



VTT

SMEs as partners of an EU-project? Coordinator's experiences from UP-TO-ME-project and beyond

Matti Reinikainen, VTT

10/05/2023 VTT – beyond the obvious

What is an SME in EU-projects?

The main factors determining whether an enterprise is an SME are:

- staff headcount
- either turnover or balance sheet total

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- Very different kind of companies
- Even micro companies can apply EU-funds

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

EU's view on SME's

- EU policy in relation to SMEs focuses on five priority areas:
 - the promotion of entrepreneurship and skills
 - the improvement of SMEs' access to markets
 - cutting red tape (=reduce bureaucratic obstacles)
 - the improvement of SMEs' growth potential
 - strengthening dialogue and consultation with SME stakeholders
- Based on VTT's experiences SMEs can really benefit from all these ! Committed SMEs are really desired partners for us.

What is needed from a SME to be able to participate?

- Domicile in a suitable country (EU or AC)
- **Genuine interest in a research topic where you have both something to give and to get**
 - Your idea shall be on a suitable TRL for the call. Also think of the possible confidentiality issues
- Ability to project-based bookkeeping
 - Working hours / salaries
 - You can download an Excel sheet from EU's site
 - Equipment and purchases, (depreciations)
- **Enough financial / workforce resources to commit the tasks plausibly**
 - Bank guarantee may be required
 - If you are not able to use the received EU-funding you will have to pay it back! (=Use it or lose it)
- PIC-number
 - There must exist a "real company" (legal entity)

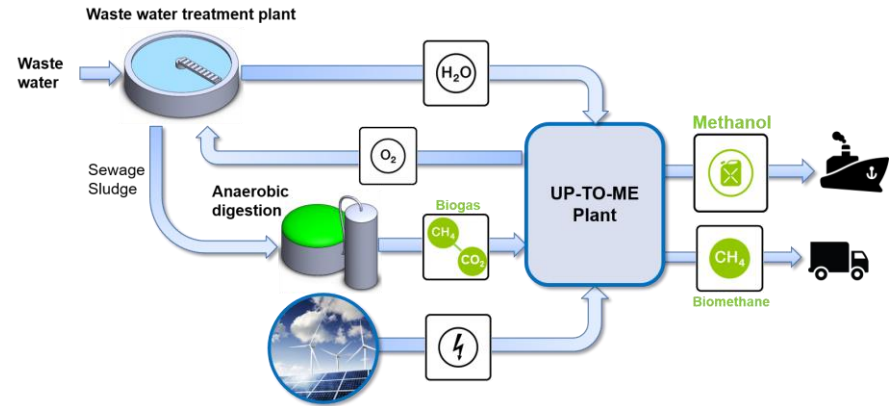
Example of an ongoing P2X-project

- Unmanned Power to Methanol Production (UP-TO-ME)
- Type of project: RIA
- Duration: three years (1.11.2022-31.10.2025)
- Total budget 3 M€,

No.	Participant organisation name	Short name	Organization type	Country	Person months
1	Teknologian Tutkimuskeskus VTT Oy	VTT	RTO	FI	60,0
2	Karlsruhe Institute of Technology	KIT	UNI	DE	102,0
3	Global Omnium Medioambiente S.L.	GOMSL	IND	SP	22,5
4	Isle Utilities	ISLE	SME	NL	25,0
5	Aristotle University of Thessaloniki	AUTH	UNI	GR	46,0
6	cloudfluid GmbH	CF	SME	DE	40,0

What is UP-TO-ME-project about ?

UP-TO-ME targets a ground-breaking change in decentralized Power-to-Methanol production for hard to electrify applications, like marine vessels. It is based on novel material and production technology, autonomous operation enhanced by AI and fully integrated processes. This enables the use of CO₂ from point sources utilizing locally available renewable energy making small scale production economically competitive for the first time.



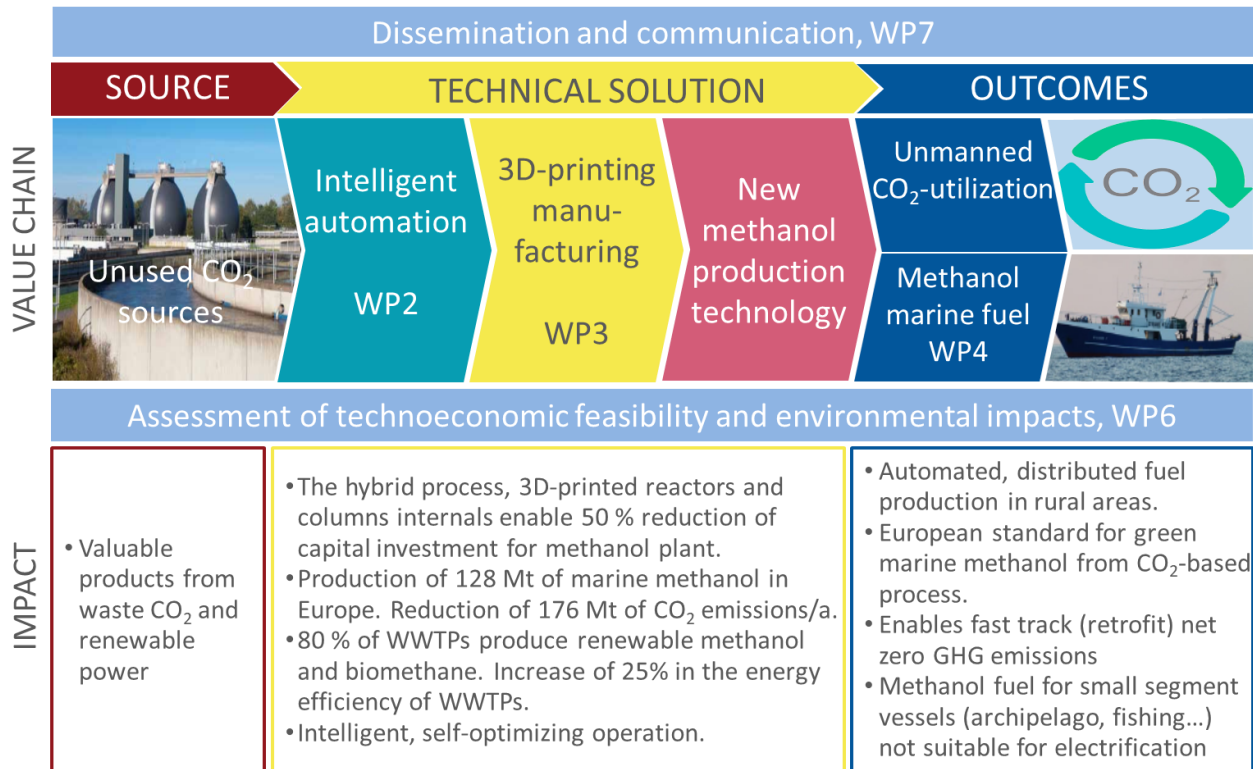
SMEs in UP-TO-ME: ISLE

- ISLE utilities is an independent technology and innovation consultancy that revolutionizes the way that emerging technologies and sustainable solutions are commercialized in the municipal and industrial sectors.
- ISLE accelerates the market uptake of innovative solutions by applying diligence to finding the best available solutions and presenting them to end-users through early engagement, often at the pre-commercial stage of development.
- ISLE also helps entrepreneurs and commercial partners understand market dynamics, develop robust go-to-market strategies, and connect with appropriate investors. ISLE has about 60 employees
- Project role: Communication, Dissemination and Exploitation

SMEs in UP-TO-ME: cloudfuid (<10 people)

- German high-tech startup in the field of Computational Fluid Dynamics (CFD), which spin-off from the KIT in January 2021. They deliver fluid dynamic analysis to their customers faster and easier than previously possible. Through an efficient implementation of the Lattice Boltzmann Method (LBM) on high performance Graphics Processing Units (GPUs), simulations run extremely fast, and processes are fully automated. The speed-up of calculations by a factor of up to 250x that can be achieved in this way enables the use of more precise models, which previously required high investments in computing capacity or were simply too costly with conventional methods.
- Role in the project: CFD
- 7 employees, two were hired with UP-TO-ME-funding
- Analogy to Ineratec GmbH – grow from three to 80 employees with the help of three EU-projects in 5 years

An SME can be involved in many WPs through the whole value-chain



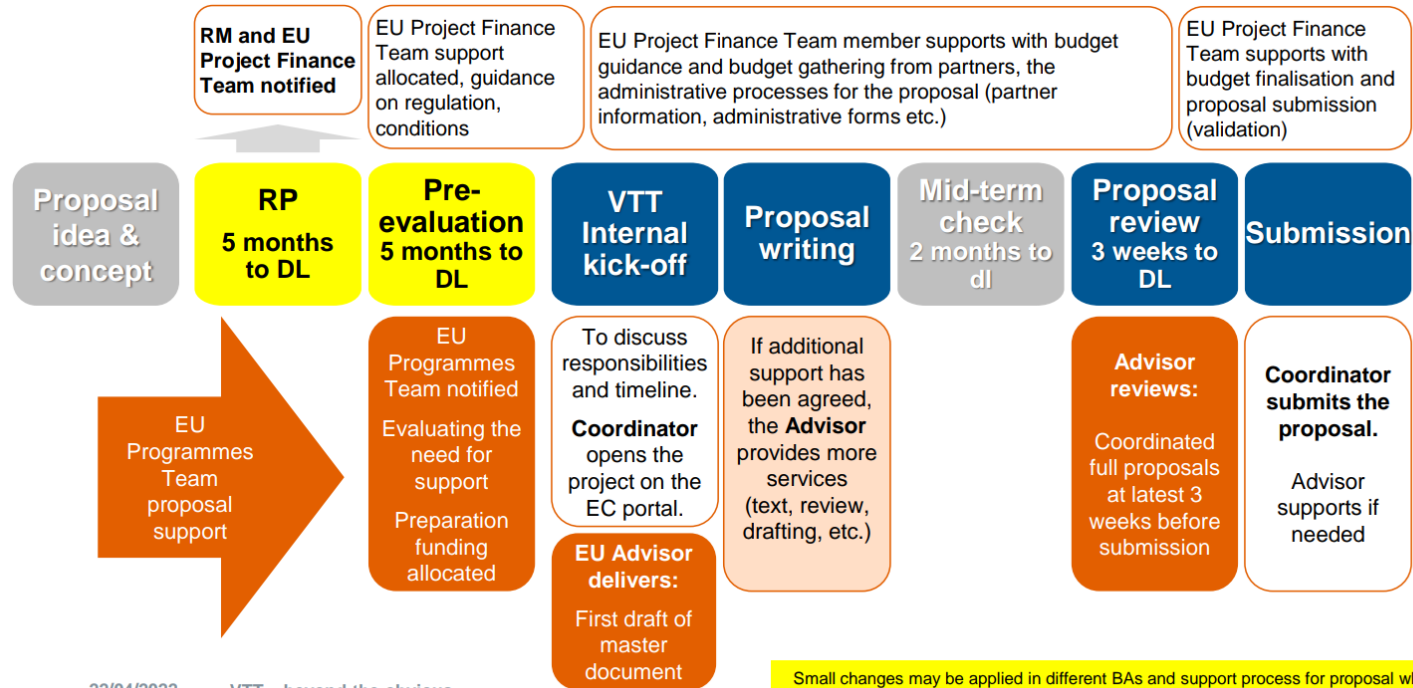
Indirect costs

- In Horizon Europe, the indirect costs are charged at a flat rate of 25% of the eligible direct costs, excluding costs of subcontracting.
 - **Usually this is a good percentage for a SME!**
- Normally this budget category covers all the materials and supplies for which the exact share in the project cannot be exactly established.
 - Company's day-to-day operations costs (office rental, utilities like electricity or internet, desktop computers, cell phones, fees for accounting, etc.)
 - Equipment or staff costs if they cannot be proportionated or linked to the project
 - Any other costs that were not reported as direct costs (travel "forgotten" to be reported, recruitment costs, etc.)

What did our SMEs have to do in practice?

- Participate in writing a good application from their perspective
 - **Excellence:** clear and pertinent objectives, ambitiousness, going beyond the state-of-the-art, sound methodology (easy part)
 - **Impact:** creditable pathways to achieve the expected outcomes and impacts, exploitation plan, dissemination and communication
 - **Implementation:** workpackage and task description, assessment of risks, description of the capacity and role of each participant
 - **Budgeting** with the help and guidance from VTT's specialist
- Nominate a Legal Entity Appointed Representative (LEAR) to manage the legal and financial information about the organization
- Fill in basic data to the portal
- All this was a very reasonable work (ca. 16 h in the case of cloudfluid)

Be on time – writing a winning proposal takes time from the Consortium !



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Small changes may be applied in different BAs and support process for proposal where VTT is not coordinating may also be available. For more info [contact your BA EU Manager](#)

What can an SME gain from an EU-project?

- Solid funding for 3+ years
 - R&D with partners to improve the technology and offering to customers
 - Growth and possibility to train new employees
 - Business / exploitation opportunities
- Great opportunity for networking with RTOs, industry and all stakeholders
- Dissemination activities of the project create good visibility