DIGITALEUROPE

23 February 2023

DIGITALEUROPE response to the HEU Public consultation

Attachment to the DIGITALEUROPE response to the public consultation on the past, present and future of the European Research & Innovation
Framework programmes 2014-2027 HEU Consultation

Research & Innovation (R&I) collaboration is essential to develop, diffuse and apply new knowledge, build momentum for global standards and create early access to future markets. Since the preparation of Horizon 2020 DIGITALEUROPE has been committed and actively involved in a concrete co-creation process towards a successful design and implementation of the Commission Framework Programmes.

In 2018 DIGITALEUROPE acknowledged the inclusion of digital technologies and skills as key components of Horizon Europe and stressed the need for Horizon Europe to keep funding and involving the digital industry to nurture a proven collaborative R&I environment of large firms, SMEs, universities and research institutes.

In 2020 DIGITALEUROPE proposed a 15% digital target in the MFF and Recovery Package on digital, followed by the publication of the Digital Investment Plan for Europe. A 20% of each Member State's recovery and resilience plan was then allocated to measures contributing to the digital transition.

More recently, DIGITALEUROPE published the MCARD-HEU: the Model Consortium Agreement for Research, Development and Innovation Actions under Horizon Europe, which provides a sound and suitable starting point for consortia and negotiations.

Key Points

▶▶ **Stable funding for digital R&D&I** in the second part of Horizon Europe should be maintained.

▶▶ **Attractive conditions for industry participation** should be sought as well as its engagement in the co-designing process of FP10 .

▶▶ **Funding for Europe's twin transition** should be secured in all parts of the Horizon Europe programme, and specifically in cluster 4 and cluster 5 of Pillar II.

Recommendations for the Strategic Plan 2025-2027

We stress the importance of **securing budget for Horizon Europe programme**, especially for cluster 4 and 5 in pillar II, with the aim to strengthen industry's competitiveness and secure Europe's leadership in green and digital transformation (the twin transition).

We encourage securing a budget for well-performing Partnerships - contractual Public Private Partnerships (PPPs) and Joint Undertakings (JUs)- and attractive frameworks for business-driven R&D&I initiatives which contribute to reaching the Digital Decade targets by 2030. With this aim, **digital priority topics should receive relevant attention**. The most important R&I solutions that would help industrial production, innovation and the digital transformation of markets and society are those supporting the digital and twin transition. Specifically, we point out the importance of research in the following technologies: artificial intelligence, microelectronics, (industrial) internet-of-things, industrial data space, real-time digital twins for industrial products and processes, digital infrastructures and networks and cybersecurity.

Following the publication of the **New Green Deal Industrial Plan** by Ursula von der Leyen Commission, we notice that digital technologies are not highlighted as a priority area (only mentioned in a footnote in the Commission's plan), yet digitalisation is the key to driving the transformation of our industries and societies, boosting exports and cutting emissions. Together, 57% of the €720 billion Recovery and Resilience Funds was allocated to green and digital spending, yet at this point in time only 10% of the total RRF budget for digital has been spent. Recent measures like RePowerEU have also undermined the RRF's transformative potential by omitting the 20% digital spending target.[1] Digital transformation is interconnected with the green transition, and one cannot be achieved without the other. We recommend removing the silos between the green and digital transitions in EU policies.

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[1] DIGITALEUROPE Statement *Green Deal Industrial Plan: Boost digitalisation and make it easier to do business, scrap the subsidy race* of 9 February 2023, accessible at this link.

We consider the **industry involvement and participation** in the programme to be essential to its success and consequently to reach the EU digital targets. Companies, and specifically large enterprises and growth companies[2] play an essential role in bringing new innovations to the market, creating sustainable impact and economic growth in Europe. We observe that in H2020 28 % of the overall funding was received by companies, of which about 51 % by SMEs.[3] The EU has already agreed on ambitious objectives to be reached in the twin transition by 2030 and the industry plays an essential role in achieving them. Thus, with this aim, business involvement in HEU should not only increase from what it was in H2020 but also be regularly monitored. Making data and reporting available will improve the transparency of the programme and increase its attractiveness.

Finally, **low success rates and long throughput times** between submission and project start are hampering the attractiveness of the programme for the industry. We, therefore, propose fewer call topics per cluster, with a higher available budget per topic. Two-stage application procedures are only welcomed if the 1st stage is selective – with higher success rates in the 2nd stage and if the throughput time between submission and project start is significantly shortened.

Therefore, we encourage monitoring and seeking industry participation in the programme by making sure there are **attractive conditions for HEU participation,** including**:**

- Ensuring stable funding rates.
- Increasing success rates and reducing throughput times
- Avoiding new pilots (e.g. anonymised evaluation).
- Preventing budget from being reallocated to new non-R&DI initiatives or yet new funding instruments.
- Making the explanatory rules of the Annotated Model Grant Agreement promptly available.
- Avoiding extensive reporting obligations requirements (e.g. in the case of partnerships).

Finally, we ask to **streamline all the attempts to create synergies** between funds and programmes. We believe the number of tools available to support the industry should be optimised and we suggest a bottom-up approach to coordinate across initiatives led by the main actors involved, including businesses of different sizes and the university.

Towards FP10

We believe that Horizon Europe has established the basis for a successful Framework Programme with a sustainable structure to be maintained in FP10. However, we stress the importance of **involving the industry in co-designing**

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[2] We refer to a "growth company" as any company whose business generates significant positive cash flows or earnings, which increase at significantly faster rates than the overall economy.

[3] Data we collected from the Commission's Horizon dashboard on 1.9.2022.

the sub-programmes while ensuring the programme remains attractive. Compared to national and regional funding programmes, the Framework Programmes create added value for stakeholders which benefit from cross-border R&D&I cooperation and EU-wide networks of customers and suppliers.

With this aim, we ask for an **increase of the overall budget for R&D&I** in the MFF 2028-2034 both in Euros as well as percentage share, especially for cluster 4 and 5 in Pillar II, to secure Europe's leadership in green and digital transformation. The focus should be put on priority objectives, such as twin transition and industry competitiveness, instead of a wide range of topics. In this context, existing well-functioning private-public partnerships should be further developed and leveraged as a good tool to achieve such objectives.

Under Pillar III[4], DIGITALEUROPE recommends **more active support for cooperation across the value chain** and innovation ecosystems involving (i.e. organisations, large companies, SMEs, start-ups, and research organisations) - The digital industry believes that there is a benefit to its involvement in redefining Pillar III to ensure it is tailored to support the EU industry to remain competitive and open for innovation of companies of different sizes. A co-design approach which incorporates industry views of CTOs and managers would help ensure Pillar III is fit for purpose.

Furthermore, **sovereignty must be balanced with collaboration.** While science knows no borders, sovereignty must remain intact whilst encouraging and fostering international collaboration. Open approaches to funding must be reciprocated by other international partners within existing frameworks (Trade and Technology Council[5], EU-Canada Trade Agreement, EU-Japan's Economic Partnership Agreement).

Based on the experience in the implementation of Horizon Europe, we ask to **simplify procedures and reduce the administrative burden of FP10:**

- Clarify rules for participation for companies not located in the EU and foster access of EU stakeholders to non-EU research programmes.
- IP and Exploitation Rights: The exploitation of results should not be limited to the EU territory only.
- Open Access: support "open access to R&D results" but ensure that access to research data strictly follows the principle 'as open as possible, as closed as necessary'. A level playing field in the international context should be guaranteed.

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[4] Pillar III: Innovative Europe stimulating market-creating breakthroughs and ecosystems conducive to innovation through the EU Innovation Council, the European innovation ecosystems and the European Institute of Innovation and Technology (EIT).

[5] More on DIGITALEUROPE input to the EU-US Trade & Technology Council of 12 September 2022 can be found at this link.

- Co-funding: make sure co-funding rules remain attractive and stable.
- Reporting: simplify and streamline reporting obligations. Focus on outcomes and impact instead.
- Bring focus: define fewer topics, but focus on a few big programmes (Partnerships-like), with bigger budgets and significant impact.
- Increase the participation of evaluators and reviewers from the industry sector, with the target of 30% of evaluators drawn from the private sector.

DIGITALEUROPE members are ready to contribute to the co-creation of the strategic plan 2025-2027 and the future FP10. A constructive dialogue with the services of the Commission - before and after the EU elections - will be a key enabler for the success of European digital R&I.

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FOR MORE INFORMATION, PLEASE
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About DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory environment that enables European businesses and citizens to prosper from digital technologies. We wish Europe to grow, attract, and sustain the world's best digital talents and technology companies. Together with our members, we shape the industry policy positions on all relevant legislative matters and contribute to the development and implementation of relevant EU policies, as well as international policies that have an impact on Europe's digital economy. Our membership represents over 45,000 businesses who operate and invest in Europe. It includes 100 corporations which are global leaders in their field of activity, as well as 41 national trade associations from across Europe.

DIGITALEUROPE Membership

Corporate Members

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National Trade Associations

Austria: IOÖ
Belgium: AGORIA
Croatia: Croatian Chamber of Economy
Cyprus: CITEA
Czech Republic: AAVIT
Denmark: DI Digital, IT BRANCHEN, Dansk Erhverv
Estonia: ITL
Finland: TIF
France: AFNUM, SECIMAVI, numeum

Germany: bitkom, ZVEI
Greece: SEPE
Hungary: IVSZ
Ireland: Technology Ireland
Italy: Anitec-Assinform
Lithuania: Infobalt
Luxembourg: APSI
Moldova: ATIC
Netherlands: NLdigital, FIAR
Norway: Abelia
Poland: KIGEIT, PIIT, ZIPSEE
Portugal: AGEFE

Romania: ANIS
Slovakia: ITAS
Slovenia: ICT Association of Slovenia at CCIS
Spain: Adigital, AMETIC
Sweden: TechSverige, Teknikföretagen
Switzerland: SWICO
Turkey: Digital Turkey Platform, ECID
Ukraine: IT Ukraine
United Kingdom: techUK