

Open Innovation at Oseo Innovation

Example of the Passerelle Programme

A tool to support RDI collaboration between innovative SME's and large enterprises



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Outline

1. About Oseo

2. French innovation policy: recent actions to foster open innovation with focus on innovative SME's and mid-sized enterprises

3. Case study: the SME's Pact and the Passerelle programme





Oseo Mission

Providing assistance and financial support to very small and medium-sized enterprises and facilitating their access to banks and equity capital investors, in particular during the high-risk phases:

- Start-up
- Innovation
- Development
- International
- Buy out





The three Oseo activities

Innovation support: support and funding for innovative technology-based projects with real marketing prospects

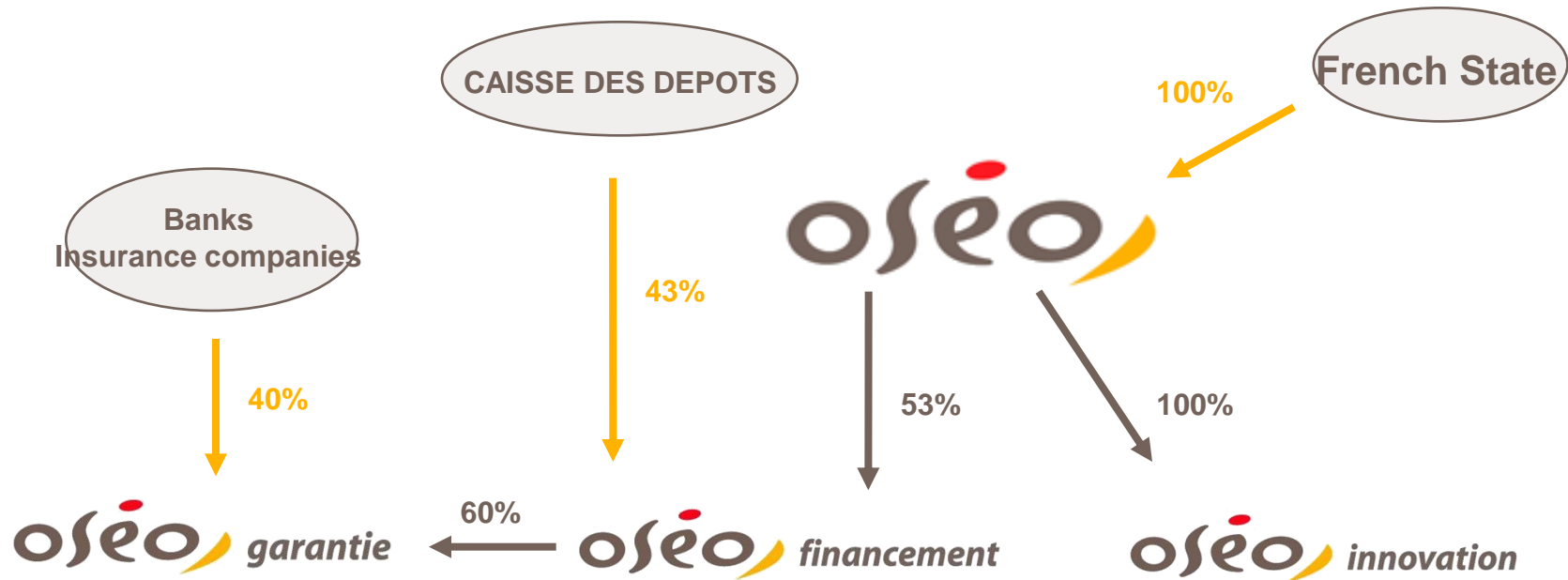
Funding investments and the operating cycle alongside the banks and financial institutions

Guaranteeing fundings granted by banks and equity capital investors

Oseo also offers services and SME surveys available on oseo.fr



OSEO group



- with a regional network on the french territory with 1500 collaborators closed to enterprises and other local actors (banks, region councils, research labs, CRITT, ...)
- and networking with Europe



2. French Innovation policy

2.1 Economical context

Policy based on the Lisbon agenda (« Innovation as key factor for competitiveness »)

Recognition of the specificity and priority role of Innovative SMEs and mid-sized enterprises (250 to 5000 collaborators) for competitiveness and employment

BUT

France has not enough mid-sized enterprises

Good enterprise creation dynamics but not enough growth (« small companies remain so »)

2,5 M enterprises in France; only 5000 have more than 250 employees





Global european context for SME's

23 M€ small and medium-sized enterprises in Europe account for 99% of all businesses and represent 2/3 of total employment

Have a strong potential to contribute to the growth and job creation in Europe

They encounter more difficulties than large companies, in terms of coping with regulatory burden, running cross-border activities and accessing finance, innovation and skills.

European initiatives:

- November 2005: commission launched Modern SME Policy : the « Think Small Principle
- Next Lisbon cycle 2008-2011: preparation of a « Small Business Act" for Europe

Main problems identified : SME's access to markets, to public procurement, to finance





2.French Innovation policy

2.2 Recent economical measures to support innovative SME's growth

2005: the Gazelles program

2007 Finance law (art.13): creation of the status « PME de croissance » (SMEs with growth potential)

January 2008: french proposition to the european commission to create an european « SBA » – to be followed under french presidency of the European Union (July 2008)





2. French Innovation policy

2.3 Foster Open Innovation with a Focus on Innovative SME's and mid-sized enterprises

Key recent national initiatives

Streamline and simplify access for enterprises to government R&D and innovation schemes:

- merging done of All and Oseo Innovation to support market oriented RDI projects led by enterprises (*in 2009: will also be the contact and operational entity for competitiveness clusters*)

- ANR (*National Research Agency*) for collaborative research projects between labs and enterprises

Foster greater R&D investment by private enterprises:
increase by 3 fold of R&D tax credit (100 % expenses eligible; *indirect scheme*)





2. French Innovation policy

2.3 Foster Open Innovation and Focus on Innovative SME's and mid-sized enterprises

2008 Oseo Innovation priority mission

Foster Innovative SME's growth:

- *increased 2008 budget and focus of innovation direct aid on innovative SMEs and mid-sized (250 to 5000 collaborators) enterprises with high growth potential*

- *since 2005 : “**Pacte PME**” (SME's Pact)*

Foster collaborative R&D projects building on the 71 Competitiveness clusters (since 2005) with Oseo regional network

- Industrial Strategic Innovation projects (since 2008)
- **Passerelle program**
- Europe: INNET (clusters network); Eurostars (project),...



3. Case study: SME's Pact and the Passerelle programme

Context: the growth of SMEs is blocked by a « glass ceiling »

Main problems identified : **SME's access to markets**, to public procurement, to finance

- Negative discrimination: access to clients, to finance, to human resources
- Take the hit of perceived risk: financial capability, over-reliance on key staff, lack of international scope





The french SME's Pact (« Pacte PME »)

A method of regulation to level the playing field

Created by Oseo with the Comité Richelieu (high tech SME's association) end 2005

A « positive mobilization » (vs « positive discrimination ») of large entities (private or public) to promote innovative SME's development

A document signed by a large entity with Oseo and Comité Richelieu where the large entity declares its voluntary willingness (no obligation) to reinforce its relations with Innovative SME's seen as strategic partners for strengthening competitiveness and innovation: procurement and RDI contracts

Promotion of the « Think Small First » attitude (in accordance with: European commission « Modern SME policy » - november 2005; next Lisbon cycle 2008-2011 with project of a « Small Business Act » for Europe)



The french SMEs Pact (« Pacte PME »)

Main goals


Support the growth of innovative high potential growth SME's by providing them with business and RDI opportunities with large entities (private or public)

Serve large entities by identifying the best SME's on a given technological topic

Monitor the impact of the Programme through a set of indicators (number of contracts awarded following the [met] events, SME share in procurement of the signing large entities,...)

Involve SME's and large companies at the european level through the organisation of local events





The relationship between large and small companies is a difficult one

The different tools of the « Pacte PME »

Obstacles to the large/small relation

Access to information

Massification of procurement

Aversion to risk



Tools of the SME Pact programme

- [met] & [rex] programmes
- MarketPlace
- **Passerelle programme**
- SMEwatch programme
- Extension to the ecosystem (banks, investors,...)





Foster Innovative SME's growth

Passerelle Programme Global Objective

Foster RDI collaboration between innovative SME's and large enterprises

Passerelle is a complementary tool to [met] (meetings organized by SME Pact between SME's and large entities)

Under test by Oseo Innovation since mid 2007





Passerelle Programme Principles

A large enterprise is interested by a SME's innovative product or service

This product or service needs development to answer the large enterprise specific market and client's needs

Passerelle supports RDI project aiming at facilitating test and adaptation of technology or service provided by an innovative SME to the specific needs of a large enterprise (tailored deliverables)

This mechanism is inspired by the norwegian initiative **IFU-OFU** (more than 10 years old; in 2005: 100 SMEs concerned with around 30 M€/yr public subsidies)



Passerelle Programme

Key characteristics

Funding

- 1/3 large enterprise (cash and/or in-kind contributions)
- 1/3 public subsidies (Oseo Innovation grant)
- 1/3 SME

The SME keeps the Intellectual property

The large enterprise has a privileged access to the results for application in its specific business domain (as defined in the contract between SME and large enterprise)





Passerelle Programme

Key benefits for Stakeholders

SME:

- Access new markets and sales thanks to its collaborations with the large enterprise
- Keeps the intellectual property
- 2/3 of the project cost is financed

Large enterprise:

- An innovative new product or service tailored to its markets and clients needs and developed more rapidly (access to existing external know-how)
- Improves innovation ratio cost/benefit
- First privileged access to exploit project's deliverables in its business domain



Passerelle Programme

Since mid-2007

3 Passerelle projects contracted

Around 20 Passerelle projects in negotiation between innovative SME's and large enterprises

Future: a process to be emphasized within Pacte PME

Concerning Pacte PME:

- 43 large entities (private or public) have signed it + competitiveness clusters; several « good practices » identified and under promotion in these large entities (procurement; IP; ...)
- more than 2000 SMEs have joined





Thanks for your attention

