

SME Instrument

H2020-EIC-SMEInst-2018-2020

This call is expected to continue in 2020

Who should apply to the SME Instrument?

Are you an innovative, high-flying small or medium-sized business with European and global ambitions?

Have you got an idea for an innovation that targets new markets and could boost the growth of your company?

Are you looking for substantial funding to develop and scale up your idea?

And could you make use of business development resources and coaching to take your company forward? Then the SME Instrument is for you.

The SME Instrument supports high-risk, high-potential small and medium-sized enterprises to develop and bring to market new products, services and business models that could drive economic growth.

The SME Instrument is for innovators with ground-breaking concepts that could shape new markets or disrupt existing ones in Europe and worldwide.

Competition for SME Instrument support is tough.

The SME Instrument is very selective.

Only the most convincing and excellent proposals can be funded after a thorough evaluation by multinational panels of technology, business and finance experts.

Selected companies receive funding and are offered business coaching to scale up their innovation idea, and can also receive mentoring. They are helped in networking with other SME Instrument clients, with other companies of all sizes, and with potential co-investors and follow-up investors across Europe. As an SME Instrument client, you will gain visibility and boost your chances of success in European and international markets.

Europe needs more radical, market-creating innovations to improve productivity and international competitiveness and generate new jobs and higher standards of living.

These innovations must meet user and customer needs and tackle societal, technological and business challenges in a sustainable way.

Have you got what it takes? Then apply now!

Principles and funding of the SME Instrument

Who can apply?

For-profit SMEs, including young companies and start-ups, from any sector. You must be established in an EU Member State or a [Horizon 2020 associated country](#).

What topics are covered?

There are no set topics. Negative impacts on climate and the environment should be avoided.

How does it work?

The SME Instrument provides full-cycle business innovation support. It has three phases, including a coaching and mentoring service.

→ Feasibility study: Phase 1

Phase 1 helps you get a grip on the R&D, technical feasibility and commercial potential of a ground-breaking, innovative idea and develop it into a credible business plan for scaling it up.

Activities can include, for example, risk assessment, market research, user involvement, analysis of regulatory constraints or standards regimes, intellectual property management, partner search, or feasibility assessment.

Your goal in Phase 1 is to formulate a solid, high-potential innovation project with a European or global growth-oriented strategy

Your proposal must be based on an initial business plan and outline the specifications of a more elaborate one, which will be the outcome of the project.

Phase 1 funding is a lump sum of €50 000⁸. Projects should last around 6 months.

→ From concept to market: Phase 2

Phase 2 helps you develop your business concept further into a market-ready product, service or process aligned with your company's growth strategy. Activities could, for example, include trials, prototyping, validation, demonstration and testing in real-world conditions, and market replication. If the activity concerns a primarily technological innovation, [a Technology Readiness Level \(TRL\) of 6 or above is envisaged](#). You can subcontract work essential for your innovation project.

You can apply to Phase 1 as a means of preparing for Phase 2, or you can apply directly to Phase 2.

Your proposal must be based on a strategic business plan that was either developed in Phase 1 or by another means. Your proposal must specify the expected outcome of the project and criteria for success, as well as the expected impacts on your company in

⁸ Commission Decision C(2013)8198 authorising the reimbursement of cost under the form of a lump sum for SME Instrument Phase 1 actions under Framework Programme Horizon 2020 states that the total eligible cost for a Phase 1 project is €71 249. Applying the co-financing rate of 70%, the amount of the grant is established at €50 000.

both qualitative and quantitative terms (e.g. on turnover, employment, market size, IP management, sales, return on investment, or profitability).

You must pay particular attention to IP protection and ownership, and present convincing evidence or measures to ensure the possibility of commercial exploitation (often known as 'freedom to operate'). You should also address regulatory and standardisation issues.

Grant funding is provided (funding rate 70%) of between €0.5 million and €2.5 million. You can request a higher or lower amount, duly justified, when applying. Your project should normally take 12 to 24 months to complete, but could be longer in exceptional and well-justified cases.

→ **Commercialisation: Phase 3**

Phase 3 helps you take advantage of additional EU support extended via a range of business support services offered on the [EIC Community Platform](#), open to SMEs benefiting from the different EIC calls for proposals. This support can take the form of training, links to investors, partnering and networking with other EIC SME clients and larger firms and services to help you access international markets, e.g. via participation in overseas trade fairs. Phase 3 is not necessarily subsequent to Phase 1 or Phase 2; it provides specific support to EIC SME clients, mainly to help them access new markets or customers and link with investors. It does not provide direct funding. In the 2018-2020 period, Phase 3 is open to SMEs receiving grants under the FTI and FET-Open schemes, in addition to

SMEs receiving grants from the SME Instrument budget.

All Phase 3 support services are accessible through a single, dedicated entry point, which serves as an information portal and networking space. [See '[EIC Support Actions](#)']

Coaching

If you are an SME benefiting from grant funding from the SME Instrument, FTI or FET-Open, we offer business coaching to help your business scale up and grow.

Coaching covers business development, organisational development, cooperation, and financing.

For SME Instrument clients, up to 3 coaching-days are available in Phase 1, and up to 12 coaching-days in Phase 2. SMEs taking part in FTI or FET-Open are offered up to 12 coaching-days.

The free-of-charge [coaching service](#) is facilitated by the [Enterprise Europe Network](#) (EEN). Coaching is delivered by one or more qualified, experienced business coaches recruited from a database managed by the European Commission. All coaches meet stringent criteria regarding business experience and coaching skills. Throughout your project, the EEN will complement the coaching support. EEN offers a service package covering an assessment of your firm's innovation management capacities and the identification of a suitable coach or consulting package to address the gaps,

EEN also provides access to its innovation and internationalisation services.

Mentoring

If you are an SME benefiting from grant funding from the SME Instrument, FTI or FET-Open, we will offer mentoring to individual founders, CEOs and leaders.

Mentoring aims to develop leadership skills such as resilience, tenacity and strategic insight.

The mentoring scheme will involve one-to-one meetings with an experienced entrepreneur, who will share expertise and provide impartial guidance and support.

Mentors will be CEOs of firms that have moved beyond the start-up stage. To begin with, mentors will be drawn from a pool of SME Instrument Phase 2 current and former clients willing to act as mentors on a *pro bono* basis.

Mentors and mentees will be matched up via the [EIC Community Platform](#) and during [EIC Events](#) and other suitable events.

We will introduce the mentoring scheme during 2018, and announce more details nearer the launch-date.

Call conditions for the SME Instrument

Type of funding: SME instrument Phase 1 / Phase 2

Opening dates, deadlines, indicative budgets

Opening date: 7 November 2017	Deadline of cut-off <i>All deadlines are at 17.00.00 Brussels local time</i>
<p><i>phase</i></p> <p>1</p>	<p>08 February 2018</p> <p>03 May 2018</p> <p>05 September 2018</p> <p>07 November 2018</p> <p>-----</p> <p>13 February 2019</p> <p>07 May 2019</p> <p>05 September 2019</p> <p>06 November 2019</p> <p>-----</p> <p>12 February 2020</p> <p>06 May 2020</p> <p>02 September 2020</p> <p>04 November 2020</p>
<p><i>phase</i></p> <p>2</p>	<p>10 January 2018</p> <p>14 March 2018</p> <p>23 May 2018</p> <p>10 October 2018</p> <p>-----</p> <p>09 January 2019</p> <p>03 April 2019</p> <p>05 June 2019</p> <p>09 October 2019</p> <p>-----</p> <p>08 January 2020</p> <p>18 March 2020</p> <p>19 May 2020</p> <p>07 October 2020</p>
<p>The Director-General responsible for the call may decide to open the call up to one month prior to or after the envisaged date(s) of opening. The Director-General responsible may delay the deadline(s) by up to two months. The deadline(s) in 2019 and 2020 are indicative and subject to separate financing decisions for 2019 and 2020.</p>	

Budget of the SME Instrument⁹	€ millions		
	2018	2019	2020
Overall indicative budget	479.74	552.26	600.99
Phase 1 <i>divided equally between cut-off dates in each year</i>	10%	10%	10%
Phase 2 <i>divided equally between cut-off dates in each year</i>	87%	87%	87%
Phase 3	1%	1%	1%
Coaching and mentoring	1%	1%	1%
Evaluation	1%	1%	1%

Who can benefit from SME Instrument funding?

A proposal will be considered **eligible** if:

- Its content corresponds, wholly or in part, to the description of the SME Instrument call.
- The single beneficiary, or every beneficiary of a consortium, is a for-profit SME¹⁰ located in an EU Member State or a Horizon 2020 associated country.
- There is no concurrent submission or implementation with another SME Instrument Phase 1 or Phase 2 project. If an applicant is involved in two proposals that were formally submitted but not yet reviewed under phase 1 and/or 2, only the proposal that was submitted first will be considered eligible.

What are the requirements for an SME Instrument proposal to be admissible?

A proposal will be considered **admissible** if the following conditions are met:

- it was submitted in the electronic submission system before the final cut-off deadline;
- it is readable, accessible and printable;
- it is complete and includes the requested administrative data, the proposal description, and the obligatory supporting documents specified below;
- for a Phase 2 proposal, it includes a mandatory first commercialisation plan.

⁹ The budget amounts for the 2018 budget are subject to the availability of the appropriations provided for in the draft budget for 2018 after the adoption of the budget 2018 by the budgetary authority or, if the budget is not adopted, as provided for in the system of provisional twelfths. The budget amounts for the 2019 and 2020 budget are indicative and will be subject to separate financing decisions to cover the amounts to be allocated for 2019 and for 2020.

¹⁰ 'For-profit SMEs' means micro-, small- and medium-sized enterprises, as defined in Commission Recommendation 2003/361/EC, that are not 'non-profit legal entities' as defined in the Horizon 2020 Rules for Participation (Regulation No 1290/2013): i.e., a 'legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members'.

How long can my SME Instrument proposal be?

In **Phase 1**, the maximum length of a proposal (proposal description, sections 1 to 3) is **10 pages**.

In **Phase 2**, the maximum length of a proposal (proposal description, sections 1 to 3) is **30 pages**.

The page limits, the sections subject to the limits and the formatting applicable are shown in the 'proposal templates' in the Participant Portal electronic submission system.

If your proposal exceeds the page limits, you will receive an automatic warning and be advised to resubmit a version that conforms to the limits.

After the cut-off deadline, excess pages will automatically be made invisible, and will not be taken into consideration by the experts evaluating your proposal.

Evaluation rules for the SME Instrument

Selection criteria

- ***Financial capacity***: Applicants for mono-beneficiary grants (single SME applicants) are not subject to an automatic financial viability check. Coordinators of consortia of several SMEs will be invited, at proposal stage, to complete a self-assessment using an online tool.
- ***Operational capacity***: During the evaluation of the award criterion 'Quality and efficiency of implementation', experts will judge whether each individual participant has, or will have in due time, sufficient operational capacity to successfully carry out their tasks in the proposed work-plan. This assessment will be based on the competence and experience of the applicant, including their operational resources (human, technical, other) and, if applicable and on an exceptional basis, the measures proposed to secure these resources by the time of the implementation of the tasks.

The operational capacity of each applicant is determined on the basis of the following supporting documents, which are required when submitting a proposal:

- A CV or description of the profile of the persons who will be primarily responsible for carrying out the proposed activities.
- A brief description of relevant products, services (including widely used datasets or software) or other achievements (which may also include previous projects or activities connected to the subject of the proposal).
- A description of any significant infrastructure and/or any major items of technical equipment relevant to the proposed work.
- A description of any third parties that are not represented as project partners but who will nonetheless be contributing towards the work, for example by providing facilities or computing resources.

Award criteria

Proposals are evaluated by experts on the basis of **three award criteria**: 'impact', 'excellence', and 'quality and efficiency of implementation'. The aspects examined under each criterion are described in the table below.

Impact
50% WEIGHTING
<p>Convincing specification of substantial demand (including willingness to pay) for the innovation; demand generated by new ideas, with the potential to create new markets, is particularly sought after.</p> <p>Total market size envisaged.</p>
<p>Convincing description of targeted users or customers of the innovation, how their needs have been addressed, why the users or customers identified will want to use or buy the product, service or business model, including compared to what is currently available if anything at all.</p>
<p><i>Phase 1 (only)</i>: Good understanding of need for a realistic and relevant analysis of market conditions, total potential market size and growth-rate, competitors and competitive offerings, key stakeholders, clear identification of opportunities for market introduction: potential for market creation is particularly sought after.</p> <p><i>Phase 2 (only)</i>: Realistic and relevant analysis of market conditions and growth-rate, competitors and competitive offerings, key stakeholders, clear identification of opportunities for market introduction, market creation or disruption (e.g. via new value-chains).</p>
<p>Realistic and relevant description of how the innovation has the potential to scale-up the applicant company (or companies). This should be underpinned by a convincing business plan with a clear timeline, and complemented, where possible, by a track-record that includes financial data.</p>
<p>Alignment of proposal with overall strategy of applicant SME (or SMEs) and commitment of the team behind them. Demonstration of need for commercial and management experience, including understanding of the financial and organisational requirements for commercial exploitation and scaling up (and - <i>Phase 2 only</i>) as well as key third parties needed.</p>
<p><i>Phase 1 (only)</i>: Outline of initial commercialisation plan and how this will be developed further (in-house development, licensing strategy, etc.).</p> <p><i>Phase 2 (only)</i>: Realistic and relevant strategic plan for commercialisation, including approximate time-to-market or deployment. Activities to be undertaken after the project.</p> <p><i>The 'commercial strategy' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.</i></p>
<p>European/global dimension of innovation with respect to both commercialisation and assessment of competitors and competitive offerings.</p>
<p><i>Phase 1 (only)</i>: Realistic and relevant description of knowledge protection status and strategy, need for 'freedom to operate' (i.e., possibility of commercial exploitation), and current IPR situation or a plan for obtaining this information. Where relevant, description of potential regulatory requirements.</p>

Phase 2 (only): Evidence of or realistic measures to ensure '**freedom to operate**' (i.e., possibility of commercial exploitation), convincing **knowledge-protection strategy**, including current IPR filing status, IPR ownership and licensing issues. **Regulatory and/or standards requirements** addressed.

Taken as whole, to what extent the above elements are **coherent and plausible**.

Excellence

25% WEIGHTING

High-risk/high-potential innovation idea that has something that nobody else has. It should be **better and/or significantly different** to any alternative. Game-changing ideas or breakthrough innovations are particularly sought after.

Its **high degree of novelty** comes with a high chance of either success or failure.

Realistic description of **current stage of development** (*Phase 2 only*: TRL 6, or something analogous for non-technological innovations), and clear outline of **steps planned to take this innovation to market**.

Highly innovative solution that goes beyond the state of the art in comparison with existing or competing solutions, including on the basis of costs, ease of use and other relevant features as well as issues related to climate change or the environment, the gender dimension, any other benefits for society, or (*Phase 1 only*) includes plans for obtaining this information.

Very good understanding of both risks and opportunities related to successful market introduction of the innovation from both technical and commercial points of view or (*Phase 1 only*) includes convincing plans for obtaining this information.

Phase 2 only: Documentation on the **technological, practical and economic feasibility of the innovation**.

The 'feasibility' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.

Phase 1 (only): Objectives for the feasibility study and the **approach and activities** to be developed are consistent with the expected impact of the project.

Phase 2 (only): Objectives for the innovation proposal as well as the **approach and activities** to be developed are **consistent with the expected impact** (i.e. commercialisation or deployment resulting in company growth). Appropriate definition provided of specifications for outcome of project and criteria for success.

Taken as whole, to what extent the above elements are **coherent and plausible**.

Quality and efficiency of implementation

25% WEIGHTING

Technical/business experience of the team, including management capacity to lead a growing team

Only Phase 1: If relevant, the proposal includes a plan to acquire missing competences.

Only Phase 2: If relevant, the proposal includes a plan to acquire missing competences, namely through partnerships and/or subcontracting*, and explains why and how they are selected (*subcontractors must be selected using 'best value-for-money' principles*).

The 'team' aspect is particularly examined in Step 2 of the evaluation of Phase 2 proposals.

Availability of resources required (personnel, facilities, networks, etc.) to develop project activities in the most suitable conditions.

Where relevant, complementarity of partners in a consortium.

Only Phase 2:

Where relevant, realistic description of how key stakeholders / partners / subcontractors could be involved* (*subcontractors must be selected using 'best value-for-money' principles*).

Where relevant, the estimated budget and the procedure planned for selecting the subcontractors are appropriate*.

Realistic timeframe and comprehensive description of implementation (work-packages, major deliverables and milestones, risk management) taking the company's or applicant's innovation ambitions and objectives into account.

**Subcontracting is acceptable to the extent required for the implementation of the proposed activities. Subcontracting may be an essential part of the implementation of the project, but should not be a disproportionate part of the total estimated eligible costs. Subcontractors must be selected using 'best value-for-money' principles.*

Taken as whole, to what extent the above elements are **coherent and plausible**.

Evaluation procedure

After each Phase 1 cut-off

- Proposals are evaluated in one step.
- A proposal is evaluated remotely by a number of evaluators with a mixture of technology, industry sector, business and finance expertise.
- Each evaluator scores each of the three award criteria from 0 to 5. Scores with a resolution of one decimal place may be given.
- The quality threshold of each criterion is 4 out of 5. The overall quality threshold, applying to the weighted sum of the three individual scores, is 13 out of 15.
- The consensus score at the level of the three evaluation criteria is the median of the scores given by each evaluator. The overall consensus score is the weighted sum of these separate scores. Proposals that have passed all thresholds are ranked in the order of their final score.
- If necessary, a panel review is organised remotely.

After each Phase 2 cut-off

Applications are evaluated in two steps.

Step 1: remote evaluation

- A proposal is evaluated remotely by a number of evaluators with a mixture of technology, industry sector, business and finance expertise.

- Each evaluator scores each of the three award criteria from 0 to 5. Scores with a resolution of one decimal place may be given.
- The quality threshold of each criterion is 4 out of 5. The overall quality threshold, applying to the weighted sum of the three individual scores, is 13 out of 15.
- The consensus score of a proposal at the level of the three evaluation criteria is the median of the scores given by each evaluator. The overall consensus score is the weighted sum of these scores.
- Proposals that pass all quality thresholds will be considered for step 2.

Step 2: face-to-face interview

- Starting with the highest-scoring proposal and in descending, sequential order, proposals are passed to Step 2 until, as a batch, either the total amount of EU funding requested is as close as possible to twice the budget available, or all proposals eligible for funding have been accounted for. The actual threshold to pass to Step 2 will therefore be dynamic and depend on the volume of proposals received that pass all quality thresholds.
- Each applicant whose proposal has passed to Step 2 is invited to a face-to-face interview in Brussels.
- Only staff of applicants can represent them. Representation by third parties is forbidden.
- The interview is conducted by evaluators with a mixture of technology, industry sector, business and finance expertise.
- During the interview, the applicant is posed questions designed to clarify aspects of the proposal evaluated in Step 1, in particular those indicated above under 'award criteria'.
- In Step 2, proposals will receive, in addition to the score in Step 1, an 'A' mark or a 'B' mark from the final panel review.
- Only proposals that have passed all quality thresholds and receive an 'A' mark are proposed for funding.

For both Phase 1 and Phase 2

- During the electronic proposal submission process, you can provide up to three names of persons that should not act as an evaluator of your proposal, for commercial or other reasons.
- To set a priority order for proposals given the same consensus score in Phase 1, the following method is used:
 - Proposals are first prioritised according to scores given for the award criterion 'impact'.
 - Where those scores are equal, priority is then determined using scores for the award criterion 'excellence'.
 - If necessary, a further prioritisation is based on the degree of gender balance among the personnel named in the proposal as primarily responsible for carrying out the project.

Communication to applicants after evaluation procedure

Phase 1

For each proposal, applicants receive an **evaluation summary report** with the scores obtained and a qualitative assessment with respect to each of the aspects considered under each of the three award criteria.

Phase 2

Each applicant invited to an interview in Step 2 receives an invitation at the end of Step 1.

For each proposal, applicants receive an **evaluation summary report** with the scores obtained and a qualitative assessment with respect to each of the aspects considered under each of the three award criteria (Step 1 of the evaluation). For proposals that have passed to Step 2, the report will contain an A or B mark and an additional qualitative assessment.

Phase 1 and Phase 2 applicants meeting all quality thresholds but not receiving funding will receive a Seal of Excellence.

Consortium agreement

Members of consortium are required to conclude a consortium agreement, in principle prior to the signature of the grant agreement.

Indicative timetable for evaluation and grant agreement signature

- Information about the outcome of the evaluation: Maximum 2 months after the corresponding cut-off date set out above for phase 1 and maximum 4 months after the corresponding cut-off date set out above for phase 2.
- Indicative date for the signing of grant agreements: Maximum 3 months from the final date for submission in phase 1 and maximum 6 months from the final date for submission in phase 2.