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# SBIR in The Netherlands

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## This presentation

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- A short history of the SBIR programme in The Netherlands (SBIR-NL)
- How SBIR-NL works and findings of mid-term evaluation
- Challenges for the future of SBIR-NL

## A short history of the programme since 2006

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- The inspiration came from the US SBIR programme
  - European Commission -> did not allow it to be an SME instrument
  - Unlike the US there was no mandatory budget allocations for agencies or departments: so SBIR-NL has no dedicated budget
  - The programme's peak was in 2011
    - *Fitted well in the government's policy for Societal Challenges*
    - *It had a broad interest from a wide set of Departments*
    - *There were ample budgets in the Departments & Agencies*
  - After 2011: SBIR-NL still exists but at a much smaller scale
    - *Austerity led to drastic cuts in budgets across all Departments and Agencies, SBIR was no longer a priority*
    - *The new government had no agenda for Societal Challenges*
    - *All major grant instruments for innovation abolished*
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## Two distinctive features that differ from US & EC model

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- The thematic topics are defined by public sector agencies or departments
  - *Promote Innovations that address Societal Challenges (e.g. Healthy Ageing, Sustainable Energy, Environmental Issues, Health, Security, Water Management)*
- SBIR-NL is seen mostly as a Public Procurement instrument, not as a grant programme

## SBIR-NL had three strands with different approaches

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- Strand 1: SBIR initiated by Government Departments/ Agencies
  - *Pre-commercial procurement in topics with societal added value*
  - *Calls to ask companies to offer solutions to specific problems*
  - *Topics where government could act as 'public procurer' or where government is a catalyst to change commercial markets*
- Strand 2: SBIR run by Research Council NWO -> **no longer exists**
  - *Addressing the 'Valley of Death' after academic research*
  - *Preparing for investment from private sector risk capital*
- Strand 3: SBIR run by public sector contract research organisation TNO -> **now runs as an independent initiative**
  - *Ideas and research efforts developed by TNO offered to companies*
  - *TNO supports companies to develop commercial applications*

## Lessons learnt from Departmental SBIR (Strand 1)

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- Long period needed to convince Departments/Agencies to use the instrument: the Societal Challenges Agenda made it easier
- Relied on a number of 'champions' in Departments, but was initially not taken on board at highest levels in Departments
- How to use the instrument in practice needed advice and support:
  - *The Enterprise Agency had a very experienced team for this*
- Needs expertise to formulate an appropriate call that asks for solutions rather than prescribes technologies

## Similar Three-Phase system as US program, less generous

### Phase 1

**Feasibility studies**

### Phase 2

**Research and  
technological  
development**

### Phase 3

**Commercialisation**

-> 25-50% continue to phase 2

**Strand 1 max. €50,000**

**max €450,000**

**No funding**

**Access to procurers**

## The SBIR-NL from a company perspective (2011)

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- Great majority (90%) of participants are SMEs
- Benefits for the companies :
  - *A contractual relationship rather than grant relationship*
  - *Creating a customer relationship with Departments which is more difficult in 'normal' public procurement procedures for SMEs*
  - *Feasibility study forces companies to think about end use*
  - *Funding is 100% instead of co-funded R&D grant*
  - *Fast processes, low entry barriers*
  - *Enhanced partnership with other SMEs*
  - *Very positive about being able to contribute to societal issues*
- Critical views
  - *Role of public sector in Phase 3 is unclear*
  - *The 'promise' of procurement is quite loose*



## An example of a successful project: DigiDijk

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- Urgent need to monitor sea and river dikes more permanently
- Using chip technology to create measurement stations inside dikes
- Sensor and satellite technologies to monitor from above
- Two small companies won SBIR contracts
- Challenge: regional water authorities need to purchase the system
- Catalyst effect: creates opportunities in foreign markets

## Challenges for the NL SBIR programme in the future

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- Scaling up the effect of individual projects
  - *Commercial successful introductions, but no big bangs*
  - *No clustering effects in value chains*
- Involving public procurers at an early stage (for 3<sup>rd</sup> phase)
- Getting back on the political agenda, post-austerity
- Creating synergy with other (SME) instruments
  - *It remains an isolated instrument used by a limited number of stakeholders in the public sector*
  - *Since last week after Parliamentary enquiry why the programme isn't used more intensively -> integrated in the main 'Top Sector' policy but with only €3 million budget so far*

## Summing up

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- The programme worked well for the companies
- The Societal Challenges angle /Public Procurement route gives SBIR-NL an extra dimension, but also makes it more difficult to implement
- The Public Procurement route has the potential to mobilise much bigger public budgets than R&D budgets alone
- The SBIR-NL survived the austerity storm, now it needs to get back up on its feet with stronger political support

Thank you

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