

[Horizon 2020 dedicated SME Instrument Phase 1 and 2, 2014-2015](#)

H2020-SMEINST-1-2015

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Programme Horizon 2020

Status

Open

Main Pillar Societal Challenges

OJ reference [OJ C361/9 of 11 December 2013](#)

Topic: SME business model innovation

INSO-10-2015-1

- [Topic Description](#)
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- [Submission Service](#)

Scope:

Specific Challenge: Technologies and services as such do not have a specific value. Their value is determined by the business models used to bring them to a market.

Many current, widely applied business models, have developed for big companies and may be not-fitting or not-serving well the needs of SMEs nor be inspired by new knowledge on innovation in business models. In addition to this, small community-oriented companies, using their profits primarily for social objectives,[1] can build their growth on business model innovation.

The specific challenge addressed by this topic is to enable SMEs - in traditional sectors, such as manufacturing industries, in sectors of particularly rooted in Europe's history such as cultural heritage as well as in new sectors including different services and creative industries, and the social economy – to innovate and grow across traditional boundaries, through new business models and organisational

change. The international dimension is included. For instance, this can involve drawing on successful business models in different sectors in the global market, and developing them for use by European SMEs in the same or different sectors. It can also involve reverse innovation in business models, where models initially created in Europe and becoming successful elsewhere, are supported to return to Europe. For business model innovation in the broad area of food, it is foreseen to organize several events in the autumn of 2015 within an appropriate European level forum. Of particular importance for the new business models will be user-oriented services, cultural heritage related services, social services and tourism. The SME instrument, providing the phased approach and mentoring schemes needed, so that the participating SMEs can build successful strategies to achieve growth, is an appropriate instrument to address this challenge.

Scope:

The SME instrument consists of three separate phases and a coaching and mentoring service for beneficiaries. Participants can apply to phase 1 with a view to applying to phase 2 at a later date, or directly to phase 2.

In phase 1, a feasibility study shall 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). The activities could, for example, comprise risk assessment, market study, user involvement, Intellectual Property management, innovation strategy development, partner search, feasibility of concept and the like to establish a solid high-potential innovation project aligned to the enterprise strategy and with a European dimension. Bottlenecks in the ability to increase profitability of the enterprise through innovation shall be detected and analysed during phase 1 and addressed during phase 2 to increase the return in investment in innovation activities. The proposal should contain an initial business plan based on the proposed idea/concept.

The proposal should give the specifications of the elaborated business plan, which is to be the outcome of the project and the criteria for success.

Funding will be provided in the form of a lump sum of EUR 50.000. Projects should last around 6 months.

In phase 2, innovation projects will be supported that address the specific challenge of business transformation and that demonstrate high potential in terms of company competitiveness and growth underpinned by a strategic business plan. Activities should focus on innovation activities such as

demonstration, testing, prototyping, piloting, scaling-up, miniaturisation, design, market replication and the like aiming to bring an innovation idea (product, process, service etc) to industrial readiness and maturity for market introduction, but may also include some research. For technological innovation a Technology Readiness Levels of 6 or above (or similar for non-technological innovations) are envisaged; please see part G of the General Annex.

Proposals shall be based on an elaborated business plan either developed through phase 1 or another means. Particular attention must be paid to IP protection and ownership; applicants will have to present convincing measures to ensure the possibility of commercial exploitation ('freedom to operate').

Proposals shall contain a specification for the outcome of the project, including a first commercialisation plan, and criteria for success.

The Commission considers that proposals requesting a contribution from the EU of between EUR 0.5 and 2.5 million would allow phase 2 to be addressed appropriately. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts. Projects should last between 12 and 24 months.

In addition, **in phase 3**, SMEs can benefit from indirect support measures and services as well as access to the financial facilities supported under Access to Risk Finance of this work programme.

Successful beneficiaries will be offered coaching and mentoring support during phase 1 and phase 2. This service will be accessible via the Enterprise Europe Network and delivered by a dedicated coach through consultation and signposting to the beneficiaries. The coaches will be recruited from a central database managed by the Commission and have all fulfilled stringent criteria with regards to business experience and competencies. Throughout the three phases of the instrument, the Network will complement the coaching support by providing access to its innovation and internationalisation service offering. This could include, for example, depending on the need of the SME, support in identifying growth potential, developing a growth plan and maximising it through internationalisation; strengthening the leadership and management skills of individuals in the senior management team and developing in-house coaching capacity; developing a marketing strategy or raising external finance.

Expected impact:

Enhancing growth performance of SMEs by combining and transferring new and existing knowledge into innovative solutions

Market uptake and distribution of innovations tackling the specific challenge(s) in a sustainable way.

Increase of private investment in innovation, notably leverage of private co-investor and/or follow-up investments.

- The expected impact should be clearly described in qualitative and quantitative terms (e.g. on turnover, employment, market seize, IP management, sales, return on investment and profit).

Type of action: SME Instrument (70%)

[1] A social enterprise is defined as an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. See: SOCIAL BUSINESS INITIATIVE
http://ec.europa.eu/internal_market/social_business/docs/COM2011_682_en.pdf