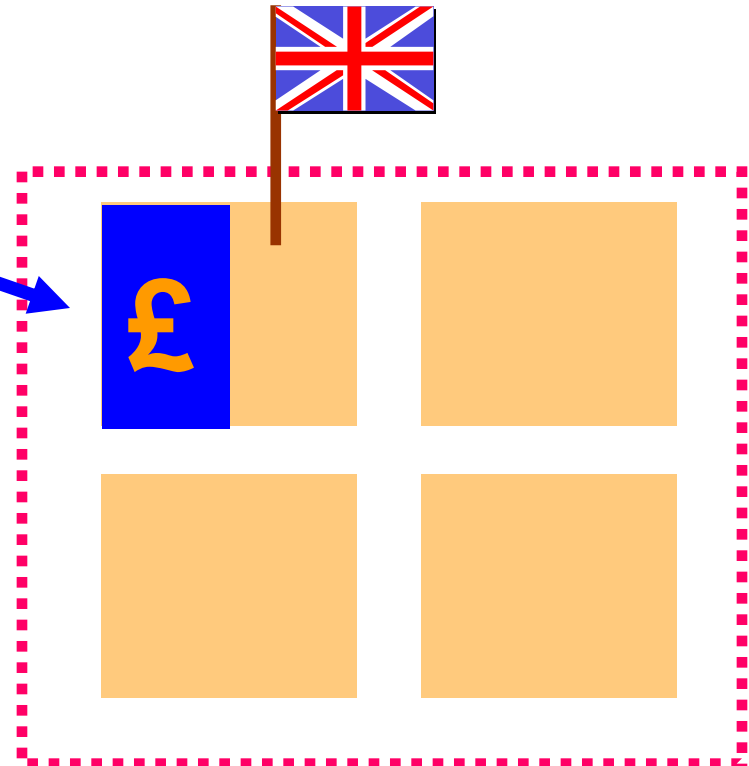
# Why?

**4 Equal Participants**

**Single Participant's input**

**Equal rights of access**

**To product of total expenditure**



# SMEs in FP7 - why?

SMEs are at the core of European industry and key players in the innovation system.

SMEs have to respond increasingly to a strong competition in the internal market and globally.

- Need to increase their knowledge base and their research efforts in transnational cooperations.
- Actions at EU level are necessary to complement and enhance the impact of actions taken at national and regional level.



# EURO Speak

A selection of terms encountered in EC documentation

Precompetitive

Modalities

Actors

Instruments

Intermodality

Horizontal Activities

Transnationality

Antinomy

Prenormative

Comitology

RTD Performers

Harmonisation

Interoperability

Stimulation Actions

Additionality

Complementarity

Subsidiarity

Valorisation

Extended Audiences

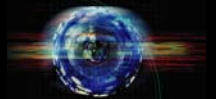
Concertation

Proportionality

Human Mobility

Professionalism

Pluridisciplinarity



# SME PROFILES FOR FP7

## SME Definition

The new SME definition takes into account  
the size

MICRO < 10 employees < €2 million turnover

SMALL < 50 employees < €10 million turnover

MEDIUM < 250 employees < €50 million turnover

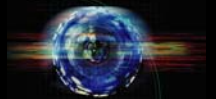
and ownership

AUTONOMOUS: < 25% owned by non-SME

PARTNER: 25 to 50% owned by Universities, Venture  
Capitalists etc

LINKED: special case for groups and subsidiaries

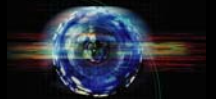
**THE SME DEFINITION DOES NOT TAKE ACCOUNT OF SME TYPES  
AND ACTIVITIES i.e. HIGH-TECH, LOW-TECH**



# SME PROFILES FOR FP7

## SME Types \*

- |             |  |
|-------------|--|
| High-Tech   | <ul style="list-style-type: none"><li>• Research-Intensive SMEs • R &amp; D Department</li><li>• Breakthrough Technologies • R &amp; D Strategy</li><li>• Use R &amp; D results for Product and Process Development</li></ul>    |
| Medium-Tech | <ul style="list-style-type: none"><li>• Industrial SMEs • No R &amp; D Department</li><li>• Small Development Centre and Testing facilities</li><li>• Participate in Collaborative R &amp; D • Adopt R &amp; D results</li></ul> |
| Low-Tech    | <ul style="list-style-type: none"><li>• Industrial SMEs • No R &amp; D Department</li><li>• May have Testing facilities • May participate in Collaborative R &amp; D</li><li>• Use available external technology</li></ul>       |



# Seventh Framework Programme (FP7)

## SPECIFIC PROGRAMMES

## PROGRAMME AREAS

**COOPERATION**  
62%

- Collaborative Research
- Joint Technology Initiatives
- Coordination of Non-EC Research
- International Cooperation (Research)

Health	Food Agriculture Biotechnology	ICT	Nano Materials Production	Energy	Environment	Transport	Socio- Economic	Space Security
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**IDEAS**  
16%

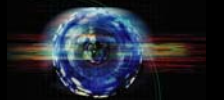
- Frontier Research
- European Research Council

**PEOPLE**  
10%

- Training
- Marie Curie Fellowships

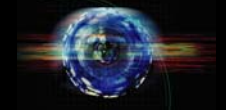
**CAPACITIES**  
11%

- Research Infrastructures
- SMEs
- Regions of Knowledge
- Research Potential (New States)
- Science & Society
- International Cooperation (Policy)



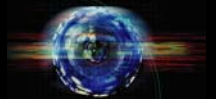
# Budget allocation to SMEs in FP6 and FP7

€million	FP6	FP7	FP6 annual average	FP7 annual average	Increase annual average
SME specific measures	473	1.336	118	191	61%
SME participation (15% target)	1.865	4.862	466	695	49%
<b>Total</b>	<b>2.338</b>	<b>6.198</b>	<b>585</b>	<b>885</b>	<b>51%</b>



## SMEs in FP7 “Cooperation”

- **Dedicated SME strategy** under each Theme
- **Identification of areas of particular interest** to SMEs in the individual work programmes
- **15% target** for SME participation (early indications meeting and exceeding 15%)
- **Greater flexibility** in choosing the appropriate funding scheme
- **Simplified financial and administrative procedures** (e.g. 75% funding rate for SMEs, no bank guarantees)



## SMEs in FP7 “Capacities”

### Research for the benefit of SMEs: Objectives

Strengthen the innovation capacities of SMEs to develop new products and markets by **outsourcing of research:**

- Increase their research effort
- Acquire technological know-how
- Extend their networks
- Improve the exploitation of research results



# Target group

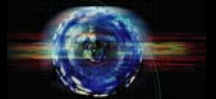
## Research for SMEs:

- Low to medium technology SMEs with little or no research capability
- Research intensive SMEs that need to outsource research to complement their core research capability

## Research for SME associations:

- SME associations representing their members and their common technical problems

➔ bottom-up approach, no thematic focussing



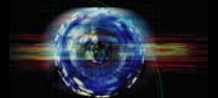
# Impact: Economic benefit

## Research for SMEs:

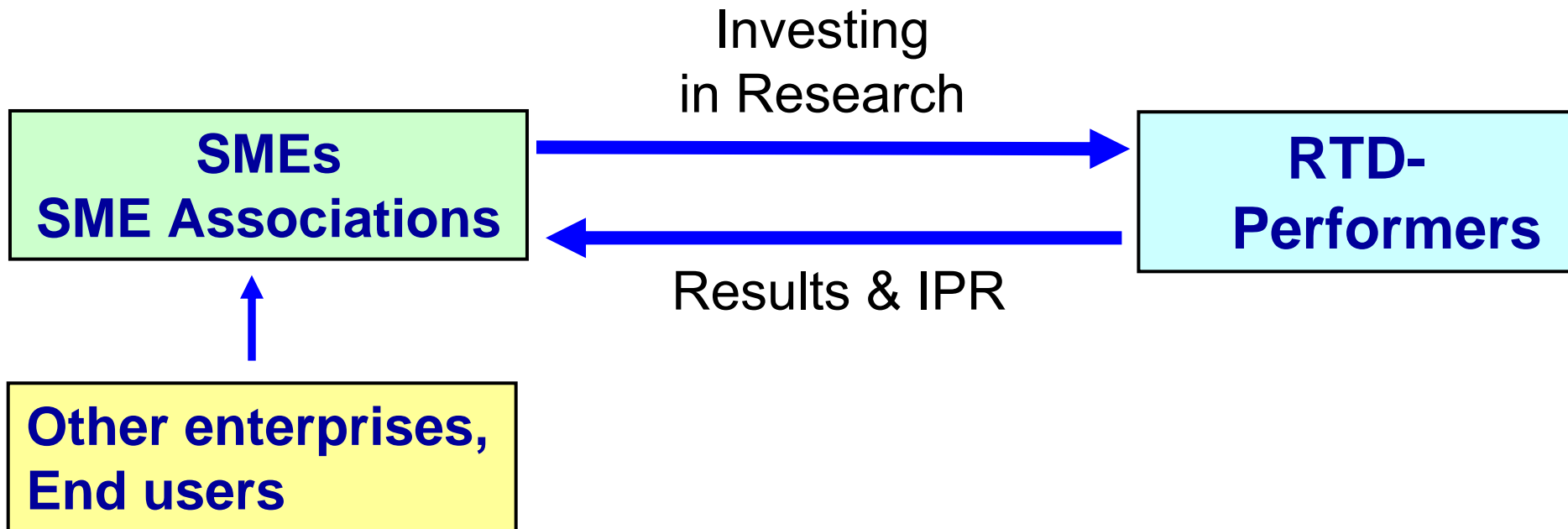
- Clear exploitation potential and economic benefits for the **SMEs involved**
- Strengthening the competitiveness of the SMEs

## Research for SME associations:

- Clear exploitation potential and economic benefits for the **SMEs members of the associations involved**
- Improve industrial competitiveness



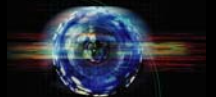
# Principle: Outsourcing scheme “customer-seller” relationship



# Clear principle: SMEs invest in R&D

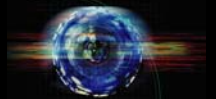
- “Customer-seller” relationship between SMEs\* and RTD-performers.
- SMEs\* invest in the RTD project and outsource part of the research activities to "RTD performers".
- RTD performers **invoice** their services to SMEs\*.
- EC contribution: Grant to the project (and not to individual participants) which covers only part of the total investment.
- SMEs\* and "Other participants and end users" contribute with own resources to the project.
- Collective leadership of the SMEs\* in the project.

\* including SME associations



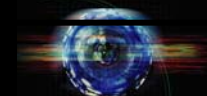
# Funding Scheme - principles

- The financial support of the Community in accordance with the Rules for participation will be capped at a value **not exceeding 110% of the estimated price to be invoiced by RTD providers** to SMEs or SMEs Associations.



## Funding Scheme Key Indications

	Research for SMEs	Research for SME associations
<b>Duration</b>	1-2 years	2-3 years
<b>Number of partners</b>	5-10	10-15
<b>Total budget</b>	€ 0.5 – 1.5 Million	€ 1.5 – 4 Million
<b>Activities</b>	R&D, demonstration, management, other activities	R&D, demonstration, management, other activities



# Number of partners

## Research for SMEs

- At least **three independent SME participants**, established in three different Member States or Associated countries.
- At least **two RTD performers**.
- **Other enterprises and end-users optional**.

## Research for SME associations

- At least **three independent SME association/groupings**, established in three different Member States or Associated countries, **or one European SME association/grouping**.
- At least **two RTD performers**.
- **Other enterprises and end-users with at least two**



# IPR - flexibility

In practice, this can, for example, mean that:

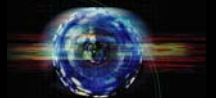
- SMEs keep ownership, but give access to the RTD performers for further, clearly specified activities

or

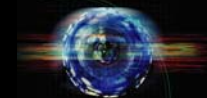
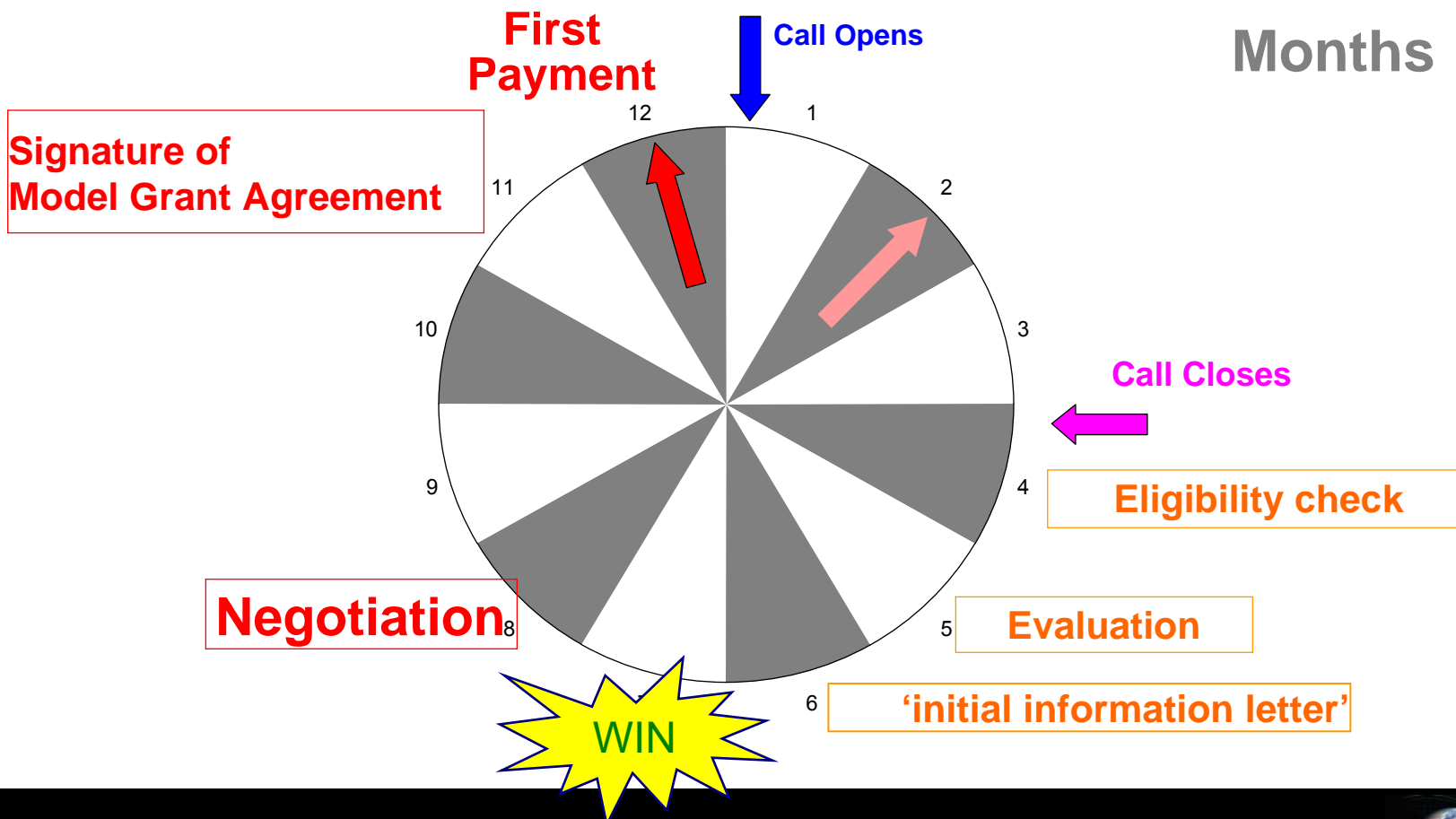
- The RTD performers keep ownership of the entire foreground (or parts of it) and that the SMEs acquire licences only.

➔ Agreement in the (economic) interest of the SMEs

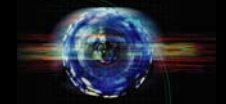
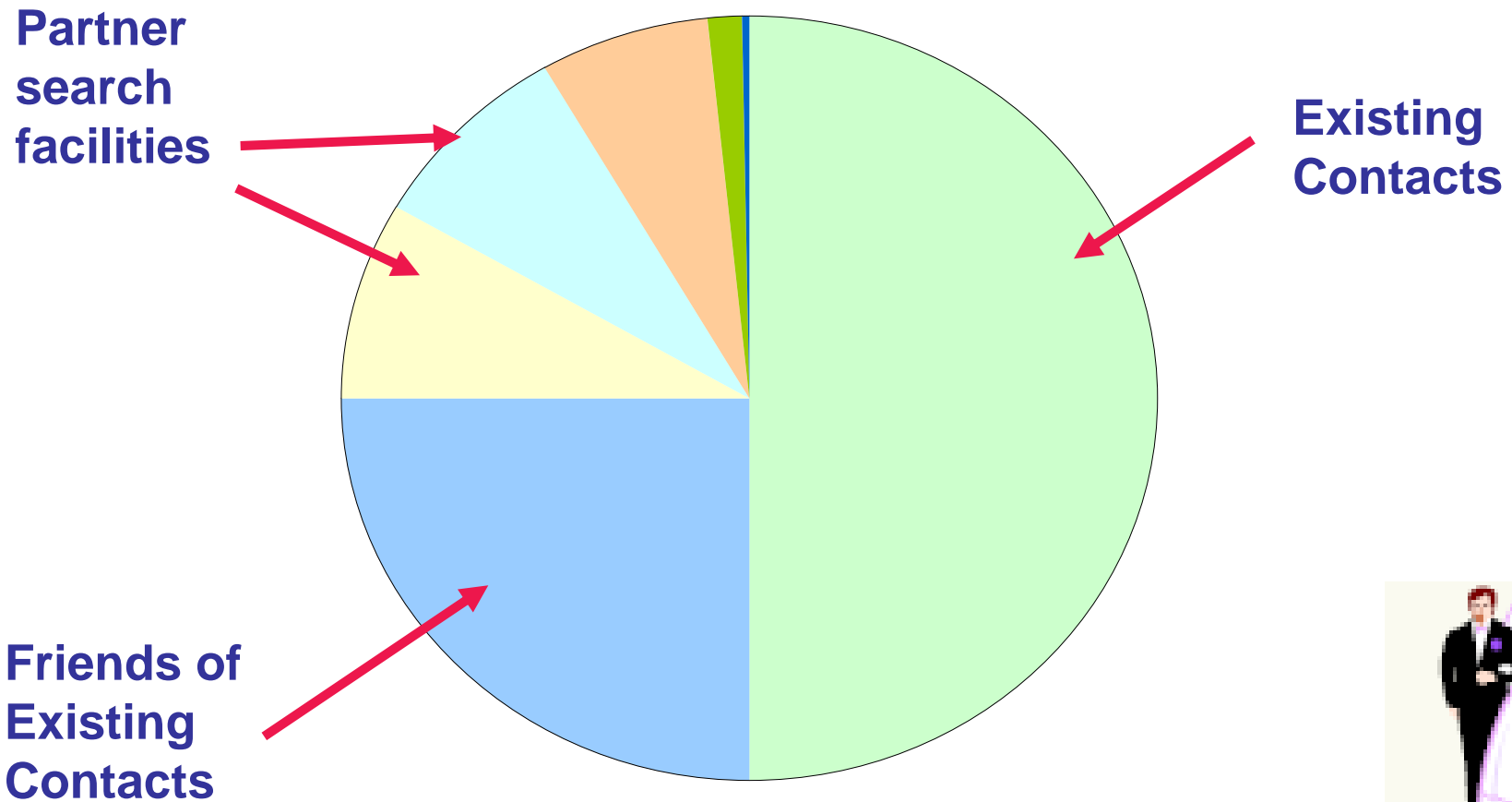
➔ Price should reflect the value of the IPR



# From application to funding

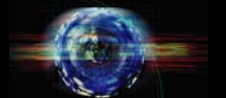


# *Finding partners*



# Finding Partners

- **CORDIS Partner Finding Service**
- **Do it Yourself**
- **<http://partners-service.cordis.lu/>**
- **IDEAL\*IST Partner Finding Service**
- Free assisted service
- <http://www.ideal-ist.net/>
- Use Local support if available
- Hang around in foreign bars



# More information

## Research for the benefit of SMEs:

[http://cordis.europa.eu/fp7/capacities/research-sme\\_en.html](http://cordis.europa.eu/fp7/capacities/research-sme_en.html)

## SME TechWeb:

[ec.europa.eu/research/sme-techweb](http://ec.europa.eu/research/sme-techweb)

## National Contact Points

<http://cordis.europa.eu/fp6/ncp.htm>

## FP7UK

[www.fp7uk.org/Site/overview/default.cfm](http://www.fp7uk.org/Site/overview/default.cfm)

