



smethod

# SMETHOD - BETTER SME'S FOR BETTER INNOVATION



University of  
**LODZ**



**APINTECH**  
SUSTAINABLE SOLUTIONS FOR  
THE INTERNATIONAL COMMUNITY



The project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 777491.

# INTRODUCTION

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy. They represent 99% of all businesses in the EU. In fact, according to the European Commission SMEs have created 85% of new jobs and provided two-thirds of the total private sector employment in the EU in the past 5 years. But despite their importance, SMEs face many challenges such as access to finance, a shortage of skilled labour, new technologies to cope with. So how can SMEs become more innovative and stay ahead of the competition?

## 7 PARTNER PROJECT

SMETHOD, a seven-partner project under the XYZ line, is helping the European Commission find some answers. SMETHOD is helping to match SMEs with innovation potential to the type of support that will be the most effective.



ASM - Market Research  
and Analysis Centre



Badajoz Official  
Chamber of Commerce,  
Industry and Services



Teknologian  
Tutkimuskeskus VTT Oy



International Society for  
Professional Innovation  
Management



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# PART 1

# POLICY BRIEF



To tackle the grand challenges the world is facing today, the innovation is indispensable. The reasons for providing public support for innovation activities are many, however, public innovation support actors face a set of barriers in offering their services that lead to a mismatch in support and therefore reduced impact.

## SME-BASED BARRIERS

- (1) a lack of diverse teams,
- (2) lack of ambition,
- (3) rising disparities in innovation.

## INSTITUTION-BASED BARRIERS

- (4) gaps in support,
- (5) complexity of the support system,
- (6) lack of matching private funding,
- (7) lack of stability in policy,
- (8) lack of resources for policy implementation,
- (9) support of grand challenges,
- (10) lagging skill development in support ecosystem.

# RECOMMENDATIONS FOR POLICY MAKERS

- Funding is not enough to succeed – the right framework conditions to absorb shocks and offer maximum stability are crucial
- Policy instruments should focus on building capabilities, accessing global talent and forging strong teams.
- Business support needs simplification
- Predictability and continuity in policy and instruments is essential, in case changes are needed and subsequent support is required by the SMEs

# RECOMMENDATIONS FOR INNOVATION SUPPORT AGENCIES

- R&D funding should align with UN Sustainable Development Goals, market creation and include public-private partnerships.
- Support agencies must understand their segmentation of support for SMEs. And important criteria must include: ambition (long-term motivation), skill base, regional location and ecosystem participation.
- Support service systems should be more user-friendly with less documentation requirements.
- As the speed of technology development accelerates, support agencies should invest sufficiently in their infrastructure and skills.



# PART 2

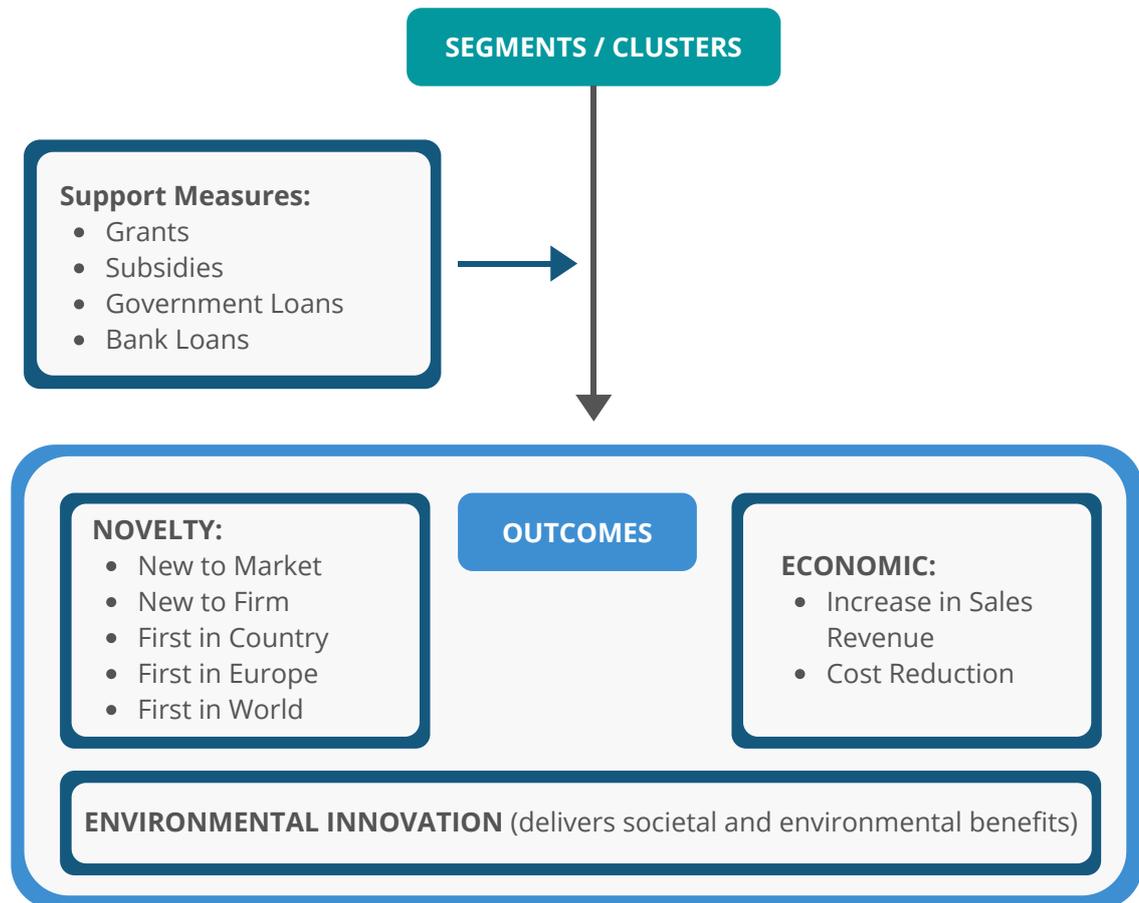
# SMETHOD

# SEGMENTATION

# METHODOLOGY



SMETHOD is helping to match SMEs with innovation potential to the type of support that will be the most effective. The SMETHOD segmentation methodology matches **SME Clusters** with appropriate **support measures** to achieve different innovation **outcomes**.



## THE SEGMENTATION CRITERIA - SMETHOD ORGANISES THE SMES BY

- enterprise characteristics,
- innovative behaviour and outcomes,
- industry and enterprise lifecycles,
- sectors and regional characteristics.

## APPLYING THE METHODOLOGY, WE IDENTIFIED SIX CLUSTERS OF SMES, THE MOST IMPORTANT FOUR OF WHICH ARE:

- a large segment of non-innovative SMEs (segment '0' - **The Non-Innovators**),
- another large group of older firms (segment '5' "**The Traditionalists**" that tend to pursue economic and environmental goals as opposed to novelty though innovation),
- two smaller segments with significant achievements on all dimensions:
  - segment '3' presenting the highest shares of firms that received funding and introduced innovation prior to 2015, "**The pre-2015 Stars**"
  - highly successful small and young firms - segment '4', "**The post-2015 Stars**"

Project outputs will help European support agencies to better harness the power of SMEs by providing funds to support innovation capacity in a more efficient and socially desirable way. The ultimate objective is the implementation of a decision support tool based on the SMETHOD methodology. It will ensure a significant impact on the market, stimulating the growth of promising firms from segment 3 and 4, which can develop innovative solutions, products and services. SMETHOD methodology and DST help support agencies to choose which SME has the best conditions to exploit allocated funds in the most effective way.

It's clear that different types of support should be distributed to the different types of SME to achieve different types of innovation.



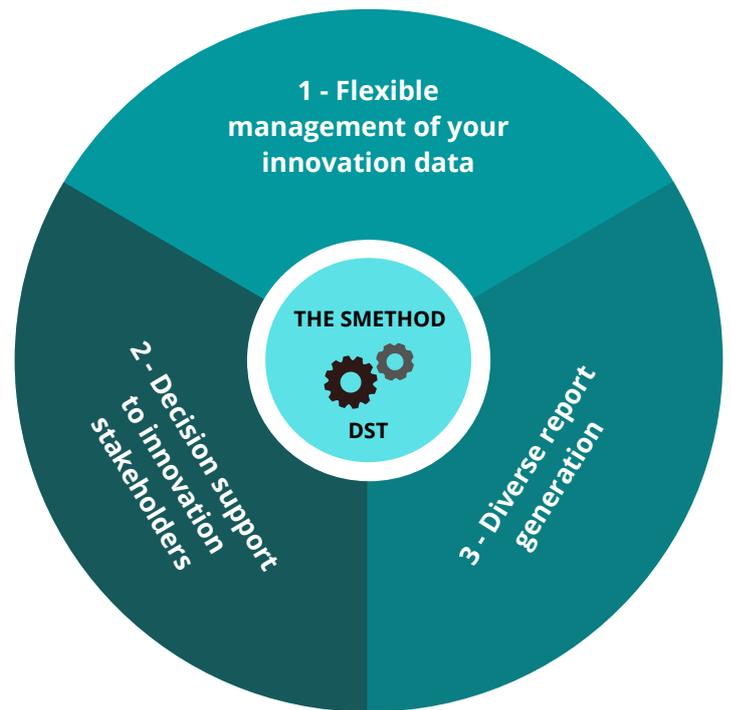
# PART 5

# DECISION

# SUPPORT TOOL



SMETHOD has developed an excellent tool for innovation support agencies to help to improve your data management and decision-making process.



The tool works in two ways

## NO PAST EVALUATION DATA

If you don't possess past evaluation data (let's say something like 100 evaluation completed cases) you can **use simple weighting and ranking**. You set-up your indicators, cluster them in categories, set up a ranking policy and start assessing all new support decisions.

Indicators

**Title**

**Category**

**Weight**

**Indicator type**  
 Qualitative  Quantitative

**Sub-indicator**  
 This indicator represents the various criteria aspects of an innovation ranking. It is a combination of a weighted final score.

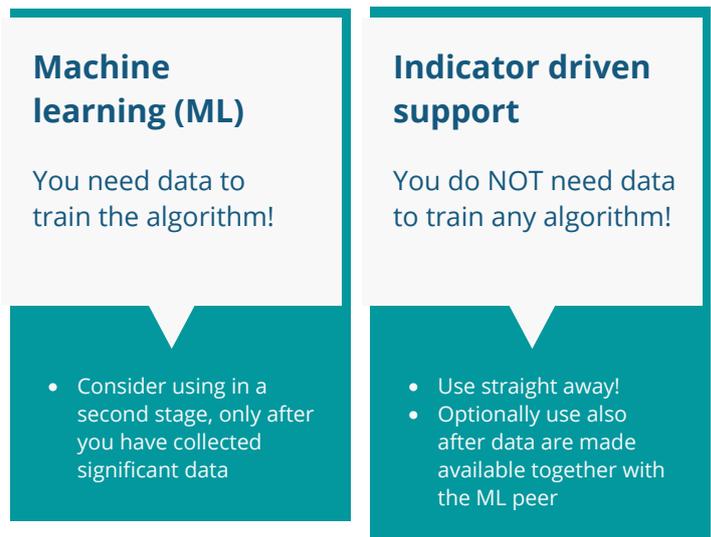
**Indicator status**  
 Active  Inactive

**Indicator description**

**Indicator weight**

Indicators

ID	Indicator	Weight	Indicator type	Indicator status	Indicator description	Indicator weight	Indicator status
1	Innovation of the client support	100	Quantitative	Active		100	Active
2	Innovation of the client support	100	Quantitative	Active		100	Active
3	Innovation of the client support	100	Quantitative	Active		100	Active
4	Innovation of the client support	100	Quantitative	Active		100	Active
5	Innovation of the client support	100	Quantitative	Active		100	Active
6	Innovation of the client support	100	Quantitative	Active		100	Active
7	Innovation of the client support	100	Quantitative	Active		100	Active
8	Innovation of the client support	100	Quantitative	Active		100	Active
9	Innovation of the client support	100	Quantitative	Active		100	Active
10	Innovation of the client support	100	Quantitative	Active		100	Active

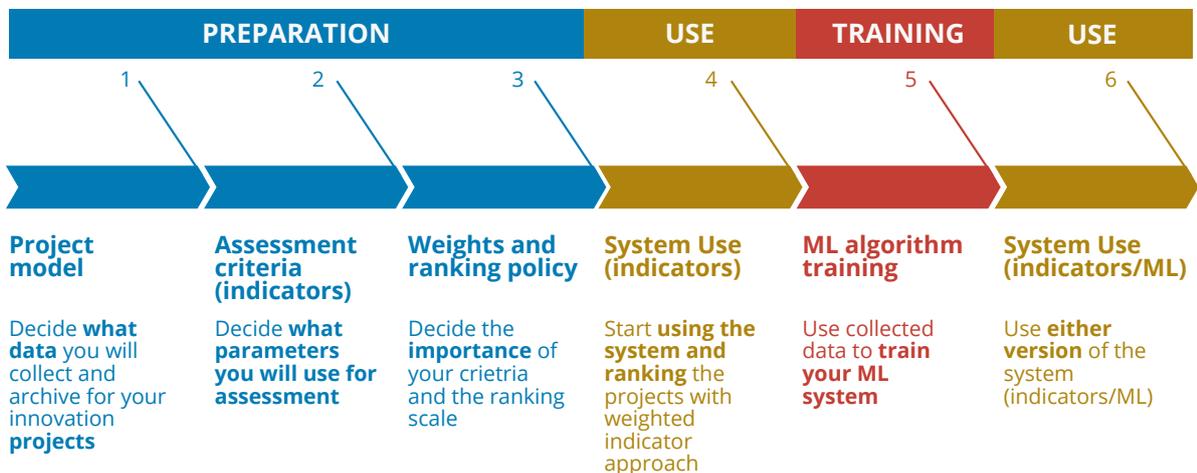


## GOOD QUALITY PAST DATA

However, if you trust the quality of your existing data set, you can shift to machine learning decision support. Here, you will use your past data to train **an algorithm** that uses your experience and issues recommendations for decisions.

In both cases, SMETHOD will archive, manage, report and fully support all aspects of your data and above decision processes.

## WORKFLOW OF THE DECISION SUPPORT





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