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ANNEX 10 TO THE DECISION

WORK PROGRAMME 2014 – 2015

7. Innovation in small and medium-sized enterprises

(European Commission C(2013)XXX of XX December 2013)

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Introduction to innovation in SMEs

Exiting the economic crisis and achieving the employment and growth targets of the Europe 2020 strategy requires a competitive industry that builds its competitiveness on innovation in all its forms: development and application of technologies at the technology frontier, new business and organisational models reaching out new geographic markets. The innovation capacity of industry depends not only on large enterprises with market power but crucially on ambitious entrepreneurs and small enterprises aiming for radical innovations and fast growth.

Horizon 2020 and the Competitiveness and SME programme (COSME) will be the major instruments to provide direct support and a favourable environment for growth of SMEs. The major contributions from Horizon 2020 to SMEs competitiveness are: the provision of financial support to own innovation projects by the SME instrument, the possibility to engage in the context of large projects with research institutions and to access specific financial instruments for technology and innovation based enterprises. The domains of major activities of the COSME programme are: providing access to financing for growth oriented companies that do not fall under the focus of Horizon 2020, developing better framework conditions for SME growth in the context of industrial change in particular through clusters and in sector of strategic interest, and supporting the internationalisation of business activities of SMEs.

Horizon 2020 ‘Innovation in SMEs’ is a bridge between the core of the framework programme, the provision of support to research, development and innovation projects, and the creation of a favourable ecosystem for SME innovation and growth. ‘Innovation in SMEs’ therefore includes the SME instrument, for which budget is allocated in the Societal Challenges and LEITs, the support to the EUREKA/Eurostars initiative that provides funding for transnational collaborative projects of research-intensive SMEs and various actions that aim at developing and providing better innovation support services to SMEs. In addition the analysis of current SME innovation activities and their future development are themes covered by innovation in SMEs. Similar activities to these were so far funded by the ‘Entrepreneurship and Innovation Programme’ (EIP) as part of CIP.

Mainstreaming SME support especially through a dedicated instrument

SME participation is encouraged throughout this work programme and in particular in the priorities Industrial Leadership and Societal Challenges.

SME support will be targeted with the dedicated SME instrument, which is a novel approach to support SMEs' innovation activities. It shall attract more SMEs to Horizon 2020, provide support to a wider range of innovation activities and help to increase the economic impact of project results by its company-focused and market-driven approach.

The SME instrument addresses the financing needs of internationally oriented SMEs, and particularly young entrepreneurs, in implementing high-risk and high-potential innovation ideas. It aims at supporting projects with a European dimension that lead to radical changes in how business (product, processes, services, marketing etc.) is done. It will launch the company into new markets, promote growth, and create high return on investment. The SME instrument addresses all types of innovative SMEs so as to be able to promote growth champions in all sectors.

The SME instrument consists of three separate, but inter-linked phases and a coaching and mentoring scheme for beneficiaries:

Phase 1: SMEs will receive funding to undertake innovation activities that explore and assess the technical and technological feasibility and the commercial potential/economic viability of a new breakthrough idea (proof of concept) with considerable novelty to the industry sector in which it is presented (new products, processes, services and technologies or new market applications of existing technologies). Funding will be provided in the form of a lump sum of EUR 50.000.

Phase 2: Projects supported aim at bringing a breakthrough innovation idea (new products, processes, services and technologies or new market applications of existing technologies) close to deployment and market introduction. Projects underpinned by a strategic business plan, either developed under Phase 1 or through other means, will address a specific challenge and demonstrate high potential in terms of company competitiveness and growth. SMEs can subcontract or buy in work and knowledge that is essential for their innovation project in the spirit of the innovation voucher concept.

Phase 3: Support to commercialisation promotes the wider implementation of innovative solutions and customers and supports financing of growth by facilitating access to public and private risk capital. This stage will not provide for direct funding, but SMEs can benefit from indirect support measures and services as well as access to the financial facilities supported under Horizon 2020.

There is no obligation for applicants to sequentially cover all three phases.

A coaching and mentoring service aiming at enhancing the innovation management capacity of participants will be offered to all SMEs benefiting from phase 1 and phase 2 support under the SME instrument. It is expected to increase the return on investment in innovation activities. The coaching service will be delivered in cooperation with the Enterprise Europe Network, which will act as a broker between SME participants and coaches selected from a Europe-wide coaching pool.

In 2014 and 2015 SMEs are invited to submit proposals under the SME instrument at any time within all societal challenges and Leading and Enabling Industrial Technologies areas under the following bottom-up topics: [*Links to relevant topics*]

Call: Enhancing SME innovation capacity by providing better innovation

H2020-INNOSUP-2014/2015

Small, innovative companies create the majority of new jobs in the European economy. A strong rationale exists for public support to SMEs' innovation activities in order to overcome market failures specific to SMEs and to fully realise their growth potential. The public supports 'SME innovation' with grants, subsidised loans, equity and a wide range of innovation support services. However, SMEs receiving innovation support often remain dissatisfied with the services they receive; while at the same time the public expects a higher return from the support provided. While major new drivers for SME innovation, like online collaboration or reverse innovation, are hardly recognised by the public support provided, established support services assist mainly clearly defined technical projects within single enterprises. Public support pays much less attention to the creation of favourable ecosystem for SME innovation in which public enterprises, SME intermediaries, direct and indirect customers, end-users, suppliers and enterprises with complementary skills are encouraged to collaborate for radical innovation that may not yet be described and formulated as project.

Emerging innovation trends help SMEs overcome some of the size disadvantages they face. Mobilizing, coordinating and exploiting resources across national borders, sectors and firms will be key from SMEs as innovation moves away from a sequential logic towards a networked-based approach extending over borders.

The following calls for proposals and tenders are elements of a broader action to develop the ecosystem of innovation support to SMEs in Europe. Where appropriate, a highly specialised support service may be established at European level to complement existing national and regional services. Generally, the actions are designed to provide opportunities to member states and regions to enhance their services through collaboration, peer-learning and uptake of new approaches. In addition several actions will focus on the identification, further development and dissemination of skills and expertise among SMEs. The Enterprise Europe Network present in all European regions and co-financed by them and the Member States is expected to play an important role for catalysing such development processes.

INNOSUP 1 – 2015: Cluster animated projects for new industrial value chains

Specific challenge: The challenge is to develop new cross-sectoral industrial value chains across Europe, by building upon the innovation potential of SMEs. Europe needs to support the development of emerging industries, which will provide the growth and employment of the future. The reindustrialisation of Europe has to focus on the development of long-term internationally competitive goods and services that require combining different competences and innovative solutions. The development of new industrial value chains calls for the collaboration and integration of different innovation actors, including large enterprises and especially SMEs, across different sectors towards the implementation of a joint vision.

SMEs need help to generate, take up and better capitalise on all forms of knowledge, creativity, craftsmanship and innovation – including for the application of existing cross-cutting or emerging technologies, ICT, eco-innovative and resource-efficient solutions, new business models, service innovation and design. The potential of clusters, that represent favourable ecosystems for innovation, need to be better exploited in this respect.

Scope: Cross-border and cross-sectoral collaboration, innovation and entrepreneurship across different regions and value chains shall be promoted. The coordination and animation shall be led by cluster organisations and other intermediary organisations, by following a systemic approach that combines different resources, tools and instruments. Innovation actors,

especially SMEs with mutually reinforcing competences, shall be supported in view of creating new industrial value chains that foster the development of emerging industries in Europe.

To this end, proposals shall outline a strategic vision for building new industrial value chains across Europe. They shall specifically focus on integrating and supporting groups of SMEs in collaboration with other innovation actors in addressing specific problems and challenges. Cluster organisations or other SME intermediaries shall be invited to set up collaboration and networking activities for SMEs and create a favourable "open space" for cross-sectoral fertilisation and value chain innovation to take place. Each proposal should:

1) validate ideas for structured innovation projects driven by SMEs from different sectors and countries in collaboration with other innovation actors and facilitate the coordination towards new industrial value chains through this collaboration space.

2) support innovation activities and/or channel a mix of different targeted entrepreneurial and innovation support measures directly to the innovation actors of the validated innovation projects to further support their development, integration and large-scale demonstration in a strategic manner. At least 75% of the total proposed budget shall be allocated to support innovation in SMEs directly.

Further background information on the systemic approach and strategic focus to be envisaged, will be provided to applicants. Synergies with Cohesion Policy funds that may further support such large-scale demonstration projects will also be actively encouraged, notably through the engaged SME intermediaries. "Large-scale" does not necessarily refer to the amount of financial support provided for a particular project but to the extent of the roll-out of a staged process of experimentation and implementation with accompanying support that reaches out to groups of mutually reinforcing SMEs. This approach aims at "demonstrating at large scale" the potential impact of innovative solutions to specific challenges, rather than supporting isolated projects or SMEs.

The Commission considers that proposal requesting a contribution from the EU of between EUR 2.5 and 5 million would allow this specific challenge to be addressed appropriately. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts.

Expected impact:

- Strengthen industrial leadership in Europe by reinforcing value chains that integrate innovative solutions in SMEs, along and across existing value chains.
- Stimulate the creation of new globally competitive industrial value chains across Europe to accelerate the development of emerging industries in Europe, which will boost industrial competitiveness and underpin future economic growth, jobs, and progress towards a resource-efficient economy.
- Further leverage and complement support for innovation in SMEs and other funding, which may be provided by national or regional authorities under the European Structural and Investment Funds.
- Contribute to smart specialisation strategies by capitalising upon concentrated and complementary competences for the development of new industrial value chains and emerging industries.

- Provide a clear and measurable contribution to the innovation performance of the supported SMEs in the short-term – as revealed by indicators such as numbers of new or significantly improved products (goods and/or services), processes, new marketing methods, or new organisational methods –, and to its impact on resource efficiency and/or turnover. A wider impact is also expected in the medium-term.
- Improve the business environment of the supported SMEs by establishing open collaboration spaces that can involve innovation actors from different sectors and countries. This will lead to the creation of new ideas for innovation and new collaboration partnerships, which will be subject of further development and with the potential for further impact.
- Enhance the exploitation of innovation activities as well as of support tools towards the strengthening and creation of multiple value chains. This will involve hundreds of enterprises, more than three quarters of which would be expected to be SMEs.

Type of action: Innovation action (70% funding)

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 2 – 2014: European Intellectual Property Rights (IPR) Helpdesk

Specific Challenge: Small firms and research organisations face a challenge to adequately manage, diffuse and valorise Intellectual Property Rights (IPR) due to limited knowledge and resources. These challenges can be dealt with at regional and national level by general purpose research and business support. However, cross-border commercial or research activities may require a pan-European approach.

The European IPR Helpdesk should provide support in the management, diffusion and/or valorisation of technologies and other intellectual assets and in bringing technologies to the market, including and specifically to participants of Horizon 2020 and COSME projects.

Scope: The target group would include EU small firms or research organisations that create intangible assets, but do not have the resources to manage IP efficiently, including and specifically participants of Horizon 2020 and COSME projects. The activities of the helpdesk may include: 1. initial IPR advice, 2. on the spot trainings and webinars tailored to the target group's needs, 3. User-friendly website and 4. promotion of the helpdesk to the target group.

This would require co-ordination with other IPR support funded by the European Commission. The activities of the current helpdesk (www.iprhelphdesk.eu) may serve as a source of inspiration.

It is expected that the future helpdesk builds on top of previous initiatives and reaches better the target group, both in quantity and quality. The helpdesk should be ready to adjust the quantity of advice, training, materials and promotion to the demand and to better reach the target group. In particular, the development should follow the recommendations of the document related to the evaluation of the helpdesk to be published by end 2013.

To reach the target group the helpdesk should develop relationships with various business, innovation or research support organisations.

The services offered by this helpdesk should follow closely the recommendations stemming from a Commission document prepared as a follow-up of the external evaluation of the Helpdesk. These documents will be published latest in December 2013¹.

All intellectual property rights and other intellectual assets' protection means should be taken into account with special attention paid to recent and new legislative developments.

All intellectual property rights pertinent to the materials, trainings, website and other actions developed by the helpdesk will be owned by the European Commission and will be shared with other EU-funded IPR support measures.

The helpdesk should use non-technical language and should follow the target group's demand for initial IPR services as established e.g. through analysis of helpline requests, or feedback from trainings and from co-operating business services organizations.

Depending on the demand of the target group the activities may be provided in the most demanded EU languages. English versions are essential.

The duration of this action will be 48 months.

Expected impact:

- Improve knowledge and capacity of at least 1,000 SMEs, out of which a majority that participate or intend to participate in Horizon 2020 or have done so in earlier Framework Programmes, to access, diffuse, use and manage IPR more efficiently.
- Establish support services and cooperation structures with intermediaries (like the regional consortia of the Enterprise Europe Network and system of National Contact Points for the different parts of Horizon2020) and other relevant organisations enabling them to provide initial guidance to SME.
- Update and complement the set of self-help 20 materials and guides for the target group on IPR in commercial, technology transfer and/or research cross-border activities.

Type of action: Coordination and Support Action [Pending the recommendations of an evaluation of the current IPR helpdesk the action might be implemented by a call for tender]

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 3 – 2014: IPorta 2 - Increasing the quality of IP advisory services to SMEs

Specific challenge: Managing Intellectual Property Rights (IPR) is a difficult task, especially for Small, Medium and Micro Enterprises (SME) or individual inventors. Such enterprises or individuals frequently do not have the knowledge or human resources to effectively use and manage IPR. Such entities would be able to better use their intellectual capital if: 1. they had more knowledge, including basics of IPR, and guidance on how to better use professional legal consultants; 2. the professional consultants were better prepared to deal with SME specific challenges 3. cross-border information about IPR issues would be easily available on

¹ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/intellectual-property-rights/index_en.htm

the internet and 4. National Intellectual Property Offices (NIPOs) would provide better IPR services to SMEs.

Scope: The applicant needs to provide a mechanism to link and assist NIPOs to design and provide better services to SMEs, including providing information on the business use of European level rights (Unitary Patent, European Trade mark, Community design). To reach the broadest target group the applicants should conceive a mechanism to involve as many National IP offices as possible from the eligible ones (EU Member States and Horizon2020 participating countries) and at least 25 of them. The involvement may consist of including the NIPOs in the consortium as beneficiaries or by re-granting of small grants to NIPOs for joint actions. Other forms of effective and measureable involvement of NIPOs are possible, e.g. reimbursement of costs of participation of third parties to the joint events, trainings, etc. or service contracts.

The activities should include the communication and trainings on the business use of the European level rights (Unitary Patent, European Trade mark, Community design), the organisation of exchange of experience between National IP Offices on how to help SMEs or individual inventors and how to offer services to this target group. The initial pilot implementation of new services by NIPOs can be included as well as the update of the analysis of current SME needs for IPR support services. The future beneficiary consortium should take care of the joint website www.innovaccess.eu.

Upgraded or new services and trainings for the target group will be provided by the national IP offices to be implemented either by the NIPOs themselves or by the business support providers. Where needed professional legal attorneys should be trained to tailor their advice and to build IPR strategies matching the needs and resources of SMEs.

As appropriate, the activities should be provided jointly with business support service providers, (e.g. the Enterprise Europe Network, private consultancy) and the different IPR Helpdesks. This measure should also contribute to improve and expand business support service providers' intellectual asset services in conjunctions with NIPOs.

70% of the provided grant should be spent on joint actions described above directly with the national IP offices using the re-granting mechanism or any other mechanism that would involve a large number of NIPOs in joint activities. Such joint actions will need to have precisely defined topics, tangible and measureable deliverables at their end, as well as a clear reporting on how they impact on SMEs.

All intellectual property rights to the materials created should be granted free of charge to the commission and the National IP Offices for further use, re-use and unrestricted modifications. The project leader will co-operate and exchange materials with other DG Enterprise and Industry IPR projects: IPR helpdesks and the transatlantic portal.

The project should be operational for a period of 48 months.

Expected impact:

- At least 25 national IP offices in EU Member States and countries associated to Horizon 2020 participate actively in the learning and capacity building activities of the project either as beneficiaries in consortium or as beneficiaries of a re-granting mechanism established by the project.

- Upgrade or create new services and trainings for the target groups according to the needs of SMEs at least 1 action should be undertaken per year in each country benefitting directly from the action.
- At least 1,000 SMEs are directly or indirectly trained on the business use of European level rights and 2,500 SMEs (average 100 per participating NIPO) are directly or indirectly benefitting from the upgraded or new services and trainings.
- Existing IP, like the common website (innovaccess), and new IP generated is effectively managed and is available free of charge to the European Commission and the National IP Offices for further use, re-use and unrestricted modifications.

Type of action: Coordination and Support action

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 4 – 2014: A European Label for innovation voucher programmes to support spin-in of technology

Specific Challenge: Innovation voucher programmes are well established support instruments for SMEs in many countries and regions in Europe. In a general way innovation voucher schemes can be characterised as small, lump-sum grants (typically below EUR 10.000) that support SMEs to contract universities, R&D service providers or private consultants to either conduct small innovation projects or to explore the feasibility of larger ones. In most innovation voucher schemes the innovation agency that has issued the voucher pays the invoice of a service provider after the SME has received the requested service. Innovation vouchers are used to establish an initial contact between knowledge institutions and SMEs and have proven to be a successful instrument to support the spin-in of technology and knowledge into SMEs' business practice. Most innovation voucher schemes are however limited to beneficiaries and service providers from a limited geographic area, which limits the possibility for transnational activities. Furthermore, the diversity of designs of voucher schemes sets barriers to cooperation between schemes.

In the 'Riga-Declaration'² managers of innovation voucher programmes in the Member States have given recommendations for exploiting the full potential of innovation voucher programmes. Amongst other, the potential role of the European level, is described as follows:

"5. Innovation vouchers schemes should be implemented at local, regional and national level, thus fully taking into account the subsidiarity principle. The European level is encouraged to develop with national and regional entities a voluntary collaboration and brokerage framework for innovation voucher programmes that aims at making excellent knowledge, skills and innovation support services from both public and private service providers across Europe more effectively accessible for SMEs."

The proposed action aims at establishing such a voluntary cooperation framework with the objective to achieve among participating schemes an automatic recognition of foreign European service providers at equal conditions to the national ones.

² See for example http://www.innovation.lv/ino2/publications/Riga_declaration.pdf

Scope: The proposed activities will assist the development of a European label for innovation voucher programmes that treat foreign European service providers equally to national ones. The label shall provide participating managing entities of innovation voucher programmes services to enhance the quality of delivery and to manage the higher risks associated to international opening of the schemes. Financial incentives, for example co-funding a limited number of initial transnational cooperation projects with knowledge institutions, might be provided.

Expected impact:

- The action shall establish a European label for innovation voucher programmes that provides an open cooperation framework for the programmes established at local, regional and national level.
- Participating programmes shall, as a minimum requirement, commit to treat foreign European service providers equal to those domestic ones and aim at a minimum of 5% of innovation vouchers used for cooperation outside the home country.
- increase the range and quality of services available to SMEs,
- enhance the opportunities of excellent researchers and other specialist to transfer their knowledge transnationally and accelerate the spin-in of technologies and knowledge.

Type of action: Coordination and Support Action

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 5 – 2014: Peer learning of innovation agencies

Specific challenge: Innovation support agencies, i.e. the regional and national agencies that design and/or implement innovation support programmes for SMEs are important intermediaries for SME innovation. Focus, design and delivery mechanism of innovation support programmes determine to a large extent the economic impact from the supported actions and the satisfaction of the beneficiaries with the support provided. The European Union has in different programmes, including for example the seventh Framework Programme (FP7), the Competiveness and Innovation Framework Programme and INTERREG, supported mutual policy learning and exchange of ‘good practices’. However, the transfer of good practices in SME innovation support, the enhancement of existing and the establishment of new innovation support programmes for SME remains slow; and SMEs benefitting from support the programmes still often remain dissatisfied with the services received³.

The PRO-INNO Europe 'INNO-Partnering Forum' (IPF, 2009-2012) has made some significant contributions to formulating the requirements for a permanent learning mechanism for SME innovation support agencies⁴: Learning activities have to be based on clear

³ See for example “Making public support for innovation in the EU more effective”, Commission staff working document SEC(2009)1197

⁴ See <http://www.vinnova.se/PageFiles/604825187/The%20IPF%20synthesis%20report.pdf>

methodologies and they have to be demand driven, launched at the moment agencies themselves recognise the need to revise programme formats. Furthermore peer learning activities need to benefit from a secretariat or an animation structure that assures horizontal flow of information among interested agencies. In a collaborative exercise the IPF has developed two important methodologies in this respect: A quality management systems implemented through a peer review system based on the EFQM methodology and a 'twinning+' methodology that combines elements of traditional peer reviews and twinning in small learning groups of interested agencies.

It is the objective of this action to make available to national and regional innovation agencies these two methodologies as elements of a permanent peer learning environment and to give incentives to the agencies to engage more frequently in peer learning activities.

Scope: The proposed activities will provide incentives in the form of small lump sum grants to national and regional innovation agencies for engaging in peer learning on all topics relevant for design and delivery of innovation support programmes for SMEs. The support to joint learning activities shall be available at any time when need and opportunity for policy learning in agencies arises. While peer learning is open for all relevant topics only the 'Twinning+' methodology as well as the quality management scheme for innovation agencies based on EFQM are recognised as learning methods.

Expected impact:

- The number of innovation agencies engaged in peer learning activities significantly increases. The results of the peer learning are taken up by national and regional innovation support programmes, including those co-financed by European Structural Funds.
- A broad range of new topics and approaches in innovation support to SMEs is investigated and developed by peer learning activities of national and regional innovation agencies. Pilot agencies design and implement programmes based on these new approaches.
- The wider use of quality management in innovation agencies enhances efficiency of service delivery and customer satisfaction and accelerates the learning process.

Type of action: Coordination and Support Action, lump sums for participating agencies (EUR 15.000 / 50.000)

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 6 – 2015: Capitalising the full potential of online-collaboration for SME innovation support

Specific challenge: Identifying suitable partners for innovation activities is recognised as a major barrier to SME innovation. Innovation support services are addressing this challenge traditionally by two interventions that are often combined: (a) The provision of networking space for personal meetings either as one-off meeting ('brokerage events') or as more stable networks ('clusters') often with a limited geographic reach; and (b) the definition of 'cooperation profiles' ('technology offers', 'partner search profile' etc.) that are distributed through networks of intermediaries. To a different degree intermediaries become active in establishing the partnership ('brokerage'). Social media and other web-based services challenge these existing approaches and ask for their revision.

The British ‘_connect’ platform is the first publicly financed innovation platform on the web that creates a protected space for companies to display their competences, interest and skills, to reach out to a large number of peers, to make them personal contacts and to engage them in initial cooperation. Commercial offers like ‘linked_in’ or various crowdsourcing platforms offer important elements while not regarding themselves as innovation platforms for SMEs.

However, it becomes evident that only a small number of enterprises using the platform have already the skills to draw full benefits from the opportunities. Most establish contacts on the platform – which effectively eliminates the ‘brokerage function’ that is so far provided by many intermediaries – but are unable to maintain the group of contacts or to draw on their skills in the preparation of innovation projects. In that respect they could benefit from a new generation of support services that assist to create value from online collaboration with a group of contacts and potential partners (“assistance to online collaboration for innovation”)

So far staff in innovation agencies has hardly any skills to assist their clients to establish collaborations on web platforms and no profile of skills has been defined. Commercial offers by crowdsourcing platforms remain effectively unaffordable for SMEs or face difficulties to scale up their offers and reach a critical mass of the community.

Scope: To address the described gaps proposal should address one of the following activities:

- develop, and test new service designs for ‘assistance to online collaboration for innovation’ for SMEs, or
- develop and test a qualification profile, curriculum and training courses for staff currently providing brokerage services in established networks or SME agencies. independently from a particular collaboration or social media platform.

The nature of the topic – online collaboration – might suggest that the training modules are established as web-based self- or collaborative learning modules that are supported by case studies in the form of videos. The Qualification profiles and training modules shall be published under a creative commons license.

Projects proposing new service designs for ‘assistance to online collaboration for innovation’ should indicate on which platform(s) the new service would be tested and in how far the newly developed service could be scaled-up.

It is intended to support 2-3 projects from the indicative budget.

Expected impact:

- New services assisting online collaboration for innovation help SMEs to access a broader range of potential innovation partners and mobilise them in a timely manner for concrete projects.
- The qualification profile and training material are made available to SME innovation support agencies interested in enhancing the skills of their staff.
- The efficiency of innovation support service provision - for example but not limited to the services of Enterprise Europe Network – is enhanced.
- Resources in public innovation support are reoriented from information and brokerage functions – which can to a large extent be automated – to higher value added functions like the identification of opportunities and the animation of project development.

Type of action: Coordination and Support Action

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 7 – 2015: Professionalization of open innovation management in SMEs

Specific Challenge: Current research on open innovation has not taken into account the extent and creativity of SMEs in designing and implementing open innovation strategies. The lessons learned from open innovation come from large firms and are not readily transferable to the context of SMEs. While open innovation in large firms does not affect its strategic objectives, in the case of SMEs, it alters the strategic orientation of the company and requires a comprehensive overhaul of the firm's strategy. If implemented correctly, the benefits for an SME can be very important, for instance in the fields of technology transfer, capital raising, resource optimisation or networking (Vanhaverbeke et al., 2012). An urgent need exists, therefore, to study how collaboration and/or open innovation is managed and organised in SMEs.

Open innovation can be an important lever for growth for SMEs. It is important to investigate the size-related challenges and the required competencies and put them in an SME context and develop promising practices. Scattered local initiatives supporting open innovation in SMEs exist. Awareness of these initiatives should be expanded and the services supporting them professionalised.

At the same time financial and management reporting need to catch up with the logic of open innovation. For an entrepreneur comprehensive data and performance indicators would allow drawing conclusions whether open innovation is productive and should be continued or suspended.

Scope: This activity will consist of the following elements:

- **Collection and analysis of information and data** on the application of open innovation in SMEs, taking into account different situations in Member States and in specific market segments. Identification of case-study examples and analysis of how these practices are organised and managed both in high-tech and low-tech industries. Publication and further dissemination of an annual report on the use of open innovation by SMEs in selected economic sectors.

- **EU-wide diffusion of success stories of SMEs using open innovation.** Open innovation support schemes are currently implemented locally. Their scale and outreach is too small to invest significantly in developing content and guidelines and hence they attract limited attention from the entrepreneurs. This action will promote Europe-wide case-study examples that illustrate how entrepreneurs successfully transformed their business through a network of partners. It will also illustrate how managing such a network will allow SMEs to gain competitive advantage, overcome their size and resource limitations and how open innovation can become key both for creation and appropriating value.

- **Development of practical management tools** to support and explain the identified case studies. The management modules should focus on (1) Strategy dimension, (2) Entrepreneurship skills, (3) Resource needs, (4) Tools to build trust and control and manage risk in a collaborative partnership. This will provide managers of small companies with hands-on guidelines on how to innovate and set-up innovation networks. The aim should be to raise awareness of open innovation in SMEs by identifying best practice examples that will help the professionalization of open innovation management Europe-wide. The action should

provide recommendations on how open-innovation information provision and training should evolve over time, beyond the scope of the present activity.

- **Development and testing of open innovation indicators to support management support tools within an SME.** The developed quantitative tools should help management to make decision about the timing when to establish or end partnerships. Companies should be supported not only in partnering, but also in determining when, for how long and in which sequence partners should be drawn into the projects.

The duration of this action will be three years.

Expected impact:

- Increased collaboration of SMEs with external partners to innovate successfully.
- Open innovation will allow SMEs to sidestep the commoditization pressure and price competition successfully by developing new and more profitable businesses through networking among innovation partners.
- Professional open innovation management by SMEs.
- Creation of an online platform to disseminate best practice examples in the business community and complementing the cases with training modules highlighting specific open innovation aspects.

Type of action: Coordination and Support Action

The conditions for this topic are provided in the general conditions for this call. [\[Link\]](#)

INNOSUP 8 - 2015: Measuring open innovation inputs and outcomes in SMEs

Specific Challenge: Innovation occurs more and more frequently in global networks. From a policymaker's point of view this requires the development of internationally comparable indicators to better understand the concept of open innovation and its implications for innovation policy. R&D-intensive firms are increasingly reluctant to increase R&D spending, but rather seek to rationalize the process by bringing in new partners or spinning out research projects. Traditional innovation measures fail to spot these tendencies. Currently available open innovation data is also insufficient to support business operations. There is little hard evidence, based on large-scale databases, about research projects or other innovation activities where open innovation may play a crucial role. From the points of view of a policymaker, detailed and comprehensive data would allow drawing conclusions regarding the inputs into and generated outputs of open innovation to guide policy development.

Scope: The project will develop methodologies to gather, measure and analyse data on open innovation. Subsequently the project will carry out practical testing of methodologies and indicators to describe the importance and characteristics of open innovation across countries, industrial sectors, firm size and then develop recommendations for their further use. Specifically the activity will comprise the following elements:

- **Stocktaking of available open innovation indicators, indices and methodologies** (in particular those developed by the European Commission, OECD or private data). Assessment of their relevance and effectiveness for use as measures of innovation activities and

innovation performance in SMEs, taking into consideration intensity and quality of collaboration.

- Development of quantitative tools to present evidence and impact of open-innovation in SMEs. Open innovation studies are dominated by qualitative approaches, drawing heavily on in-depth interviews and case-studies. In order to move beyond qualitative and incidental evidence, empirical measure should be developed and validated to test the relationship between business performance and open innovation larger samples of firms.

- Identification of policy conditions to make open innovation a reality in SMEs. The erosion of the closed innovation system has also resulted in a larger role for SMEs in the industrial innovation system. Development of public policy guidelines that are in line with the open innovation paradigm, i.e. education and human capital development, transition of funding models towards open innovation systems, competition policy, industrial policy.

The duration of this action will be one year.

Expected impact:

- The activity will strengthen the evidence base for the impact of open innovation in an SME context.
- By moving from incidental evidence to time series data a convincing case for open innovation will be verified.

Type of action: Coordination and Support Action

The conditions for this topic are provided in the general conditions for this call. [Link]

INNOSUP 9 –2014: Community-building and competence development for SME instrument coaching

Specific challenge: Horizon 2020 (H2020) aims to increase the impact of SME participation. In the case of the dedicated SME instrument this will be achieved through a coaching and mentoring service delivered during the company's participation in the instrument. The objective will be to empower SME instrument participants to develop and implement high growth strategies based on successful participation in the dedicated H2020 instrument. The coaching and mentoring will be provided by a network of appropriately trained and experienced business practitioners. It will be delivered in cooperation with the Enterprise Europe Network which will initiate, broker and monitor the coach-SME relationship as well as provide participating companies with access to the wider Network service offering.

Scope: The objective of the action is to create the conditions for a comprehensive and consistent delivery of the coaching and mentoring service. In order to support peer-to-peer learning and overcome their regional anchoring, the coaches should have the opportunity to exchange ideas and experience with each other to grow the competencies within the coaching network. This will also ensure consistent service delivery. A central facility should be set-up to gather the experiences and data accumulated through the coaching engagement. It should also act as a single reference pool and knowledge resource to assist the coaches in the service delivery.

The action will consist of:

- Awareness raising regarding the recruitment opportunities for SME instrument coaching towards appropriately qualified individuals,
- Creation of information materials, set-up of dissemination events, creation of on-line training modules for coaches regarding SME support in Horizon 2020 and the implementation of SME instrument in particular,
- Community building, networking, exchange of practical coaching experiences within the H2020 coaching community,
- Setting up and animation of a virtual coaching platform to connect the coaches to enable them to share experiences, key learning points from coaching engagements and help identify relevant specialist coaches,
- Organization of coaching meetings to share best practice examples among coaches, in particular across societal challenge areas and economic sectors where coaching methodologies and challenges faced by the coaches will tend to be similar,
- Set up a monitoring and benchmarking scheme to ensure consistent coaching service delivery.
- Analysis and monitoring of the outcomes of coaching support in Horizon 2020.

The action will have a duration of two years. The platform is expected to grow as Horizon 2020 unfolds and the number of participating companies and coaching engagements increases. Beyond the duration of this specific action the scope of follow-up actions is expected to evolve, based on initial experiences.

Expected impact: The creation of dedicated platform will support the delivery of the coaching and mentoring service in Horizon 2020 and will result in:

- Enhancing the commercial potential and impact of SME participation in the dedicated H2020 instrument by ensuring that the project is aligned with and developed as an integral part of the company's innovation strategy,
- Achieving tangible organizational change and improved results,
- Improving the skill's levels of managers, leaving a legacy such that the SME is better able to overcome the barriers to growth post-H2020 participation.
- The platform will facilitate peer-to-peer learning among the coaching community and will ensure the international dimension for coaching, which will tend to be regionally based.

Type of action: Coordinating and Support Action ***The conditions for this topic are provided in the general conditions for this call.*** [Link]

HORIZON 2020 – WORK PROGRAMME 2014-2015

Innovation in SMEs

CONDITIONS FOR THIS CALL

Publication date⁵: 11 December 2013

Deadline(s)⁶:

INNOSUP 1	XX/XX/XXXX 1. stage	XX/XX/XXXX 2.stage	Two stage
INNOSUP 2	XX/XX/XXXX		Single stage
INNOSUP 3 and INNOSUP 4	XX/XX/XXXX 1.stage	XX/XX/XXXX 2.stage	Two stage
INNOSUP 5	Continuously open from XX/XX/XXXX		Single stage
INNOSUP 6	XX/XX/XXXX	XX/XX/XXXX	Two stage
INNOSUP 7, 8	XX/XX/XXXX		
INNOSUP 9	XX/XX/XXXX		

Indicative budget: [\[Link to the relevant option on "margin of manoeuvre"\]](#)

Indicative budget: EUR 8.9 million from the 2014 budget and EUR 27.4 million from the 2015 budget

	2014 ⁷ EUR million	2015 ⁸ EUR million	
INNOSUP 1,	0	24.9	
INNOSUP 2, 3, 4	8.4	0	
INNOSUP 5	0.42	1.0	
INNOSUP 6	0	1.5	
INNOSUP 7	0	2	Single stage
INNOSUP 8	0	0.3	Single stage
INNOSUP 9	0.76	0	Single stage

Eligibility conditions:

INNOSUP 1	1. A minimum of three cluster organisations or other intermediaries representing groups of SMEs from three different Member States or associated countries must be part of the consortium. Other innovation or value chain actors, in line with the standard eligibility conditions for innovation actions, can also participate.
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⁵ The Director-General responsible for the call may publish it up to one month prior to or after the envisaged date of publication.

⁶ The Director-General responsible may delay this deadline by up to two months.

⁷ Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget lines (08.020203 and 02.040203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU

⁸ These amounts will be included in the financial decision for 2015.

	<p>2. In the case of participating cluster organisations or other SME intermediaries, they must demonstrate that they have an own legal entity and "represent" a particular group of SMEs through an already established relation by formal or informal membership and that they provide business support services to their SMEs. It is an asset of applicants if the participating cluster organisations or SME intermediaries have registered themselves at the European Cluster Collaboration Platform and if they demonstrate their capacity to implement European cluster partnerships in a strategic manner.</p> <p>3. Eligible costs include, amongst others, costs for innovation activities directly, the setting up of open European cross-sectoral collaboration platforms that stimulate value chain innovation driven by SMEs, the carrying out of competition and matchmaking events and the validation process of ideas by expert peer review for the innovation projects to be supported as well as the provision of entrepreneurial and innovation support such as mentoring, coaching, innovation and technical assistance vouchers, etc. to facilitate the development, integration and demonstration of innovation projects.</p> <p>4. At least 75% of the total proposed budget shall be allocated to third party enterprises, mainly SMEs. A maximum of EUR 60,000 can be passed on to any third party (according to article 210 of the Rules of Application).</p> <p>For other aspects the standard eligibility conditions for Innovation action apply. Please read carefully the provisions [Link to the annex on standard eligibility conditions] under Annex X before the preparation of your application.</p>
<p>INNOSUP 2, INNOSUP 3 INNOSUP 6, INNOSUP 7, INNOSUP 8 and INNOSUP 9</p>	<p>The standard eligibility conditions for CSA apply. Please read carefully the provisions [Link to the annex on standard eligibility conditions] under Annex X before the preparation of your application.</p>
<p>INNOSUP 4 and INNOSUP 5</p>	<p>The standard eligibility conditions for CSA apply. Please read carefully the provisions [Link to the annex on standard eligibility conditions] under Annex X before the preparation of your application.</p> <p>Specific eligibility condition : Only entities entrusted by national or regional governments to develop and / or implement innovation voucher programmes for SMEs are eligible to apply</p>

Evaluation criteria:

<p>INNOSUP 1</p>	<p>The standard evaluation criteria for Innovation action apply. Please read carefully the provisions [Link to the annex on standard evaluation criteria] under Annex X before the preparation of your application.</p> <p>TBD specific evaluation criterion</p>
<p>INNOSUP 2, INNOSUP 6, INNOSUP 7,</p>	<p>The standard evaluation criteria for CSA apply. Please read carefully the provisions [Link to the annex on standard evaluation criteria] under Annex X before the preparation of your application.</p>

HORIZON 2020 – WORK PROGRAMME 2014-2015

Innovation in SMEs

INNOSUP 8 and INNOSUP 9	
INNOSUP 3	The standard evaluation criteria for CSA apply. Please read carefully the provisions [Link to the annex on standard evaluation criteria] under Annex X before the preparation of your application. Specific evaluation criteria: - number of involved NIPOs and effectiveness of the involvement - initially proposed services to be developed to the target group and to a relevant part of the legal profession - mechanism to maintain and develop the joint website
INNOSUP 4	The standard evaluation criteria for CSA apply. Please read carefully the provisions [Link to the annex on standard evaluation criteria] under Annex X before the preparation of your application. Specific evaluation criteria: - number of involved Innovation voucher programmes - ambition of acceptance of the private – foreign service providers as excellence criterion
INNOSUP 5	The standard evaluation criteria for CSA apply. Please read carefully the provisions [Link to the annex on standard evaluation criteria] under Annex X before the preparation of your application. Projects will be individually evaluated and funded if above threshold until the exhaustion of annual budgets. No ranking list will established.

Evaluation procedure: [\[Link to the annex on standard evaluation procedure\]](#)

- Proposal page limits and layout:

INNOSUP 5	Specific guidance for application will be made available
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- Indicative timetable for evaluation and grant agreement⁹:

	Information on the outcome of the evaluation (<i>single or first stage</i>)	Information on the outcome of the evaluation (<i>second stage</i>)	Indicative date for the signing of grant agreements	
INNOSUP 1	30/05/2015	15/11/2015	31/12/2015	
INNOSUP 2	30/09/2014		31/12/2014	
INNOSUP 3 and INNOSUP 4	30/05/2014	15/11/2014	31/12/2014	
INNOSUP 5	Continuous latest 4 weeks after filing of complete proposal		Continuous latest 12 weeks after filing of complete proposal	
INNOSUP 6	30/05/2015	15/11/2015	31/12/2015	

⁹ Should the call publication be postponed, the dates in this table should be adjusted accordingly.

HORIZON 2020 – WORK PROGRAMME 2014-2015

Innovation in SMEs

INNOSUP 7, 8	01/06/15	-	01/09/15	
INNOSUP 9	01/06/14		01/09/14	

Other actions (not subject to a call for proposal)

1- Establishing services “Enhancing the innovation management capacity of SMEs” in the Enterprise Europe Network

Lack of innovation management capacity is recognised as an important barrier to creating economic impact (competitiveness, growth and jobs) from innovation activities in SMEs. Horizon 2020’s SME-instrument foresees offering mentoring and coaching services to beneficiaries to address this need. But, service offers enhancing the innovation management capacity are not available to SMEs in many European regions as a result of a lack of offers, an unaffordable price or poor quality.

The Enterprise Europe Network is a European-wide network of public, public-private and private providers of support services to SMEs established for the period 2008-14 under the Competiveness and Innovation Framework Programme (CIP). For the period 2015-21 the Network will be re-established under the Competiveness and SME programme (COSME), with the possibility that other EU programme make use of and contribute to the Network’s structures and activities. A large number of members in the network provide already a range of innovation support services in particular related to partnering for innovation. The Enterprise Europe Network is a therefore a suitable structure to introduce services “Enhancing the innovation management capacity of SMEs” and make available to SMEs higher quality innovation support services where these are absent or unaffordable.

It is proposed that all information and partnering services, including those specific to Horizon 2020, will be financed under the COSME programme in order to reduce the administrative complexity of projects. A contribution of Horizon 2020 to the Network should exclusively be allocated to new innovation support service, like those enhancing the innovation management capacity of SMEs.

This action will establish and provide the above mentioned services addressing SMEs in general and the beneficiaries of the SME instrument in particular in the current Enterprise Europe Network in the year 2014 and as part of the Enterprise Europe Network (2015-21). To that end the action is broken down in two folds:

I. Service provision in 2014

In 2014, under the Enterprise Europe Network established for the period 2008-2014 2300 SMEs across Europe shall receive a 5- to 6-day service package that includes an innovation management capacity assessment and gap analysis that can be based on the IMP³rove methodology or methodologies already introduced in the region (estimated 2 working days) and 3 to 4 days of targeted consulting to address recognized gaps. For beneficiaries of the Horizon 2020 SME instrument the latter 3-4 days shall be used to identify suitable coaches and support their work that would address barriers to growth on the basis of a jointly agreed ‘coaching plan’. Within the assignments SMEs benefitting from Horizon 2020 project support should furthermore and where appropriate be assisted in managing their project with the EU.

For the year 2014, 2,300 ‘service package assignments’ shall be distributed primarily proportional to the population of the region served to the coordinators of the regional / national Enterprise Europe Network consortium on behalf of the consortium. Network partners that can successfully demonstrate that staff members have the necessary skills to

undertake assessments of innovation management capacity shall be reimbursed the staff costs for the duration of the assignments based on real costs.

Eligible costs for the action are restricted to the personnel for qualified staff members and shall be eligible from the day of reception of the proposal from the named beneficiary.

Type of action: Grant to identified beneficiaries

Legal entities: the coordinators of the 2008-14 Enterprise Europe network projects on behalf of the regional and national consortia. [DN: List to be included].

Timeframe: First quarter of 2014

Indicative budget for the sub-action: EUR 5.00 million from the 2014 budget¹⁰, maximum individual grant amount have been calculated by combination of number of inhabitants in the region covered by the Enterprise Europe Network project and known daily rates of senior staff in the project.

II. Service provision in 2015/16

2015/16 will be the first phase of operation of a renewed Enterprise Europe Network. The legal base for the COSME programme foresees that the Enterprise Europe Network could be used to deliver actions addressing SMEs from other EU programmes under the condition that these programmes provide the necessary additional funding. The Enterprise Europe Network for the period 2015-21 will be established through an open call for proposals to be published in late 2013 in the COSME programme.

This open call will include the provision of services to enhance innovation management capacity of SMEs, in particular to the beneficiaries of the SME instrument as described above, as a separate section of the call. The call will ask applying consortia to carefully consider the positioning of the project and its services in the regional ecosystem of SME support in order to minimize market distorting effects. Applying consortia will be encouraged to seek cooperation with private service providers in the region whenever possible.

For the years 2015/16 annually 4,000 SMEs across Europe shall receive service packages enhancing their innovation management capacity. The distribution of funds among European regions shall follow a similar combination of population and daily rates as used for the allocation in 2014 or the key used for co-funding the operation of the Enterprise Europe Network under COSME.

Countries not participating in the COSME programme will be invited to propose the establishment of “Enterprise Europe Network - Business Collaboration Centres” on a self-financing basis. In case the countries are associated to Horizon 2020 the Business Collaboration Centres would be eligible for support for the action described above.

Type of action: [Other] – CSA 100%

Timeframe: Call published as part of call under COSME in first quarter of 2014

¹⁰ Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget line (02.040203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU.

Indicative budget for the sub-action: EUR 17.00 million from the 2014 budget¹¹

Expected impact:

Direct impact from the two actions will be a significantly enhanced growth and profitability of SMEs receiving the services as compared to a control group. Innovation processes will be conducted more efficient and more effectively.

Indirect impact is expected from the introduction of high quality innovation management capacity assessment and support services in all regions across Europe. In an increasing number of regions the initial introduction in the context of the described action will lead to integration of the toolbox in regional innovation support.

2- Adapting and maintaining the IMP³rove Assessment tools to support service provision by the Network

Service provision for ‘Enhancing innovation management capacity of SMEs’ by local public and private consulting services depends on the availability of a high quality comprehensive assessment tool in line with the standards for ‘innovation management consulting’ that are currently under development at CEN. Markets for innovation management consultancy are weakly developed in many regions, and SME demand is frequently out-priced by the high daily rates paid from large enterprises for high quality consulting. To address these failures in weakly developed markets and raise the quality of services the IMP³rove platform had initially been developed for the European Union. Since late 2012 the EU is supporting the launch phase of the not-for-profit IMP³rove Academy by covering the costs of administrative structures, the protection of the IP against infringements, marketing and assuring the technical availability of the assessment platform. Several Member States have integrated services provided by the IMP³rove academy in their national / regional SME support system or expressed their interest to do so in future.

The IMP³rove European Innovation Management Academy has the potential to assist the delivery of the coaching and mentoring services related to the SME instrument in particular in three respects: First, by providing a capacity building environment for the key account managers that work in regions with weakly developed consulting base; second by providing SMEs (including beneficiaries of the SME instrument) access to an international innovation management performance benchmarking tool and thirdly by – in a short time - further developing and adapting existing tools to arising specific needs in the context of the SME instrument coaching and mentoring service.

To cover specific costs of operation, which include offering free assessment to the beneficiaries of the SME instrument, and costs arising from necessary adaptations (additional language versions, adaptations of tools) the IMP³rove – European Innovation Management Academy shall receive a grant of a maximum amount of EUR 2.30 million covering the years 2014-16.

Expected impact:

¹¹ Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget line (02.040203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU.

Direct impact is expected from the contribution to the coaching and mentoring service to the beneficiaries of the SME instrument.

Indirect impact is expected from the introduction of high quality innovation management capacity assessment and support services in all regions across Europe. In an increasing number of regions the initial introduction in the context of the described action will lead to integration of the toolbox in regional innovation support.

Type of action: Grant to identified beneficiary

Timeframe: First quarter of 2014

Indicative budget for the sub-action: EUR 2.33 million from the 2014 budget¹²

Legal entity: IMP³rove – European Innovation Management Academy, Kaistrasse 16A, 40221 Düsseldorf, Germany

3- Capturing innovation impulses from emerging economies

During the next decades growth of the world economy will be concentrated in emerging economies with a, small but steeply rising purchasing power of individuals, compared to European standards. An increasing number of multinational companies orient their product and service innovation activities towards the needs of clients in emerging economies and identify new business opportunities for such product even in mature markets. Govindarajan¹³ documented many such cases and called this strategic process ‘reverse innovation’.

The objective of this action is to develop tools and methods for European innovation and SME internationalisation support agencies to provide better services to their clients that allow them to capture the potential of reverse innovation.

The proposed activities shall develop a toolbox and methodologies that can be provided to agencies in the Member States to support SMEs in capturing the potential of reverse innovation. Tools and methodologies may include, but are not limited to, case studies (in print, audio or video) for awareness and analysis, methodological guides to capture consumer preferences in emerging economies, guides to cooperation with local science, technology and innovation agents, tools to support the enterprise in identifying gaps and building-up internal capacities for reverse innovation and others. The tools and methodologies shall be developed for the European Union under a service contract. The Union will make them available to agencies of participating countries in a non-discriminatory manner.

Type of action: public procurement (competitive dialogue)

Timeframe: First quarter of 2015

Indicative budget: EUR 2.00 million from the 2015 budget¹⁴

¹² Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget line (02.040203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU.

¹³ Govindarajan (2012): Reverse Innovation – Create far from home, win everywhere , Harvard Business Review Press

¹⁴ These amounts will be included in the financial decision for 2015.

4- Capabilities for Design-Driven Innovation in European SMEs

Design is a key driver in creating new products and services that are attractive to customers, and can make a business stand out among the competition. However, the lack of design management skills is a significant barrier to the wider adoption and integration of design into Europe's businesses. As stated in the Innovation Union Flagship Initiative, although some European countries are world leaders in design, others lack a robust design infrastructure and design capability. This systemic gap has largely gone unnoticed but must now be tackled.

The broader scope of this action relates to promoting the use of new sources of innovation to support competitiveness of European SMEs.

Companies need to invest in design management skills but there is a lack of specialised design-based training and mentoring programmes for SMEs, and of design-led innovation incubators. Making such support services available more widely will improve business' ability to use design as a driver for innovation. This calls for improvement in the design innovation competencies of business-development organisations, incubators and other intermediaries in all EU Member States.

The objective of this action is to create the capacity to deliver support for design-driven innovation for businesses throughout Europe. A special emphasis is put on addressing regions lagging behind in applying design-driven innovation and on applying design approach in sustainable solutions to societal and ecological challenges.

Activities will include:

- Workshops, training, peer-learning and other actions to improve the capabilities for design-driven innovation among business development organisations, incubators and other intermediaries.
- Development of support material for the intermediary organisations, including business associations, for their work with the SMEs as well as training material for SMEs.
- Demonstration of concrete cases, to business development organisations and managers of support schemes, where design has played an instrumental role in creating new value and promoting productivity.

Organising these actions can be supported by the European Design Innovation Platform, the creation of which is planned in the EIP work programme for 2013.

Type of action: public procurement

Timeframe: First quarter of 2015

Indicative budget: EUR 2.00 million from the 2015 budget¹⁵

5- Business Innovation Observatory +

The results of the Innovation Union Scoreboard indicate that although the EU innovation performance is improving, the speed of closing the gap between the EU and big global

¹⁵ These amounts will be included in the financial decision for 2015.

partners is slowing down; in addition China is catching up continuously. The main gap for the EU remains in terms of innovation in the private sector.

Enterprise and industrial innovation opportunities, in terms of products, services and organisational innovation, and innovation processes are getting more diverse by the integration of advanced IT and internet. Studies, for example published by the IMP³rove Academy show that companies with a broader understanding of innovation ('hybrid-innovators'), that do not restrict their innovation activities to product and process innovation, are more likely to become growth champions in their sector.

Despite this evidence of the usefulness of a broader understanding of innovation, the vast majority of public innovation funding for SMEs is still provided to co-finance R&D and product development. Even in the enterprises themselves, in particular in SMEs, the concept of innovation is often overly focused on product and technological innovation while strategic changes in market presence (the 'sales', the role in value chains) and in the internal organisation are not regarded as part of the company's innovation strategy.

The objective of this action, which is a continuation and extension of the 2013 Business Innovation Observatory, is the regular analysis of evidence to develop better tailored policy responses to the opportunities and needs of European businesses innovation. Special emphasis is placed on delivering concrete policy recommendations on how to scale up the potential of innovative practices and trends in Europe as well as enhance learning across the EU and between the relevant stakeholders (National authorities and support services). Awareness and training material shall be produced based on cases studies for agencies in charge of designing and / or delivering innovation support programs for (i) training their staff working with SME; (ii) for the work with SME and (iii) during the design of new SME innovation support actions.

The activities will be divided in two lots:

Lot 1 - Analysis and documentation of business innovation

Lot 2 - Production of awareness and training materials

Type of action: public procurement

Timeframe: First quarter of 2015 (duration 3 years)

Indicative budget: EUR 2.20 million from the 2015 budget¹⁶

6- Internationalization of innovation in SMEs

The nature of innovation, increasingly involving complex and multifaceted activities, stimulates specialisation in and internationalisation of the key innovation processes of companies, including outsourcing and off-shoring of R&I activities. Enterprises no longer want to exploit only knowledge developed at home in foreign markets, but seek to source new ideas and technologies worldwide and to tap into knowledge generation and the pool of scientists and qualified workers in third countries.

To capture the growth opportunities notably in developing countries and emerging economies, enterprises innovate specifically for these markets building on local expertise and

¹⁶ These amounts will be included in the financial decision for 2015.

inventiveness. Seizing an opportunity in third countries can, at the same time, result in a remarkable business success also in the home market and globally. This development is mainly driven by large enterprises and especially multinational firms, but not exclusively. More and more young, fast-growing SMEs are established with an international business concept ("Born Globals") that rely on an international innovation network. However, there is generally very little known about SMEs in global research and innovation processes and relatively few SMEs are internationalised at all. Many opportunities remain untapped. An international conference in 2014 will launch a debate and collect evidence on how European SMEs are involved in international R&I. It shall bring together all relevant stakeholders to discuss how SMEs can benefit from the dynamics and opportunities of international R&I activities and networks and how they can be supported to engage in globalised innovation processes. SMEs shall be encouraged to internationalise research and innovation activities creating radical innovations by collaborating with partners from different economic, scientific and socio-cultural backgrounds. A win-win situation for both sides should be brought about ensuring for European companies that their knowledge assets are further developed in a way that safeguards their economic interests and promotes their growth

Type of action: public procurement - Framework Contract

Timeframe: 2014

Indicative budget: EUR 0.36 million from the 2014 budget¹⁷

7- Support to Advisory Group “Innovation in SMEs”

This action will support the work of the Advisory Group “Innovation in SMEs”. The Group has been set up to provide stakeholder input on the overall Horizon 2020 scientific and technological strategy, with respect to maximising the SME relevance and impact of the various work programmes and activities. Activities financed will include, but will not be limited to, assessments, ad hoc studies and expert consultations to reinforce the evidence base and support the implementation of SME specific measures in Horizon 2020.

Type of action: public procurement - Expert Contracts

Timeframe: 2014 and 2015

Indicative budget: EUR 0.02 million from the 2014 budget and EUR 0.02 million from the 2015 budget¹⁸

8- External expertise

This action will support the use of appointed independent experts for the evaluation of project proposals and, where appropriate, for the reviewing of running projects.

Indicative budget: EUR 0.14 million from the 2014 budget¹⁹

¹⁷ Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget line (08.020203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU.

¹⁸ These amounts will be included in the financial decision for 2015.

Type of action: Expert contracts

¹⁹ Subject to the adoption of the draft budget 2014 by the Budgetary Authority without modifications of the appropriations foreseen on the corresponding budget lines (08.020203 and 02.040203) or the availability of appropriations in 2014 under the rules of provisional twelfths referred to in Article 315 of TFEU.