

Brussels, 30 March 2015

Dear Prof Ruete,

We believe that it is important to bring your attention to certain issues concerning the first call for proposals under the Horizon 2020 Programme, which could have significant negative effects (both in the near term and over the long term).

The intended evolutions of H2020 compared to the previous FP7 were in particular aimed at improving the security industry competitiveness by bringing industrial innovation closer to the market. This approach must be built on a competitive and sustainable ecosystem, including the RTOs and the academic sector.

Industrial innovation requires specific competencies and experience to reach the maturity necessary to increase the success of the future products and services on the global market. The trend to increase TRLs to pre-competitive products in the Innovation Actions was expected to be very positive for the development of the European innovation and security industry.

Unfortunately, when considering the first results of implementation of H2020 rules in the first call for proposals for Security Research, several issues have appeared (according to the information received from our members and contacts in public administrations).

In the attached paper, we are listing these issues and make some suggestions in order to better guarantee an informed evaluation and the growth of a sustainable security ecosystem in Europe, with a well-balanced supply chain.

We are ready to meet your experts from DG HOME and REA to further discuss these issues and identify possible solutions.

Best Regards



Luigi REBUFFI
EOS C.E.O.

Comments on results of the first H2020 call on Secure Societies

Issues on evaluation

- The evaluation and selection process of the proposals to be funded (also considering the missing negotiation step – which indeed should reduce the time for initialisation of the R&I contract) has been in theory streamlined under H2020, and the process has been made more transparent. Yet, questions are arising questioning if these rules have been implemented / interpreted in a way to respond to the highest political and economic priorities, by enabling the funding of solutions and approaches to the most urgent needs. *Suggestion: revise, when possible, the evaluation and selection process, leveraging upon the issues identified in the first call, to better support industrial competitiveness and better respond to urgent needs from users.*
- Many of the 1st call evaluators came from the academic sector or consultant or services SMEs without concrete experience of industrial innovation and on the specific topics. It is difficult for such evaluators to provide an advice in innovation, particularly those closer to market. *Suggestions: review the composition of the evaluator database and participation to the evaluations. Better fit the competence of evaluators to the TRL level tackled by the proposal. Increase proportionally the participation of evaluators having industrial / market / innovation experience with the TRL level. Incentives and new form of participation of industrial experts while avoiding conflict of interest should be developed (present rules on conflict of interest are too strict, not allowing experts in a sector to participate in evaluations of proposals other than those of its own organisation, thus extremely limiting the choice). Experts could be proposed and labelled by trade associations, scientific associations, end users and Member States to support the REA in the selection of the best panels per topic.*
- According to most of the Evaluation Summary Reports received, the specificities of the innovation actions have not been understood by the evaluators and more globally industry and large RTOs have been rejected on the basis of justifications that our experts in industrial R&I, with deep knowledge of European affairs and security markets cannot agree with. Based on previous experience, in particular during the PASR and the first FP7 calls, there is an obvious need to invite recognized experts, including for industrial innovation to take into account the primary importance of the industrial competitiveness in the future calls. *Suggestion: beyond choosing evaluators with more specific experience, guidelines on what innovation actions consist and why they are fundamental for the European security and economy should be considered by these evaluators.*

Issues on participation and coordination

- Having Universities as leaders of innovation projects (in H2020) could pull down the TRL level, instead of bringing it up close to market. *Suggestion: basic research (low TRL) is needed, but the total funding for these topics should be within a certain percentage of the overall funding. This could be possible only by adopting project TRL identification and budget breakdown across TRL levels.*
- Industrial participation in selected project seems to be limited, in particular with a strong impact on SMEs. Traditionally, some SMEs have partnered with large industries in order to address a broad set of solutions together. This is evident in the proposals submitted (and in those not selected for funding during the first H2020 security call for proposals). Although some SMEs do at times have close collaboration with universities, joint proposals are less common in the new selection process. SMEs were actually “de-selected” rather than encouraged and this is not best approach for innovation in Europe. *Suggestion: do not de-incentivise cooperation between SME, larger industries, RTOs and users where this is the preferred approach*

Issues on priorities and societal topics

- The H2020 on “Secure Societies” gives a particular attention to “impact” of projects on societal issues. Yet, in the first call, (too) many evaluators have highly supported the societal addressed topics. This caused a concern from the industry side about sufficient support not being given to the development of innovative technologies, which should sustain competitiveness and growth. This was also a cause for limited interest of supply industries in participating in this call. *Suggestion: revise the weight of “soft societal issues” priorities in the work-program and above all in the evaluation; foster technology innovation topics of effective interest for users and suppliers and the envisaged application of “ringed budget” which rules (still unknown) should well consider interests from the demand and the supply side.*
- The common/broad approach, defined by DG RTD for all the different H2020 areas, is clearly not suitable for the security sector. With the intention to allow wide creativeness in research, topics have not always been clearly specified and large leeway has been left to proposers (which have resulted in approaches far from the suggested coordinated definition of operational needs). This could lead to some interesting new findings for basic research, but definitely it will also lead to the dispersion of resources into solutions or sub-solutions that are not useful and are not of interest to users, stakeholders, and/or suppliers. *Suggestions: Insert R&I topics of the work-programme in a clear and comprehensive strategy and provide better guidelines for development of solutions converging toward the market and reducing fragmentation.*
- In the first call, the target TRL level to be achieved was, for the majority of topics, between 4 to 7. It is unclear how universities leading these projects will manage to drive innovation at these relatively high TRL levels. *Suggestions: Priorities for projects reaching TRL higher than 4 (the majority of the topics) should have a better description of the operational needs to be satisfied, while remaining technology neutral. Evaluators should well consider effective capacity and competence of the consortium for bringing results at the requested TRL level. Evaluators should receive better instructions on TRL level interpretation and apply correctly this interpretation to the proposals and the partners providing the different tasks.*

Issues on H2020 rules

- The new H2020 rules for reimbursement, likely well suited to other H2020 areas, are not fitting well with the security domain (security is often in a position of “market failure”, a term used in economics). This means that costs and approaches for R&I are much higher than in other sectors. Reimbursement of 70% of direct costs + 25% of indirect costs, as in Innovation Actions for H2020, is not in any way sufficient for industry (large companies and SMEs, but also many RTOs), when clear market needs are not defined and business models for investment cannot be built in advance. *Suggestion: Reconsider these rules for research on security issues at the mid-term review of H2020. Also, a clear strategy in an end to end approach could facilitate investments from the private sector in R&I activities.*
- There is a diffused feeling (based on the results and the evaluation reports) that the new H2020 rules have not been well interpreted by the evaluators. *Suggestion: provide to evaluators a correct interpretation of the H2020 rules with strategic guidelines.*
- The new H2020 rules for reimbursement are largely favourable to those structures (like Universities) with specific light financial overhead models. This has encouraged the advent and the selection of many new University centers, which could be very welcome, as this increases the base of actors in the research domain. However, this could also lead to increased fragmentation and dispersion of resources in the different sectors. *Suggestion: support the development of excellence in focussed university centers specialised in specific domains (thus reducing fragmentation), when possible linked in networks like the KICs which could be the instrumental for growth of local specialised clusters linking Universities, RTOs and Industries.*