Research for the benefit of SMEs – general guidelines

Mirka Laasonen, VTT
Research for the benefit of SMEs:

- The idea is **to support SMEs** in their need of **outsourcing** research activities (acquiring technological know-how).
  - Research activities can be outsourced **to RTD performers** (such as universities, research centres or research performing SMEs).
  - 'Other enterprises and end-users', which belong to the same value chains (as the participating SMEs), **can also participate to SME project**, if it is in the interest of the project’s technical scope.

- The idea is to **create new knowledge** or **achieve results with a clear exploitation potential** to improve or develop new products, processes or services which meet the needs of the SMEs. Existing products and processes can be improved. **Project operate as a access to international networks.**
  - This **will benefit SMEs in their medium and long-term business development processes.**
Research for the benefit of SMEs:

- The SME instrument follows a **bottom-up approach** – SMEs are the direct beneficiaries of the project - they **outsource their research needs by subcontracting the research to RTD performers** and will get the ownership of the Foreground/results.
- The **SMEs defines their specific technological needs** and ensures that the research performed in the project complies with their requirements.
- **No specific topics- open to all research fields**
- The available budget for the 2013
  1. **Research for SMEs 169,56 M€** (Call Identifier: SME.2013.1)
  2. Research for SME Associations 55 M€ (Call Id: SME.2013.2)
  3. Demonstration Activity 27 M€ (previous SME project/3 original members from the previous consortium)
  4. Coordination and Support Action 0,75 M€  (only 1 project will be funded)

**Deadline**: **15 November 2012 at 17:00:00 (Brussels local time)**
- The overall budget of the project between 0,5 M€ to 1,5 M€
- The duration of the project between 1 and 2 years.
Expected outcome:

- The expected outcome **should be innovative including new or improved products, processes or services with a distinct market potential.**

- **Project proposals**: should include **a comprehensive business case and demonstrate a clear economic impact for the SME participants, improving SMEs competitiveness by creating new or expanding existing markets.**

- Collaboration and networking at EU level should enhance SMEs access to markets and customers.
Consortium in SME Project (eligibility criteria):

- At least 3 “SMEs” independent from each other and established in at least 3 Member States or Associated Countries.
- At least 2 "RTD performers“, independent of each other and from any other type of participant.
- If there are any other enterprises and end-user participants, they must be independent of any other participant.
- SMEs that are research centres, research institutes, contract research organisations or consultancy firms are not eligible as Participant Type SME. However, they are eligible to take part as Participant Types 'RTD performers' or as 'Other enterprises and end-users'.
- This eligibility criterion will be checked at the end of the negotiation procedure (before the signature of the grant agreement).

* Please see the eligibility criteria for Res. For the SME Associations and Demonstration Activity from the Guide for Applicants
Technical scope of the SME project (Work Programme 2013):

- “Projects **must fit into the overall business and innovation needs of the SMEs**, which are given the opportunity to subcontract research to RTD performers in order to acquire the necessary technological knowledge. **Projects must render clear innovation and exploitation potential and economic benefits for the SMEs involved.**”

- “The aim is that the participating SMEs become more competitive and their capacity to collaborate with the 'research community' is enhanced, forging closer industry / academia links. A strong emphasis is therefore placed on the economic impact of the results achieved in the project on the SMEs themselves. **The economic 'benefit for the SMEs' is crucial in such projects.**”

- **According to rules, no decision in the consortium shall be taken against the collective interest of the SME participants.**

- **SMEs will provide input and contribute to the research activities where appropriate.**

- **The SMEs will take-up and exploit the research results to their own best advantage.**
SME Project funding terms:

- Maximum EU funding for the project is subcontracting from RTD performers + 10%. (110% of the total amount of the subcontracting to RTD performers).
- The funding is for the project, not for the individual partners.
- The European Union’s financial support covers only a part of the total costs of the project. Therefore SME participants’ own contribution to the project is essential (in kind contribution).
- The idea can be described so that the SMEs will receive “a voucher” to buy the best R&D work from research organisations, research institutes and universities:
  - The SME will receive EU funding for subcontracting/ outsourcing the research work.
  - The rest is SMEs own in kind contribution to the project: E.g. work related to the project (recorded in accounting). This can be monitoring of the research work, participation to project meetings, validation of the results and testing etc. (perhaps own research work).
    - This cannot be immaterial, so access e.g. to facilities or library can not be SMEs in kind contribution to project.
SME project funding terms:

- Distribution of the EC contribution: The consortium have to decide how to allocate the total EC contribution among themselves.
  - This allows the consortium to find the right balance between the individual contributions to the project and the expected benefits from the project results.

- The idea is to pay the invoices of RTD performers and then this 10% can be used for the management costs and other costs -> in practise for management costs and the rest of the money can be divided between the consortium members (e.g. to cover SMEs travel costs to project meetings).
Activities in SME Project:

- **RTD** - Research and Technological Development activities *(compulsory)* are core of the project and the RTD performers should perform the bulk of these.
  
  ➢ SMEs should focus on initial specifications, and on testing and validation of project results and the preparatory stages for further use. Knowledge management and IPR protection should support the SMEs in protecting and using the research results to their best advantage, leading to a clear economic impact.

- **DEMONSTRATION** activities *(compulsory)* can be designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of product-like prototypes). Demonstration activities are an important step of a project on its way towards commercialization and should therefore typically be a distinct element of a project.
Activities in SME Project:

- OTHER - Other activities – TRAINING AND DISSEMINATION to facilitate the take-up of results by the SMEs

  - Training for technical and managerial staff of the SMEs. Training should **focus on results/technologies generated by the projects**. Training activities should normally not exceed 10% of the total eligible project costs.

  - **Dissemination** activities targeted to the relevant public and professional audience, workshops, conferences and publications (incl. web sites, wiki pages, videos, exhibitions etc.)
Activities in SME Project:

- **MANAGEMENT** - maintaining e.g. contracts and regular communications with the Commission and consortium, technical management of individual work packages (bringing together all project components). Co-ordination tasks may not be subcontracted. The organisation acting as coordinator must have the necessary capacity and competence to ensure effectively the coordination tasks.

- The co-ordinator of a 'Research for SMEs' project should preferably be one of the SME participants. This role may be entrusted by the SMEs in duly justified cases to a RTD performer or an organisation specialised in professional project management. The latter will participate in the project under the category 'Other enterprises and end-users' in support to the SMEs.
5 Reasons to Participate in FP7actions and Capacities Programme:

- This is an opportunity
  - to outsource the research and development tasks and get funding from the European Union to buy the RTD work you need to create new business and sales volume.
  - to have access to international networks
  - to get new contacts and business partners not to mention potential customers
  - to test cooperation with possible future producers and suppliers. You will get valuable feedback from the end-users.
  - to shake off the "ghost" of bureaucracy – There are certain rules and procedures. Take this as a learning process. At the end of the day – the reporting demands are small price compared to the networks and contacts you get.
Research for SME Associations:

- The SME Association project’s scope is wider – it benefits the whole industry.
- The idea is to support SMEs through their associations or groupings to outsource research activities (industrial union, chamber of commerce, associations etc). The Association outsources their research activities to RTD Performers.
- SME associations act on behalf of their members to identify and address common technological problems and to promote the effective dissemination and take-up of research results.
- A bottom-up approach – no topics – open to all research fields
- The overall budget of the project between 1,5 M€ to 3,0 M€.
- The duration of the project between 2 and 3 years.
Research for SME Associations:

- The consortium: **At least 3 'SME association/groupings'**, independent from each other and established in 3 Member States or Associated Countries or **1 European 'SME association/grouping'** established in a MS or an AC. This association/grouping must be made up of a minimum of 3 independent legal entities established in 3 MS or AC.

- **At least 2 'RTD performers'** (having the capacity to carry out research at the request of the association(s)/grouping(s)), independent of each other and from any other type of participant.

- **At least 2 SMEs** (established in 2 MS or AC). They must participate as 'Other enterprises and end-users' (OTHER) and must be independent of any other participant.

- Activities: RTD, DEMONSTRATION, MANAGEMENT AND OTHER (Dissemination and exploitation)
Consortium agreement in SME Project:

- The project results (Foreground) generated in the project shall be at the benefit of the participating SMEs and they have rights of use and dissemination.
- The coordinator drafts the consortium agreement.
- The consortium agreement covers the management structure and practises of the project and other contractual obligations linked to the grant agreement and IPR issues as well.
- In this project type the SMEs will buy the research work and they will also receive the IPR so it is transaction in this sense.
- The consortium has to agree on these issues at some level before submitting the proposal.
- At the proposal stage, the consortium has to provide a clear and adequate description of how the participants will organise IPR ownership and user rights (e.g. licences, royalties) among themselves.
Where to get more information?
Participant Portal - FP7 Calls - Capacities – Open Calls – Research for the benefit of SMEs:
http://ec.europa.eu/research/participants/portal/page/home
Useful links:

- **SME Definition:**

- **SME test:** [http://ec.europa.eu/research/sme-techweb/index_en.cfm](http://ec.europa.eu/research/sme-techweb/index_en.cfm)

- **WORK PROGRAMME 2013/CAPACITIES/RESEARCH FOR THE BENEFIT OF SMES:**

- **Useful prochures:**
  
  **RESEARCH FOR SMEs AND RESEARCH FOR SME ASSOCIATIONS AT A GLANCE:**

Thank you!

Ms. Mirka Laasonen
Specialist, EU Project Finance, Team Leader EU team TK60 and TK80
(MSocSc, Vocational Qualification in Business and Administration)

VTT TECHNICAL RESEARCH CENTRE OF FINLAND
PO Box 1000, 02044 VTT, Finland
Visiting address: Tietotie 3, 02150 Espoo
Tel. +358 40 484 7459, fax. +358 20 722 7012
www.vtt.fi, mirka.laasonen@vtt.fi
VTT creates business from technology