



A programme of the National Centre for Research and Development

## GO\_GLOBAL.PL

*Increasing the scale of commercialisation of research results or development works of Polish companies on global markets*

### 1. General assumptions

The program entitled GO\_GLOBAL.PL is a continuation of a pilot project under the same name that was launched by the National Centre for Research and Development in October 2012. Its aim remains to increase the scale of commercialisation of products and services of Polish innovative companies, created as a result of research or development works, on global markets. The programme was established on the basis of Art. 30 Paragraph 1 point 1 of the Act of 30 April 2010 on the National Centre for Research and Development (Journal of Laws of 2010, no. 96, item 616, as amended), hereinafter referred to as the Act, which provides that the tasks of the Centre include, among others, supporting the commercialisation of the results of research and development works and other forms of their transfer to the economy. The above-stated objective of the Programme is also consistent with the Act in its Art. 29, Paragraph 1 – it is indicated as one of the tasks of the Centre to “stimulate entrepreneurial investment in R&D, in particular by co-financing activities carried out by an entity with the ability to apply the results of the project to practice.”

GO\_GLOBAL.PL also conforms to the activities of the Centre, whose mission is, among others, to support Polish enterprises in developing their abilities to create and use solutions based on research findings in order to give impetus to the development of the economy and for the benefit of society. GO\_GLOBAL.PL program focuses on the support of Polish innovative companies interested in commercialising the results of their research and development works on foreign markets.

Additionally, Paragraph 5 Point 1 of the Regulation of the Minister of Science and Higher Education of 17 September 2010 on the Detailed Mode of Performance of Tasks of the National Centre for Research and Development (Journal of Laws No. 178, item 1200), details the tasks carried out by the Centre, which include, inter alia, facilitating the acquisition of external funding for activities carried out by entrepreneurs conducting research and development, in particular from financial institutions. The above task coincides with the objective of GO\_GLOBAL.PL, one of whose results may be obtaining funding from high risk funds, e.g. venture capital funds.

For the purposes of the implementation of the programme, we assume the following definition of commercialisation: "to cause that something, which is of a potential value and has the ability to generate profit, will be sold, produced, shared or used for profit or create capital". The term “commercialisation” is also understood here as the process of "making a new product, method or solution available to other parties, mainly entrepreneurs, for financial gains upon market rules”. This remains in line with the scheme of three basic ways of commercialising R&D results (which do not form a closed catalogue) i.e. the sale of R&D results, granting a license to R&D results and bringing R&D results to a company whose business area is to place a product based on those results on the market.

On the basis of Article 30 of the Act, while performing its statutory tasks, the Centre can collaborate with national and foreign entities, including as a partner in joint venture agreements. Using a positive experience from previous co-operation with partners in the pilot project and in accordance with recommendations set out in GO\_GLOBAL.PL pilot project’s evaluation report, the Centre intends to continue the collaboration with existing partners<sup>1</sup> while carrying out the project and will strive for extending the list of partners. Their main goal will be to support Young Polish innovative companies in carrying out Project co-funded under the umbrella of GO\_GLOBAL.PL, particularly as regards preparing

for entry on selected global markets, including through enabling access to capital investors and possible business partners. Support programmes offered by the partners of the Centre did not and will not impose the necessity to take advantage of them on the beneficiaries of GO\_GLOBAL.PL. The Applicants will have an unlimited choice of the entity that will provide for them consultancy services in terms of commercialization of products or services created as a result of R&D works on global markets

### **Linking the Programme with strategic documents**

In accordance with the provisions of the strategic document of the Ministry of Science and Higher Education, i.e. the National Research Programme, one of the main objectives of state policy is a closer co-operation between science and the economy. Among other things, this requires the creation of a system of effective incentives for entrepreneurs to invest in R&D. It is in this regard that GO\_GLOBAL.PL programme, through support for global commercialisation of Polish technological thought, increases the motivation of investors and entrepreneurs alike (both foreign and Polish SMEs) to invest in an R&D work by reducing the risk associated with introducing new and innovative products on the market.

According to the National Research Programme, the aim of the development of Polish science is the application of research results to improve Poland's civilisation level, including through a fuller implementation of Poland's science results in culture, education and the economy. A particularly important task of Polish science is to take part in reducing the civilisation gap between Poland and countries of highly developed economies, as well as and in improving the quality of life of Polish society.

EU programmes and strategies also recognise both the need to invest in innovation and commercialisation, as well as to take action to enhance the internationalisation of European SMEs. It is particularly worth recalling the Europe 2020 Strategy and its flagship initiative Innovation Union, as well as the Small Business Act and the Market Access Strategy.

Challenges related to internationalisation and R&D investment are recognised in the national strategies and operational documents, including in a document called "Dynamic Poland 2020", prepared by the Ministry of Economy. The said document implements the provisions of the medium-term National Development Strategy 2020. An executive programme of the National Development Strategy 2020, called "Enterprise Development Programme by 2020", was also created on the basis of "Dynamic Poland 2020". "Enterprise Development Programme by 2020" is an Appendix to the Resolution of the Council of Ministers of 8 April 2014. Actions planned in this document will be aimed at, among others, achieving the level of R&D investment amounting to 1.7% GDP.

Eurostat data indicates that the activity of Polish enterprises is not sufficiently internationalised. Only 3.4% of companies sell products and services to EU markets and 1.7% to other countries. This result places Poland on the fifth- and third last position respectively among 21 EU Member States subject to this evaluation. As to SMEs, the percentage is even lower - 3.3% of those entities export to EU markets and only 0.9% beyond the EU. It is one of the weakest scores in Europe. At the same time, it is mainly large Polish companies that export – in 2010, the share of Polish SMEs in export was merely 28.7%, compared to the EU-18 average of 39.7%.

In view of the above, it is indicated that it is necessary to create a set of instruments that will allow the smallest enterprises as well as those conducting R&D activities to overcome the barriers that could block foreign market entry.

One possible solution is to carry out a project that supports the internationalisation of SMEs that conduct R&D activities or operate in the high-tech sector, including ICT, by developing a tailor-made foreign market entry strategy with the help of professional consultancies and the verification of strategies developed by representatives of venture capital funds or potential business partners.

### **Diagnosis of the situation in the area of science and the economy**

The proposed support under the new Programme is to enable further development of innovative companies, including start-ups, for which the Polish and local markets are not sufficiently absorbent to

enable their development on a scale that gives them a chance of a return on investment and the payment of premiums for technological and market risk. In the study entitled "Recommendations of changes in the Polish system of technology transfer and commercialisation of knowledge", its authors describe the Polish market as little receptive to innovative solutions. They claim that in many industries, the success of a start-up depends on the possibility of its foreign market entry already at the initial stage of the endeavour, while in Poland start-ups face the barrier of a limited national market. Experts also point out that "in dynamic industries on a national scale there is no demand for innovative products due to the limited affluence of the customers, their conservatism and distrust of the novelties from Poland, or - because of the limited size of the market - too few potential customers." GO\_GLOBAL.PL would therefore respond to the barriers indicated by experts through effective commercialisation of R&D results and technology transfer from science to the economy.

#### ▪ **Pilot project evaluation - summary**

In the three respective editions of the competition the number of applications submitted and of grants awarded increased. A total of 203 applications for funding were submitted in the amount of more than PLN 38.5 million, with approximately PLN 5.75 million of own contribution declared. The Centre has granted funding on 50 projects to the tune of approximately PLN 10 million, which is fully in line with the objectives of the pilot project description approved by the Board of the Centre.

Following the completion of the call for applications to the third and last edition of the competition as part of a pilot project GO\_GLOBAL.PL, the Centre commissioned the Institute for Market Economics to conduct an ex-post evaluation study. The experience of the GO\_GLOBAL.PL pilot project implemented by the NCRD since October 2012 confirms the interest of technology companies in commercialising R&D results in foreign markets and making use of public support in this respect.

As pointed out by the authors of the report, the mechanism of GO\_GLOBAL.PL as proposed by the Centre was very flexible. The entrepreneurs involved in the endeavour had an opportunity to carry out their projects either with a partner of the Centre or on their own. They could also define their strategies through actions and formulate those strategies at the end, rather than at the beginning of the project's implementation.

Support in the form of partners indicated i.e. verified entities that provide knowledge of and contacts on the target market, as well as the possibility of obtaining high competences in the framework of the project in relation to key geographic markets (Germany, the Silicon Valley) and industrial areas (e.g. IT), was particularly important for young players (start-ups) that did not have their own international contacts. The scale of funding on offer allowed both to undertake activities on foreign markets (visits, discussions with business partners, participation in fairs, etc.) as well as to acquire the know-how of these markets (purchase of specialised expertise, analyses, reports, mentoring and consultancy services, etc.)

The verification of products/technologies proposed with potential customers and business partners was of particular importance to the companies. Entrepreneurs who had participated in previous editions of the project pointed out that the funding obtained from the EU (including from Passport to Export) and related responsibilities (particularly the settlement of the project, the relatively low flexibility of actions) are a huge burden not only for young companies, but also for those experienced yet small and innovative ones.

The relative simplicity of the pilot project and an efficient service on the part of the NCRD, a good evaluation process involving an experts' panel, transparency as well as a relatively high flexibility and simplicity in preparing settlements met with huge appreciation of the beneficiaries of GO\_GLOBAL.PL, particularly the small companies with no experience in obtaining public grants.

The existence of foreign partners in GO\_GLOBAL.PL project was often highlighted as its important asset, especially by relatively young and small companies that had not yet entered foreign markets. These partners have suitable knowledge and contacts (or the ability to gain them if needed), which are very useful for the preparation and implementation of the strategy of entering a market. The reputation of the

partner (e.g. the Fraunhofer brand in Germany) is also not without significance. Some respondents also pointed out that GO\_GLOBAL.PL made it easier for them to establish co-operation with a partner that had previously been problematic to get in touch with.

The evaluation showed that, especially for young and small businesses, it is the financial support that is essential - without it, those companies would often not have pursued a successful attempt at entering a foreign market due to the lack of resources. For this group of companies it is also equally important to make use of the offer of the foreign partners of the project that provide knowledge and contacts that small and young companies do not yet have. For larger and more experienced companies, the support offered as part of GO\_GLOBAL.PL was not crucial for the decision to attempt entering a given market, but it could have speeded it up and reduced the risk of something going wrong.

By introducing the results of research and development to foreign markets, GO\_GLOBAL.PL can help increase the scale of research commercialisation and follow-up actions taken by businesses incentivised to invest in R&D and to co-operate with the science sector.

So far, while analysing the results of the implementation of GO\_GLOBAL.PL pilot project, it is necessary to point out that:

- more than **80% of the beneficiaries** were able to find at least one business partner in foreign markets;
- **every fifth beneficiary** opened an office or representation in a foreign market as a result of the project;
- **every fourth beneficiary** noted a direct impact of the project carried out on the increase in sales of their products or services;
- **15% of beneficiaries** managed to acquire a financial investor as part of an ongoing project.

Many companies held talks with business partners and external investors, with whom they failed to finalise agreements during the reporting period. The specificity of support provided and the durability of building serious business relationships results in postponing measurable results of how an instrument operates. It can therefore be expected that there would be an increase in the value of the above measurable results after a longer period of time e.g. one year after the completion of the project.

#### ▪ **Project contractors**

The addressees of GO\_GLOBAL.PL are existing companies from the high and medium-high technology sector. The fact that the Centre focuses its assistance particularly on this group is in line with the policy of the Centre to support companies based on R&D in other assistance programs offered by the NCRD and differentiates the instrument offered from other existing support programmes for companies operating in Poland and interested in entering international markets. The programme is intended for ambitious entrepreneurs engaged in R&D who have a unique product, but lack the resources, specialised skills and contacts to quickly commercialise this product on the global market (that is, bring it on international markets).

#### - **Funding, budget, start of the Programme**

- maximum amount of co-funding the project – **PLN 150,000**
- minimum contribution from the applicant - **15%**;
- the funding granted by the NCRD will constitute de minimis assistance, hence its granting and amount will depend on whether the applicant meets the conditions for granting de minimis assistance, as defined in the Regulation of the Minister for Science and Higher Education issued on the basis of Art. 33 paragraph 2 of the Act on the National Centre for Research and Development;
- the budget of the Programme is PLN 15 million (indicative assumptions: PLN 3-5 in 2015, PLN 3-5 million in 2016, PLN 3-5 million in 2017);
- planned number of projects supported – 100;

- calls for applications for funding will be held at least once a year in the years 2015-17, until the entire budget of the Programme has been spent;
- Project duration – **up to 6 months**;
- In order to maximise the effectiveness of public spending on the commercialisation of R&D results, agreements on financing projects selected for funding will include a condition that if during the period of 3 years from the completion of the project for which the entrepreneur has received funding from the NCRD, s/he will sell the enterprise or technology ownership rights which is the subject of the commercialisation of the project (does not apply to granting a licence) outside the **Republic of Poland**, s/he will be obliged to return 5 times the amount of funding granted.

## 2. Main objective and specific objectives

### Main objective

- to increase the scale of commercialisation of research results or development works of Polish companies on global markets;

### Specific objective

- to increase the competitiveness of Polish entrepreneurs – beneficiaries of the Programme – on global markets (understood as an increase of the share of those entrepreneurs of the relevant product markets of a global reach).

## 3. Determining how to monitor and assess the degree of achievement of the main and specific objectives of the Programme, including quantitative and qualitative indicators, results and impact

Monitoring and assessment of the degree of achievement of the respective objectives will be carried out using indicators as shown in the tables below.

### Programme's impact indicator

No.	Name of indicator	Unit of measurement	Base value	Target value
1.	Number of entrepreneurs – beneficiaries of the Programme – who reach at least a 5% share of the total sales of their product (whose commercialisation will be funded within the Programme) on the global market	piece	0	40

### Programme's result indicator

No.	Name of indicator	Unit of measurement	Base value	Target value
1.	Number of entrepreneurs who will introduce their products/services on a foreign market within a year after the completion of the project	piece	0	60

### Programme's output indicator

No.	Name of indicator	Unit of measurement	Base value	Target value
1.	Developed global market entry strategy of an entrepreneur – beneficiary of the Programme.	piece	0	100

On the basis of contracts signed for project financing, beneficiaries of the Programme will be obliged to pass on to the NCRD the data and information to monitor the degree of achievement of both the main and specific objectives during the implementation of projects and up to 5 years after their completion. The NCRD will analyse the data on an ongoing basis, in the context of achieving the objectives of the Programme.

Run continuously since the start of the Programme, such monitoring will allow for a possible correction of the Programme's implementation method should there be a high-risk of not reaching the assumed values of the performance indicators of the main and specific objectives.

#### **4. The method of intervention, including the detailed terms of the implementation of projects under the Programme**

##### **▪ Types of operations funded**

- 1) Funding of projects will be effected by a decision of the Director of the Centre, issued on the basis of the ranking list of projects recommended for support;
- 2) Funding of the project will be awarded to increase the commercialisation of R&D results previously carried by an entrepreneur based in the territory of the Republic of Poland;
- 3) Co-funding of the project will constitute de minimis assistance and will be granted to entrepreneurs provided they will have submitted an application for assistance before the start of the project;
- 4) The applicant will be required to engage their own financial contribution to the project.

##### **▪ Project selection criteria**

Applications for funding will be submitted in Polish and partly in English, and their assessment will be based on project documentation and its compliance with the formal criteria and the criteria for pre-selection and selection (within a two-stage assessment of merits). Formal evaluation will be made in the zero-one system, according to pre-developed and published criteria. The evaluation of whether the pre-selection and selection criteria have been met will be made using a point system by a panel of experts appointed by the Director of the Centre. The Director of the Centre decides to grant or refuse to grant funding on the basis of a ranking list of projects recommended for support

##### **▪ Costs eligibility criteria**

Funding is provided under a contract to perform and finance the project. The applicant may start the project before the results of the competition have been announced, and the eligible costs of the project may be incurred from the day following the date of submission of the application. The necessary condition to obtain a refund of eligible costs incurred prior to the conclusion of the performance and financing of the project is to grant funding to the applicant as an outcome of the competition and the signing of the contract. The project implementation period shall not exceed 6 months. The maximum amount of the grant is PLN 150,000, with own financial contribution of at least 15% of the said amount.

##### **▪ Catalogue of costs qualified**

<b>E</b>	Cost of consultancy and equivalent services
<b>Op</b>	Other operational cost
<b>O</b>	General cost

#### **5. Detailed system of carrying out and managing the Programme**

The programme will be carried out in accordance with the NCRD procedures, and will be supervised by the Director of the NCRD or a person authorised by him. Preparatory work will be carried out by the Department for the Development of R&D Infrastructure (DRI). Programme implementation management in terms of calls for proposals, preparation of contracts on carrying out and financing of projects as well as conducting the monitoring of the Programme will be assigned to the Program Co-ordinator at the DRI. Financial service of the Programme, e.g. financial evaluation of payment applications and settlement of expenditure projects co-funded will be led by the Finance Department. The Accounting Department will be responsible for the accounting services, including bookkeeping and payments. The Legal Department, in turn, will take responsibility for the legal services of the Programme, e.g. ongoing support to the DRI in the preparation, implementation and monitoring of the Programme. Information and promotion activities will be carried out by the Department for Communication and Promotion, scheduled and ad hoc inspections - by the Department for Project Control, while the organisation of evaluation of the Programme – by the Department for Systemic Projects and Programming (and within it – by the Section of Studies, Analyses and Evaluation).

Call for applications for funding of projects under the Programme will be held at least once a year, will be of single-step selection and last a minimum of 45 days. It is assumed that at least three calls for proposals will take place throughout the duration of the Programme, subject to the availability of funds.

Financial management principles will be defined in the rules of the competition and in the agreement on the implementation and financing of the project under GO\_GLOBAL.PL, a specimen of which will constitute an Appendix to the Rules of the competition.

After the completion of the Programme, the NCRD will conduct its evaluation study.

## **6. Programme schedule**

The Programme will be run in 2015-2023 according to the following schedule:

- 2015-2017 – carrying out calls for proposals (at least one call a year);
- 2015-2018 – funding and monitoring of project implementation;
- 2015-2023 – monitoring and evaluation of the use of project results (assuming that the last projects may be completed in 2018, and the NCRD may carry out checks in the period up of to 5 years after the completion of the project).

At the turn of 2014 and 2015, it is planned to complete the works to prepare the tools to implement the Programme, i.e. the rules of competitions with detailed arrangements regarding the selection criteria and the evaluation of applications, so that the first call in the Programme can be held in the first quarter of 2015.

As in previous years, it is additionally planned to maintain working relations with the Polish Agency for Enterprise Development (PARP) to synchronise actions related to providing support for the Polish SMEs in their global market entries, exchange experience, best practices as well as information on the enterprises supported - to avoid double funding.

## **7. Programme's financial plan and its funding sources**

The Programme will be funded from the state budget as a targeted subsidy for the NCRD from the Minister of Science and Higher Education, as well as from private funds (own contribution of entrepreneurs).

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<sup>i</sup> *US-Polish Trade Council, Plug and Play Tech Center, Fraunhofer-Zentrum für Mittel und Osteuropa and Academic Incubators of Entrepreneurship (AIP)*