

# Evaluating Horizon 2020 and Thinking Ahead

## DIGITALEUROPE's Contribution to the Public Consultation

Brussels, 15 December 2016

### WHY DO DIGITALEUROPE MEMBERS PARTICIPATE IN HORIZON 2020<sup>1</sup>?

International cooperation is crucial in developing new knowledge, building momentum for global standards and creating early access to future markets. Horizon 2020 offers our members a well-established framework for cooperation with skilled researchers all over Europe - exchanging new ideas for state-of-the art research, building platforms and establish networks of talented people. The environment created by Horizon 2020 and its predecessors means that our members can approach any other research organisation in Europe to engage in Research and Innovation. Horizon 2020 allows for peer-to-peer collaboration, as well as staff exchanges (MSCA), a possibility many national programmes do not provide. DIGITALEUROPE welcomes that reciprocal access to third country programmes is encouraged, also for the local R&D labs of European multinational companies.

Especially LEIT and the Societal Challenges are in line with our members' priorities and support them in their R&D&I activities. In their view, grants for collaborative projects are the most important form of funding. The funding form of grants that partly reimburse the total costs presents a good balance between public and private interests. In return, the ICT industry's participation in EU R&D funding programmes has brought many important benefits and has allowed stakeholders from academia and other industries to take advantage of such resources. It is worth noting that half of the economic growth in Europe is related to the introduction of ICT to other sectors, while 5% of European GDP, with an annual value of about € 660 billion, is generated today by the ICT sector itself<sup>2</sup>. It can continue to grow, providing more highly skilled jobs in knowledge intensive organisations, if we invest now.

Overall, our member companies are not strongly dependent on Horizon 2020 funding for their Research & Development activities. After all, H2020 represents only about 3% of total R&D expenditure in the EU. In purely financial terms at the company level, the impact if the EU support to research and innovation were to be discontinued would thus be limited for them, even though the impact for individual R&D departments could be substantial. However, effective cross-border R&I networks based on successful collaboration between academia, institutes, SMEs and large companies would fall apart and synergies across Europe decrease. Thus, the EU would attract fewer research, innovation and investment opportunities.

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1 [Overview of members' engagement in R&I programmes](#)

2 [European Commission Press Release](#)

## IMPLEMENTATION – HOW DO WE EVALUATE HORIZON 2020<sup>3</sup>?

### 1. Work Programme and Calls

DIGITALEUROPE’s members appreciate the European Commission’s on-going efforts for simplification but more needs to be done to achieve a trust-based, risk tolerant approach towards beneficiaries. We underline that the most important issue to be addressed must be oversubscription: the trends in the first call for proposals of H2020 correspond to a globally higher oversubscription compared to FP7. Data show a success rate of eligible full proposals in 2015 of 11.8%, compared with 13.2% in 2014<sup>4</sup>. The situation is even more dire for LEIT ICT (from 9.2% in 2014 to 6.7% in 2015). If continued, this trend will lead to a decrease of industry participation because of too low success rates and increased proposal preparation time (some proposals are currently not selected despite their scores of 14.0-14.5/15). This low success rate also means that the costs of participating in Horizon 2020 compared to both FP7 and similar national/international research and innovation programmes are higher for companies.

One solution is that strategic objectives in the forthcoming Work Programme should be more focused. Considering LEIT PPPs, the industry drive in the definition and implementation of the Private part of the PPPs should be clearly acknowledged and mandated. The evaluation processes (such as instruction of reviewers on the application of the evaluation criteria) are expected to lead to the implementation of strong Industry-driven PPPs. Especially for new-comers to Horizon 2020, the process of formulating the Work Programme can seem opaque and difficult to engage with. Practices should be aligned across the various areas of the Programme, including open consultations and allowing meaningful input by stakeholders.

In some cases, two-stage submissions might provide a mechanism to help address the oversubscription problem, though at the risk of prolonging the time-to-grant, which does not fit the very dynamic nature of the ICT sector. If used, the initial length of a proposal to be submitted in stage 1 should not exceed 20 pages and a strong filtering process should take place. In addition, the first stage must be more selective (leading to a success rate of at least 33% or even if possible 50% in the second stage). In any case, the scope of the call objective must be narrowed, meaning that the challenge or problem to be solved must be more focused on topic and/or impact.

### 2. Proposal Evaluation

We know that up to now in Horizon 2020, 16 % of evaluators came from the private sector<sup>4</sup> (a breakdown of the statistics per call/strategic objective and organisational type might be useful). As Horizon 2020 puts increased emphasis on innovation, it is crucial that evaluators contribute the necessary knowledge to assess the impact of projects. Industry participation in evaluation tasks is required to ensure that the selected projects serve the interest of the markets in the most efficient way and that projects have the necessary elements to succeed in a very competitive environment. The Commission should strengthen efforts to encourage the participation of Industry in the evaluation of projects, simplifying the criteria for identification of experts, recognising the value of the industry expertise and reconsidering undue fears about conflicts of interest, especially for the evaluation

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<sup>3</sup> [Horizon 2020 in Practice – Observations and Recommendations](#)

<sup>4</sup> [Horizon 2020 Monitoring Report 2015](#)

of close-to-market proposals. Besides the composition of the evaluation teams, we also recommend to consider the quality of the evaluation and especially the feedback received by beneficiaries. We fear that otherwise, the oversubscription coupled with a low perception of the evaluation process will deter industry from submitting proposals.

DIGITALEUROPE members welcome the European Commission's commitment to reducing the time-to-grant to a general maximum of 8 months. Following our earlier recommendations, in view of the problems experienced in the first year of Horizon 2020, the artificial split into "maximum 5 months" for informing applicants of the evaluation results and "maximum 3 months" for preparing Grant Agreement has been re-considered and DIGITALEUROPE members consider this a very positive development. This way the earliest possible communication of the selection outcome to the selected proposals coordinators is possible, leaving them more time for preparing their position towards the proposed Grant Agreement and Consortium Agreement. Wherever possible, the European Commission should explore options to further reduce the overall time-to-grant to better fit the short innovation cycles characteristic of the ICT industry.

### 3. Grants

On a very practical issue, our members report that the Participant Portal has improved very significantly, providing easier access to documents. We would encourage further development here, particularly to provide a fast and responsive helpdesk service for urgent queries (e.g. via online chat or phone) for personal support during the grant preparation and implementation.

DIGITALEUROPE would especially like to state its concerns about the lack of clarity and consistency surrounding optional clauses in the Grant Agreement and whether they will or will not be activated by the Project Officer. The final terms of the Grant Agreement impact on the terms required in the related Consortium Agreement for the action. These optional clauses can significantly alter the requirement on partners, and can in some cases make participation by multinational companies extremely difficult. In fact, if some optional clauses apply to an action, these need to be reflected in the Description of Action as this will also influence whether and how partners participate in the project. It would be highly beneficial if Coordinators (in consultation with other consortium partners) had room for manoeuvre at contract preparation stage to negotiate with the Commission on opting in/opting out of such optional clauses. In the context of H2020 Call 1, some Grant Agreements were not released until almost two months after the Commission announced that the actions were selected, i.e. approximately one month before signing deadlines. During that two-month period, the optional clauses ticked in the Participants Portal changed regularly, so there was no clarity as to which of the optional clauses definitively applied to the projects. This delayed Consortium Agreement negotiations and increased the uncertainty of the partners, contributing negatively to the effective development of the project.

It would be beneficial for the EC and the consortium to be allowed to make small technical changes or adaptations to the Technical Annex. The take-it-or-leave-it approach used in the Grant Agreement is in contradiction with the notion of «agreement». This is particularly troublesome for legal and IP terms and conditions, as the Model Grant Agreement goes in many instances much farther than stipulated in the Rules for Participation. In addition, the European Commission should consider consortium partners' views about optional terms included in the Grant Agreement, in particular concerning IPR, as the beneficiaries are the ones to develop the results and therefore have much better visibility on what kind of results will be developed within the project and which IP rights have to be taken into account for the exploitation and disseminations of results. Members have experienced some issues with reviewers and the Project Officer introducing changes to the structure of Work Products or

Deliverables after the Grant Agreement has been signed. While we understand that some changes may be required and cannot be foreseen, we would suggest that such issues and changes should be addressed in negotiation with the Project Coordinator after the grant has been awarded.

In addition, beneficiaries must be allowed to make use of their own usual accounting principles (like under FP7). Many companies calculate an average fully loaded cost rate, i.e. an average rate combining direct personnel cost with indirect cost. If such an approach could be accepted this would significantly simplify cost calculation. An additional option for reimbursement based on real indirect costs would be to allow the charging of indirect costs based on the accounts of the beneficiaries instead of the 25% flat rate.

We believe there is scope to improve the timing of reviews and deliverables. Some Project Officers have added in "soft reviews" after 9 months, on the basis that 18 months is too long a period without review. The effect is that reviewers look on this as a formal review and try to influence the direction of the project or deliverables, even though it is very early stage. On the other hand, we have experienced that deliverables submitted in between formal reviews do not get timely feedback. We believe a workable balance could be to have reviews every 12 months.

#### 4. Internal Coherence and Complementarity with other EU Programmes

Horizon 2020 integrated the continuation of the Framework Programme (FP7), together with the parallel CIP (Competitiveness & Innovation Programme) and the EIT (European Institute for Innovation & Technology)<sup>5</sup> activities. That means, in general there is more coherence and synergy between different parts of Horizon 2020 than in the 7th Framework Programme. Complementarities both internally and with other EU Programmes should be sought and overlap prevented.

However, DIGITALEUROPE is concerned about combining funding from Horizon 2020 and ESIF at the level of an individual project. The availability of ESIF funding is too unevenly distributed across Member States, making synergy at project level nearly impossible in practice. Synergies should instead be sought at the programmatic level. This could be achieved by using ESIF funding for capacity building upstream of a Horizon 2020 project or by using ESIF downstream for implementation of the results. The Seal of Excellence seems an effective solution for achieving synergy and we support its extension to the entire Programme.

### THINKING AHEAD – THE NEXT FRAMEWORK PROGRAMME

DIGITALEUROPE strongly believes that European investment in Research & Innovation needs to continue focusing (1) on collaborative research of the highest scientific and technical quality, (2) on impact, including the capacity to deliver timely results that will form the basis of the next generation of global technologies and services, and (3) on strengthening Europe's industrial leadership and to address societal challenges.

The next Framework Programme needs to establish the right balance across the whole research & innovation chain from fundamental to market-innovation driven research at EU level. It needs to consider their differences in terms of impact, lead times, leverage effects and European added-value. It is of utmost importance to promote the participation of key industrial sectors and companies and tailor some specific obligations that are currently mainly geared towards research to the possibilities and needs of actors in innovation. Here especially, the right

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<sup>5</sup> [Response to EIT Consultation](#)

to opt out of the Open Access to Research Data policy<sup>67</sup> must remain. The European Commission should keep focusing on grants (rather than loans) and not switch from effort-based to results or output-based funding. The activities of the new European Innovation Council<sup>8</sup> should also include venturing and new business initiatives of large companies.

As recognised by the European Commission in their Digital Single Market strategy, the digitisation of European economy and society necessitates research and innovation in all areas. Given the essential role ICT plays in supporting other sectors, we argue that it needs to be kept as an independent area of collaborative research efforts. Furthermore, ICT must be given sufficient budget allocation, to ensure that future generations of technologies can be researched while, at the same time, the latest available ICT products and services based on previous research investments are used to solve societal challenges and to improve Europe's competitiveness.

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6 [Position on Open Access to Scientific Publications and Open Research Data](#)

7 [Council Conclusions on the transition to an Open Science system](#)

8 [Position on European Innovation Council](#)

## ABOUT DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies.

DIGITALEUROPE ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE's members include 62 corporate members and 37 national trade associations from across Europe. Our website provides further information on our recent news and activities: <http://www.digitaleurope.org>

## DIGITALEUROPE MEMBERSHIP

### Corporate Members

Airbus, Amazon Web Services, AMD, Apple, BlackBerry, Bose, Brother, CA Technologies, Canon, Cisco, Dell, Dropbox, Epson, Ericsson, Fujitsu, Google, Hewlett Packard Enterprise, Hitachi, HP Inc., Huawei, IBM, Ingram Micro, Intel, iQor, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Loewe, Microsoft, Mitsubishi Electric Europe, Motorola Solutions, NEC, Nokia, Nvidia Ltd., Océ, Oki, Oracle, Panasonic Europe, Philips, Pioneer, Qualcomm, Ricoh Europe PLC, Samsung, SAP, SAS, Schneider Electric IT Corporation, Sharp Electronics, Siemens, Sony, Swatch Group, Technicolor, Texas Instruments, Toshiba, TP Vision, VMware, Western Digital, Xerox, Zebra Technologies, ZTE Corporation.

### National Trade Associations

<b>Austria:</b> IOÖ	<b>Germany:</b> BITKOM, ZVEI	<b>Slovakia:</b> ITAS
<b>Belarus:</b> INFOPARK	<b>Greece:</b> SEPE	<b>Slovenia:</b> GZS
<b>Belgium:</b> AGORIA	<b>Hungary:</b> IVSZ	<b>Spain:</b> AMETIC
<b>Bulgaria:</b> BAIT	<b>Ireland:</b> ICT IRELAND	<b>Sweden:</b> Foreningen Teknikföretagen i Sverige,
<b>Cyprus:</b> CITEA	<b>Italy:</b> ANITEC	IT&Telekomföretagen
<b>Denmark:</b> DI Digital, IT-BRANCHEN	<b>Lithuania:</b> INFOBALT	<b>Switzerland:</b> SWICO
<b>Estonia:</b> ITL	<b>Netherlands:</b> Nederland ICT, FIAR	<b>Turkey:</b> Digital Turkey Platform, ECID
<b>Finland:</b> FFTI	<b>Poland:</b> KIGEIT, PIIT, ZIPSEE	<b>Ukraine:</b> IT UKRAINE
<b>France:</b> AFNUM, Force Numérique, Tech in France	<b>Portugal:</b> AGEFE	<b>United Kingdom:</b> techUK
	<b>Romania:</b> ANIS, APDETIC	