



INN  **OWIDE**

CALL 2 FOR APPLICATIONS

Viability Assessment Projects (VAPs) in
International Markets



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INNOWWIDE Call 2 for applications for Viability Assessment Projects (VAPs) in international markets

Opening date: 15/01/2020

Closing date: 31/03/2020

1. What is INNOWWIDE?

Competition has become global and so is innovation. To compete effectively in new and emerging foreign markets European SMEs need to develop partnerships with strategic counterparts from countries outside Europe to undertake *co-creation of RTDI projects*¹ and further joint business development (new product-market combination).

Developing a *new product-market combination* with a strategic international partner outside the EU or its Associated Countries can be very challenging for SMEs in terms of technological & financial risks and market barriers. Before starting it is essential to assess first the technical feasibility as well as a deep understanding of the financial, legal, market and cultural aspects in the target foreign markets.

That is why a new instrument is needed, beyond conventional market studies, selection of sales channels and export aid.

The Horizon 2020 (H2020) funded INNOWWIDE pilot Coordination and Support Action (CSA) aims precisely to cover this gap, and thus bring innovative European SMEs to the forefront of international markets by funding Viability Assessment Projects (VAPs) in cooperation with local stakeholders around the world, creating the conditions to increase the uptake of European innovative solutions in markets outside Europe.

The INNOWWIDE CSA follows an SME friendly bottom-up approach, with no specific topics to be addressed.

This document relates to the second and last call of the INNOWWIDE pilot CSA. Please visit the INNOWWIDE webpage (see section 10) to check the outcome of the first call.

2. What is a VAP?

Are you an innovative SME with the ambition to develop a new and innovative product-market combination (or process or service) with a strategic counterpart outside Europe? Do you need to first check the technical, commercial, legal and socio-economic feasibility? The VAP (Viability Assessment Project) instrument supported by the INNOWWIDE CSA can be the solution.

VAPs are a comprehensive, balanced and coherent set of preliminary technical, market, legal and socioeconomic assessments intended to validate the viability of an international, innovative business solution along emerging global value chains (international, innovative product-market combination development) in collaboration with strategic counterparts, considering where

¹ In the context of INNOWWIDE co-creation of RTDI projects are intended as the joint definition of international collaborative RTDI projects of European /H2020 Associated Countries SMEs with entities from beyond the EU or Associated Countries for further joint product development. Product development must be understood in the widest sense, i.e. product / service / process development

appropriate frugal innovation², **including the preparatory phase of a future International Cooperation RTDI project underpinning the product development stage.**

Each VAP must focus on a target third country as pilot market wherein to develop and validate the proposed innovative business solution, in close collaboration with local counterparts.

VAPs must also identify and assess key local technical and market framework conditions in the target third country that may favor or impede the effective deployment of the proposed innovative collaborative solution.

Finally, VAPs also include a refined and viable definition of such innovative business solution, alongside their implementation strategies in the target third country.

After VAP implementation SMEs should have a clearer view regarding future product development activities in the target market together with local counterparts, that could encourage future investment decisions.

3. VAPs specific requirements and outcome

More specifically, VAPs must:

- **Be the preliminary phase of a potential International Cooperation RTDI project of the applicant SME with local counterparts in the target country in the short or medium term³.**
- Feature a co-creation⁴ based product-market development preparatory work done by a European innovative SME together **with at least one future local strategic partner, initially bound in as subcontractor for VAP implementation⁵** -e.g. a supplier, customer, end user, research provider or complementary technology developer- (see section 5 for the eligible countries and categories). The foreseen product-market combination must create high impact on the targeted third country pilot market.
- Include a wide variety of activities to explore the practical (societal and cultural acceptance), technological and commercial viability of the proposed co-creation based innovative solution and how it needs to meet local conditions and demands (see section 4).
- **Last six months.**
- Have a minimum eligible budget of € 86,000.

² Fraunhofer and Nesta (2017) define frugal innovation as: “the process of innovating in conditions of constraint, to produce solutions that are substantially more affordable than alternatives, and accessible to a broader range of people, while also meeting user needs as – or even more – effectively”. It is especially appropriate for open innovation schemes with lower end developing countries and should be considered for VAPs targeting them.

³ Local counterparts could be the strategic subcontractor and/or another company / institution with RTDI capability and ready to favour the exploitation of the future technological cooperation RTDI project results

⁴ Co-creation (joint product / process / service development with local counterparts) is a management initiative, or form of economic strategy, that brings different parties together (for instance, a company and a group of customers), in order to jointly produce a mutually valued outcome. Co-creation brings a blend of ideas from direct customers or viewers (who are not the direct users of the product) which in turn creates new ideas to the organization. Cf. [Wikipedia](#)

⁵ Other non-strategic subcontractors brought in as conventional service providers are also allowed if needed and duly justified (e.g. innovation and/or market consultants, legal advisors etc.)

All the VAPs must result in a **final report**⁶ addressing the:

- **Technical feasibility (incl. upgrade/transfer/integration) of the proposed joint product-market development and future International Cooperation RTDI project preparation and inception**
- Business model viability
- Key local legal, financial, political, cultural and behavioral aspects conditioning business and technology development and how to cope with them
- Optimal exploitation pathways, including further RTDI and product development investment with local counterparts and involvement of potential end users / clients as early adopters / launching customers.

4. Which activities will be funded?

The funded VAPs must involve combinations of the following activities:

1. Co-creation and technology uptake preparatory work (innovation and technology transfer services)

- a. **Definition of a future International Cooperation RTDI Project for co-creation or technology adaptation (including where appropriate frugal Innovation) with the local strategic subcontractor/s (compulsory)**
- b. Analysis of the IP environment
- c. Technology scouting and novelty verification
- d. Technology valuation
- e. Technology legal situation analysis
- f. Technology protection & valorisation strategy design
- g. Certification and homologation compliance verification. Compulsory regulatory technical certification, testing and benchmarking activities
- h. Technology partnership matchmaking
- i. Small scale proof of concept awareness (trial and assimilation, further RTDI preparatory work)

2. Market prospection and business model development

2.1 Market research (desk & field studies):

- a) Business opportunities early survey detection (pre-conceptualisation)
- b) Qualitative analysis (consumer analysis: segments, preferences, patterns, motivations, opinions, attitudes, values, culture, ...)
- c) Product commercial research (local customer experience oriented: concept, design, supply, use...)
- d) Market quantitative analysis (real, potential, tendencies)
- e) Competition analysis (market share, positioning, value propositions, value chains...)
- f) Analysis of potential partners for distribution and marketing
- g) Analysis of potential suppliers

⁶ The beneficiary SME must commit to establish specific VAP financial accounts and to report to the INNOWWIDE consortium details of the execution and results of the VAP.

- h) PESTLE and market barriers analysis (social, economic, environmental, technological and legal issues)

2.2. Compliance verification:

- a) Administrative & legal Freedom To Operate (FTO)/ due diligence verification
- b) Business related Social and cultural best practices identification and implementation planning

2.3. Business prospection trips (limited and duly justified):

- a) Trade fairs/ conferences/ info days/ networking and matchmaking events
- b) Joint workshops/ meetings with potential partners
- c) Workshops with partners to prepare joint RTDI proposals/ projects

2.4. Specific promotional technical material preparation (technology valorization oriented)

See the INNOWWIDE Call 2 guidelines for full details of the possible activities

To be eligible, the proposal must include at least:

- 4 elements from Section 1 – Co-creation and Technology Uptake Facilitation (Innovation and Technology Transfer Services). **Option a) thereof (definition phase of a future International Cooperation RTDI project) is compulsory.**
- 4 elements from Section 2.1 - Market research (desk & field studies)
- 1 element from Section 2.2 - Compliance verification
- Sections 2.3 and 2.4 are optional and must be duly justified for the purposes of the VAP.

5. Geographical coverage

The Call 2 targets three categories of geographical market: developed countries, large emerging economies and developing countries, with a similar allocation of funds for each of these three categories. The **indicative, non-exhaustive list of countries** from which applicant SMEs must select one⁷ is as follows:

- **Developed countries:** United States of America, Canada, Japan, Republic of Korea, Taiwan, Australia, New Zealand, Singapore
- **Large Emerging Economies:** Brazil, Russia, India, China and Mexico
- **Developing countries:** Afghanistan, Algeria, American Samoa, Angola, Argentina, Azerbaijan, Bangladesh, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo (Democratic People's Republic), Congo (Republic), Costa Rica, Côte d'Ivoire, Cuba, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Indonesia, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kosovo⁸, Kyrgyz Republic, Lao, Lebanon, Lesotho, Liberia, Madagascar, Malawi, Malaysia, Maldives,

⁷ Applicants are requested to contact info@innowwide.eu in case of doubt

⁸ This designation is without prejudice to positions on status and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence).

Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Palau, Palestine⁹, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Rwanda, Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, South Sudan, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sudan, Suriname, Swaziland, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Turkmenistan, Tuvalu, Uganda, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe

6. Who can apply?

Innovative SMEs¹⁰, including young companies and start-ups¹¹ from any sector:

- Established in an EU Member State or a Horizon 2020 Associated Country¹²
- Looking to compete and start business in new and emerging markets around the world
- Engaged in an economic activity (selling products or providing services on the market at a given price).
- Meeting financial viability and ethical criteria specified in the INNOWWIDE Call 2 guidelines

Self-employed, partnerships and associations or any other entity different from the above mentioned will not be eligible for INNOWWIDE funding.

- **Only one proposal per applicant SME is allowed.**
- **SMEs not funded in Call 1 may apply again in Call 2, indicating it in the application form¹³.**
- **Funded SMEs in Call 1 will not be eligible for Call 2.**

7. How will applications be evaluated?

Applications will be evaluated according to the following criteria and scored on a 200-point scale with the distribution described below:

Excellence (30% - maximum 60 points; threshold 30 points)

- **Future International Cooperation RTDI project excellence/quality**
- Technical and commercial novelty and ambition
- Relevance for target market
- Competitive position

⁹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue

¹⁰ http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹¹ Newly established enterprises, start-ups or companies without economic activity (but expecting to enter soon into the market) may also qualify as SMEs but should carefully look at their actual internationalization capabilities and resources, since they will be considered at the evaluation stage.

¹² A list of associated countries can be found here:

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf

¹³ To this end a completely new proposal must be uploaded. Documents from the 1st call will not be allowed

- Alignment with applicant SME overall business strategy¹⁴

Impact (40% - maximum 80 points; threshold 50 points)

- **Ability to generate co-creation and future International Cooperation RTDI projects** (including where appropriate frugal Innovation) involving the applicant and local partners.
- Market generation potential (size, growth rate, demand level and expectation, customer needs, market share) in the short, medium and long term in the target country
- Estimated added value of the proposed product, service or business model.
- Market barriers potential reduction and early adopters' engagement
- Cost and time to market reduction
- Scale-up and job creation potential
- Expected market expansion beyond the initial target country
- Societal, environmental, ethics and gender relevance, in particular within the frame of the Sustainable Development Goals (SDGs).

Quality and efficiency of implementation (30% - maximum 60 points; threshold 30 points)

- Appropriateness, feasibility and mutual consistency of VAP objectives, impact, approach and proposed activities.
- Technical/business experience of the team. Complementary expertise and competences, high added value and clear mutual benefits. **Especially, capability to undertake a further International Cooperation RTDI project**
- Availability of resources required (personnel, facilities, networks, etc.);
- Clear justification of VAP costs (staff, equipment, consumables, subcontracting, others)
- Relevant, realistic description of how the beneficiary SME and subcontractor/s, especially strategic ones will be involved and related
- Realistic timeframe and comprehensive description of implementation (milestones, risk management) taking the company's or applicant's innovation ambitions and objectives into account.

Only proposals with the highest scoring, above 150 points (overall threshold) and passing the abovementioned thresholds for every criterion will be retained for eventual funding.

All funded VAPs will be checked for compliance to EU ethical standards.

The financial viability of the applicants will also be checked before the approval of the applications. Those applicants which do not meet appropriate financial viability will be declared as non-eligible to receive the funding.

The guidelines for evaluating the applications are available at the INNOWWIDE website (see section 10).

8. Funding conditions

The budget available for the Call 2 is **€4.2 M** (to be divided approximately one third per target country group).

¹⁴ You will be asked to clarify in the application form why a VAP is needed for your innovation-based international product-market development, including an explanation on the constraints you are facing. **Business-as-usual approaches will not be accepted**

Each approved VAP will receive a **fixed grant amount of €60,000**, representing a maximum of 70% of **total eligible costs** (staff, consumables, equipment, subcontracting, others) which **must be a minimum of €86,000**. 50% will be disbursed at the beginning. Upon submission and approval of the final report after VAP finalization the beneficiary will receive the remaining 50%. There is no specific limit to the sub-contracting budget.

Only one successful application per applicant SME will be funded by the INNOWWIDE CSA.

9. How and when to apply

1. Go to the INNOWWIDE website (www.innowwide.eu).
2. Complete registration form and follow instructions to set up an account, if not already registered.
3. Complete all sections of the application form (including the SME self-assessment, the Ethics self-assessment and the Financial Information) and submit by 31 March 2020 at 20:00 GMT.
4. You will be contacted with the results of your application by 01/07/2020 at the latest.

10. Further information

- INNOWWIDE website: www.innowwide.eu
- INNOWWIDE Call 2 guidelines: www.innowwide.eu/guidelines
- INNOWWIDE Call 2 Evaluation Guidelines: <https://innowwide.eu/wp-content/uploads/2018/10/INNOWWIDE-Evaluation-guidelines.pdf>
- INNOWWIDE CSA documents: <https://innowwide.eu/resources/innowwide-project-documents/>

11. Contact details:

INNOWWIDE team info@innowwide.eu

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