Workshop summary report

HORIZON 2020 SME Innovation Associate

Workshop – February 19, 2019

Brussels, Belgium

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Service contract No. EASME/H2020/INNO/2017/002 – Accompanying study to the pilot action "European SME Innovation Associate – Pilot".

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European Commission

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EXECUTIVE SUMMARY

The workshop took place on February 19, 2019, in Brussels. It was organised in the context of a study[1] aiming to provide the European Union with an assessment of the Horizon 2020 SME Innovation Associate pilot action (also referred to as SME IA programme). The workshop gathered a wide range of stakeholders[2] and its **main objectives** were to:

- Display the results of the EU pilot initiative – examples of successful projects.
- Exhibit comparable policy initiatives on regional/national and EU level.
- Present preliminary findings and recommendations from the evaluation of the pilot action.
- Discuss the best means to implement the action in the future with key stakeholders, bearing in mind other related policy initiatives.

The workshop was organised into two main sessions. The morning session started with introductions from representatives of the European institutions responsible for creation and implementation of the programme – DG GROW and EASME. Then, the representative from the consortium responsible for conducting the study presented the interim findings and preliminary recommendations. This was followed by presentations on the training side of the programme, successful projects from the first call and comparable policy schemes at the national and EU levels.

The afternoon session was dedicated to group discussions, involving participants of the workshop. The main **objectives of the group discussion** were to discuss the best means to implement the SME Innovation Associate action in the future and to obtain additional input for the revision and finalisation of the findings of the accompanying study. The **main questions** discussed were:

- Are SME's in Europe still struggling to get access to innovation skills?
    - Which types of skills are most sought for? (examples of sectors, technologies…)
    - Known differences between countries and possible reasons for such differences?
- Are there alternative or complementary actions that could be implemented to successfully address the access to skills challenge in SMEs?
    - Which are these alternative or complementary actions?
    - The main features and overall design of such an initiative
- What are the major strengths of the innovation associate programme and what are those features that would need to be improved?

The workshop ended with closing remarks from representatives of DG GROW and EASME. The rest of the report presents the main points from all presentations and the group discussions.

[1] The study is implemented by a consortium consisting of CARSA, Ramboll, LE Europe, DIW Econ and Ecorys.
[2] Supported SMEs and their Innovation Associates, Programme Committee members, representatives of Commission Services, representatives of policy initiatives on national/regional level, representatives of National Contact Points (SME/MSCA), EEN partners and EU-level SME and innovation associations.

Key messages from the morning session presentations[3]

Introduction

Giacomo Mattino *(Head of Unit, Enterprise Europe Network and Internationalisation of SMEs, European Commission, DG GROW)*

- The main objective of this workshop is to present the findings from the study. It is important to support innovation and SMEs undertaking it. It enhances competitiveness and creates sustainable jobs. We aim to create a favourable ecosystem for SMEs to innovate and run several other programs, such as Erasmus for young entrepreneurs.
- The key element is the ability to recruit relevant talent. Thus, we decided to pilot this project as part of H2020, providing SMEs with a grant to employ highly skilled researchers for one year and to explore the potential of the SMEs' ideas and turn it into an innovation.
- This study analyses the results of the first call, which supported SMEs with innovative ideas over a broad range of issues. This workshop displays concrete examples to diverse audience and participants, including representatives from SMEs participating in the first call, and facilitate learning experience in the process.

Natalia Martínez Páramo *(Head of Unit, COSME, European Commission, EASME)*

- SMEs face problems in attracting skilled persons to implement innovation and researchers have difficulties in getting relevant experience. This program is a first step to help both sides and aims to test a European measure to help SMEs recruit researchers and facilitate innovation.
- This experimental call is designed as an enterprise-led mobility programme, helping SMEs to recruit expertise, thereby improving the access to scientific excellence and enhancing transnational mobility. There is a real interest to connect these two worlds, as highlighted by the great interest in the first call.
- SMEs are provided financial support for the training and development of their associate, tailored to their needs, with the aim of accelerating their integration into the company.
- The aim today is to discuss the best way to implement this programme, to help decide on its continuation or to recommend Member States to introduce similar programme at national level.

Innovation Associate Programme

Idaira Robayna Alfonso *(project adviser and call coordinator, INNOSUP-2-2019, European Commission, EASME)*

- The key problem is that SMEs are facing barriers in recruiting highly skilled personnel. This programme aims to address them by supporting the salaries and training of researchers.

[3] Presentations from the workshop are available for download on the event website https://sme-innovation-associate.eu.

- The main point to emphasise is that this programme does not finance the research project itself, but only the mobility aspects of researchers: salary, training costs, vacancy in Euraxess platform. It also provides international visibility to companies that receive the support.
- Three key elements have to be fulfilled. For one, SMEs have to have an innovative idea. It can be at early stage, at a more advanced stage, horizontal, or for a specific sector. Second, SMEs have to be established in EU or Horizon 2020 country. Third, the innovation associate need a PhD or equivalent research level and can come from any country in the world. There are no nationality requirements. Nevertheless, they have to respect the transnational mobility criteria established by Marie Curie's action[4].
- The first SMEs funded came mostly from healthcare, ICT, energy and environment sectors. Innovation associates came from all over the world, 36% of them from non-EU countries. 50% of researchers were hired by the SMEs after the programme. Thus, the overall results are positive, especially since the companies tend to keep the associates and continue to innovate.
- Next call will implement several novelties, such as flexibility in starting date, assistance in formulating a vacancy notice.
- Concerning gender balance, 39 associates were females and the rest were males.
- Thanks to this Programme 13% of the researchers were able to come back to their own countries. Thus, the programme helps to bring European brain talents back.

Interim findings and preliminary recommendations of the accompanying study

Thorsten Lübbers *(Ramboll)*

- Interim results of the study assessing the pilot action were presented; based on document review, interviews and online surveys with various key stakeholders of the programme.
- The use of social media channel could be improved.
- SMEs liked the 100% intensity of support. However, they also would be willing to pay-in, signalling the interest in the programme.
- The length of support (1 year) was seen as too short by most SMEs, and the timing was rigid.
- The feedback on the relevance of the training was mixed.
- Very important preliminary finding is that only 6% (out of 60 respondents) said they would be able to hire the same innovation associate without the support provided by the programme.
- Innovation associates were quite experienced on average, having 8 years of experience within and outside academia. Main motivations for joining SMEs were a match with their projects and gaining experience in industry.
- Main impacts on researchers where improving social skills and teamwork, developing client-oriented thinking. In terms of careers, it has improved their opportunities in SMEs and larger companies. Majority continued to work with the SME after the programme ended.

[4] To have resided or carried out his/her main activity in the country where the company is establishes for no more than 12 months in the previous 3 years.

- Recommendations were to improve communication strategy, adapt and better synchronise trainings, extend the placement period and introduce co-financing with SMEs.
- Impacts inside SMEs will be addressed in the upcoming survey.
- The reasons for some associates not staying with their SMEs were mixed, for both supply (SME resources) and demand, and personal reasons. No clear picture of why some did not stay.

Developing innovation management skills for and in SMEs: Practical experience in implementing the Innovation Associate training program

Eva Diedrichs *(IMP³rove - European Innovation Management Academy)*

- In light of multiple objectives (attract private investors, improve access to public funding, link SMEs with highly qualified researchers, facilitate transnational mobility and internationalisation), they were asked to provide training on innovation management for both researchers and their supervisors. What they did was to structure training along the process involving three phases: idea, innovation and launch.
- Training activities considered the situation of the researcher and started from assessing innovation management capabilities of the company, to identify gaps in innovation management and how the associate can improve it. Webinars on how to pitch the project were organised, and how to market the innovation.
- Associates were asked to present their success stories. The presenter cited several quotes from the associates who said they used the training in developing an innovation.
- Lessons learned were the need to: manage expectations; foster networking; celebrate successful projects; allow more flexibility to participate in training; anticipate visa implications; and focus on practical tools and approaches.

Successful projects from the first call of the SME Innovation Associate pilot action

Elio Brunetti *- Intraview project (Intrapore GmbH, Germany)*

- The project involves application of Nano particles for groundwater remediation.
- DECAPO seminars helped to think about product desirability. They started to create demand and started prototyping to bring the product as soon as possible to the market and to get the client feedback as early in the development process as possible.
- They now pitch and present their company to large international companies. The “pitch approach” from DACAPO was used and it was very useful.
- They recently presented at key exhibitions on soil remediation in Italy and Germany and are currently in the launch phase.

Sander Ouburg *and* ***Anne Ammerdorffer*** *- Proze project (TubaScan Ltd, The Netherlands)*

- The company aims to develop an easy-to-use commercial diagnostic test (WaddliaSCAN) to detect Waddlia chondrophila bacterium antibodies in patients. The bacterium is likely cause of miscarriage in humans and strongly associated with tubal factor infertility. The company presented the progress of the project.
- The main positive aspect of the programme is that the training provided a first step into the industry for the researcher.
- The main program cons are that one year is quite limited to develop a product, especially in terms of funding. There were also little contact/networking opportunities with similar SMEs.
- Brainstorming sessions are needed and strengthening the business mind-set of researchers.

Sandro Calmanti *and* ***Sara Dal Gesso*** *- CaseXtreme project (Amigo Srl, Italy)*

- The project aims to transform climate related data for industry with Extreme Climate Facility (XCF), a data-driven financial vehicle for adapting to changes in the frequency of extreme climate shocks in Africa by allocating funds for adaptation.
- The programme was important for the company in finding the relevant associate. The associate became a permanent staff at the company after the successful development of the project.
- The pros of the programme is that SMEs acquire relevant skills while associates gain new expertise through tailored courses on business acumen.
- The con of the programme is that one year is too short. In addition, organisation of DACAPO could be improved, in particular its timing and frequency. Finally, more opportunities for networking would be welcome, outside of the programme network too, such as investors and other companies.

Presentations of comparable schemes

Philipp Aiginger *- Program manager of Impact Innovation Program, FFG (Die Österreichische Forschungsförderungsgesellschaft)*

- The focus of the programme is on non-technical innovation; such as on open innovation methods, and focus on user problems. The interaction with user and co-creation is emphasised.
- The first pilot had a total budget of 1 million EUR, with 16 companies funded. The second pilot had a larger budget of more than 2 million EUR, with 30 companies funded. In contrast to the SME IA programme, the funding covers the entire project (eligible costs are not only related to mobility).
- It is important to communicate what innovation is about. If that is not made very clear when introducing the funding programme it is difficult to attract SMEs, since they are not certain whether they should apply.
- The fund is compatible with state aid because it is part of the funding for innovation processes.

- 50% of aid intensity is an issue for some SMEs. Thus, FFG is currently looking into complementary crowdfunding.
- The uniqueness of the scheme is that the projects are not typical R&D. These are more process innovative projects, as opposed to dealing with product or service innovation.
- Currently there is an evaluation undergoing on how well the support worked.

Dieter Goossens | Benedicte de Buck *Head of the team | Project advisor of SME-growth Subsidy, VLAIO (Flanders Innovation & Entrepreneurship)*

- The goal of the scheme is to subsidise missing strategic knowledge necessary to establish new growth strategies: innovation, business transformation, internationalization. The subsidy is maximum of 50,000 EUR per SME (50% intensity) per year.
- The application is online and quick, with low administrative burden. Assessment criteria include vision for growth (ambition), demonstration of impact on multiple business processes, having a clear path of development, and demonstrating need for skills and knowledge. The programme is successful, with 397 projects granted in 2018. All budget used.
- Lessons learned include realisation that support must be embedded in a regional ecosystem, the process must be transparent, the process to grant money should be a maximum of 2 months because time is money for SMEs, and it is important to lower administrative burdens for them.
- While they do not explicitly engage in matchmaking between companies and researchers, they try to embed companies in the region. This is something that must be improved.
- Qualitative criteria is also very important, not just quantitative measures. Thus, they have an interview with the applicants to gain deeper understanding of the project.

Martin Mühleck *Policy Officer, Unit C2, Marie Sklodowska-Curie Actions, European Commission, DG EAC*

- MSCA projects establish active links between academic and non-academic partners. Companies often profit from the experience of academic partners to write proposals.
- One of the main objectives is to incentivise PhDs and researchers to gain skills and experiences in the private sector and, especially, in an SME.
- 42% of all private participants are SMEs (1,758 in total). ITNs (Innovative Training Networks) focus much on them, while RISE (Research and Innovation Staff Exchange) encourages the participation of SMEs.
- MSCA gives researchers perspectives for non-academic careers. However, it is necessary to incentivise them to consider a career in the private sector. For institutions, new links between academia and industry are fostered. Structurally, the MSCA also opens up opportunities for global exchanges.
- There is a need to continue supporting innovation and facilitating the access of SMEs to the programme.

Outcomes from the group discussion

Are SME's in Europe still struggling to get access to innovation skills?

- Overall, the consensus from participants was that SMEs are still struggling to get access to innovation skills.
- There is a lack of awareness among the SMEs about the existing national and European level support schemes. This is largely because in many SMEs (particularly small companies and start-ups) innovation management does not exist and, thus, more training opportunities should be offered.
- Only those SMEs that are part of the research ecosystem, such as spin-off SMEs from research and academic institutions, are likely to have good access to innovation skills and be cognizant about the availability of national and European level support.
- On the one hand, some countries in Europe have low generation of patents, while some have healthy number of patents, but struggle to bring them to market. Thus, Europe, and especially SMEs, need to increase skills both at the innovation side and at the business side.
- SMEs lack access to capital, which, in turn, hinder their ability to procure innovation skills. This is especially the case with micro enterprises. Therefore, they might lack access to innovation tools relevant for the development of products and services.
- There is a mismatch between SMEs and academic institutions with respect to the type of research projects. Academic institutions tend to prioritise and value more fundamental and theoretic research, while companies go for research projects that could be readily utilised in the market.
- SMEs tend to lack the understanding about the potential benefits of collaboration with research institutions. On the other side, research institutions and researchers tend to lack entrepreneurial, managerial and business development skills, which hinders their ability to develop their research into products or service and bring them to market.
- Digitalization presents an additional challenge for SMEs to get access to innovation skills. There is a gap between the demand and supply of graduate ICT skills and the type of skills the graduates have. They usually do not acquire business management or entrepreneurial skills as part of their ICT degrees. Thus, there is both a lack of ICT personnel in general, and those able to transform innovative ideas into products and services.
- There is a lack of expertise on how to manage different types of teams (one coming from the business side and the other from research or academic institutions) on co-operative projects. Researchers tend to have problems in collaborating with the business department of the company because they see innovation in different ways. In many cases, a person liaising between the academic and business side would be needed.

Are there alternative or complementary actions that could be implemented to successfully address the access to skills challenge for SMEs?

- Innovation vouchers was seen as a viable alternative. While implementing them, it is important to be flexible in light of the needs of SMEs. For example, the vouchers should not

be limited by nationality requirements of researchers and there should not be a requirement to cooperate only with public research institutions.

- Sub-contracting might be an alternative or complementary action. On-demand research services would be beneficial for SMEs who lack the capacity to undertake research themselves.
- Complementary action could be company internships for students at the masters or PhD level. This would enable future researchers to better understand the needs of business and the prerogative of the market.
- Complementary action could be company representative secondments to research institutions. This would help companies to better understand the way research institutions work and to foster links for cooperation.
- Increasing the visibility of existing and well-established national and European support networks (such as EEN) among SMEs is needed as a complementary measure.
- Improving framework conditions for exchange, for example simplifying visa requirements for researchers, and ensuring good working conditions, for example regarding reallocation or access to kindergarten, would be complementary.
- Providing training on business orientation for researchers and academic would be complementary.
- Similarly, innovation consultancy support for SMEs would be very useful, a kind of ERASMUS for young companies.

What are the major strengths of the innovation associate programme and what are those features that would need to be improved in your opinion?

Major strengths of the programme

- A strength of the program is that SMEs do not need to have an associate at the moment they submit their project proposal.
- Major strength of the programme is its international profile. Its acceptance of researchers from across the world was seen as positive, promoting mobility within Europe and beyond.
- High retention rate (around 50%) of researchers after the programme financing is over was seen as very important, signalling that the programme is working both for SMEs and research associates.
- A positive aspect of the programme is that it does not create brain drain.

Aspects where the programme needs improvement

- The grant duration of 1 year was seen as simply insufficient, for both SMEs and associates. There should be at least the possibility to extend the programme to 2 years. In addition, the ability to apply for the next call would be desirable.
- While 100% financing has its strengths, such as minimising administrative process for SMEs and enabling them to take higher risks, it has potential drawbacks. It might create wrong incentives for companies to apply, wanting to simply benefit from the generous financing. In addition, it can create a financial shock after one year. Suddenly, the generous financing will be over and there might not be internal resources to compensate. Thus, partial financing was seen as a better alternative, potentially creating a stronger buy-in from the companies.

- The evaluation of applications was seen as too lengthy from the perspective of the SMEs. Given their limited resources and market pressures, they need to know as soon as possible whether their research project can benefit from an associate or alternative options should be sought after.
- Some expressed a need to have more flexibility and support with the initial project idea. In this regard, splitting the project in two phases was proposed: during phase one, the project idea would be fully formulated, while during phase two, its development and implementation would be undertaken.
- It is important to make clear to SMEs what the differences are with other programmes supported by the EC, particularly MSCA. It was also pointed out that it would be good to clarify for applying SMEs what they should expect of the Innovation Associates in terms of innovation management skills.
- Trainings should be more customizable to better reflect the needs of individual SMEs. In addition, allowing SME representatives to participate in all the trainings provided to associates in SME IA programme was seen as desirable.
- For research associates, more interaction during training is needed.
- Synergies between the EEN (European Enterprise Network) and the programme should be strengthened, especially collaboration on increasing awareness.
- More networking opportunities for research associates would be welcome.

Closing remarks

Daniel Gassman *(Head of sector A1.2 Business services, European Commission, EASME)*

- The programme has positive outcomes, especially that most SMEs would not have hired their researchers without the support and that the retention rate is very high.
- The fact that the talent is coming back to Europe and the programme does not cause brain drain is also very positive. The programme is complementary with other EU initiatives.
- New initiatives are coming in the form of vouchers and support for patenting.
- Full preparation for the new financial framework is ongoing, positive response from national representatives on this programme might influence whether it will be continued, and thus, spreading the word about its result is encouraged.

Janos Schmied *(COSME, Unit 2, Programme Officer, European Commission, DG GROW)*

- Key take-away is that this programme helps SMEs and researchers to develop a toolbox of how to turn their knowledge into products that could be in turn transformed into market opportunities.
- Having said that, networking has to be reinforced and the visibility of the programme improved among its potential beneficiaries. Expectations also have to be managed accordingly. It is important to keep up the interest in innovative schemes centred on training for SMEs and researchers.

- Suggestions made in this workshop will be taken into account in considering the programme for the next Multiannual Financial Framework.