

From a "service" SME to a
disruptive SME

An "expert evaluator's" critical
perspective

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Initial considerations (1/3):

- SME instrument was originally designed for SME's!
- Clearly, it has been widely adopted as a financing mechanism for startups!
- Highly competitive! MUST explain clearly:
 - Who you are (as an SME)
 - How you got where you are (what you do)
 - What makes you different (tacit knowledge etc)
 - What is the uniqueness of your product / offer
 - What is your capacity to deliver (team/resources)

Initial considerations (2/3):

- Remember: It is an **innovation instrument**!!

SME instrument

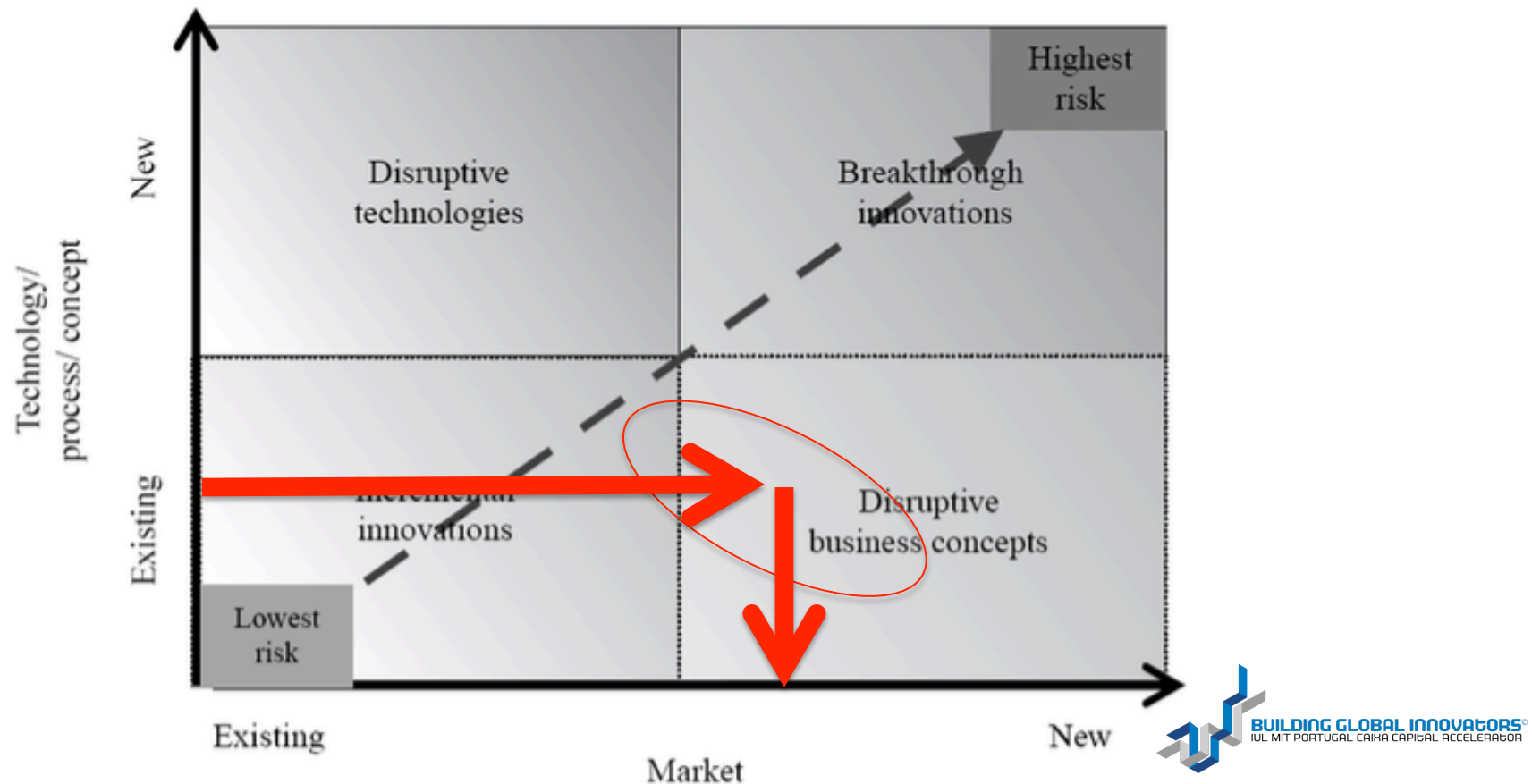


What do we mean by innovation in practice?

- **WHAT** = The **process** of turning research *outputs* (new discovery, tool, application) into Commercial and/or Social Value
 - ✓ From voice tele-transmission -> Telephony
 - **WHY = Objectives:** Supporting and enabling the development and wider deployment of:
 - ✓ Innovative Solutions, new Services, working methodologies, production/delivery/business models, new dynamics to support innovative ecosystems/communities/stakeholders alliances
 - **HOW = Different types of Innovation:**
 - ✓ Open Innovation, linear/non-linear innovation, incremental/radical in innovation, disruptive innovation, social innovation etc.
- ❖ **For each of them H2020 provides dedicated instruments**

Initial considerations (3/3):

- There's many types of "innovation":
- SME & FTI focus is on Disruptive innovation!



Typical aspects in the mind of an evaluator (1/3):

- Can their “knowledge&experience” be turned in to an (disruptive) innovation?
- What specific problem can they (SME) solve?
- Is the market big enough? Validation?
- Is there a clear business model? How can they “package” the offer and get to the market?
- **Then it's all about “Execution”, i.e. worth 98%:**
 - Team (experience, skillset)
 - What prototypes do they need to design / test?
 - How can they fund these activities?
 - How do they protect the IP & business?
 - Partnerships complimentary assets), etc

Typical aspects in the mind of an evaluator (2/3):

- New company to be founded (spinout) Who should be in the founding team? Skillset?
- Are they well connected? bringing key advisors and KOLs, partnerships, access to the market..
- Is there a (credible) Go to Market plan (milestones, etc)?

Drafting the proposal: some hints (1/3)

- Leverage trends & keywords (eg. unique selling proposition, competitive advantage)
- Impeccable presentation style (highlights, call out boxes)
- Always provide as much detailed information on your competitors, the more, the more credible!
- Always size the market: Bottom up (avoid top down)

Drafting the proposal: some hints (2/3)

- After writing each paragraph ask yourself:
“what is the key point I am conveying here?”
- Ask yourself “so what?” Why is this important?
- Be incisive in the message, blurred communication underlines immaturity & insecurity
- You need to be “crystal clear”:
 - In your stage of development (TRL)
 - TAM & SAM (the specific vertical you are after)
 - Traction (product, market), evidence (facts & numbers)

Drafting the proposal: some hints (3/3)

ALWAYS REMEMBER:

- The evaluators job is to understand any potential and highlight your proposal weaknesses!!
- More sincerity on Risks identification, means that you are more credible, not less (you know that you can fail and that it is hard!)

Definition: Disruptive innovation

Disruptive innovation encompasses any innovative concept, product and service that create new markets by applying new sets of rules, values and models which ultimately disrupt and/or overtake existing markets by displacing earlier technologies, alliances and incumbents.

Typical aspects in the mind of an evaluator: The LITMUS Test (1/3)

1 - Does the idea have a disruptive potential?

- Is there a large population of people who historically could not benefit from/consume the service /product, either for budget or access reasons?
- Would customers need to go to an inconvenient / centralised location to access the service / product?

Typical aspects in the mind of an evaluator: The LITMUS Test (2/3)

2 - Does the proposal (concept or project) have a low-end disruptive potential? (Mass adoption)

- Are there customers at the low-end of market willing to buy reasonably well performing but much cheaper products?
- Can we develop a Business Model allowing for attractive profits through discount prices?

Typical aspects in the mind of an evaluator: The LITMUS Test (3/3)

3 - Is the idea disruptive with respect to all incumbents?

Would the idea/service/product be disruptive to some established companies but represent a sustaining improvement for others? (e.g. Internet retailers/Dells/Compaq...)

Initial considerations (4/5):

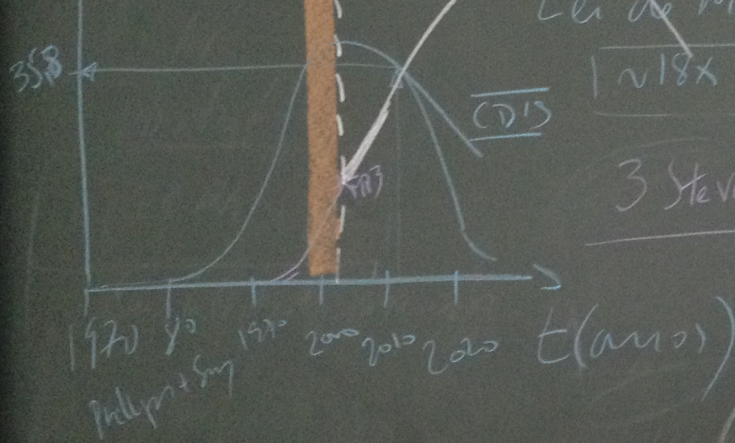
- Case: iPod (Apple)
 - : Quality
 - .: Features
 - .: Style, Size
 - .: Packaging (feel)
 - .: Add-on Services (useability)
 - .: Warranties & Returns
 - .: Brand name



BAI: MATSUSHITA

MP3: FRAUNHOFER

quota de mercado
#mercado
(%)



Lei de MOORE

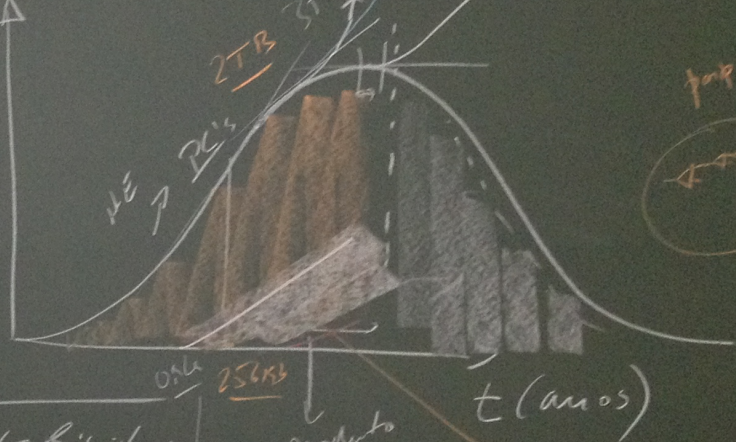
1 v18x 2x capacidade

3 Steve jobs iTunes

Inovables
Aberta

Vendas
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Ciclo de vida do produto/tecnologia



Disco Rígido

- Preciso
- Metal
- Motores (Step)
- Materiais magnéticos

KODAK / POLAROID

IBM -

Produto 3.

CORE
Competências

FLASH memory

SSD