

**BRIDGES project 7th IPL
Feasibility study review
PP1 Kainuun Etu, Antti Toivanen,
Kainuu, Finland**

29 - 30 May 2018

Munich, Germany

Feasibility study review PP1

- **Name:** Renewal of regional development services
- **Purpose:** Multi purpose, as a result of the conjecture: transformation expectations at national & EU levels, and exploring the potential of the regional level.
- **Optimisation question:** To identify and build on the optimal functional & operational solution for a development intermediary, constrained by the regional reform in Finland parallel to growth and innovation contribution expectations at national, EU and international levels.
- **Period of execution of the feasibility study:** on going
- **Good practice (-s) reference:** CEEI Burgos for its EBN (European Business Network) function & qualifications.

Feasibility study review PP1

- **Action plan take up:** There will be needed a normal business plan with vision, objectives, flow chart, functions, qualifications, and cash-flow described. The EBN qualification would be part of this action plan.
- **Acceptance of the feasibility study (RSK session):** The board of directors of Kainuun Etu (and / or of the daughter company?), i.e. this issue needs to be clarified.
- **Findings to date (29-5-2018):**
 - **1)** in Finland, business intermediaries do not have a well defined institutional role, they are not part of the innovation system landscape. The innovation transfer is taken up by university-linked RTOs. The problem is that innovation options, needs & methods might be more than those produced in a concrete educational institution. In Kainuu, for example, the University of Oulu produces some very good research and has very good RTO services for its research. However, this does not cover neither all the range of needs generated for upscale growth nor all the industry areas prioritised at regional programme and innovation strategy (RIS3 at the moment) levels.
 - Thus, innovation intermediaries are needed in order to explore and propose comprehensive options. EBN is a very good source for accessing a wider range of options as it channels concretely to forthcoming trends and also qualifies its membership. It goes without saying that innovation intermediaries outside educational units should be cooperating with the traditional RTOs. The cooperation should be conflict-free and mutually qualified.
 - Through our project experience we have found that it is important to maintain cooperation with RTOs also beyond the region and the country. We have also found that such cooperation has three types of complementary options: i) it is research-results based, ii) it is methodology-based, and iii) it is market-based (demand for advanced products for example).
 - **2)** there is undeniable need to provide baseline, growth, & innovation services to all businesses.
 - **3)** qualifications of baseline, growth and innovation services should be through EU level affiliated and/or recognised accreditation (and EBN is one such channel). The reason is that with the exception of very few types of industries, the rest are not locally-bounded, but their markets are national, European and beyond. Therefore a shared 'development language' is also important for the operators of the intermediaries. In Finland there has been / is effort & commitment to acknowledge these facts at national level, and mainstream organisations like TEKES (part of Business Finland) reflect these principles in their programmes. The approach should be disseminated to all parts of the business service actors.

Feasibility study review PP1

- **4)** The EBN constrains innovation-certified agencies to be independent and self sustaining. We understand the motivation and the point. But some regional contexts, like Kainuu, are not cost efficient because of lack of critical mass. This is an issue to consider and discuss further with our EBN contacts.
- **5)** The new model for business intermediary services (called the **Allianssimalli** in Finnish) proposed by the Finnish government, stresses **i) flexibility** but does not deal with continuity or anticipatory issues / needs. Flexibility is important (as a better response towards solving a problem -this is also acknowledged by the Finnish Entrepreneurs Association). At the same time, both, continuity (as a legitimising and accountability factor) and anticipation (=introduction of advanced models, new networks etc, i.e. opportunity options = emerging needs) are necessary for maintaining the scaled-up approach and especially results, and they also need to be taken into account; **ii) choice** as a basic tool for accessing & combining the best services. This is good thing. However, it needs to be complemented by requirements for qualifications (maybe a little bit in the way innovation vouchers work, with lists of qualified & competent organisations), as "choice" by itself does not ensure competence, thus qualifications are also required; **iii) it remains linked to municipal level**. And yet, knowledge economy requires (= needs to utilise, refer to, etc) larger spatial consolidation, at least regional, often national and sometimes transnational or even European; **iv) its priority is to utilise competition law as a way to reducing permanent business services**. It implies that new ways to address the longer terms need to be devised anyhow, e.g. we might use the principle of Cascade funding introduced in H2020

Feasibility study review PP1

Summary & suggestions 29.5.2018

Key issues Innovation intermediary	State of play			Suggestions
	Finland	EU		
	Functional profile	<p>1) linked to municipal departments; 2) expectations flexible (serve the businesses), i.e. non committal; 3) focus on jobs not on innovation & competitiveness, but all are needed; 4) extroverted cooperation not a strategic priority, but imposed de facto through non-local projects</p>	<p>1) Focus on comprehensive innovation systems, usually regional because the most realistic (that is the reason they are called eco-systems) 2) Focus on industrial expertise & understanding of industry-related research innovation services 3) Networked co-operation an absolute must; needs to link to large research infrastructures (usually outside regions) an absolute must</p>	
Institutional profile	<p>1) till now public equivalent 2) effort to make it private now</p>	<p>1) Public equivalent is essential 2) Economic sustainability equally essential</p>		<p>1) The new procurement law is aligned with the EU law, which allows for long term funding to many types of schemes not only private ones. 2) Link part of the strategic services (cell D8 below) with projects requiring public equivalent 3) "Problem solving" initiatives can be private and competed (as they are now already). 4) Link cash—flow needs to income from i) business export projects, and ii) contract-based services, i.e. introduce two income generating measures at least in the innovation intermediaries.</p>
Operational profile	<p>1) till now aligned with regional development industry & concepts priorities 2) current proposal is more on "problem solving"</p>	<p>Expectations for regions to take up new policies and benefit from theme asas.</p>		<p>1) Adopt EU approach (cell C8) 2) Select industries (not sectors) and cross cutting services</p>
Qualifications	<p>No reference neither in the on going nor in the proposed laws. However there are good examples from the innovation voucher approach introduced by TEKES (Business Finland)</p>	<p>1) EBN for basic qualifications, but many other good practices exist in terms of qualifying networks (Steinbeis, RTOs registered in DG Research, etc)</p>		<p>1) Agree the functions and operations and seek qualified staff or re-qualify those suitable 2) go for EBN qualifications 3) seek once again to become part of the Finnish innovation landscape</p>
Who pays the bill and how	<p>1) till now, municipalities + ad hoc projects 2) in the future, municipalities through only ad hoc projects; 3) in both cases, no learning & development costs for the agency per se are foreseen</p>	<p>Unclear guidance, but clear expectations for stability, learning & economic reliability; not only problem solving, but opportunity-introducing as well (emerging trends)</p>		<p>1) Administration functions need to be financed in the old style way 2) Adopt the principle for strategic projects (like the flagship projects in the BSR) and cascade funding. 3) Iteration cell D6 above</p>