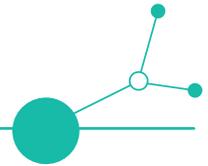


Analysis of SME satisfaction with the current opportunities

D.1.1.1



Version 1.3

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Dissemination Level		
PU	Public, fully open, e.g. web	X
CL	Classified, information as referred to in Commission Decision 2001/844/EC	
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* **R:** Document, report (excluding the periodic and final reports)

DEM: Demonstrator, pilot, prototype, plan designs

DEC: Websites, patents filing, press & media actions, videos, etc.

OTHER: Software, technical diagram, etc.



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Preface

The FI4INN project reacts to the limited and old-fashioned types of funding schemes available to support market-driven innovation in central Europe, where certain weakness in innovation ecosystems is common (due to general low capability of managing complex financial vehicles). The broader goal of the project is to kick off new financing schemes for innovation with high economic, environmental and social impact, to streamline support for research and innovation in SMEs and start-ups that do not operate globally and improve the offer of available financial instruments. The FI4INN should help public and private finance providers and policy makers to adopt a new mind-set when designing financial instruments for supporting R&I led by SMEs and startups based on co-creation, stakeholders' engagement and emphasizing impact measurement.

To achieve the project goals, it is first necessary to map the current situation and analyse the weaknesses and key points to work on. For this reason, the **Work Package 1 (WP1)** entitled *Promoting the adoption of innovative financing schemes for innovation* aims to gather knowledge on existing innovative financing initiatives to identify specific opportunities and barriers. An integral part of WP1 is also a creation of a virtual knowledge centre gathering information about effective practices to financially support SMEs R&D.

One of the first activities within the project is **Activity 1.1: Assessing the needs and gaps existing in financing schemes to support high-tech startups and SMEs throughout their life cycle in central Europe**. As stated in the application form, this activity is led by CzechInvest and is aimed to identify needs and gaps existing in supporting schemes in the Central Europe from the point of view of companies, focusing on weak points connected with public sector investments capacity and capillarity. The demand side should be investigated to understand how the access to funds could be improved. As often mentioned, long evaluation processes and overwhelming bureaucracy can discourage potential applicants. To gain reality-based feedback from the business representatives, focused discussions should help to understand the demand side specific needs.

The initial deliverable of this activity is **D.1.1.1: Analysis of SME satisfaction with the current opportunities**. CzechInvest have been tasked to prepare a questionnaire, which were be completed by relevant project and associated partners. Subsequently, a four regional/national and one transnational focus groups were organised involving business representatives of Carinthia, Czechia, Poland and Hungary as sample regions within Central Europe. Results from both questionnaire survey and focus group meeting are summarized in this document.

This deliverable contributes to the following deliverables and outputs within the WP1:

- **D.1.1.2: Recommendations to simplify Fis access**
 - This deliverable directly builds on the key findings of the initial analysis. A list of good practices to ease companies' access of financing schemes at all levels should be drafted.
- **D.1.2.3: Lessons learnt report to implement diversified portfolio of financing schemes in CE regions**
 - Public report, highlight the profile of companies suitable for innovative FIs, pre-conditions for the investments, recommendations to ease the recourse to hybrid instruments by lower-tier SMEs. Findings from the Activities 1.1 and 1.2 will be compiled within the document.
- **Output 1.1: Strategy for a more diversified portfolio of financing schemes**
 - This output should indicate a suitable path for Central European policy makers towards the adoption of up-to-date financing schemes that enlarge the portfolio of available instruments supporting innovation projects. The strategy leverages on D1.1.1, D1.1.2, D1.2.1, D1.2.2.



Furthermore, results of the analysis (D.1.1.) represent interesting content from communication perspective as a basis for articles, presentations for events etc., there is therefore a link with the following deliverables and activities:

- **D.1.2.1: *Virtual knowledge centre for innovative support schemes*** - questionnaire survey results as a source of factsheets on the identified financial instruments and case studies,
- **Activity 1.3: *Transnational outreach of innovative funding schemes for R&I*** - source for articles and interesting content for dissemination events,
- **Activity 2.1: *Enabling financial ecosystems through multi-level dialogue*** - relevant content both for initial Local Support Group meetings and for Exchange of Experience meetings.



ANALYSIS OF SME SATISFACTION WITH THE CURRENT OPPORTUNITIES

Mapping of current ecosystems and subsequent data analysis

Executive summary

In the summer of 2023, a mapping of innovation ecosystems in selected Central European countries took place, followed by focus groups with innovative SMEs and start-ups in the autumn. Thanks to the qualitative and statistical information collected in this way, it was possible to create an analysis mapping the current state of play in each country and to compare these outputs with each other. In addition, in one way, information from grant providers and stakeholders was compared to that provided by grant recipients, i.e. Start-up Enterprises (SUPs) and established Small and Medium Enterprises (SMEs). This enabled a representative sample to provide evidence for further project work within a compact time period. Within this paper, the reader will be introduced to the main conclusions. However, a substantial part of the relevant information is contained within the annexes to this document, which are an integral part of this document.

1. Introduction

Within the FI4INN project, as one of the first activities, an extensive mapping exercise was carried out in collaboration with project partners and associated partners across Central European countries. This initial analysis aims to map the current situation within the ecosystems supporting innovation in SMEs and start-ups, in terms of financial instruments, their availability, and the satisfaction of beneficiaries of funding. This exercise involved the utilization of a meticulously structured questionnaire to garner a comprehensive understanding of the existing support ecosystem for SUPs and SMEs. The structure of the questionnaire, including its content, was consulted with individual project partners and designed to complement other activities underway or in preparation at the time (namely the collection of innovative financing schemes and focus groups). This ensured a link between these activities, which would otherwise have been solitary actions, and it would not have been possible to sufficiently compare the outputs and findings from these activities in the first semester of the FI4INN project.

The second part of the inputs for the analysis consists of outputs from focus groups, which aimed to get feedback from business representatives (SMEs and SUPs) and to verify whether the findings of the questionnaire survey correspond to reality, and to gain deeper insight into the topic based on experience and needs of the beneficiaries of finance. Focus groups were carried out at two levels, regional/national level and transnational level. Focus groups at national/regional level have provided the main contributions to the analysis regarding satisfaction with the current opportunities offered by the local support ecosystem. The transnational working group have allowed to compare situation in different states, highlight the main problems emerging in multiple countries and share experiences internationally.



Both mentioned parts (questionnaire and focus groups) linked by the selection of topics and questions. The key findings of this analysis are particularly relevant to the follow-up of the project, the focus of individual activities and the planning of next steps. Some activities within the FI4INN project directly build on this deliverable (in particular D.1.1.2), while others will be influenced by the findings in terms of content and specific focus (pilot actions, strategies, etc.).



2. Questionnaire survey

2.1. Basic overview

The questionnaire was created in MS FORMS tool, which allowed two types of responses. The first is the closed-response format, which entails a predefined list of answer choices, allowing respondents to select from these options. Within this format, questions were designed to accept both single and multiple answers, thereby enhancing flexibility. The other format was open-ended, providing a text box for more intricate and personalized responses. However, it should be noted that the open-ended responses, due to their unique nature, were less amenable to direct comparison during subsequent analyses. Data collection took place during the months of August and September in the year 2023.

The questionnaire itself was divided into three distinct sections, each serving a specific purpose:

1. Key characteristics of financial instruments system towards innovative SUPs and SMEs
2. Deep dive into FIs system
3. Pros and cons of current system

The questionnaire consisted of 50 questions. Some of them, however, continuously followed each other and/or complemented each other, due to which the real number of unique questions was lower¹. The aim was to get the maximum information that can be further compared and to trace the trends that emerge across countries regardless of the different ecosystem settings. Thus, in this analysis, the collected data are presented as basis and look at the basic axioms related to the functioning of ecosystems and the current setup of financial instruments. Firstly, the data on the respondents who completed the questionnaire are put into the context. This will make it possible to understand the graphs and conclusions presented in greater context. Importantly, as an integral part of this analysis, the annexed PowerBI report (Annex n.2) contains additional data and observations beyond the scope of this paper, which particularly highlights the key findings.

2.2. Respondents

The FI4INN project consists of 10 partners representing 8 countries. However, there was not 100 % overlap between PPs and respondents during the mapping exercise. SERN (Belgium) was excluded from the questionnaire survey as it does not represent the Central Europe region and its role in the project is different from the other partners, where it plays more of a communication manager role. On the other hand, some associated partners from Austria and Hungary also joined the survey, so that the final number of respondents was 11². On average, the questionnaire took almost 70 minutes to complete, and the cumulative completion time therefore exceeded 12 hours. However, it should be noted that this is only the time spent filling in the answers in the system. The total time, including preparations, research, data acquisition, etc., was many times longer.

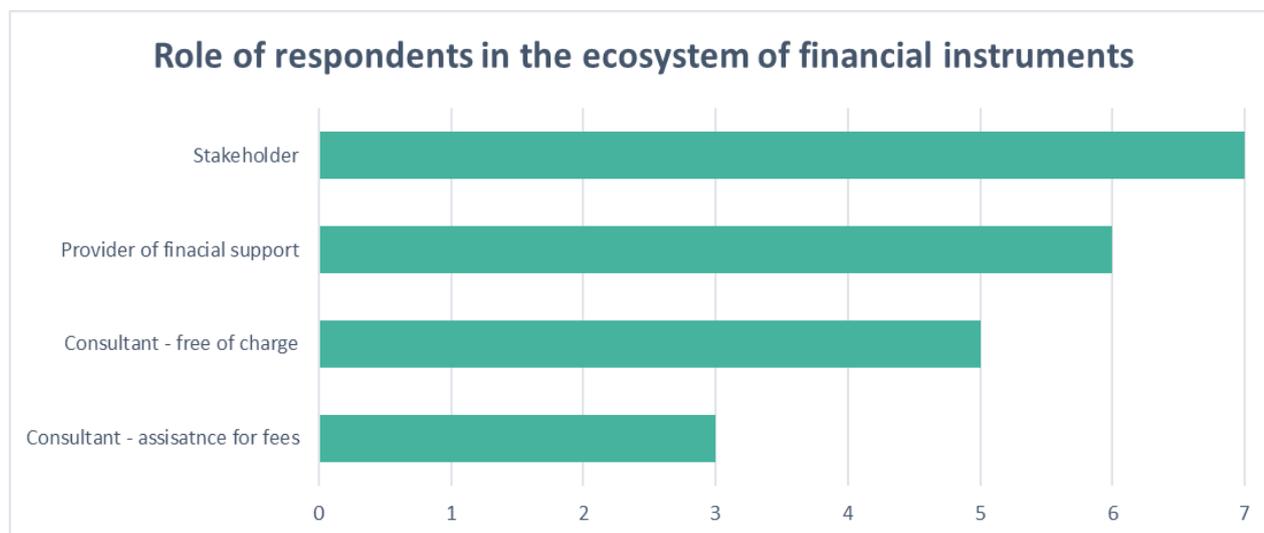
For this analysis it is crucial to find out who the respondents actually are and what their position is in the ecosystem they describe. Due to the broader portfolio of services that institutions can offer, multiple responses were allowed to be completed and therefore the total number exceeds 11, i.e., the number of unique respondents.

¹ Full list of questions which were part of the survey is available as the Annex n.1 to this document.

² The countries represented in the survey are Austria, Croatia, The Czech Republic, Hungary, Italy, Poland and Slovenia.



Graph No. 1: Role of respondents in the ecosystem of financial instruments



Source: own data

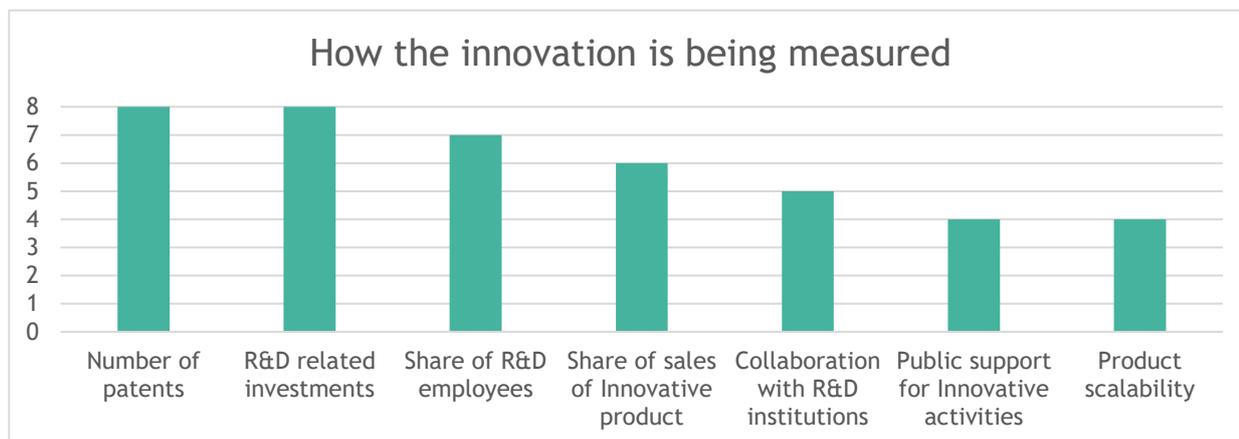
As seen from the chart above, seven respondents positioned themselves as stakeholders with the capacity to impact the development of financial instruments. Additionally, six institutions offer a minimum of one financial instrument tailored to our target groups, which comprises start-ups and SMEs. Furthermore, eight institutions provide advisory services related to these financial instruments, with five offering their consultation free of charge, and three requiring a fee for their services. The majority of the bodies (8) are set up by public administrations and the remaining three are private initiatives.

Given the fact that the project deals with financial instruments that develop innovative start-ups and SMEs, it was also essential to find out what is meant by innovation for the different project partners and therefore also for the respondents (and to a certain subset of stakeholders influencing the design of financial instruments). Except for ZEF, a Croatian banking institution that adheres to distinct principles compared to the other respondents, all the institutions employ some form of innovation measurement. While there may be areas of overlap, one can generally assert the existence of seven primary parameters in this context.

- 1) Number of patents
- 2) R&D related investments
- 3) Share of R&D employees
- 4) Share of sales of Innovative product in total sales
- 5) Collaboration with R&D institutions
- 6) Public support for Innovative activities
- 7) Product scalability



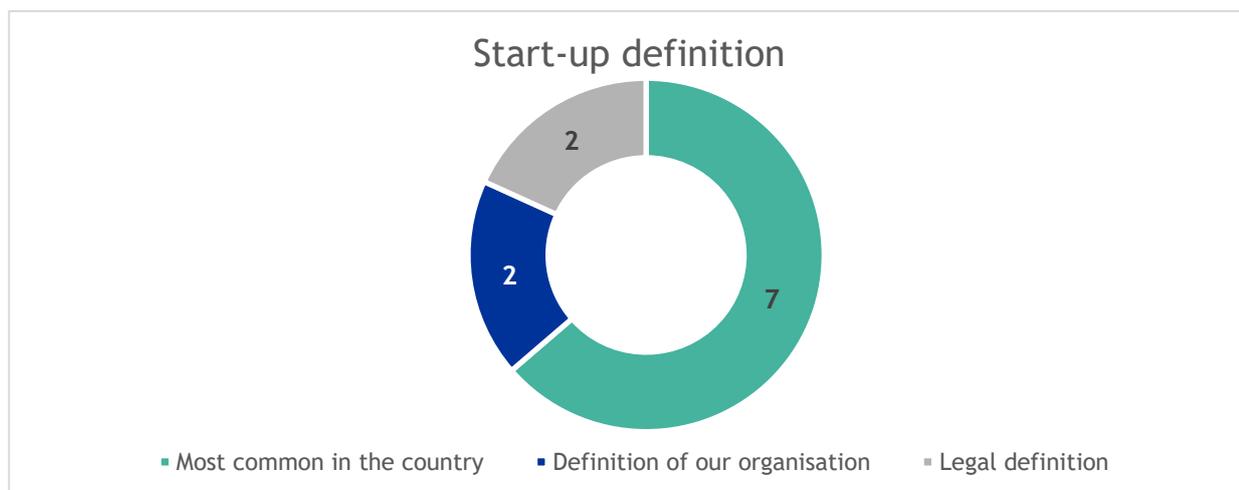
Graph No. 2: How the innovation is being measured



Source: own data

The final aspect addressed in the questionnaire's introduction aimed to elucidate the definition of the term "start-up" and its integration within individual systems. While the notion of SME has been unified at least at the EU level thanks to the European Commission and it is possible to determine whether a company is an SME based on measurable data based on the number of employees and turnover, a similar principle cannot be applied in the case of a start-up. Therefore, in order to be able to read the data on the start-up environment correctly, it is necessary to find out what is and what is not a start-up for us, and also whether this definition is recognised by the organisation in question, is generally accepted in the country or region, but is not anchored in legislation, or ideally is legally codified and therefore binding.

Graph No. 3: Start-up definition



Source: own data

In terms of definitions, the majority (7 out of 11) are generally accepted but not legally anchored. Two definitions are only used by the respondent institution and two definitions (Slovenia and Italy) have been legally codified. This diversity in definitions prompted us to **explore the qualitative part of the data, where we found the actual wording of these definitions. Although they varied from one another,**



they all shared a common thread - the importance of innovation or being innovative. This brings us back to the fundamental question of how we measure innovation and suggests that not every new business can be called a start-up; they need to demonstrate some form of innovation, either in their processes or products.

2.3. Methodology of data collecting and assessing

Authors opted for a combination of the Likert scale and rating system, as chosen data collection method. The Likert scale, a well-established psychometric tool, was selected to gauge individuals' attitudes, opinions, or perceptions on a given topic. This scale allows us to assess the degree of agreement or disagreement with a set of statements or questions. Our distribution, following the typical pattern, comprised a five-item scale and encompassed the following variations:

- Strongly Disagree
- Disagree
- Neutral or Undecided
- Agree
- Strongly Agree

Rating system was rather simple one, based on respondents' knowledge and personal experience. Five degrees scale was divided into three categories. When 5 were chosen, respondent strongly promotes the ecosystem feature. Thus, is being considered as promotor. Neutral rating was considered between 4 and 3. In this case the ranked attribute has its pros and cons but is far from being promoted yet neither is incorrectly set. When respondent classified the element with a rating of 2 or lower than additional question popped up with demand to describe his low rating in words and explain the specific reasons that led to his low rating. Due to the aggregation of the data, not only integer values, but also decimal values resulting from the averaging of the responses will appear later in the document. In the case where the result is higher than 4.5, it is considered to be a promoter. A value less than 4.5 and greater than 2.0 is a neutral position and a value less than 2 is critical to the system.



3. Focus groups

3.1. Basic overview

As has been outlined, the focus groups were organized mainly to understand the specific needs of SMEs and SUPs regarding the innovation activities and to identifying the main gaps existing within available supporting schemes.

The Focus groups were conducted according to **common guidelines**³. As was mentioned were conducted on **two levels, regional/national and transnational**.

From the geographical point of view, the focus area were the countries of Central Europe, especially the **Czech Republic, Poland (the Silesian Voivodeship), Hungary and Austria (Carinthia)**. In these territories, the relevant partners organised the groups on regional/national level⁴. The national/regional focus groups took place during September 2023⁵. Whereas online form was chosen in Czechia and Hungary in order to ensure national coverage, in Poland and Austria the focus groups were physical, as these meetings were of a regional character.

Other FI4INN project partners could organise a focus group on a voluntary basis in their region/country, if they want to use this framework to get feedback from companies (the guidelines remain available also for future use). In Friuli Venezia Giulia (Italy) region in, a questionnaire survey was organised focusing on the areas and using the questions according to the focus group guidelines in October 2023. The output obtained from this survey replaces to certain extent a focus group, even though they are in a different format and of a different character, meeting providing additional findings regarding the satisfaction of companies (in another European region).

The basic characteristics of the levels at which the groups took place are described below:

Regional/national focus groups

- **Duration:** 90 minutes (some of the groups took longer)
- **Language:** National
 - **Objective:** To gain feedback from SMEs and SUPs on current opportunities with innovation support ecosystem, to learn in depth about their needs and main gaps
- **Topics/areas of discussion:** Awareness, Accessibility, Efficiency/Simplicity, Targeting

Transnational focus group

- **Duration:** 90 minutes
- **Language:** English
- **Objective:** To discuss key findings from regional/national focus groups, to compare perception of business representatives in individual countries (common points, differences), to share experience transnationally
- **Topics/areas of discussion:** Orientation in the support ecosystem, The complexity of the formal application process, Evaluation of the innovativeness, Project financing and cash flow

³ The framework of the focus groups (guidelines for project partners) is available as an annex.

⁴ Following the FI4INN Application form, these territories should be covered on a compulsory basis.

⁵ Austria (Carinthia) - September 13, 2023; Czech Republic - September 13, 2023; Hungary - September 28, 2023; Poland (Silesian Voivodeship) - September 20, 2023.



3.2. Participants

The target size of the group was set at the number of 6-8 business representatives for each national/regional focus group, as an optimal count to create a suitable environment for discussion.

The numbers of participants in each regional/national group:

- Austria (Carinthia) - 6 business representatives (mainly startups)
- Czechia - 7 business representatives (mix of innovative SMEs and startups)
- Hungary - 7 business representatives and the Central Bank (SMEs and startups with innovative profile/focus)
- Poland (the Silesian Voivodeship) - 8 business representatives (2 startups, 4 small and 2 medium enterprises)
 - + Italy (Friuli Venezia Giulia) - 11 responses within questionnaire “focus” survey (startups in different phases but all with size of 0-9 employees)⁶

The transnational group was meant to offer the opportunity to participate to at least a few active representatives from each country, while maintaining the discussion character of the group.

To create an interesting mix of companies covering specific needs and situations that can appear on the market, they should represent different types of companies (in terms of economic sector, size of enterprise, age of enterprise, geographical location etc.). With respect to the focus of the analysis, it has been recommended to select companies that meet criteria such as significant innovative effort, substantial R&D activities having own results (IP, trademark, special R&D tax allowances, or tax credit, government support), rapid growth performance, significantly growing export activity etc.

3.3. Methodology of implementation of focus groups and data collection

According to the guidelines prepared with the task leader, in cooperation with other project partners, each focus group started with a presentation consisting of the introduction of the FI4INN project and summary of the questionnaire survey results to provide context relevant to the course of the meeting. A major part of the session was dedicated to discussion, which was facilitated by a moderator.

The main thematic areas, as well as the list of recommended questions (in detail within the annex n. 3), have been given in advance so that the results from each country are comparable (individual partners could add further questions according to local specificities and their own needs). The identified areas for the regional/national focus group were based on a questionnaire survey (both on the list of questions and the results). For the transnational group, the topics for discussion corresponded to the key findings from the regional/national groups (in detail within the annex n. 4), it means the points that were indicated as crucial in the field of innovation finance support in multiple countries. In addition to comparisons, the transnational focus offers a space for experience sharing.

For data collection, taking detailed notes of the different discussion points was crucial. The outputs of the groups are qualitative in nature. The collected data may tend to provide a subjective view of the situation, but it allows a deeper insight into the individual topics and thus complements the statistical data by adding greater detail and context. This analysis points out primarily the key findings that were discussed within the focus groups. However, detailed outcomes of the discussions are then available as annexes (Annexes n. 5, 6, 7, 8 and 10).

⁶ The results of this “focus” survey are available as the Annex n. 9.



4. Deep dive

Given the distinct tools available for SMEs and SUPs, our questionnaire was segmented based on the type of financial assistance recipient.

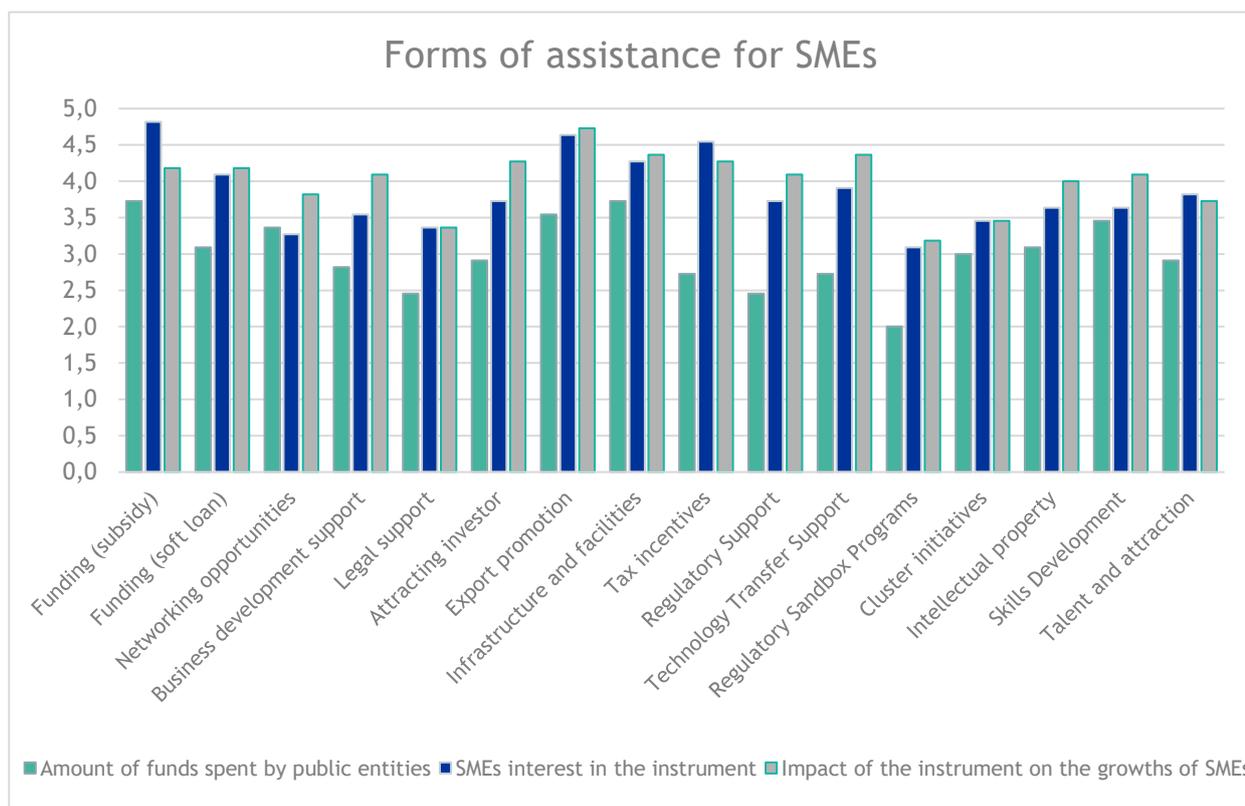
4.1. Evaluation of instruments towards SMEs

For SMEs, in collaboration with other project partners, we compiled a list of sixteen items that represented the primary categories of tools frequently employed to foster innovation within this demographic. These categories encompassed a range of instruments, including a combination of subsidy programs, bank loans, incentives, and softer approaches like technology transfer and talent acquisition. Respondents were asked to address three separate questions, which, when taken together, formed a comprehensive evaluation covering three potential perspectives:

- Assess the product in terms of the resources allocated by the public sector.
- Evaluate the product based on the recipient's level of interest.
- Rate the product according to its impact on the beneficiary's development.

Ideally, all three categories of ratings should exhibit alignment. Regardless of the specific rating values (where higher ratings signify superior outcomes), the congruence among these ratings suggests that the financial investment aligns with the beneficiaries' level of interest and that the instrumental assistance's impact on firm innovation development reflects both its level and appeal.

Graph No. 4: Forms of assistance for SMEs



Source: own data



As evident from the graph, the prevailing issue highlighted by respondents is the insufficient allocation of resources by public administrations. Ratings based on the level of assistance and interest from companies often show alignment. This suggests that, from the perspective of intermediaries, the interest in an instrument is directly proportional to its effectiveness - a positive finding that could be confirmed during the focus group discussions. One of the key findings from our mapping exercise reveals that the deficiencies in the existing instruments stem from inadequate fund allocation, rather than issues related to their efficiency or the level of beneficiary interest. As difficult as it is to convince national and regional institutions to increase funding, it still represents a more straightforward solution than the complex task of reconfiguring individual instruments and overhauling the entire system.

In our analysis, we pinpointed the instruments where respondent institutions observe the most significant gap between supply and demand, defined as a difference in rating exceeding 1.0. In our sample, these instruments include Funding (subsidy), export promotion, tax incentives, regulatory support, and regulatory sandbox programs. While subsidies or export promotion are common tools that appear everywhere and are universally regarded as basic pillars of support, regulatory support and regulatory sandbox programs are unfortunately not offered very often, yet there is a high demand for these services among recipients. However, testing under the supervision of a governmental authority, especially in areas where the EU is a strong regulator such as IoT or financial services, is an extremely important support tool. Our aim will be to further promote and possibly adapt these tools and to identify and measure their real impact in pilot actions.

When respondents were asked how accessible or diversified the tools are for SMEs from their point of view. An aggregate value of **3.4** was obtained for **accessibility** and **3.0** for the question of **diversification**. In both cases, this is the highest mean value measured through the rating.

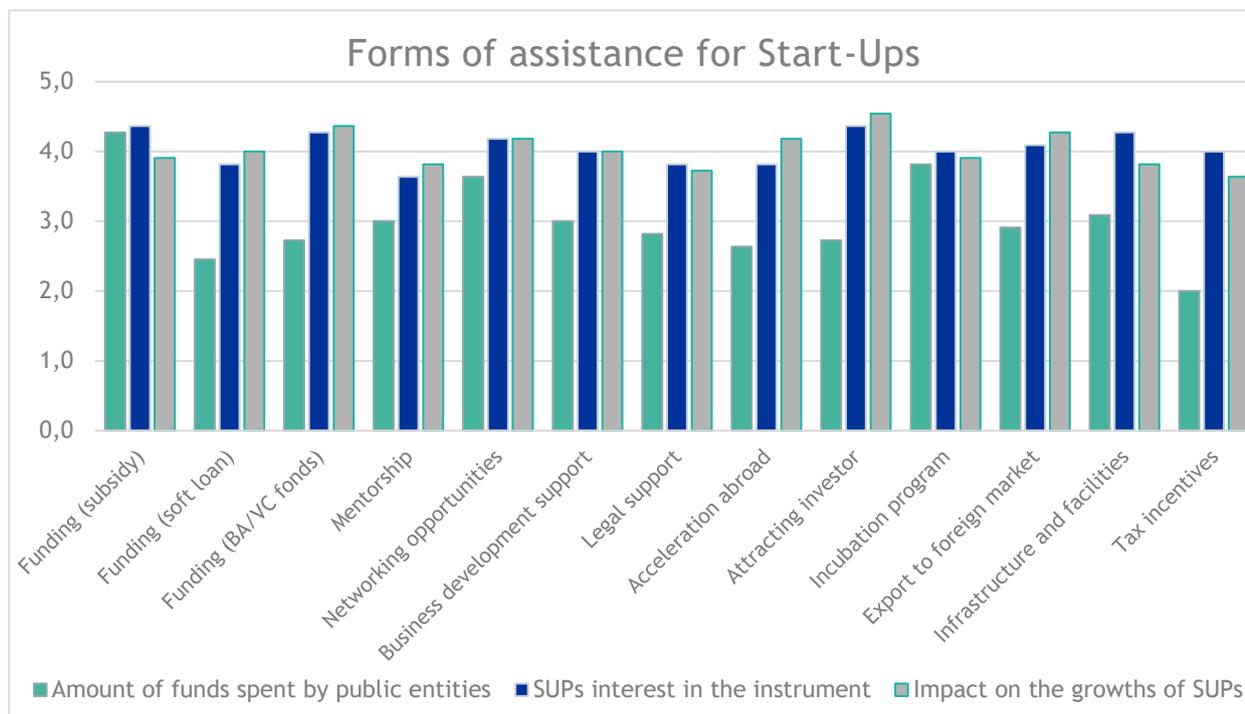
The lower score was for the rating on the **efficiency** of the instruments. There a value of **2.6** was obtained, i.e. slightly above average. Further details, including country ratings, can be found in Annex n.2.

4.2. Evaluation of instruments towards Start-Ups

The situation of start-ups mirrors a similar pattern. Perhaps due to the existence of many different (and often specific) instruments and given the risk associated with investing in start-ups, the overall allocation does not correspond to actual demand. Precisely because of the high-risk nature of these investments, start-up owners and founders often find themselves seeking alternative forms of assistance beyond the typical grants and loans, as they frequently do not meet the eligibility criteria.



Graph No. 5: Forms of assistance for Start-Ups



Source: own data

It's worth noting that the least funding is allocated to tax incentives, which are not traditionally associated with start-up development. However, respondents concur that there is a notable demand for this service, which significantly contributes to development. Yet, it's important to acknowledge that tax incentives are primarily tailored for established firms. Nevertheless, there are several other instruments where resource allocation doesn't align with actual interest and is notably undervalued.

In the domains of soft loans, Business Angel/Venture Capital (BA/VC) funds, acceleration abroad, investor attraction, export support, and infrastructure and facilities, respondents believe that public funding is insufficient. While private capital can partially bridge this gap, it comes with the risk of diluting the decision-making power held by the company's owner, a prospect that many start-ups are hesitant to embrace. However, it's disadvantageous for the region and the state to rely on private investment as a substitute of its own lack of resources since this approach forfeits the opportunity to influence the growth and expansion of companies with substantial innovation potential. These companies may evolve into intriguing investors and employers in the foreseeable future.

Without adequate investment in the development of start-ups, the so-called "valley of death" remains unbridged, and a significant number of projects may vanish, even though they may have introduced innovative products or services with potential market success in the future.

As in the case of SMEs, respondents were asked how accessible or diversified the tools for SUPs are from their point of view. This time, the aggregate value obtained was lower and quite substantially so: **3.0** for **accessibility** and **2.5** on the issue of **diversification**.

The assessment on the **efficiency** of the tools had a similar result as in the case of SMEs. There a value of **2.6** was obtained, i.e. slightly above average. Again, further details, including country-specific ratings, can be found in Annex n.2.



4.3. Feedback from the companies

For most companies, the form of subsidy/grant, if available, is still the most preferred form of funding. Compared for example to loans⁷ or investor financing⁸ it is often more advantageous and therefore more favoured. Moreover, as some companies stated, conventional loans are not suitable for financing research, development, and innovation activities, although they still play an important role in other business activities (e.g., for a different type of investment, for contracts with longer payment terms or for operations). Similarly, equity financing remains an important alternative for many companies when grant opportunities are exploited.

In general, the targeting of the currently offered support schemes is perceived quite positively in the sense that available funding instruments are adapted to the needs of SUPs and SMEs. The condition for them to be perceived as such is that companies must be firstly navigated by the stakeholders in the ecosystem (as described below) to determine which funding may be relevant to individual companies.

⁷ In the case of loans, the conditions are usually not as favourable as in the case of subsidies.

⁸ Startups (and SMEs) want to keep control of the company - In the case of the entry of an investor, they may lose part of the company's share.

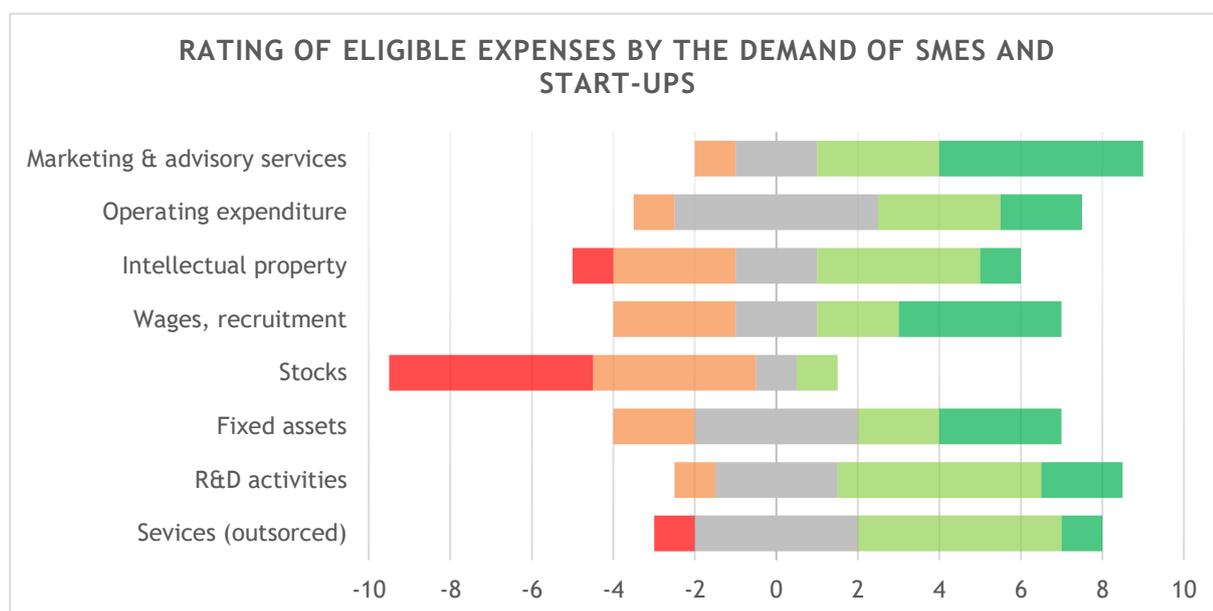


5. Pros and cons of current system

5.1. Eligible expenses

Eligible expenditure stands out as a critical parameter that significantly influences the success of a financial instrument. When well-defined and aligned with the needs and calls of beneficiaries, these expenditures inherently enhance their innovation potential at a much faster rate than instruments where this synergy is absent. Hence, it was imperative in our analysis to pinpoint the most sought-after expenditure items. In this case we employed a Likert scale, enabling respondents to rate their level of interest in each expenditure item on a scale of 1 (least) to 5 (most). The least demanded expenditures (1) are coloured in red and their number reflects the number of lowest ratings by partners. For example, stocks were rated the lowest 5 times. The colour scale is then as follows: orange for a score of 2, grey for a score of 3, light green for a score of 4 and dark earth for a score of 5. Values 1 and 2 are considered negative and are therefore marked as negative on the scale. The value three is neutral and therefore positive gain and negative loss are equal and finally the ratings 4 and 5 are in plus values as positive. In this case, the eligible expenditures desired by companies are those that have a majority of ratings in the positive range.

Graph No. 6: Rating of eligible expenses by the demand of SMEs and Start-Ups



Source: own data

From this evaluation, it becomes evident that stock emerges as the least desirable eligible expenditure. This sentiment is consistent across various institutions, countries, and regions. However, it's worth noting that the level of attractiveness does not necessarily correlate directly with the expenditure's importance or its capacity to propel a firm to a higher qualitative level. Nevertheless, based on our knowledge of the local ecosystem and prior experience, it is safe to conclude that this type of expenditure (stock) does not contribute to making an instrument particularly appealing, and if offered, it is unlikely to see extensive utilization.



In other cases, we observe a more or less distinct Gaussian distribution, although this slightly varies from country to country⁹. When we consider the expenditures that received the maximum ratings (5) and no minimum ratings (1), we notice that marketing and advisory services, as well as wages, are positioned at the opposite end of the spectrum in terms of interest for SMEs and startups compared to stocks. While this is not a problem for services (it applies to both advisory and outsourced services), salaries, on the other hand, tend to present issues or be subject to specific conditions and regulations.

For instance, it might be the case that only employees officially designated as researchers by the company are eligible, even though other team members are actively involved in development of a new product or service. Furthermore, this expenditure is occasionally overlooked due to the availability of a tax deduction mechanism that partially covers the salaries of R&D staff.

Comparing these findings with the feedback from companies gathered in the focus groups, the most frequently requested expenses are in general external services, staff costs, materials, and machinery/equipment. Putting specifics of individual companies or industrial sectors aside, there is a notable difference between startups and well-established companies (SUPs looking usually for staff costs, external/expert services, SMEs more for machinery/equipment, materials, and R&D activities.) One of the problems is that the instruments often offer just limited list of eligible costs. If the external services are the only eligible cost, although this form of support is interesting and demanded, within a given scheme, it is not so attractive for companies as they often do not want to outsource activities but rather to support (finance) their own employees.

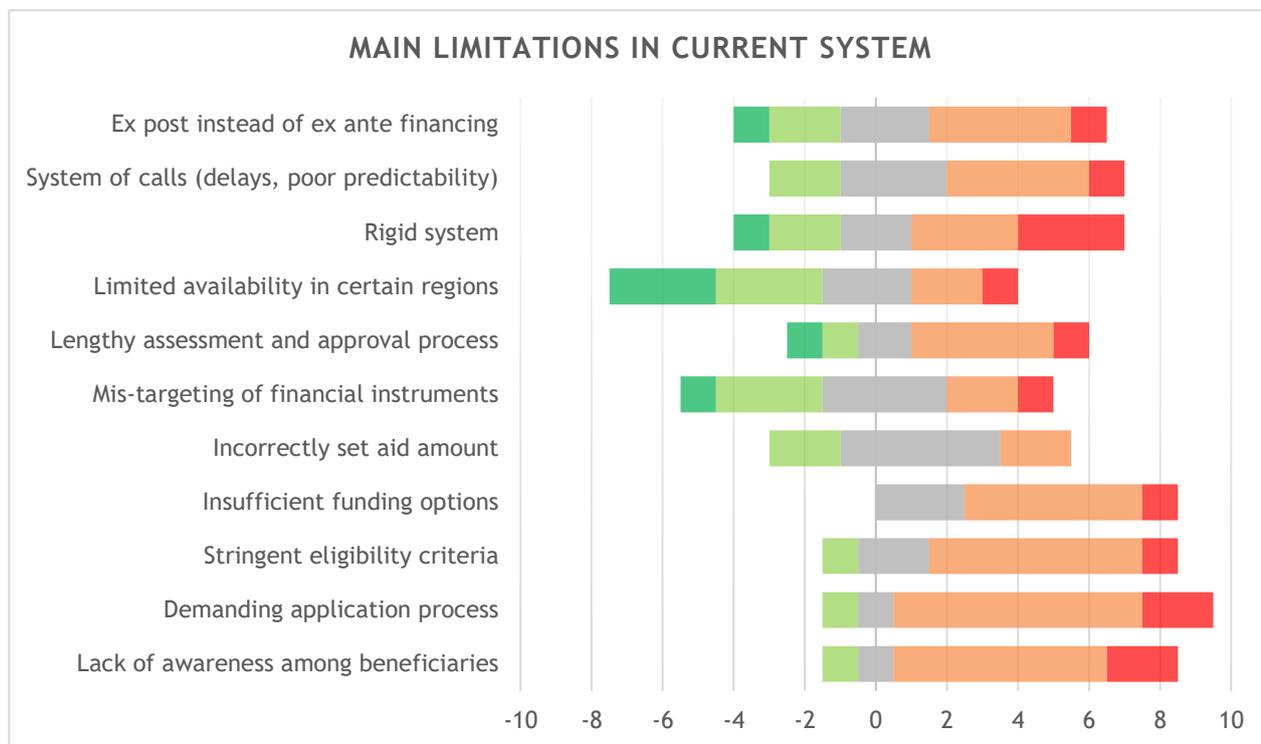
5.2. Detected limits

If the system of subsidies, incentives, loans, etc. is stigmatized over the long term, it is generally accepted that it is a complicated, lengthy process with many variables, which, moreover, cannot be predicted well enough. As it is crucial to map how the system is perceived by the actors themselves, we have included a question on the main limits of the current system. This included a broad list of 11 areas that were identified across partners as critical, and then again on a scale of 1-5 a vote was taken on its impact. In this case the rankings are mirrored, so that the incidence of responses on the left spectrum represents the lowest negative impact. Responses in the right spectrum are then those that the respondent believes have a high (strongly agree to have huge significance) impact on the effectiveness of the tool itself and the decision of actors to ask for this type of assistance.

⁹ The primary objective of this analysis is to highlight the overall challenges and the strengths of the Central European ecosystem, which we are treating as a unified entity for this purpose. Nevertheless, as the development of tailored innovative tools progresses throughout the project, each project partner will receive their specific dataset. This data will enable them to fine-tune the individual tool to better address the needs and align with the expectations of the beneficiaries in the region.



Graph No. 7: Main limitations in current system



Source: own data

Looking at the graph, we can say that most of the limits from our list are considered significant, as the number of negative ratings (4 and 5) exceeds the positive ratings (1 and 2). Only Mistargeting of financial instrument and Limited availability in certain regions can be considered as constraints that are considered less significant. Thus, when a financial instrument is created, the authors manage to allocate a sufficient amount to potential beneficiaries and it does not happen that someone is excluded from the list of eligible applicants according to a regional key, although this also happens. An example of this is exclusion of the city of Prague in the Czech Republic from most subsidy support purely on the basis of its GDP, which has long been well above the average for the rest of the country. However, this restriction has been circumvented by making investments literally tens of metres outside the administrative boundaries of the city, albeit de jure in the territory of another municipality.

The findings of the focus groups confirm that some of the problems mentioned in the previous paragraph are not that serious in the perception of companies. The lack of financial resources allocated for individual support programmes does not seem to be a major problem and when it is mentioned, if so, mainly in relation to the challenging conditions, some highly demanded instruments or risk-averse approach of institutions (mainly in case of loans). Similarly, the geographical distribution of support is not seen as limiting.

The other limits can be considered more or less significant. The main culprits, if we may choose this term, who cast a bad light on the system of financial instruments are said to be the demanding process and the lack of awareness among beneficiaries. Before getting to the topic of the formal process, which is commented in the following paragraph, the issue of awareness is worth mentioning in more detail. Awareness is in fact an attribute that can be changed relatively easily from the position of the respondents themselves, who are either stakeholders, intermediaries or even grant brokers. However, ignorance on the part of companies is not only due to lack of information. In the case of financial instruments, it is unfortunately largely due to the complexity and overlaps in the different calls, programs and components. Simply put, it is an intertwined structure that is difficult to navigate.



The feedback from the startups and SMEs confirms that the support ecosystems are perceived as complex and difficult to navigate. Business owners often need to understand a variety of different programs and funding opportunities, as well as the eligibility criteria and the suitability of the particular support instruments in the context of their business plan. Often it is possible to find available funding for the same activity only from different financing sources (e.g. only with a difference in eligibility of the applicant, eligible costs, geographic targeting, or other specific condition). Institutions such as business development agencies, innovation centres, experts, then play an important role in guidance within the system of support. Level of awareness of companies is very high when they cooperate with the institutions. It is therefore unsurprising that the communication¹⁰ from institutional stakeholders is seen as a crucial with following aspects - selection of relevant information for the companies, dissemination of updates, right timing of message. Information often becomes clear to business representatives only after consultation with external experts (especially regarding applicant eligibility, cost eligibility and the specific conditions of the instrument). Then many companies also associate the concept of awareness with the very availability of financial instruments and therefore it could be suggested that there is a certain correlation between the level of awareness and accessibility.

The demanding process is a problem pointed out almost without exception by all respondents. It is also evident from the other information gathered in the questionnaire that one of the biggest obstacles lies here. If we want to come up with innovative ways of financing, they must first of all be efficient and streamlined. Otherwise, the instruments have a limited reach. If the call is overly complicated and bound by a multitude of rules, then it will deter some suitable applicants from submitting and force the rest to spend huge amounts of staff time or their own resources in writing the project application. As a result, the system of consultancy firms exploiting the complicated system of financial instruments has become overwhelming.

The systems of support (with individual support schemes) are generally perceived as very bureaucratic with too long and too demanding processes also by the companies themselves. Increased administrative burden in application, reporting and other formal processes bring many difficulties for companies, such as increased workload on staff¹¹, additional costs if external experts or consultants are used, time and effort devoted to the preparation of the project with no guarantee of the result and the consequent declining willingness of companies to apply for support at all.

The risk of changing the business plan is one of the issues, which can arise especially in the case of startups due to too long waiting. If this happens, the company has to give up the support within an ongoing project and apply for a new one, or voluntarily give up the possibility to react flexibly or agilely and continue with the currently approved project.

Other problems that resonated strongly in the discussion with companies were related to the financing of projects. Cash flow is a big issue, especially for small companies and startups. As one of the most widely used models is ex post financing, companies are forced to pre-finance their costs. The significant outlays from own resources (or from credit) combined with excessively long timeframes (waiting for results, waiting for reimbursement, etc.) put a significant pressure on cash flow. In the case of some instruments, too high participation required from companies is perceived negatively from the companies' point of view. Combined with the overly restrictive rules of some support programmes, the conditions can be a disincentive for some applicants.

¹⁰ The most frequently mentioned sources of information, i.e., channels usable by institutions for communication towards companies, are websites of public (or other relevant) institutions as these are the official sources of calls and information on particular support programmes. The use (and perceived usefulness) of other sources of information varies. Interestingly, some tools frequently used by institutions, such as newsletters or events, are not given as much priority by the companies. In case startups, there might be some specifics, such as venture capital funds were indicated as important in terms of searching for funding.

¹¹ Some SMEs mention that in reality it could mean a need for one extra FTE working on project formalities.



When it comes to the application process, some criteria could be challenging in the point of view of the preparation or rather readiness of the companies. For example, in Hungary the requirements in terms of TRL level achievement are perceived by some applicants as challenging. In Poland they are facing the issue of fulfilment of circular economy principles (information, that has to be proven by the companies already on the application stage in Poland) as an obstacle to be able to apply for funding. In the Czech Republic and Austria, companies mention the criterion of innovativeness as a problem, as sometimes this notion is viewed as vague and the process of evaluation of innovativeness can be perceived as unclear, subjective or difficult to judge (e.g., due to the lack of experts in the given technological field). What is then common to most countries, as already mentioned, is that the required application formalities are often time-consuming or are often delegated to external providers (consultants, experts, etc.), which means additional costs.

The use of consultancy companies to assist with projects is very diverse (some use them regularly, some not at all, some decide ad hoc) and then it is not appropriate to draw conclusions based on such a small sample of companies. However, there were mentions within the focus groups, that the use of consultancy companies significantly increases the chances of success. One reason could be that through repeated experience they learn what to write down into individual columns within the application form. Of course, the companies themselves, as applicants, can also acquire this ability, but it requires experience in implementing a larger number of projects¹².

Related to this topic, there is also the question of success rate in individual support programmes. Business representatives mention that in cases of some of the attractive support instruments the “competition” of applicants is high, as well as the level of projects, and thus the success rate is very low (only in the lower tens of percent, sometimes even less). This leads to the fact that even high-quality projects are not supported and authors, who have spent a lot of time preparing the documents for application, perceive the time they could have spent on company development differently as wasted.

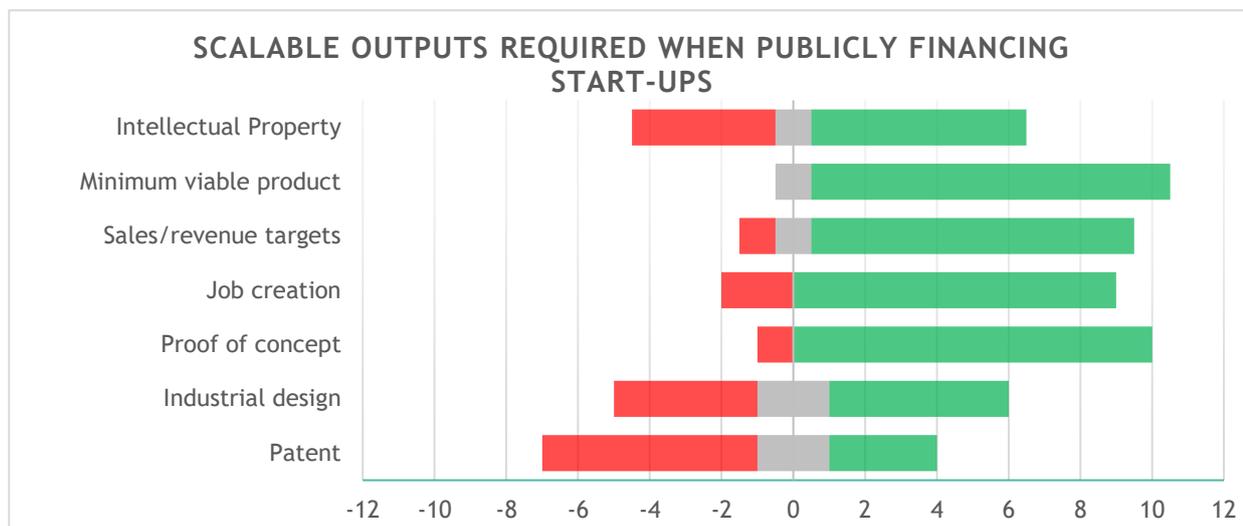
5.3. Outputs

Beyond the limits already mentioned, the pressure exerted by public administrations on the beneficiaries of financial instruments also plays a role. It is one thing for a company to meet the conditions that qualify it to apply for the instrument and possibly receive funding for further development. However, equally important is what the provider requires in terms of measurable (benchmarked) outcomes. Striking a balance between the amount of funding provided and the outputs the company must demonstrate as a result of the support is crucial. Given the specific focus of this analysis on enhancing innovation potential among start-ups and SMEs, it's essential that the outputs align with measurable innovation results.

¹² This can be summed up by a quote from one company that was heard in one of the focus groups: “*The first 15 projects are the worst.*”



Graph No. 8: Scalable outputs requested when publicly financing Start-Ups.



Source: own data

We identified seven primary outcomes, and respondents were asked to comment on each outcome's requirement in any of the financial instruments offered in their region. If a respondent was unsure, they could select a 'don't know' response.

It emerged that, in most cases, a patent is not a requirement. The explanation is straightforward. The process from filing a patent application to its approval typically takes several years, often extending beyond the project's sustainability period. In such cases, it would be impossible to recover the provided funds if the patent is not granted, which explains why this output is only required in a minority of cases.

The "minimum viable product" or "job creation" received the highest number of positive responses (10 out of 11). It's acknowledged that job creation is not directly correlated with innovation development. However, it tends to be a frequent condition logically required by the public sector. Job creation is easily justifiable because it provides evidence of newly created jobs, from which the city, region, and state can recoup some of the funds through increased tax revenues. Conversely, the "minimum viable product" is directly linked to company innovation, is easy to prove, and can be assessed as (un)fulfilled without deep expertise in the field. It serves as an ideal output for both the applicant and the provider. Slightly below in frequency is the requirement for a "proof of concept," which is also commonly sought in the surveyed regions.

This summary of responses confirms expectations about the state of play. But now the former assumption is supported by hard evidence and can be used as a basis for communication with local stakeholders, for example.

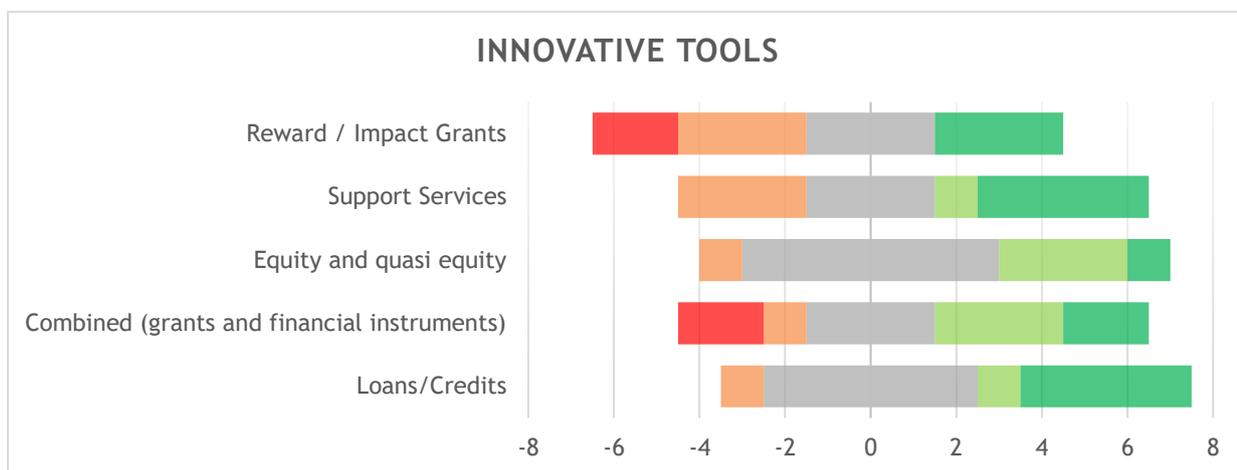
5.4. Innovative tools

In the final phase of our mapping exercise, we turned our attention to innovative forms of financial instruments. The goal was to determine whether elements of innovation had been already incorporated into the processes. Supporting innovation is one thing but supporting it through an approach that is innovative itself and represents a logical improvement over conventional methods such as loans or subsidies is another matter. While it was possible to explore numerous innovative principles and assess their adoption, the author, in collaboration with other partners whose activities are directly and indirectly related to this deliverable, ultimately decided to focus on specific innovative solutions. These solutions will receive more in-depth attention during transnational knowledge workshops. These thematic areas were developed in partnership with Finnpiemonte and align with the distribution of



innovative schemes in the Virtual Knowhow Centre. This approach allowed for an early assessment of the utilization and transferability of these examples across partner institutions within the project.

Graph No. 9: Innovative tools



Source: own data

The positive finding here is that, in every instance, at least one of the innovative approaches has been implemented by one of the partner institutions. The approach partners are most familiar with is loans and credits, particularly when it comes to banking instruments. Banks have a long history in the venture capital business and operate in a highly competitive environment. Therefore, their inclination to develop new solutions that better reflect reality and maximize impact for both them and the beneficiaries is not surprising.

In contrast, impact grants and the combination of grants and financial instruments represent the least explored instruments. In these cases, regional authorities and national institutions play a more dominant role, and they tend to be less flexible and adaptable compared to their private sector counterparts. This is where we identify the greatest potential for the future and where our efforts in developing pilot actions will be directed.

Regarding the support schemes, that can be considered innovative there were also some comments within the focus groups. For example, in Poland, besides “popular” standard grants/subsidies, hybrid instruments (mix of grants/subsidies and other types of financial instruments) are considered most relevant. As well as various forms of equity investment are a natural environment for startups (in Poland and presumably also in other countries).



6. Conclusion

This mapping is an essential initial part of the work on the improvement of financial instruments and of the effort to increase their effectiveness, accessibility, and better targeting. In general, if the goal is to improve financial instruments, it is first necessary to understand the current situation in detail and to find out what the main gaps and the needs of key players are and then look for specific room for improvement. The findings will serve to focus better further activities of the project - pilot actions, recommendations, strategies etc.

In terms of data analysis, the expected outcomes were confirmed. As one might intuitively predict, there are qualitative differences between Western and Eastern countries due to different histories and economic developments over the last 80 years that have resulted in different backgrounds of SMEs and SUPs. Nevertheless, these differences are not as significant in terms of quality as it might sometimes seem.

In general, respondents (institutions) are broadly satisfied with the set-up of the current systems, but are critical and often self-critical about particular aspects of the supports that lack clarity, simplicity, efficiency, feedback incorporation, etc. Beyond this, there is little exploration of innovative forms of support. Most of the criticisms were directed towards traditional forms of support that are well known to partners. They have only limited explanatory value for innovative tools where they do not have much experience.

From the perspective of the focus groups with business representatives and related key findings, national/regional groups were more fruitful in the sense of bringing interesting information about the needs of SUPs and SMEs and providing insights into specific challenges and opportunities they face in their respective countries. On the other hand, the transnational group has confirmed the main findings from national/regional groups, added some new points in the context of international comparison and finding common bottlenecks, also offered space for experience sharing.

Key findings from focus groups conducted at regional/national and international level are mainly related to the following topics. Support ecosystems are very complex, sometimes even too complicated and confusing for ordinary applicants for support. Therefore, it is important to navigate companies and actively strive to raise awareness of current support options. In this respect, communication from the institutions with the right timing and clear, simple, and up-to-date message is crucial. The targeting of programs is generally perceived more positively, but companies in virtually all examined countries mention the problem of bureaucracy (a burden for companies) and long processes (especially a cash flow problem, but also the risk of changing the business plan). Although we can find a number of local specifics in individual countries, many problems have a common nature.

On the other hand, some points are then perceived quite differently depending on the country, the nature of the company, the specific project proposal, etc. These include, for example, satisfaction with communication from institutions, satisfaction with allocation for individual programs or the need to use external consultants.

Apart from this analysis, which cannot fully cover the scope of the information accumulated, one of the main outputs of the mapping is the collected data as such, which can be used throughout the project for further processing, extension, comparison, etc. Importantly, the analysis deliberately does not mention any recommendations, although many of them were made by companies in focus groups. The creation of recommendations for the designing new innovative support tools for the future to respond to the needs of companies and startups and to eliminate the main shortcomings of the current tools are then the focus of the follow-up activities of the project. They will build on the information gathered from the questionnaire survey as well as on the input from companies gathered during the focus groups.



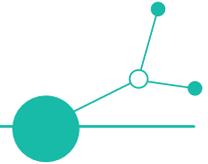
7. Annexes

List of annexes:

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- Annex n.2: Data Analysis - Power BI Report page 49
- Annex n.3: Focus Groups - Framework and Guidelines page 54
- Annex n.4: Transnational Focus Group - Inputs and Topics for Discussion page 61
- Annex n.5: Regional FOCUS GROUP Austria (Carinthia) - Summary page 65
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Questionnaire Survey - Full List of Questions

D.1.1.1 - Annex n. 1



Version 2

11 2023





QUESTIONNAIRE SURVEY – FULL LIST OF QUESTIONS

This form is used for a basic mapping of the environment of financial instruments supporting innovative start-ups (SUPs) and small and medium enterprise SMEs in your countries. Please fill in the questions carefully to help us create an initial analysis of financial instruments (FIs) in Central European countries.

IMPORTANT NOTE: For open questions, the recommended limit is 2000 characters per answer.

ALSO: One completion per PP and AP is required!

* Mandatory questions

A. Respondent introduction

In this section, we try to obtain basic information about the respondent, which will help us better classify your answers in the questionnaire.

1. Name of the organisation + country/region of operation *

Text field

2. What is your role in the ecosystem of financial instruments? (Multiple choice possible) *

- Provider of financial support/funds
- Consultant - free of charge assistance
- Consultant - assistance for fees (partially subsidised, commercial)
- Stakeholder with influence on terms of financial instruments
- Other

3. Is your organisation privately or publicly owned? *

- Publicly owned
- Privately owned
- Combination of the above
- Other



B. Key characteristics of financial instruments system toward innovative SUPs and SMEs

In this section, we want to know your opinion, what are the key characteristics of existing environment of FIs (financial instruments) for innovative start-ups and SMEs in your country. In order to analyse the responses more accurately, we duplicated some of the questions, once asking about the relationship to startups and a second time asking about SMEs. This is because the requirements of a young company with two founders are necessarily different from an established company with 200+ employees.

4. In the beginning we would like you to fill excel sheet that helps us to better understand system supporting innovative SUPs and SMEs in your country/region (we are asking for key players, stakeholders of your supporting ecosystem). Unfortunately, it was not possible to fill such table in MS FORMS. When done, please save your answers and send it to: tomas.tazlar@czechinvest.org. *

Text field

5. What is the definition of start-up in your country? Please choose official or most common definition there is. *

We are still missing unified definition of start-up at European level same way we have definition of SME. Therefore, it is crucial for us to know what you have in mind when referring to start-up.

Text field

6. Is the definition provided in question 6 legislatively enacted? *

- Yes, it is a legal definition
- No, but it is a most common used definition
- No, it is a definition used by our organisation
- Other

7. How do you definite "INNOVATIVE" in relation to start-ups or SME? *

Text field



8. How do you measure innovation? *

- Number of patents submitted (or pending)
- Share of R&D employees (e.g., above 2 %)
- R&D related investments
- Collaboration with R&D institutions
- Product scalability
- Share of sales of innovative products in total sales
- Public support for innovation activities
- Other

9. Please, rate the general accessibility of financial instruments for innovative startups in your country. *

By accessibility we mean: availability of funding sources, eligibility criteria, supportive ecosystem, investor networks, etc.

0 to 10 scale (Very limited accessibility - Very easy accessibility)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

10. If you have selected "Other", please specify. Otherwise, ignore.

Text field

11. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field

12. Please, rate the accessibility of financial instruments for innovative SMEs? *

0 to 10 scale (Very limited accessibility - Very easy accessibility)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

13. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field



14. Please, rate the level of diversity in funding instruments for innovative startups. *

By diversity we mean: different funding mechanisms as well as funding stages, tailored funding programs, variety of non-financial support, etc.

0 to 10 scale (Very limited funding options - Varied funding options)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

15. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field

16. Please, rate the level of diversity in funding instruments for innovative SMEs. *

0 to 10 scale (Very limited funding options - Varied funding options)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

17. If selected value below 4, please specify what makes you think that. Also, you can identify the space for improvement.

Text field

18. Please, rate the level of efficiency and simplicity in the application process for financial instruments for innovative startups. *

By efficiency we mean: clarity of requirements, accessibility of information, user-friendly interfaces, prompt response and feedback, support and guidance, etc.

0 to 10 scale (Very strict and bureaucratic process - Streamlined application process)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

19. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field



20. Please, rate the level of efficiency and simplicity in the application process for financial instruments for innovative SMEs. *

0 to 10 scale (Very strict and bureaucratic process - Streamlined application process)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

21. If selected value below 4, please specify what makes you think that. Also, you can identify the space for improvement.

Text field

22. Please, rate the level of support services offered for innovative startups. *

The level of support evaluates the extent to which startups can access valuable support and guidance to foster their growth, address challenges, and maximize their potential for success.

0 to 10 scale (No support - Tailored support services)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

23. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field

Please, rate the level of support services offered for innovative SMEs. *

0 to 10 scale (No support - Tailored support services)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

25. If selected value below 4, please specify what makes you think that. Also you can identify the space for improvement.

Text field

26. What types of eligible expenses do startups and SMEs commonly seek the most?

Likert scale (1-least demanded, 5-most demanded) *



	1	2	3	4	5
Services (outsourced)	<input type="radio"/>				
R&D activities	<input type="radio"/>				
Fixed assets (properties, technologies etc.)	<input type="radio"/>				
Stocks	<input type="radio"/>				
Wages, recruitment	<input type="radio"/>				
Intellectual property (patents etc.)	<input type="radio"/>				
Operating expenditure	<input type="radio"/>				
Marketing & advisory services	<input type="radio"/>				

27. By your point of view, what are the most important FIs communication channels for start-ups and SMEs according to their outreach potential?

Likert scale (1-least important, 5 very important) *



	1	2	3	4	5
Government/ public institutions websites	<input type="radio"/>				
Investment attraction, business support and innovation agencies	<input type="radio"/>				
Industry associations/ networks	<input type="radio"/>				
Financial institutions	<input type="radio"/>				
Conferences, seminars webinars	<input type="radio"/>				
Advisory agencies	<input type="radio"/>				
Regional development agencies, Innovation centers, etc.	<input type="radio"/>				
Social networks	<input type="radio"/>				
Other	<input type="radio"/>				

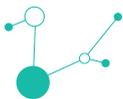
28. If you have selected "Other", please specify. Otherwise, ignore.

29. Please, choose what scalable outputs are expected/required within publicly financed supportive instruments towards start-ups? *



	Yes	No	Don't know
Patent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industrial design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proof of concept	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Job creation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales/revenue targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Minimum viable product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intellectual Property (trademarks, copyrights)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

30. If you have selected "Other", please specify. Otherwise, ignore.



C. Pros and cons of current system

Although we already touched on the topic in the previous section, now we will focus in more detail on the pros and cons of the system in your country. The more detailed input information we have from you, the better we will be able to target the innovative service for SUPs and SMEs at a later stage.

31. Please, select the most common form of assistance (based on the volume of funds spent*) offered by government/public entities to innovative startups.

Likert scale (1 - least offered, 5 - most offered)

* if known, otherwise use your knowledge as an FI intermediary *

Following three questions are related to each other. First, we ask what forms of assistance are being offered to SUPs by government. Second, we are interested what assistance SUPs seek the most and third we want to know your opinion what assistance helps the most. When filled correctly we may discover overlaps but at the same time irregularities in the system where demand and supply do not meet.



	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Funding (BA/VC funds)	<input type="radio"/>				
Mentorship	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support (patent application, establishment of a company,...)	<input type="radio"/>				
Acceleration abroad	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Incubation program	<input type="radio"/>				
Export to foreign market	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Crowdfunding	<input type="radio"/>				
Tax incentives	<input type="radio"/>				



32. Now, on the other hand, please select from your point of view the most desired assistance that start-ups request from government/public entities.

Likert scale (1-least desired, 5-most desired) *

	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Funding (BA/VC funds)	<input type="radio"/>				
Mentorship	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support (patent application, establishment of a company,...)	<input type="radio"/>				
Acceleration abroad	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Incubation program	<input type="radio"/>				
Export to foreign market	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Crowdfunding	<input type="radio"/>				
Tax incentives	<input type="radio"/>				



33. Lastly, please select forms of assistance by their impact on the growth of start-ups.

Likert scale (1-limited impact, 5-high impact) *

	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Funding (BA/VC funds)	<input type="radio"/>				
Mentorship	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support (patent application, establishment of a company,...)	<input type="radio"/>				
Acceleration abroad	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Incubation program	<input type="radio"/>				
Export to foreign market	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Crowdfunding	<input type="radio"/>				
Tax incentives	<input type="radio"/>				



34. When it comes to the maturity level of a startups (pre-seed, seed, early stage, growth, expansion, maturity/exit), at what stage do startups seek support the most and what kind (of the above-mentioned forms of support)? If there is a noticeable difference between the type of support demanded at each stage of the startup, please comment. *

Text field

35. Please, select the most common form of assistance (based on the volume of funds spent*) offered by government/public entities to innovative SMEs.

Likert scale (1 - least offered, 5 - most offered)

* if known, otherwise use your knowledge as an FI intermediary *

Again, following three questions are related to each other as they were in case of start-ups.



	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Export promotion	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Tax incentives	<input type="radio"/>				
Regulatory Support	<input type="radio"/>				
Technology Transfer Support	<input type="radio"/>				
Regulatory Sandbox Programs	<input type="radio"/>				
Cluster initiatives	<input type="radio"/>				
Intellectual property	<input type="radio"/>				
Skills Development and Training Programs	<input type="radio"/>				
Talent and skilled workforce attraction (welcome office)	<input type="radio"/>				



36. Now, on the other hand, please select from your point of view the most desired assistance that SMEs request from government/public entities.

Likert scale (1-least desired, 5-most desired) *

	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Export promotion	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Tax incentives	<input type="radio"/>				
Regulatory Support	<input type="radio"/>				
Technology Transfer Support	<input type="radio"/>				
Regulatory Sandbox Programs	<input type="radio"/>				
Cluster initiatives	<input type="radio"/>				
Intellectual property	<input type="radio"/>				
Skills Development and Training Programs	<input type="radio"/>				
Talent and skilled workforce attraction (welcome office)	<input type="radio"/>				



37. Lastly, please select forms of assistance by their impact on the growth of SMEs.

Likert scale (1-limited impact, 5-high impact) *

	1	2	3	4	5
Funding (subsidy)	<input type="radio"/>				
Funding (soft loan)	<input type="radio"/>				
Networking opportunities	<input type="radio"/>				
Business development support	<input type="radio"/>				
Legal support	<input type="radio"/>				
Attracting investor	<input type="radio"/>				
Export promotion	<input type="radio"/>				
Infrastructure and facilities	<input type="radio"/>				
Tax incentives	<input type="radio"/>				
Regulatory Support	<input type="radio"/>				
Technology Transfer Support	<input type="radio"/>				
Regulatory Sandbox Programs	<input type="radio"/>				
Cluster initiatives	<input type="radio"/>				
Intellectual property	<input type="radio"/>				
Skills Development and Training Programs	<input type="radio"/>				
Talent and skilled workforce attraction (welcome office)	<input type="radio"/>				



38. To what extent are the following instruments, that can be considered as innovative support schemes, used by start-ups and SMEs in your country/region?

Likert scale (1-unused, 5-used extensively) *

	1	2	3	4	5
Loans/Credits	<input type="radio"/>				
Combined (grants and financial instruments combined in a single operation)	<input type="radio"/>				
Equity and quasi equity	<input type="radio"/>				
Support Services (Incentive in kind)	<input type="radio"/>				
Reward / Impact Grants (incentives related to performance)	<input type="radio"/>				



39. Challenges or limitations you have observed with the existing financial instruments for innovative start-ups and SMEs in your country.

Likert scale (1-least important, 5-very important) *

	1	2	3	4	5
Lack of awareness among potential beneficiaries	<input type="radio"/>				
Demanding application process and project realization	<input type="radio"/>				
Stringent eligibility criteria	<input type="radio"/>				
Insufficient funding options	<input type="radio"/>				
Incorrectly set aid amount	<input type="radio"/>				
Mis-targeting of financial instruments	<input type="radio"/>				
Lengthy assessment and approval process	<input type="radio"/>				
Limited availability in certain regions	<input type="radio"/>				
Rigid system	<input type="radio"/>				
System of calls (delays, poor predictability)	<input type="radio"/>				
Ex post instead of ex ante financing	<input type="radio"/>				
Other	<input type="radio"/>				



40. If you have selected "Other", please specify. Otherwise, ignore.

Text field



D. Deep dive into FIs system

Unlike the previous sections, here we ask open-ended questions that aim to describe some aspects of the FIs environment in your countries in more detail. We try to collect examples of good practice that could be transferable to other countries. At the same time, we also ask about the current tools you offer to develop the startup scene.

41. Please, describe supporting programmes in your country/region if there are some. Use case description bellow as a model.

The case of Czech Republic: Program Technology incubation. Designed for SUPs (must be established legal entity) no older than 5y, no more than 250 employees. They must represent 7 technological domains (mobility, AI, ecotech, creative industries, tech4life, space). Under the program, selected technology startups will receive direct support in the amount of EUR 67 000- 190 000 and indirect support worth EUR 21 000 in the form of workshops, seminars, assistance from incubation managers, consultations with business and technology experts, and incubation for up to 2 years, all without losing their stake in the company.

Text field

42. What happens when SUP which is incubated/supported fails in delivering promised outcomes? *
Incubation/funding startups is a definitely risky investment. A certain portion of projects do not reach a successful end, often not even the fault of the founders. How do you deal with such cases?

Text field

43. Are there any successful practices or initiatives of innovative financial instruments for start-ups (either from your country or from abroad) that you believe should be shared with other partners?
If so, please provide brief examples.

Text field

44. Are there any successful practices or initiatives of innovative financial instruments for SMEs (either from your country or from abroad) that you believe should be shared with other partners?
If so, please provide brief examples.

Text field

45. By your opinion are startups more inclined to receive non-refundable grants as opposed to equity shares when compared to grant financial instrument options? *

Text field



46. Please, describe spin-off environment in your country.

Are there legislation obstacles in your country that prevent spin-offs to be established? Who is the owner of intellectual property (mother company/institution or spin off)? How often are new spin-offs being established in your country. Etc.

47. Please, describe the cooperation of triple helix in your country (government, universities and industry). *

Triple helix represents a model of innovation and development where these entities work together to foster economic growth, drive innovation, and address societal challenges. This model later evolved into Pentagon scheme, where capital and entrepreneurs enter as well, but the idea remains the same.

48. How would you describe the communication/cooperation of stakeholders towards beneficiaries (SMEs and start-ups) in your country/region? *

Likert scale (1-Very poor, 5-Very proactive) *

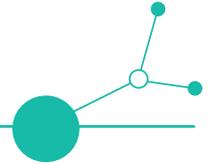
49. In relation to the previous question, could you mention different types of activities which the local stakeholders implement towards SMEs and startups? *

We want you to think comprehensively on several activities towards start-ups and SMEs, for instance informing about new instruments, consultation of the conditions of supportive/financial instruments, cooperation with startups to create new tools, obtaining feedback how effective the instrument is, meeting on events etc.?

50. Does your country or region favour/support private investment in start-ups through VC funds, angel investors, etc. If so, how? E.g., tax benefits for investors into SUPs etc. *

Data Analysis - PowerBI Report

D.1.1.1 - Annex n. 2



Version 1

9 2023

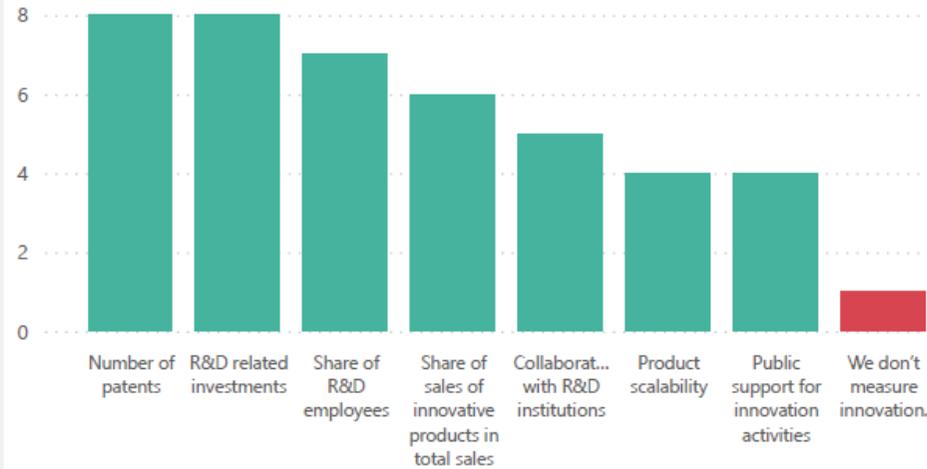


Respondents

No Name of the organisation

- 1 build! Gründerzentrum
- 2 National Research, Development and Innovation Office
- 3 CzechInvest
- 4 Carinthian Venture Fonds
- 5 Regional Development Agency in Bielsko-Biala
- 6 National Innovation Agency
- 7 Cooperative for ethical financing Croatia
- 8 Chamber of Commerce and Industry of Slovenia
- 9 Impact Hub Tirol
- 10 FINPIEMONTE
- 11 Friuli Innovazione

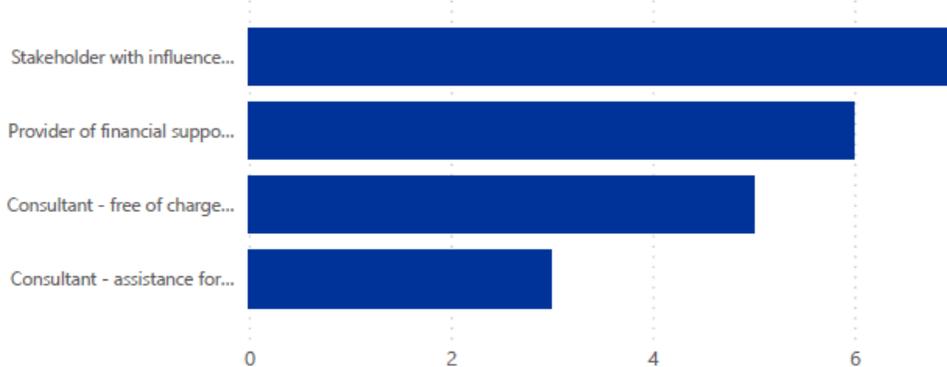
How the innovation is being measured?



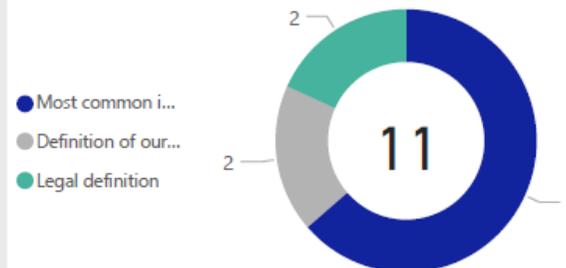
Countries represented in the survey



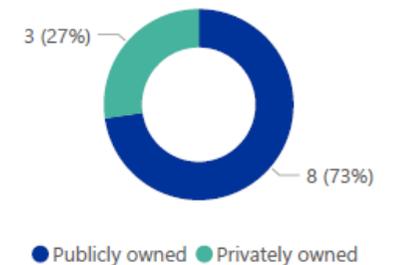
Role of respondents in the ecosystem of financial instruments



What start-up definition is used by the respondent



Respondent ownership type



Countries represented



Accessibility of financial instruments for innovative SMEs



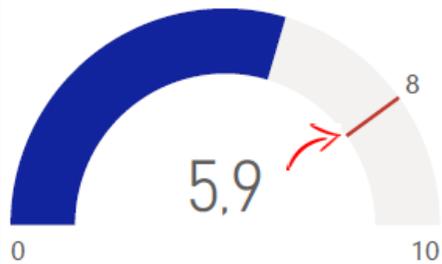
Diversity of financial instruments for innovative SMEs



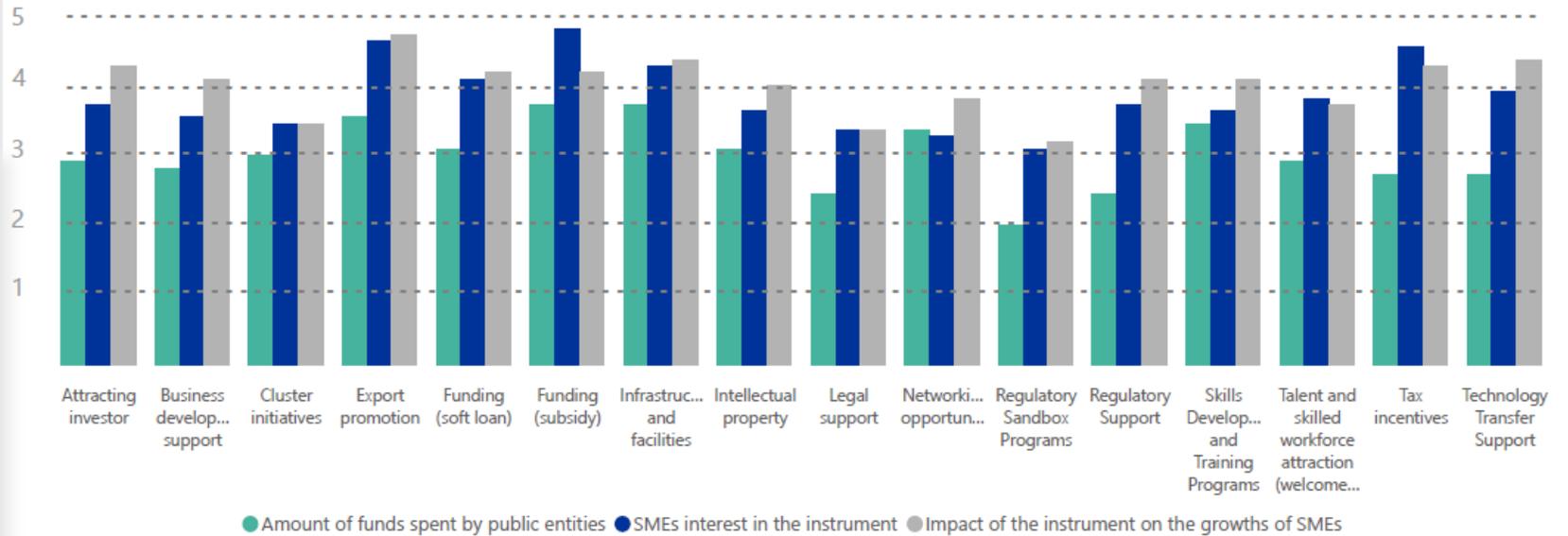
Efficiency of financial instruments for innovative SMEs



Level support services offered for innovative startups.



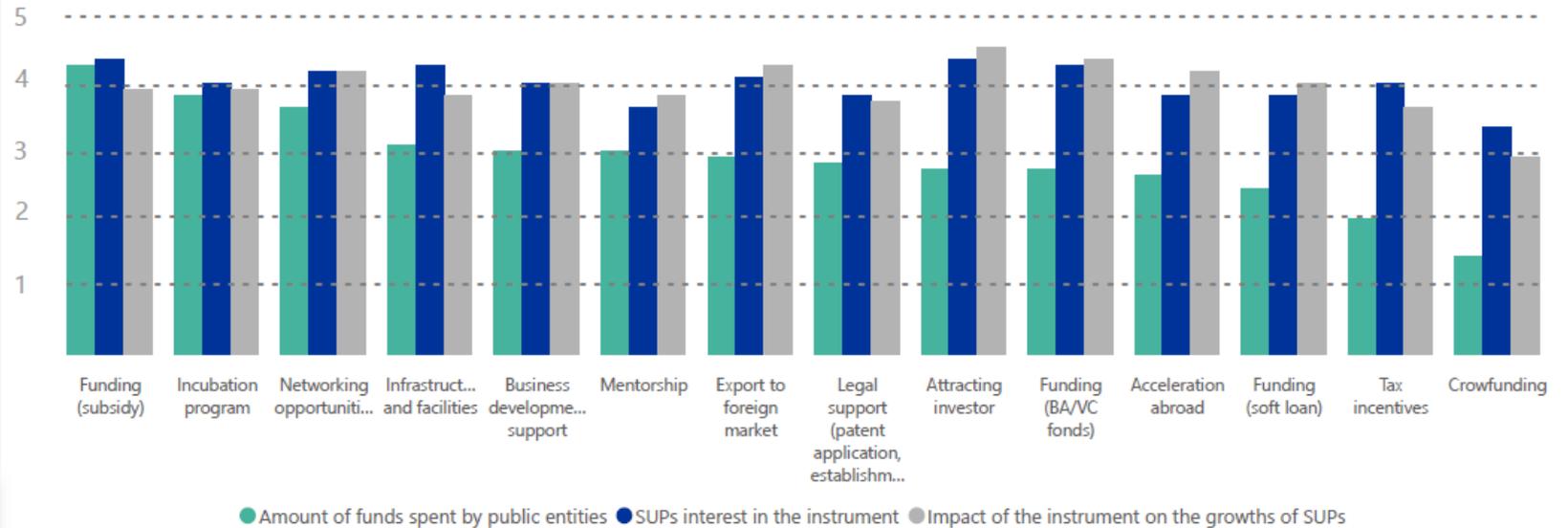
Forms of assistance for SMEs ?



Countries represented

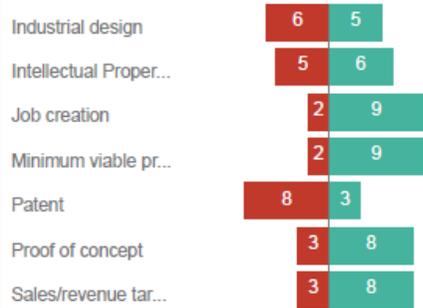


Forms of assistance for SUPs ?

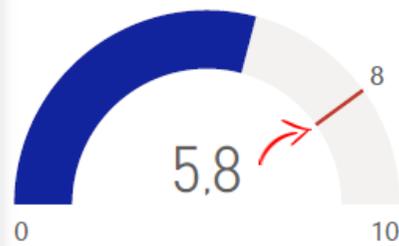


Outputs required when supporting SUPs by publicly finance tools?

● No/Not sure ● Yes



Level support services offered for innovative startups.



Efficiency of financial instruments for innovative SUPs



Diversity of financial instruments for innovative SUPs



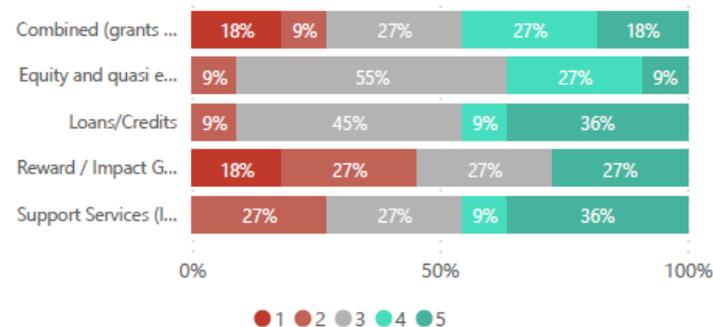
Accessibility of financial instruments for innovative SUPs



Ranking of FIs communication channels according to their outreach potential



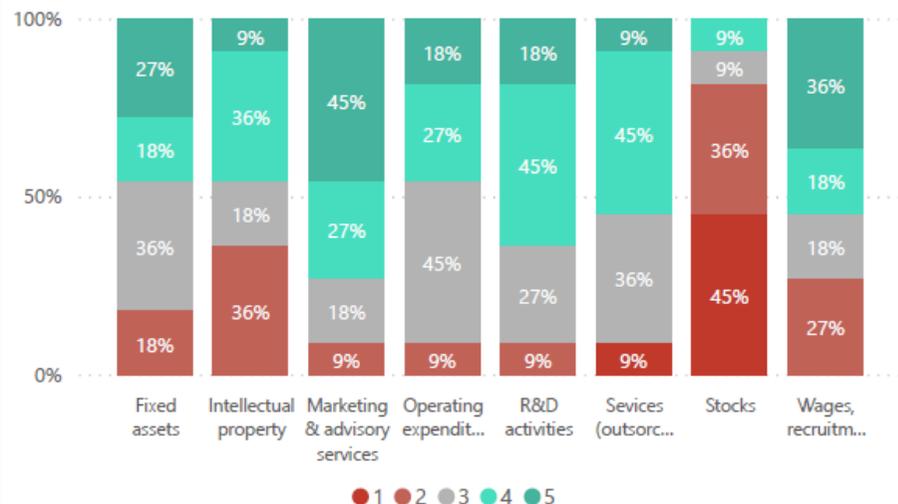
Frequency of the use of innovative tools



Cooperation between stakeholders and beneficiaries



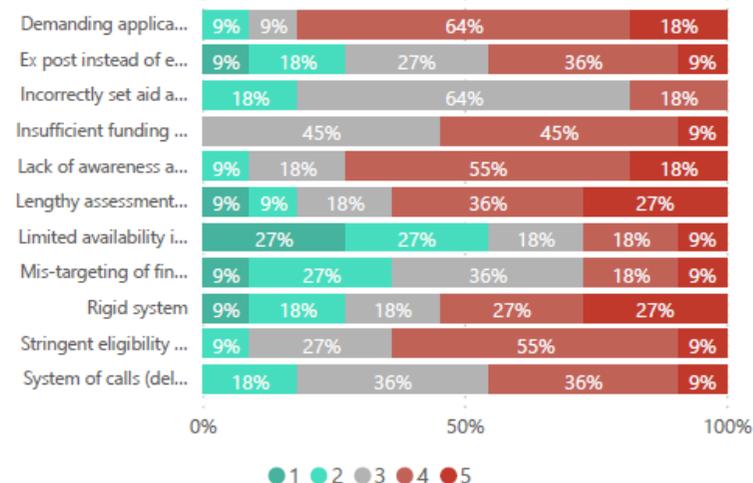
Rating of eligible expenses by the demand of SMEs and SUPs



Countries represented

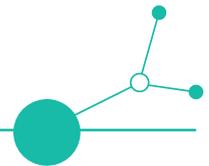


Rating of main limitations in current system



Focus Groups - Framework and Guidelines

D.1.1.1 - Annex n. 3



Version 4

11 2023





FRAMEWORK OF THE FOCUS GROUPS AND GUIDELINES FOR THE PROJECT PARTNERS

Integral part of the initial analysis of satisfaction of SMEs and startups with the current opportunities for financing innovation

Basic overview

Activity description and goal

The focus groups represent the second part of the initial analysis, which aims to map the current situation within the ecosystems supporting innovation in SMEs and start-ups, in terms of financial instruments, their availability, and the satisfaction of beneficiaries of funding.

The first part of the analysis is a questionnaire survey, to which the focus groups are thematically linked. The purpose of the activity is to get feedback from the business representatives themselves (SMEs and startups) and thus gain deeper insight into the topic based on real experiences and needs of the beneficiaries of finance. Focus groups at national/regional level should provide the main contributions to the analysis of satisfaction with the current opportunities offered by the local support ecosystem. After summarising the results, a transnational working group will be organised to compare and share experiences internationally.

Dates and time requirements

National focus groups - during September

Summary of the results and internal discussion - early October

Transnational focus group - late October/November

Who to invite?

Regional/national focus group

- 6-8 business representatives for each national/regional focus groups - ideally to send invitations to a larger number of companies and to ask them to confirm their participation (based on experience, not all of them will actually participate after all):
 - They should have something to say on the topic (experience with innovation and its funding).
 - They should not know each other.



- They should represent different types of companies (in terms of economic sector, size of enterprise, age of enterprise, geographical location etc.). You can use the following table as a checklist:

Economic sector	Size of enterprise	Age of enterprise	Geographical location	Origin of capital
✓ Choose SMEs and startups from different sectors, such as manufacturing, information and communication technologies, creative industries, services etc.	✓ 0-9 employees	✓ Start-ups in early/seed stage	✓ Urban area/central area	✓ Domestic capital
	✓ 10-49 employees	✓ Fully developed start-ups (growth/expansion stage)	✓ Non-urban area/periphery	✓ Foreign capital
	✓ 50-99 employees	✓ Established company		✓ (Mixed origin of capital)
	✓ 100-249 employees			

Note 1: Innovation Driven Enterprises should be selected primarily as invitees, if such list of companies is available at your country. If not, it is recommended to select companies that meet similar criteria, such as significant innovative effort, substantial R&D activities having own results (IP, trademark, special R&D tax allowances, or tax credit, government support), rapid growth performance, significantly growing export activity etc.

Note 2: Key sectors may certainly vary from country to country. Feel free to choose companies for the focus groups from the sectors you consider as priority.

Transnational focus group

- At least one or two representatives to participate in the transnational group (with knowledge of English) - ideally to be selected from the representatives participating on the regional/national group.
 - It is recommended to choose SMEs and startups that can benefit from such international meeting (e.g. operating on foreign markets or are trying to expand)



Recommended Agenda

Regional/national focus groups (National languages) - Total duration: 90–120 minutes

10 minutes	Welcoming & introduction
20 minutes	Presentation of the FI4INN project and of preliminary results of the questionnaire survey
45–75 minutes	Moderated discussion focused on the needs of SMEs and startups in the field of innovation and their funding
10 minutes	Summary of the discussion
5 minutes	Closing remarks

Transnational focus group (English) - Total duration: 90 minutes

10 minutes	Welcoming & introduction
20 minutes	Presentation of outcomes from national/regional groups and results of the analysis regarding the satisfaction of SMEs and startups with current opportunities regarding available supporting schemes
45 minutes	Moderated discussion - Transnational comparison of the needs of SMEs and startups in the field of innovation and their funding, sharing of experience and good practice
10 minutes	Summary of the discussion and closing word for the transnational group
5 minutes	Closing remarks



Recommended topics for discussion

Following questions are divided into 5 categories that all PPs are likely to touch on during the meeting. Each of these categories ends with a poll, which can be facilitated online by both the ZOOM and MS TEAMS platforms (using chat or special voting module). For on-spot meetings, please create some alternative, such as voting on pre-printed materials.

I. Awareness

- How do you perceive the current system of FIs targeting the R&D activities in companies? Is it clear for you? Are you able to find your way around the current offer of subsidies? Is it clear to you who is an eligible applicant and what are the eligible expenses?
- How do you get to know about new/planned R&D support programmes? Do you subscribe to newsletters, through social media, stakeholders, or are they monitored by a grant agency you cooperate with?
- **Rated question 1–5 (least to most/worst to best):** How do you rate the communication of grant providers towards you as beneficiaries?

II. Accessibility

- In your opinion, are the criteria by which the innovativeness of the product/process is assessed (evaluated) correctly?
- What criteria are significantly limiting for you in applications for banking/grant instruments? E.g., minimum age of the company, ex post financing, too high or low amount of subsidy, high participation, etc.
- Are sufficient funds allocated for support?
- **Rated question 1–5 (least to most/worst to best):** Rate the general availability of financial instruments for innovative SUPs/MSPs.

III. Efficiency, simplicity

- Are applications for funding/support easy for you to process? Are you able to submit applications yourself (e.g., through your project department) or do you have to outsource this activity to grant agencies?
- How do you perceive the length of the process from call announcement through application to reimbursement? If you think it is a lengthy process, are there any steps you can take to speed up/simplify it?
- **Rated question 1–5 (least to most/worst to best):** Rate the level of efficiency and simplicity of the application process for financial instruments for beneficiaries.

IV. Targeting

- In your opinion, are the support instruments for companies well targeted?



- What eligible expenditures under the FIs have the greatest impact/are most frequently identified?
- Do non-subsidy financial instruments (soft loans, guarantees, support services) have the same level of attractiveness for you as subsidies or are they rather a complementary service from your point of view?
- ***Rated question 1–5 (least to most/worst to best): Rate the variability (targeting) of financial instruments for innovative SUPs and SMEs.***

V. Recommendations (FG conclusion)

- What problems or limitations have you observed with the existing financial instruments?
- What are your main recommendations that the state should follow to simplify the current support system for R&D development?



Involvement of PPs

For whom are focus groups mandatory?

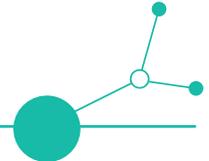
- ARRSA (Poland)
- BUILD! (Austria)
- CzechInvest (Czechia)
- XIA (Hungary)
- For other PPs, participation in this activity is on an optional basis.

What we will need from you?

- Setting the date for the regional/national focus group.
- Ensure participation of relevant business representatives for the national/regional focus group (6-8 SMEs and startups should be present on each national/regional focus group).
- Organising the regional/national focus group (online or in person).
- At the beginning of the national/regional focus group, introducing the FI4INN project and presenting the preliminary results of the questionnaire survey.
- Moderating the regional/national group (one person - moderator).
- Taking minutes of the regional/national (one person - note-taker).
- Ensuring mandatory publicity and reporting requirements within the regional/national focus groups (presentation according to the template, print-screens or photos from the event, attendance list with logos, etc.).
- Delivering outcomes from the regional/national focus groups and helping to compile them into a joint report.
- Inviting (at least one or two selected) business representatives for the transnational focus group.
- Providing an assistance with the organisation of the transnational group.

Transnational Focus Group - Inputs and Topics for Discussion

D.1.1.1 - Annex n. 4



Version 2

11 2023





INPUTS FROM REGIONAL/NATIONAL LEVEL AND TOPICS FOR TRANSNATIONAL FOCUS GROUP

Integral part of the initial analysis of satisfaction of SMEs and startups with the current opportunities for financing innovation

A. Inputs from regional/national focus groups

The national/regional focus groups have revealed some interesting insights. Although there were differences across countries, an attempt to summarise the main points looks as follows:

Awareness

- Support **ecosystems** are very **complex**, **institutions** (or experts, consulting companies) play key role in **navigation/guidance**
- Level of awareness of companies is very high when they cooperate with institutions, **awareness** enhances **accessibility**
- **Communication** is crucial - selection of relevant information, dissemination of updates, timing

Accessibility

- **Accessibility** often mentioned in the sense of **Awareness**
- The question of **evaluating innovativeness** - could be subjective, unclear, difficult to judge
- Some criteria could be challenging in the point of view of the preparation/readiness of the companies (+ issue of success rate)

Efficiency/Simplicity

- **Cash flow** is a big issue (especially for small companies and startups) - usually **ex post funding** and a **long process**
- Systems of support are generally perceived as very **bureaucratic** with following problems: **process too long**, **staff overload**, **insufficient communication** toward companies etc.

Targeting

- Most frequently requested expenses: external services, staff costs, materials, machinery/equipment



- Difference between needs of startups and established SMEs, often instruments offer limited list of eligible costs
- Grants are still the most preferred form of financing

B. Topics for discussion

Based on the evaluation of these key findings from the national/regional focus groups, the following topics and (with relevant recommended questions) were identified for the subsequent focus group conducted on transnational level:

Orientation in the support ecosystem

- How important is the assistance/guidance of institutions (business support agencies, innovation centres, etc.) for you regarding the navigation in the ecosystem of support instruments?
- Is the communication of (public) institutions on sufficient level? What type of information do you appreciate the most regarding currently available support tools?
- What types of eligible expenses are the most demanded from your point of view? Is it clear to you who is an eligible applicant and what are the eligible expenses in specific financial instruments?
- Do you see a clear linkage between awareness and accessibility (in the sense that a missing information often means unavailability of support for a company)?

The complexity of the formal application process

- What is your general perception of the level of bureaucratic load when applying for support (subsidies, grants, etc.)?
- What do you consider to be the biggest problems within the project formalities (discouraging from apply/limiting)? Strict or unclear criteria, complicated and long procedures, time consuming reporting or other issues?
- Do you use consultants/consulting companies for support programmes? If yes, in which case and for which phases of projects?

Evaluation of the innovativeness

- Do you think that your perception of innovativeness assessment corresponds to that of institutions providing support tools?
- Are the criteria of innovativeness clear to you or is there a certain level of uncertainty? How serious this issue is?



Project financing and cash flow

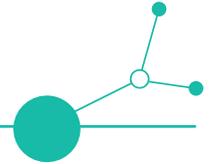
- How limiting is the frequently used form of *ex post* financing (especially in terms of pre-financing and cash flow)?
- Some companies mention the use of the lump sum method as a possible solution. However, it is unfortunately not possible for most programmes due to the source of funding and related rules. Are there any other ideas that could be helpful in this regard and make the situation easier for companies?
- Are there any other obstacles regarding the financing of projects?

Recommendations (FG conclusion)

- What problems or limitations have you observed with the existing financial instruments?
- What are your main recommendations that the state should follow to simplify the current support system for innovations in SMEs and startups?

Regional FOCUS GROUP Austria (Carinthia) - Summary

D.1.1.1 - Annex n. 5



Version 1
09 2023





FOCUS GROUP MEETING

A. When, how and where?

When: 13. 09. 2023

Form: on-spot

Where: build! Gründerzentrum GmbH; Lakeside B01, 9020 Klagenfurt

Duration: 120 minutes

B. Participants

The focus group in Carinthia was organized by BUILD! in the second week of September 2023. The geographical coverage of the group was regional.

The focus group meeting was attended by 6 people including representatives of startups and startup expert.

The implementation of the focus group, including the agenda and recommended topics, was carried out according to the joint recommendations and guidelines.

C. Agenda

17:00 - 17:05	Welcoming
17:05 -17:20	Introduction of the FI4INN project
17:20 - 18:20	Moderated discussion focused on the needs of startups in the field of innovation and satisfaction with current opportunities of funding
18:20 -18:35	Summary and closing remarks
18:35 - 19:00	Networking



D. Main conclusions

The main aim of the meeting was to get feedback from the SMEs and SUPs as applicants and beneficiaries of the financial instruments on the current opportunities of innovation funding within the related innovation support ecosystem.

The topics of the focus group discussion were divided according to the suggested structure to four main areas: Awareness, Accessibility & Diversity Efficiency & Simplicity and Targeting. The main points arising from the discussion are summarised below.

Awareness

Question 1: How do you perceive the current funding landscape in Carinthia, focusing on research and development activities in companies/startups? Is it understandable to you?

The opinions in our discussion group regarding the perception of the current funding landscape in Carinthia for research and development activities in companies and startups were diverse. On one hand, it was emphasized that it becomes understandable after thorough research and familiarization. This suggests that there are elements that are understandable but not immediately obvious. On the other hand, it was noted that one must understand the system behind it, indicating a certain level of complexity. Additionally, it was mentioned that there are many opportunities but unclear structures. This implies that despite the available funding opportunities, the structures and processes for applying and utilizing the funds may need improvement.

Question 2: Do you find yourself navigating the current subsidies (grants) offerings?

The assessments of navigating the current subsidies offerings were also mixed. It was unanimously agreed that it is not immediately understandable at first glance. This indicates that improvements in transparency and accessibility of information may be needed. However, it was also pointed out that one can navigate it better with help, highlighting the importance of support and guidance. Moreover, it was emphasized that support is important, indicating that an active support mechanism in the funding landscape is appreciated.

Question 3: Is it clear to you who qualifies as an eligible applicant and what costs are eligible for funding?

Regarding clarity on eligible applicants and eligible costs, it was reported that this becomes clearer after consulting with others. This suggests that there is a high demand for information in this area and that advisory services could play an important role in educating stakeholders in the region.

Question 4: How do you find out about new or planned research and development funding programs?

The sources of information about new or planned research and development funding programs were limited. Participants generally stated that they typically only learn about such programs through their own research efforts. An exception was mentioned regarding partners in the ecosystem who share information. This suggests that communication about new funding programs in the region may need improvement to ensure potential applicants are informed in a timely manner.



Question 5: Do you subscribe to newsletters, use social media, stay informed through stakeholders, or collaborate with a funding agency and have strong communication with them?

In terms of using information sources like newsletters, social media, stakeholder communication, and collaboration with funding agencies, the responses were mixed. Some participants indicated occasional interaction with funding agencies, suggesting some level of engagement. However, it was emphasized that newsletters are used less frequently, possibly due to limited options. This may indicate a need to enhance information distribution through various channels.

Accessibility & Diversity

Question 1: In your opinion, are the evaluation criteria for the innovativeness of the product/process understandable and correct?

In our discussion group, the question of the comprehensibility and correctness of the evaluation criteria for the innovativeness of products and processes was raised. The received response was clear: Consistent no, a very broad term. This means that participants found the criteria unclear and too broadly defined. There was a perception that the term "innovativeness" is too broadly defined, leaving room for interpretation and causing uncertainty.

Question 2: In your opinion, what obstacles do you face when applying for funding?

Participants expressed their opinions regarding obstacles encountered when applying for funding. It was noted that often it is up to the companies or startups themselves to complete some tasks to become eligible for funding. This indicates that applicants often lack necessary prerequisites. Additionally, old digital systems were mentioned as an obstacle, highlighting technological barriers.

Question 3: Are sufficient resources provided for further support?

The question about the availability of sufficient resources for further support was discussed. The answer was two-fold. On one hand, it was emphasized that this greatly depends on the funding provider, indicating a level of uncertainty. On the other hand, it was confirmed that sufficient resources are indeed offered. This suggests that there is a variety of experiences, and the availability of resources varies depending on the funding source.

Efficiency & Simplicity

In summary, the discussion group had mixed experiences with the application process for support programs and grants. Some can submit the applications themselves, while others rely on external support. The duration of the funding process was generally perceived as too long, with simplified and more transparent bureaucracy and clear communication from the funding provider suggested as ways to expedite the process.

Question 1: Is the application process for support programs (incubation) or grants straightforward for you, or does it come with many hurdles? Can you submit the applications yourselves, or do you have to outsource them, for example, to external service providers?

In our discussion group, the question of the accessibility of the application process for support programs and grants was discussed. The responses varied. Some mentioned that they can submit the applications



themselves with support, while others emphasized that it depends on the expertise within the founding team. Additionally, it was noted that external service providers are occasionally used.

Question 2: How do you perceive the duration of the funding process, from announcement to finalization of the application? How can the process be expedited?

The perception of the duration of the funding process was also discussed. Participants found the process to be too lengthy and desired a more straightforward and less bureaucratic approach. Clear communication from the funding provider was highlighted as a key factor in expediting the process.

Targeting

Question 1: Are the current funding instruments tailored to the needs of startups and SMEs?

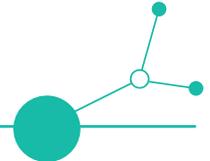
In our discussion group, we discussed whether the current funding instruments are adapted to the needs of startups and small and medium-sized enterprises (SMEs). The response received was: Yes, but one must first navigate to determine which funding may be relevant and gain an overview. This indicates that the instruments are generally perceived as adapted, but there is room for improvement in terms of information availability and clarity.

Question 2: What eligible expenses within financial innovations have the greatest impact/are most commonly identified?

The discussion group provided information on eligible expenses within financial innovations that have the greatest impact or are most commonly identified. External service providers, personnel costs in research and development, and support for prototype construction were highlighted as prominent.

National FOCUS GROUP Czech Republic - Summary

D.1.1.1 - Annex n. 6



Version 1
09 2023





FOCUS GROUP MEETING

A. When, how and where?

When: 13. 09. 2023

Form: ONLINE

Where: MS Teasm platform

Duration: 95 minutes

B. Participants

The focus group in the Czech Republic was organized by CzechInvest in the second week of September 2023. The geographical coverage of the group was nationwide.

The focus group meeting was attended by 7 companies as a mix of innovative small and medium enterprises (SMEs) and startups (SUPs) from different sectors and with different geographical location to ensure the participants.

The implementation of the focus group, including the agenda and recommended topics, was carried out according to the joint recommendations and guidelines.

C. Agenda

14:30 - 14.35	Welcoming
14:35 - 15:00	Introduction of the FI4INN project and presentation of the results of the questionnaire survey conducted among project partners
15:00 - 15:55	Moderated discussion focused on the needs of SMEs and startups in the field of innovation and satisfaction with current opportunities of funding
15:55 - 16:05	Summary and closing remarks



D. Main conclusions

The main aim of the meeting was to get feedback from the SMEs and SUPs as applicants and beneficiaries of the financial instruments on the current opportunities of innovation funding within the related innovation support ecosystem.

The topics of the focus group discussion were divided according to the suggested structure to four main areas: Awareness, Accessibility & Diversity Efficiency & Simplicity and Targeting. The closing part was dedicated to the recommendations of the companies to improve the support ecosystem.

The meeting was based on deep dive discussion in combination with poll questions (with answers in form of rating) posed at the end of individual sections. The main points arising from the discussion are summarised in the following paragraphs expressing the opinions of the companies participating in this meeting.

Awareness

If companies are networked with institutions such as innovation centres, business support agencies or similar organizations, awareness of support options is high.

The support system is very robust and complex. Often there are multiple support instruments focused for the same activity only based on different funding sources. Small companies, especially start-ups, do not stand much of a chance to navigate through the system by themselves. That is why cooperation with institutions is important.

The companies' rating of the area of **Awareness** in the poll was **3.75 out of 5**.

Accessibility & Diversity

When companies invest heavily in research and for that reason they have a relatively poor financial health, they do not meet the conditions for support in R&D projects.

Companies often do not meet some of the (formal) criteria, the applications are demanding, so they consider cooperation with a consultancy company - the success rate then increases rapidly (even though many companies consider the consultancy services as such as waste of money). However, often the consultants often just know what to write down into individual columns within an application form.

In some specific cases of support instruments, there is very low success rate. However, amount of funds provided for the programs of support are generally not perceived as insufficient.

Evaluation of innovativeness is not (may not be) easy - it is difficult to judge innovativeness in a given field, especially when the expert is from a more distant sector - The experience of some companies is that some of the evaluators do not have the courage to make a decision whether to support a startup project or not, because they do not understand the issue in such detail. An expert in a specific field is needed, or to be substituted for example by a letter of intent. The issue of innovativeness should not become a cliché - question of innovation vs. usability. Innovation should be something that moves the company or the market ahead significantly.

The companies' rating of the area of **Accessibility & Diversity** in the poll was **3.5 out of 5**.



Efficiency & Simplicity

Companies praise programmes where funding is at least partly in ex ante form.

Startups and SMEs need cashflow, it is hard to get money out of projects - ex post funding is bad form, it is very burdening for SMEs and puts a very long cashflow strain. Cash flow and rapidness are considered as critical points regarding the support schemes.

For companies, subsidy/grant rules are very complicated in general. Application forms are often too complicated, with a lot of unnecessary and duplicated information from the companies' point of view. For startups and small enterprises, it is often very difficult to prepare for the application by our own efforts. Often they have to rely on the assistance of experts, institutions, universities (if they cooperate within a project) or commercial consultants. Others try to manage the formalities by themselves. However, the reality could be summed up by a quote from one of the participants of the focus group: *"The first 15 projects are the worst."*

For small companies detailed accounting is very difficult, often they are basically pushed to hire an extra person to manage the project.

The companies' rating of the area of **Efficiency & Simplicity** in the poll was **2.7 out of 5**.

Targeting

The issue of eligible expenses is problematic for companies within many programmes. Most frequently requested expenses are: wages, materials, machinery/equipment - unfortunately, many support instruments do not allow these costs (or a demanded combinations of costs) as eligible.

If companies are forced to use external suppliers, a lot of time is spent on selecting and communicating with them. Moreover, many companies would rather support their own staff than supply of external services.

As for the form of support, companies prefer subsidies/grants than other forms of funding (e.g. compared with loans or investor financing). When the volume of orders increases, discounted or even commercial loans come into consideration. Some startups have tried a "startup loan" from a commercial bank, but experienced difficult communication. In this context, the investor funding route is relatively more satisfying for them.

Innovative SME they are considering a loan, but for a different type of investment, for contracts with longer payment terms or for operations. Loans are not suitable for funding of research or innovation activities.

The companies have also been interested in tax deductions, but the disadvantage is that they can only be claimed over a short period.

The companies' rating of the area of **Targeting** in the poll was **2.7 out of 5**.

Reccomendations

In addition to the inputs mentioned above, specific recommendations from SMEs and startups are as follows:

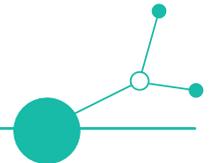
- To simplify the billing process so that everything doesn't have to be documented in such a complicated way
- To apply Lump Sum form of funding - money for anything, put control on the outcome, even more intensive
- To give companies as free space as possible and evaluate them for what they have achieved



- To give more room to work with the money rather than pigeonholing and worrying about whether we've hit the eligible cost correctly
- To apply funding in stages - continuous payments
- To do something with the strict conditions for procurement - from a certain point onwards the instrument is ineffective and meaningless - the difficulty is greater than the positive effect
- To improve communication from institutions, especially at the time of application
- To shorten the process of waiting for results
- To reallocate funding to someone who knows local companies, who will ensure compliance with the conditions and who will simplify/speeds up the process

National FOCUS GROUP Hungary - Summary

D.1.1.1 - Annex n. 7



Version 1

9 2023





FOCUS GROUP MEETING

A. When, how and where?

When: 28. 09. 2023

Form: online

Where: MS Teasm platform

Duration: 87 minutes

B. Participants

During the preparation period upcoming to the national Focus Group meeting, we placed a special focus on the into the research and collection and finally, the invitation of active and innovation focused startups and SMEs in Hungary with the inclusion of our in-house expert. Therefore, the invitation was sent to 26 various sized and focused companies. Finally, the focus group meeting was attended by 7 companies and the Central Bank.

C. Agenda

10.00 - 10.15	Welcoming words
10.15 - 10.30	Introduction of FI4INN project
10.30 - 11.30	Moderated discussion
11.30 - 12.00	Summary and closing remarks

D. Main conclusions

The main aim of the focus group meeting was to get familiar with the perspective of end users on the financial instruments and the current offer of innovation support ecosystem.

The topics of the focus group discussion were divided according to the suggestions made by WP 1 Leader.

The meeting was combination of a short survey with general questions about the situation and then, more deep dive discussions.



We discussed if the companies are aware of the support, if yes do they think that it is accessible and easy to get, do they feel well informed about the possibilities, what barriers and obstacles are critical for them to get certain support.

Afterwards, we asked if they are already using financial support services, do they think that those are tailored to the real needs of the companies, do they think that they are effective and easy to follow.

At the end we asked for the recommendations and opinions on what improvements can be made to create more useful support mechanisms.

Main conclusions from the discussion are indicated in blocks below:

Awareness

- SME supporting instrument: particularly helpful for cashflow and innovative SME's
 - SME in focus, but very narrowing in terms, dividend definition criterion too detailed and restrictive for medium-sized companies, more than justified
 - more time for requirements, when the proposal opened, requirements came to light therefore allowing short time for scrutiny
 - international proposal preparing is time consuming for handling the proposal period, a relatively “big” companies can handle it, but not for every sized company
 - better communication
 - not just short time, but timing is also unfortunate. sending it to public consultation in the middle of the summer (giving 2 weeks in august)
 - Importance of international contacts: it is time-consuming to build up a network of contacts. This is mainly the prerogative of large companies.
 - TRL requirement is hard to handle, companies with high TRL level are going to be able to hand in proposal, lower TRL level companies are taking a big risk in this
 - not directly focusing on domestic calls, but were in touch with domestic SME supporting call
 - agreeing with that the requirements are strict, agreeing with that mainly as a startup they are focusing on EU wide projects, TRL level is lower in EU calls, but it is useful for supporting development phase problems and allowing them to develop and solve their problems
 - are the domestic and international financial help schemes being complementary?
 - in principle yes, but it can be too challenging for a smaller company to adhere to the sales and profitability requirements

Accessibility & Diversity

- R&D funding amounts for domestic applications are adequate and competitive internationally in the invitees view
- small companies face cash flow difficulties, which is less of a problem for large companies → perhaps pre-financing or advanced payment would be useful for mitigating fear of risk

Efficiency & Simplicity

- For SME's handing in proposal is a very difficult, and time-consuming task in general
- small SMEs with few employees either pay too high of a price for external proposal preparing services or are too demanding on employees' time
- active funding and help for SMEs with limited resources is needed



Targeting

- venture capital is scarce, and the attitude of domestic financial institutions is generally risk-averse
- complementary support from financial service providers is lacking
- financial support instruments are inadequate
- positive feedback for support of knowledge-intensive investments

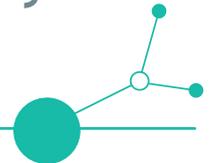
Reccomendations

- there should also be a lower TRL level funding
- By investing in venture capital, it could better engage and motivate small and micro-enterprises
- digitalisation in the field of administration: the application process would be simpler and less time-consuming
- Subsidised credit from below the European average
- public subsidies are easier for startups to obtain, but it would be good if they were decided on a market basis rather than just a state basis

Regional FOCUS GROUP

Poland (Silesian Voivodeship) - Summary

D.1.1.1 - Annex n. 8



Version 1
09 2023





FOCUS GROUP MEETING

A. When, how and where?

When: 20. 09. 2023

Form: on-spot

Where: Beskid Technology Incubator, ul. 1 Dywizji Panczernej 45, Bielsko-Biała

Duration: 120 minutes session (+ networking)

B. Participants

Organization of the focus group was combined with the activities related to the BBDays4.IT festival that was co-organized by ARRSA in the third week of September.

Firstly, on the BBDays4.IT Industry 4.0 Day, during the networking session, the idea of focus group, according to the framework set up by WP 1 Leader, was introduced and briefly described to the representatives of companies present on the meeting. Based on the level of interest, invitation for the group discussion was made.

The focus group meeting was organized on the 20th September, in total 20 participants from 8 companies were present.

We tried to ensure the diversity of sizes and sectors among the participants. At the end we had 2 startups, 4 small and 2 medium companies at the table.

Most of the companies were representing IT sector. Due to the fact that IT is one of the most developed sectors in our city and also is indicated as a regional smart specialization, and on the other hand is a creative sector with high innovation capacity - we agreed that this is our main target group.

C. Agenda

10.00 - 10.15	Welcome coffee
10.15 - 10.30	Introduction of FI4INN project
10.30 - 12.00	Moderated discussion
12.00 - 12.15	Summary and closing remarks
12.15-13.00	Coffee & networking



D. Main conclusions

The main aim of the focus group meeting was to get familiar with the perspective of end users on the financial instruments and the current offer of innovation support ecosystem.

The topics of the focus group discussion were divided according to the suggestions made by WP 1 Leader.

The meeting was combination of a short survey with general questions about the situation and then, more deep dive discussions.

We discussed if the companies are aware of the support, if yes do they think that it is accessible and easy to get, do they feel well informed about the possibilities, what barriers and obstacles are critical for them to get certain support.

Afterwards, we asked if they are already using financial support services, do they think that those are tailored to the real needs of the companies, do they think that they are effective and easy to follow.

At the end we asked for the recommendations and opinions on what improvements can be made to create more useful support mechanisms.

Main conclusions from the discussion indicated in blocks below:

Awareness

In general, the awareness about possible funding schemes for innovation was quite high among the participants of the meeting. According to the results of the survey, **most of the participants indicated the level of awareness at 7 on a 10-point scale.**

They were aware both about the funding schemes offered on regional as well as national level. They knew the institutions offering support, just to mention: Polish Agency for Entrepreneurship Development, Marshal Office of Silesia Voivodeship, Silesian Development Fund, Uppersilesia Fund. They also mentioned local level institutions like Entrepreneurship Support Fund run by ARRSA or Startup Podbeskidzie foundation.

Among startups, also private venture capital funds were indicated as important in terms of searching for funding.

In terms of the source of knowledge where companies are looking for funding opportunities, the most important for the companies are governmental and public websites, where the direct information are published, like calls for applications, terms & conditions, eligibility criteria etc. Companies indicated that also very important are consulting companies and financial institutions, that have a complex knowledge about different sources and mechanisms of financial support.

Surprisingly, among companies that took part in the focus group, networks of contacts and associations weren't considered as highly relevant. Also events and conferences weren't on a high position.

Social media, especially LinkedIn, were also mentioned as a valuable source of information, but not necessarily social media channels of financial institutions themselves, but "influencers" or people considered as experts in the topic.

Accessibility & Diversity

In terms of accessibility, the general level of possibilities to finance innovative ideas through financial instruments, was rated quite high - in the questionnaire the rate was set **between 5 and 7 in 10-point scale.** Same situation in relation to diversity of forms of funding - the ratings were similar.



Companies were familiar with different types of funding and support schemes offered. During discussions it turns out, that participants connect the term “Accessibility” in the survey more to the awareness - so having knowledge about opportunities - not necessarily really being able to use them.

Efficiency & Simplicity

In relation to the above, the level of efficiency and simplicity of getting funds for innovation were rated very low. In the survey most of companies indicated it **on level 3 in 10-point scale**.

Most of the companies indicated very high level of bureaucracy, complicated procedures, time consuming application processes and extended reporting after getting funded.

Moreover, the issue of 6R policies were mentioned as an obstacle to be able to apply for funding. Those policies are put on at the forefront in the whole EU as they are crucial from strategic point of view, however in Poland, the level of complexity of information on how these 6R rules will be followed, that has to be set up and proven already on the application stage, is too high in opinion of the companies.

Targeting

In terms of targeting, we asked about the types of expenditures that are the most desirable to be considered eligible for funding and what is the main purpose of innovative actions for what companies wants to get external funding. Moreover, we wanted to know what specific types of financial instruments are the most relevant and what type of support, both financial and non-financial, is required.

As for the eligible expenditures, the most indicated were external services and R&D activities. When we asked about specific services that they have in mind, startups usually considered consultancy in terms of financial and legal support, also marketing services and mentoring. In terms of R&D, most of participants regardless the maturity of company, indicated testing opportunities, purchase of certain technologies and access to infrastructure enabling prototyping.

Also, operational expenditures, recruitment and salaries were indicated as very relevant.

The least important were shares, fixed assets and real estate.

The purpose of innovative actions that should be supported in opinion of the participants of the meeting is patent procedure, MVP creation, PoC, IP rights and realization of estimated sales and revenues goals.

The least important was creation of job opportunities, which seems to be a bit dissonance with the assumptions of many programs related financed with EU funds.

In terms of types of financial instruments, hybrid ones - mix of grants and other FIs - were considered most relevant. Also loans and equity type investment are at the high importance. But on the other hand, still the most desirable financial support are grants. Companies still want to fund their innovations, as they explained, this is still the first thought when thinking about financing innovation. However, for startups, equity type investments and VC funds are also a natural environment.

Due to COVID-19 pandemic, also preferential loans and tax incentives became even more popular, because those were the most commonly offered types of support to mitigate pandemic and post-pandemic negative effect.



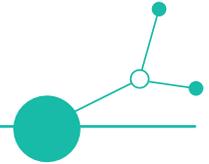
Reccomendations

Main recommendations that were indicated by companies taking part in the focus group meeting were:

1. More support programs for managers and founders - in terms of business models development, combining investments on innovation with daily basis operations, awareness raising campaign for other than grants supporting mechanisms.
2. Funding strongly linked to the outputs and milestones achieved by the company. If certain milestone is not met, the fundings should be discontinued. This will require also high level experts in the teams of financial institutions that will be able to control and verify the innovation development process.

Regional FOCUS SURVEY Italy (Friuli Venezia Giulia region) - Results

D.1.1.1 - Annex n. 9



Version 1
10 2023



Choose your company's field of activity:	Choose the size of your company:	Stage of development of your business:
ICT	0-9 employees	Seed
Manufacturing	0-9 employees	Seed
ICT	0-9 employees	Early stage
ICT	0-9 employees	Seed
ICT	0-9 employees	Growth
ICT	0-9 employees	Early stage
ICT	0-9 employees	Early stage
Services (e.g. consultancy)	0-9 employees	Pre-seed
Services (e.g. consultancy)	0-9 employees	Pre-seed
Services (e.g. consultancy)	0-9 employees	Seed
Manufacturing	0-9 employees	Pre-seed



Geographical location of your company:	Origin of your company's capital:	How do you perceive the current system of financial instruments for R&D activities in companies?
Urban area	National Capital	HARD TO REACH
Extra-urban area	National Capital	insufficient
Urban area	National Capital	
Urban area	National Capital	
Extra-urban area	National Capital	
Extra-urban area	National Capital	Difficult to access
Extra-urban area	National Capital	A well-defined entity but difficult to reach
Urban area	National Capital	
Extra-urban area	National Capital	It seems to me that there is some concrete help
Urban area	National Capital	
Urban area	National Capital	



Is the system of financial instruments clear to you?	Are you able to juggle the current contribution offer?	Is it clear to you who is an eligible applicant and what are the eligible expenses for the different financial instruments available?
No	No	No
Yes	Yes	Yes
No	No	No
No	Yes	Yes
Yes	Yes	Yes
No	No	No
No	No	Yes
Yes	No	No
No	No	No
No	No	No
No	No	Yes



How do you find out about new/future R&D support programmes?	How do you evaluate the communication of the entities managing the contributions to you as a beneficiary?	In your opinion, are the criteria by which product/process innovation is evaluated correct?
Collaborate with a subsidized finance consultant who will advise you on opportunities	4	Yes
Newsletter;Collaborate with a subsidized finance consultant who will advise you on opportunities	2	No
Newsletter;Collaborate with a subsidized finance consultant who will advise you on opportunities	2	No
Google search	3	Yes
Newsletter	3	Yes
Collaborate with a subsidized finance consultant who will advise you on opportunities	1	Yes
Collaborate with a subsidized finance consultant who will advise you on opportunities	3	Yes
Stakeholder;Collaborate with a subsidized finance consultant who will advise you on opportunities	3	No
Collaborate with a subsidized finance consultant who will advise you on opportunities	3	Yes
Newsletter	1	No
Collaborate with a subsidized finance consultant who will advise you on opportunities	3	Yes



Which criteria are significantly limiting for you in applications for banking instruments/grants? For example, the minimum age of the company, ex-post funding, too high or too low amount of grants, high competition, etc	Are there sufficient funds allocated to support startups?	It assesses the general availability of financial instruments for innovative startups/innovative SMEs.
Minimum age of the company, CV of the team	No	3
Large companies are privileged	No	2
	No	1
Minimum age of the company / amount of subsidies expected to be too much for the company financially / bureaucracy and response and disbursement times too long in an ever-changing market	Yes	3
	Yes	3
Minimum age of the company	No	3
Constraint on previous experience in companies - age of partners	No	3
	Yes	4
I have no idea at the moment	No	3
Age and there is little initial non-repayable money, they cannot always be at final reporting otherwise banks do not always make you mortgages to advance expenses if you do not have something concrete	No	2
	No	1



Are applications for funding/support easy to process?
Are you able to submit applications yourself (e.g. via your department) or rely on a consultant?

Are applications for funding/support easy to process?
Are you able to submit applications yourself (e.g. via your department) or rely on a consultant?2

If you think it's a lengthy process, are there any things you can do to speed it up/make it easier?

I have to rely on a consultant	Long	Yes
Can I apply on my own	Long	Yes
Can I apply on my own	Medium long	No
Can I apply on my own	Long	Yes
Can I apply on my own	Medium long	No
I have to rely on a consultant	Medium long	No
I have to rely on a consultant	Medium long	No
I have to rely on a consultant	Medium long	No
I have to rely on a consultant	Medium long	Yes
I have to rely on a consultant	Long	No
I have to rely on a consultant	Medium long	No



It assesses the level of efficiency and simplicity of the application process for financial instruments.	In your opinion, are the support tools for businesses targeted?	Which eligible expenditure under financial instruments has the greatest impact/is most frequently identified?
2	No	Personnel Cost, Marketing
2	No	Personnel
4		
2	Yes	Product development / legal and financial advice
3	No	
3	Yes	Personnel Cost
3	Yes	Personnel Cost
3		
3	Yes	Don't know
2	No	
3	Yes	



Do non-repayable financial instruments (soft loans, guarantees, support services) have the same level of attractiveness for you as grants or are they rather a complementary service from your point of view?

It assesses the variability of financial instruments for innovative startups and innovative SMEs.

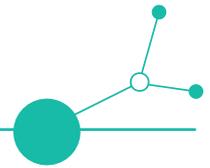
They are less attractive and therefore I see them as a complementary service	3
They are less attractive and therefore I see them as a complementary service	2
They are less attractive and therefore I see them as a complementary service	
They are less attractive and therefore I see them as a complementary service	3
They are equally attractive	3
They are equally attractive	3
They are equally attractive	3
They are less attractive and therefore I see them as a complementary service	3
They are equally attractive	3
They are less attractive and therefore I see them as a complementary service	2
They are equally attractive	3



What problems or limitations have you encountered with existing financial instruments?	What are the main recommendations that the state should follow to simplify the current system of support for the development of R&D?
Submission of the application, required qualified team for all departments from the beginning	Increase non-repayable funding, especially in the early stages
Inability of administrations to manage the tools	Sectoral Startup Assessment and Merit Assessment Mechanisms
Bureaucracy and long lead times in a constantly changing market	Speed up grant disbursements and simplify the bureaucracy to send them
Filter on previous companies or on company assets or balance sheet	
0	Don't know
Which are accountable, the problem is having money to leave	To amend the non-repayable instruments or at least a part of the financing that has this aspect, to be a driving force for development, and an open accountability, perhaps even of the first part

Transnational FOCUS GROUP - Summary

D.1.1.1 - Annex n. 10



Version 1
11 2023





FOCUS GROUP MEETING

A. When, how and where?

When: 09. 11. 2023

Form: ONLINE

Where: MS Teasm platform

Duration: 90 minutes

B. Participants

The transnational focus group was organized by FI4INN project partners, which previously organized regional/national meetings (focus groups) with SMEs and startups (ARRSA, BUILD, CzechInvest, NIA) coordinated CzechInvest. The geographical coverage of the group was then international covering central Europe countries as Austria (Carinthia), the Czech Republic, Hungary, and Poland (Silesian Voivodeship).

The focus group meeting was attended by 8 companies as a mix of innovative small and medium enterprises (SMEs) and startups (SUPs) from different sectors and four mentioned countries accompanied by FI4INN project partners representing supporting institutions.

C. Agenda

14:30 - 14.35	Welcoming & introduction
14:35 - 15:00	Introduction of the FI4INN project and Presentation of outcomes from national/regional groups and results of the analysis regarding the satisfaction of SMEs and startups with current opportunities regarding available supporting schemes
15:00 - 15:55	Moderated discussion - Transnational comparison of the needs of SMEs and startups in the field of innovation and their funding, sharing of experience and good practice
15:45 - 16:00	Summary of the discussion and closing word for the transnational group



D. Main conclusions

The implementation of the focus group was carried out according to the joint recommendations and guidelines. The transnational focus group built on the key findings gathered on the regional/national level. In comparison with previous regional/national meetings (conducted in Austria, Czechia, Hungary, Poland + survey with the same scope in Northern Italy), which were much more fruitful in the sense of data gathering, the main aim of this transnational meeting was to verify the previous main observations regarding the satisfaction of SMEs and SUPs with current opportunities of innovation funding, to compare situation in different countries and to focus on problems which are common for the area of central Europe. Moreover, the group offered an interesting space for experience sharing between companies and institutions from different countries.

The topics of the focus group discussion were selected on the basis of regional/national focus groups outputs and they were as follows:

- Orientation in the support ecosystem
- The complexity of the formal application process
- Evaluation of the innovativeness
- Project financing and cash flow

The closing part was again dedicated to the recommendations of the companies to improve the support ecosystem. The main points arising from the discussion are summarised in the following paragraphs expressing the opinions of the companies participating in this meeting.

Discussion results

There is a negative experience with some instruments - companies are not able independently evaluate if they are eligible applicants or not and specifications of some schemes is not are not always clear for the companies.

National/regional agencies need motivation to spread information to the companies. In case of national/regional instruments, it's not rated badly, but companies need more information from Europe (about European programs and calls) - Also European institutions should give more information themselves. Motivation is key to allocate the information to the right place.

On the other hand, in some cases (instruments), companies are not satisfied with the communication of the support institutions - too long waiting for announcement of the call and too long waiting long for the result, nobody answers posed questions, timelines not reliable (the announced dates often change).

The question of complexity of the ecosystem and awareness was discussed again. For startups (and small enterprises) it is difficult to find suitable instrument. They would appreciate one single instrument for startups. The system is rated as very complicated and difficult to navigate (and to be able to distinguish, which instrument is meant for startups and which for other types of companies).

As in the case of regional/national focus groups, the term of awareness has often been linked to accessibility.

Regarding the issue of eligible expenditures, some companies appreciate outsourcing, others would rather support their own employees.

The complexity of the bureaucracy is also mentioned. For the companies it is important to avoid time wasting (time is very valuable for them).



The cash flow problem was highlighted again (as in the case of regional/national focus groups). It is very difficult to apply for support with ex post financing for startups and small enterprises. In this sense, it is a great struggle for young people to start a new company. However, startups are not interested only in easy money but also in ideas and challenges.

In some programs, there is very high self-financing rate – 20 % is OK, but 50 % is too much for startups and small enterprises. In case of some instruments, it is perceived as very low amount of money for too much effort. The companies would probably not implement some projects if there was no support for it, and if they waste a lot of time and money on something they don't really need, it's not perceived positively.

Lots of startups have troubles to find business angels, preferably also accumulation the role of a business mentors, because they are not expert on finance and business. A frequent experience is that investors want traction, that startups cannot offer without manufacturing or existing product.

There were an experience of some companies mentioned, that projects until TRL 4 are possible to be financed with grants. Venture capital (VC) investments come to the play usually when innovation is on certain level. It can be both state and private sources in form of VC money.

The business representatives perceive also as crucial to choose right type of support in different stage of the company. However, the quality and softness of the VC funding is (could be) different. Example of the Czech Republic, VC funds are not interested in small projects, focused on bigger ones and for later phases of the startups. Business angels could fill the gap between startup founders' own sources and VC funding.

Majority of public funding goes to innovation, but one of the main reasons of startup failure is often the failure of sales and business plan.

Recommendations

- To support instruments based on ex ante financing for startups or on lump sum principle – especially startups will appreciate this option
- To simplify bureaucracy – To create schemes when companies you put on paper the basic outlines of the project and they are given feedback if they go to the next round and then only then put more detail to the application – not vice versa (to spent 10 days by preparation of application form to finish by 3 mins pitch in front of a committee with negative result)
- Also consortiums might be the way – consortium can take bureaucracy on their back and also give mentoring to the startups
- The startups would appreciate some tool to easily find a business angel at early stage of the company (e.g. investment around 50 000 €). There is a good experience with angel investors associations in Hungary and with initiatives (such as “technological institute”) collecting and supporting interesting projects.
- To support more the business development and sales activities
- The support for startups should go from the local innovation centres, they know the startups in detail and the cooperation is more intensive
- Different tools should be considered to different level of TRL and different types of startups
- Idea, that startups in early stage should be view as non-profit organisation and receive 100 % funding, because they have market connection, more skills and creativity, what is valuable for the society (e.g., same as in case of non-profit organisations)