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Subject: A proposal for Horizon 2020

EGDF supports the idea of simplification of horizon 2020. The more complicated the system is the better it is for professional support proposers.

EGDF still sees need to develop further the ideas of supporting digital game development as a driver of innovation¹. Specifically the digital content sector should be one main goal of support. Spill over effects and follower effects of other industries are obvious. Games were fairly neglected in the last funding period – far less than one per mille of the funding reached the game development sector.

EGDF supports the concentration on future disruptive technologies and fast changing innovation. It is however obvious that the concentration on these very important topics is crucial. Therefore it is important to underline that the ICT funding itself is relevant. Concentration on the social challenges of Europe might also blur the focus of the goal to make Europe the strongest IT player in the world. It is therefore important to concentrate on this goal, otherwise we might fall even further behind in the text and that should be taken into consideration.

It is very important to see that the SME support through loans does not mean that large corporations are supported by governments directly and small companies are left to VC finance against their shares. The creation of open innovation is only possible, if SME's are directly supported and not moved to the venture capital community which is rather difficult to handle and not lasting in our aspects.

It must be criticized that the strategy to follow a technology development is too short. It is more sensible to bring together market pull and technology push and to see both elements – large parts of ICT innovation, for example the iPhone does not happen at the technology driven levels anyway. This misunderstanding is to a large part responsible for the fact that Europe was not able to maintain its central role in the IT industry anymore.

If Europe wants to have a leading role, it needs to drive disruptive shifts. However it is not very likely that these innovations come from the research labs of large companies in Europe or Universities. Disruptive innovation comes from the open sector, from industry and specifically from small medium enterprises especially in the ICT and Internet context – only few years ago Google was an SME too. The program for risk finance is complicated: On the one hand it is obvious, that in Europe we need more openness on this field. On the other hand it can lead to damages, if not rightly handled. It is very important to develop these tools and programs in close cooperation with the industry – including SME representatives. So far it seems as if they are not involved.

EGDF welcomes the fact that the European Commission (EC) is devoted to

- facilitate industry-driven research
- broadening the definition of innovation from technological innovation to non-technological

¹ See the EGDF policy paper Game Development and Digital Growth: <http://www.b105.fi/egdf/wp-content/uploads/2011/06/EGDF-Policy-papers-2nd-edition-Game-Development-and-Digital-Growth-web.pdf>

and social innovation

- attract the strong participation of SMEs and to keep the new programme open to new participants,
- ensure the effectiveness of public spending
- make management of European research funding more trust-based and risk-tolerant
- acknowledge the essential role of content technologies.

However, EGDF urgently expresses the need to

- introduce Games as a specific model category
- have a threshold, for exampl, by placing a maximum EU contribution by five millions Euro per project
- introduce an SME quota for EU RTD projects of 50 %
- support rather many small projects with about four to five partners than few large ones
- increase efforts, that support mechanisms identify real innovations behind the formal quality of applications

EGDF is pleased to note that quantitative and qualitative SME participation shall be undertaken as part of the evaluation and monitoring arrangements; implemented in a non-SME friendly way, this could actually hinder SME participation instead of supporting it and therefore EGDF demands that:

- considering the ambitious goals for co-operation between European research community and industrial actors in Excellent Science Objective and SME focus of Industrial leadership programme in general, the specific SME actions should not be limited only to Leadership in enabling and industrial technologies and Societal challenges, but mainstreamed to whole programme.
- although Access to risk finance objective is clearly needed, it cannot form the main form of support for SME's, because research driven SME's need also direct support for their research actions in addition to loan or equity funding,
- as the quota for SME can easily end up limiting the funding going to SME's, the proposed quota of 15% should clearly be the minimum level of funding going to SME's, not the maximum level, as it can easily be understood.
- as 15% quota for SME funding is everything else than ambitious, the quota should be 50% so that the programme would be forced to attract new participants instead of acting as a support mechanisms for inefficient big companies and research institutions,
- as PPP have been especially reluctant to include SME's in them, a SME quota of 50% should be introduced specifically for them
- in order to keep the programme attractive for SME's, the a similar funding rates for SME's like in FP7 should be introduced in financial guidelines (60% flatrate for indirect costs and 75% funding rate for RTD funding)

Furthermore, EGFD underlines that:

- although the goal of Leadership in enabling and industrial technologies objective is to exploit innovation in the widest sense, going beyond technology to include business, organizational and social aspects, the objective is still very technology focused and therefore content technologies enabling content and business innovation should be included to KET's.
- applied games (a.k.a. serious games) should be mentioned in health, demographic change and well-being as well as in Inclusive, innovative and secure societies in order to secure that Europe does not fall behind Asia and USA in this sector where serious games are widely developed to answer those challenges.

Helsinki, December 2011

Dr. Malte Behrmann, General Secretary