WHEN INNOVATION MEANS BUSINESS

EUROSTARS REVIEW

2011
Barely a research-performing SME in Europe remains which is unaware of Eurostars, the tailor-made funding and support instrument for SMEs that launched four years ago and has more than successfully plugged a critical gap in the research-funding landscape.

Since its announcement by then Research Commissioner Janez Potocnik in October 2007 - and its subsequent smooth transition from idea to reality through the Parliament and Council's co-decision procedure, Eurostars has seen applicant numbers grow from 660 at the first application deadline, to an incredible 1,300 five deadlines later. Some 1,400 businesses, are now bringing their products to market - as illustrated by three recent success stories that have been promoted through the global scientific media since their publication at the end of last year.

We believe that the successor of the Eurostars programme, Eurostars2, will bring even more to these SMEs, the very engines of economic growth and competitiveness. We count a lot also on the support of the European Parliament and the Council.

The current programme was originally funded to a level of 400 million euro, of which 75% came from national funding bodies in many of the EUREKA member countries and the remainder from the EU Seventh Framework Programme (FP7). As more countries came on board and the number of applications increased, the actual sums made available by most national funding bodies have far exceeded original commitments.

Eurostars was always an ambitious try-out for something much bigger and Eurostars2 could be an all-new joint programme with the EU that can really take a substantial part in the creation of a support infrastructure for these innovating companies – R&D-intensive SMEs.

We hope that Eurostars2 will play a bigger role in the 80 billion euro package of FP7’s successor, Horizon 2020 (2014-2020).

The EUREKA network has already welcomed the mention of Eurostars in the Horizon 2020 statement of the European Commission and its Director-General Robert-Jan Smits, that ‘a specific action will promote market-oriented innovation of R&D-performing SMEs, building on the Eurostars Joint Programme’.

We are delighted with the vocal support of both the Research Commissioner Máire Geoghegan-Quinn and Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship on the important role SMEs play in innovation and the need for a fully functioning European Research Area in which EUREKA and its instruments should play an active role.

Luuk Borg
Head of EUREKA Secretariat
What is Eurostars?

European Joint Programme providing
Funding to R&D and Innovation
Short time to funding decisions
Active participation of R&D performing SMEs
SME driven – simpler access for SMEs, local support, small consortium size tailor made for SMEs
Open to all market and technologies
72% applicants are R&D performing SMEs and SMEs
The Eurostars Programme is a European joint programme dedicated to R&D-performing SMEs, and co-funded by the European Communities and, currently, 33 EUREKA Member Countries.

It is a unique multiannual programme (2007-2013) combining all the benefits of EUREKA (more than 25 years of experience in national R&D programme coordination), national R&D funding programmes (300 million euro committed) and the EU 7th Framework Programme (100 million euro committed). Eurostars can act as the ideal model for future national and international research programmes, while trying to reduce the current fragmentation of national and European research efforts.

Eurostars aims to stimulate R&D-performing SMEs to lead international collaborative research and innovation projects by easing access to support and funding. It is fine-tuned to focus on the needs of SMEs, and specifically targets the development of new products, processes and services and the access to international markets.

This Joint Programme, based on Article 185 of the Lisbon Treaty, aims to combine the best of two worlds with a bottom-up approach, a central submission and evaluation process - and synchronised national funding in all participating countries.

Eurostars put SMEs in the driving seat. They perform the core research and, importantly, get to exploit the results.

Eurostars allows research-performing SMEs to aim higher in their research efforts. The bottom-up, flexible and close to market approach of Eurostars fits the SMEs’ needs.

The economic future of Europe is dependent on its improved research efforts. The results of programmes such as Eurostars can contribute to making Europe stronger.

* Research-performing SMEs are SMEs that dedicate at least 10% of their turnover or full-time equivalent (FTE) to research and development activities.

### Eligibility criteria of a Eurostars project

- The leading SME must be an R&D performing SME
- All the SMEs must fulfill the EU-adopted definition of an SME
- The leading SME must be based in a Eurostars participating country
- There has to be at least one other participant from a second Eurostars country
- The R&D performing SMEs must undertake at least 50% of total project costs
- No partner or country is performing more than 75% of project total cost
- The project duration is ≤ 3 years
- Market introduction is foreseen within 2 years after project end

### Eurostars application procedure

1. **Registration in the Eurostars website**
   - www.eurostars-eureka.eu
2. **Submission of application via website before the cut-off date deadline**
3. **Evaluation of the applications**
4. **National funding registration**
5. **Communication of evaluation results via e-mail**
6. **Communication of funding availability**
7. **Contact your NPC to initiate the necessary steps to receive national funding**

**Contact your NPC**

**Check date on the Eurostars website**

**Communication of evaluation results via e-mail**

**Communication of funding availability**

**Contact your NPC to initiate the necessary steps to receive national funding**
EUROSTARS IN FIGURES

Eurostars, a unique programme for R&D performing SMEs

DEMAND BEYOND EXPECTATIONS
2237 applications submitted over 7 calls.

TARGET REACHED
More than 70% of SMEs.

INNOVATION ORIENTED
90% of the R&D performing SMEs expect to develop a new product, process or service.

SMALL PROJECTS, HIGH EXPECTATIONS
When submitting an application, R&D performing SMEs expect on average to double their annual turnover and to increase their number of employees by 60%.

PUBLIC SUPPORT
Around 370 Million euros of public funding estimated for the first 7 calls, earmarked to 545 project applications.

What is a typical Eurostars project?
3.3 participants
29.1 months duration
2.4 countries
1.4 Million euros of total costs

Which type of SME participates to Eurostars?
Eurostars SMEs are fast growing SMEs with high R&D intensity: 40% are micro SMEs (0-9 employees) with very high impact expectations and 43% are small SMEs (10-49 employees) with high expectations.

<table>
<thead>
<tr>
<th>Projects Submitted (Cut-off 1 to 7)</th>
<th>Projects Funded (Cut-off 1 to 7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nº of applications received</td>
<td>Nº of applications funded</td>
</tr>
<tr>
<td></td>
<td>2237</td>
</tr>
<tr>
<td>Total costs of applications submitted</td>
<td>3120 Million euros</td>
</tr>
<tr>
<td>Number of applicants</td>
<td>7399</td>
</tr>
<tr>
<td>% of SMEs</td>
<td>72%</td>
</tr>
</tbody>
</table>

www.eurostars-eureka.eu
How are the costs shared between participants?
On average, 79% of the shared costs are for R&D SMEs and SMEs; our target group.

An increasing demand
The demand has been dramatically increasing over time. With two Cut-off dates organised per year, 745 projects applications have been received in 2011, showing a significant increase over the years.

Which technological areas are supported?
Any technological area and potential market are accepted. The bottom-up approach gives the freedom to participants to launch their projects in any technological and market area.

How are projects funded?
Participants of selected Eurostars projects are funded in their own country, according to national funding rules.

The initial budget dedicated to Eurostars Programme is 400 Million euros, consisting of 300 Million euros from national and regional funds, and 100 Million Euros from the European Union.

Around 95 million euros of public funding have been annually mobilized in 2010 and in 2011.

To sustain the increasing demand of the programme, many Eurostars participating countries have made substantial efforts in increasing their budget.

As a result, around 370 Million euros have already been earmarked to fund 545 projects from the first seven Cut-offs, including 280 million euros from national and regional funds and 90 million euros from the European Union funds. 414 Million euros of private investment have been mobilized by participants of selected projects.
A broad participation at European and International level.

The 545 Eurostars projects applications approved are involving participants from 32 Eurostars participating countries, as well as from 8 non Eurostars participating countries including the United States, South Korea, Russia, Thailand…

THE IMPACT OF EUROSTARS

Even though Eurostars is a young programme, preliminary impact results show clearly that participating companies gain direct benefit, both in terms of turnover generation and in terms of strategic impacts such as gaining access to new markets, creating new partnerships and increasing relevant company know-how.

Based on the first impact reports received from Eurostars participants, the leverage effect of the programme is substantial. With 1 M€ of public funds, 9.8 M€ of additional turnover is expected. As a result, with 520 M€ of public funds forecast for the whole duration of the programme, Eurostars is estimated to increase total turnover for participating organisations by €5.1 billion.

The largest part of this effect (80%) is generated by a small proportion of the companies involved (12%). These commercial achievers are the R&D SMEs which lead Eurostars projects and match the public funds they receive with double the amount in private funds, whilst generating thirty-five times as much additional turnover through the results of the project. Commercial achievers tend to focus on the ICT and Biotech sectors.

Particularly successful Eurostars projects go on to be published and widely disseminated as Eurostars Success Stories, which highlight the relevance to citizens of the technologies developed, as well as showing the economic successes made possible by the Eurostars programme. Press releases so far have covered a wide range of cutting-edge technologies, including needle-free injection technology, a novel method of gene-sequencing, geospatial data mining, and an improvement to the plastic injection moulding process used to make iPhone cases.
SUCCESS STORIES

**E!4731 Arrayvolution**

Based on research coming from the aerospace industry and concepts developed in the laboratories of the MIT, this Eurostars project helped to finance up to 50% the development of a novel DNA-sequencing device, a market which now has an estimate worth of one billion euro per year. By helping the lead SME at the riskier stage of its development, Eurostars and its label also attracted private investors into the project.

It is important that the European Union helps SMEs, especially during the riskier stages of their development.

*Jaap Blaak*, Investor in the project’s leading company

---

**E!4258 ISTAR**

This Eurostars project led to the development of the Zeneo device: a needle-free injection system which could be a solution to needle-phobia, a fairly common problem, with an estimated prevalence of 15% in the general population. First sales are planned for 2014 and the production of needle-free injection devices could already reach 150 million units by this time, a fraction of the 12 billion injections given each year worldwide.

The procedure to obtain public funding through the Eurostars Programme has been astonishingly simple.

*Patrick Alexandre*, Chief Technological Officer at the project’s leading company
SMEs are the backbone of the European economy; especially R&D performing SMEs which play a central role in increasing competitiveness and boosting job creation in Europe.

EUROSTARS2 (2014-2020) will therefore succeed EUROSTARS1 (2007-2013) with the aim to continue and strengthen the support to R&D performing SMEs to develop and generate high value goods and services. It will have wide European and international visibility, critical mass and be a role model in terms of international best practice in relation to efficient programme management at all levels.

EUROSTARS2 will contribute actively to European competitiveness, employment growth, economic change and sustainable development to achieve the Europe 2020 objectives. The EUROSTARS2 Joint Programme will continue to aim at aligning and synchronising the relevant national research and innovation programmes to establish a joint programme, featuring scientific, management and financial integration, marking an important contribution towards the realisation of the ERA.

Last but not least, taking into consideration that the number of applications foreseen by EUROSTARS participating countries could double in EUROSTARS2 and reach between 600 to 800 applications per cut-off and that a reasonable success rate should be guaranteed, the dimension of the EUROSTARS2 public funding will be higher than EUROSTARS1.
THE EUROSTARS GOVERNANCE STRUCTURE

Intergovernmental initiative with 33 participating countries

Austria / Belgium / Bulgaria / Croatia / Cyprus / Czech Republic / Denmark / Estonia / Finland / France / Germany / Greece / Hungary / Iceland / Ireland / Israel / Italy / Latvia / Lithuania / Luxembourg / Malta / the Netherlands / Norway / Poland / Portugal / Romania / Slovak Republic / Slovenia / Spain / Sweden / Switzerland / Turkey / United Kingdom

The governance system of the Eurostars Joint Programme involves four main bodies.

**EUREKA/Eurostars High Level Group (HLG)**

The EUREKA HLG is the key decision-making body of EUREKA. It is composed of the 40 persons appointed by the EUREKA Member States as High Level Representatives. The EUREKA HLG is responsible for the admission of new Member States to the Eurostars Joint Programme. The Eurostars HLG is composed of the 33 EUREKA High Level Representatives of the Member States participating in the Eurostars Joint Programme and a representative of the European Commission as observer. It is competent to supervise the implementation of the Programme.

**Eurostars Advisory Group (EAG)**

The EAG is composed of EUREKA National Project Coordinators from the Eurostars participating countries and of a representative from the European Commission as observer. The EAG advises the EUREKA Secretariat on the execution for the Eurostars Joint Programme.

**National Project Coordinators (NPCs)**

With offices established in all Eurostars participating countries and having had a leading role in supporting R&D projects for over 25 years, EUREKA NPCs are the direct link between participants, the Eurostars Programme and national funding. NPCs facilitate the setting-up and running of a project and are responsible for project generation, national and international support and follow-up.

**EUREKA Secretariat (ESE)**

The ESE acts as the dedicated implementation structure for the Eurostars Programme. It is mainly responsible for the organisation for the calls for proposals, for the coordination of the eligibility, evaluation and selection for projects, for the monitoring of projects at European level, and for the allocation of the community contribution.
We strongly advise you to contact your National Project Coordinator to have further information about the Programme and the submission of applications.

Their contact details can be found at

www.eurostars-eureka.eu