

Fast Track to Innovation (FTI)

Non-paper on implementation options

Background: boundary conditions and distinctive features

The Fast Track to Innovation (FTI) will be implemented in the form of a full scale pilot action to be launched in an FTI call in 2015. 100 proposals with an expected budget of around €200 million are foreseen to be funded under the new pilot action. It will support innovation actions under the specific objective "Leadership enabling and industrial technologies" and under the societal challenges, relating to any technology field. Proposals may be submitted at any time (continuously open call with cut-off dates). The Commission must initiate three cut-off dates per year. Proposals shall be ranked according to the impact, quality and efficiency of implementation and excellence, with the criterion of impact given a higher weighting. Any legal entity may apply, with a minimum of three and a maximum of five legal entities in any action. The grant is limited to up to EUR 3 million. Time to grant must not exceed six months¹, and the decision on the approval of the funding of FTI actions is excluded from comitology (with the exception of those related to human embryos and human embryonic stem cells, as well as to the 'Security' societal challenge). The FTI pilot is planned to be implemented by the Executive Agency for SMEs (EASME).

FTI is the only bottom-up measure in Horizon 2020 promoting innovation activities close-to-the-market and open to all types of participants. FTI projects will neither be restricted by specific topics nor focus on specific target groups like SMEs (SME instrument, Eurostars II). This openness shall notably nurture trans-disciplinary and cross-sector approaches. All kinds of innovation actors with complementary backgrounds, knowledge and skills can work together and turn new ideas into innovative products, processes and services. However, substantial industry involvement in FTI projects will be mandatory to ensure market uptake. The framework conditions (permanently open call, small projects, fast time-to-grant etc.) will be implemented in way corresponding to fast innovation cycles and the international competitive situation.

Preparation of the FTI call: options

The FTI pilot has several objectives that need to be translated into the design of the call:

- **Increase participation of industry and SMEs and stimulate private sector investment in R&I**
- **Increase participation of first-time applicants to Horizon 2020**

¹ Defined/Calculated as the number of calendar days between the entry into force of the grant agreement and the relevant cut-off date.

- **Promote R&I focused on value creation and accelerate development of technologies into innovative products, processes and services.**

Moreover, the call conditions must focus the pilot and contribute to avoid oversubscription and a low success rate, which would be a deterrent and source of frustration, notably for first time applicants.

1. Increase participation of industry and SMEs and stimulate private sector investment in R&I

FTI projects must be “business oriented”. Making industry involvement mandatory would not only meet the objectives of the scheme, it would notably help to ensure implementation and market uptake of innovations. Private sector involvement is a prerequisite to commercialise new ideas and technologies. Consequently, industry partners should have a role in FTI consortia. Furthermore, this condition should contribute to reducing the number of applications.

A first option would ring-fence a certain amount of the project budget for industry participants². : 60 % of an FTI project budget³ should at least be carried out by industry participants. This approach would ensure that industry partners are substantially engaged in an FTI project. However, a solid justification for any target would have to be found. Moreover such an approach may make ineligible some FTI projects where the core of the work would be carried out by other type of participants (like RTOs).

A second option would be to specify in the work programme that an industry partner has to be the consortium leader. This would leave open the question of budget distribution, ensure industry involvement and give priority to projects mature enough for industry to take the lead. On the other hand, industry partners, in particular smaller ones, might prefer to leave the coordination work to an RTO/university.

A third option could be to determine a minimum number of industry partners in an FTI consortium, thereby increasing the chance of commercialisation of project results. For example, a consortium of three partners should include at least one or two industry participants, a consortium of four or five partners at least two or three. This option would ensure industry participation while providing sufficient flexibility in building consortia with substantial involvement of universities and RTOs. However, it may in certain circumstances put the industry partners in a minority representation (i.e. 1 out of 3, 2 out of 5 participants). This could be solved by imposing not only a minimum number of industry partners but a majority of industry partners in each consortium. But such an approach may not ensure sufficient flexibility in building consortia with substantial involvement of universities and RTOs.

A fourth option could be a combination of options one and three: the minimum conditions for each consortium are

² Defined as private for-profit organisations.

³ The budget of an FTI project is the aggregate amount of the expected eligible costs of the consortium. It is not the maximum EU financial contribution that can be provided.

- at least 60% of the FTI project budget must be allocated to industry participants of the consortium;
- or
- the minimum number of industry participants must be 2 in a consortium of 3 participants, and 3 in a consortium of 4 or 5 participants.

2. Increase participation of first-time applicants to Horizon 2020

Promoting newcomers to Horizon 2020 should contribute to broaden the impact of European R&D&I funding and reflect the wider scope of the new Framework Programme encompassing R&D and innovation in an integrated way.

A first option could be to make the participation of a newcomer in any consortium applying for FTI funding mandatory. A 'newcomer' could be defined as a legal entity that has not been part of a successful project application under Horizon 2020. However, it should be considered that large enterprises, universities or research organisations are usually one legal entity even though they have several very different departments, which operate rather independently in different fields of science and innovation and may want to apply individually. In addition such an approach may not only make difficult to build consortia but may also make some of them ineligible if the supposed 'newcomer' has already benefited / is already benefitting from Horizon 2020 financial support.

A second option could be to incentivise the participation of newcomers (first-time applicants to Horizon 2020) by giving their inclusion in a consortium a favourable weight in the proposal evaluation process.

3. Promote R&I focused on value creation and accelerate development of technologies into innovative products, processes and services

FTI projects must demonstrate a clear market perspective. This implies strong requirements for the expected impact of action. On this basis the call could include one or more of the following conditions:

- Presentation of a business plan
- Value creation to be captured within 1 to 3 years (i.e. time to market introduction)
- High technology readiness level of TRL 6 or above
- Evaluating the 'impact' criterion first and stop the evaluation if the threshold of 4 or 5 is not reached
- Using mainly market and business analysts as expert evaluators