PÄIJÄT-HÄME / LAHTI REGION (FI): TOWARDS A RIS3

HELSINKI 45 min
AIRPORT 1 h
BERLIN 3 h
ST. PETERSBURG 2,5 h

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Questions you would like peers to discuss

- Which could be the methods and tools set up innovation platforms per RIS3 prioritised industries (in our case bigger food companies, furniture, energy and construction)?
- What are good applicable examples of building networks with other regions/counties? What are the partners in similar RIS3 areas in other countries and regions? – We seek for (1) business to business cooperation, (2) research to business and vice versa, (3) Industry 2.0, (4) jointly practiced cleared development methodologies
- How to create the RIS3 project pipeline as the region owns rather limited resources?
- How to develope the monitoring and evaluation methods of the implementation of the RIS3?

Introduction to your region's work on research and innovation

Is there a regional RIS3? How is the coordination between RIS3 and national level

Yes, there is not a real RIS3 yet, but there is lot of thinking and preparation around it. The prioritised industries are aligned with the national strategic priorities and the Southern Finland innovation priorities. At the same time it builds on a strong background on innovation management.

Describe the strategic vision for the future

Päijät Häme improves upscale, RIS3-based growth, resulting in more and better jobs, consolidated on the base of long term, quadruple –helix based preferred cooperations ; a paradigm of constructed regional advantage and cohesive transition to economy renewal.

Introduction to your region’s work on research and innovation

SMART SPECIALISATION PLATFORM

Past experiences

- RIS3 discussion started relatively early, in 2011. RCPH attended the RIS3 opening event in Brussels, June 25th 2011.
- Logic of RIS3 was explored through one INTERREG IV C project (FRESH), and the rationale and path towards selection of industries was introduced there. It was agreed already then that Päijät-Häme/Lahti Region is a region in transition (towards higher added value) and diversification (towards upscale specialisation)
- Päijät-Häme/Lahti Region has had a regional innovation strategy since more than 15 years, and there has been considerable investment in innovation tools and specialised knowledge resources and institutions in the area, for example LUT, Lahti School of Innovation; Lahti Science and Business Park (2004-2014) focusing on cleantech applications.

Introduction to your region's work on research and innovation

Past experiences

- Started from sustainable development in late 1990s as priority, the first round of the national Centres of Expertise Programme was dedicated to regional development innovations (for example the Design-Quality-Environment model, methodology for integrated business development), the regional innovation platform in 2001 (design-innovation-environment), the innovation strategies 2004 – 2009, 2009-2014, and 2014 -2020; the 2nd national Centres of Expertise Programme in Lahti was dedicated to Cleantech (2007-2014), and managed by the Lahti Science and Business Park and also hosted the national Housing Organisation.

- Innovation methodologies and projects have been very strongly supported (practice based innovations, design co – creation, innovation sessions, …).

- Lengthy tradition of regional triple helix cooperation and stakeholder groups meetings.

- Briefly, in Päijät-Häme/Lahti region there is historical, practice and institutional background supportive of stakeholder involvement, strategic decision making and innovation promotion.

- RIS3 map of the Regional Council of Päijät-Häme, 2014

Introduction to your region's work on research and innovation

Main achievements so far in development and implementation of a regional innovation strategy for smart specialisation (RIS3)?

- Prioritised industries selected, aligned also with national innovation priorities.
- Close cooperation with the industries driving innovation and upscale growth
- Stakeholder groups and triple helix working
- RIS3 management clarified (Regional Council of Päijät-Häme).
- First activities to activate KET undertaken (NRCP- Science Link Finland project network)
- Project pipeline not yet formulated.
- Evaluations not undertaken yet.
- Networked-based development practiced since long time.
- Knowledge-let networks work very well.

Introduction to your region's work on research and innovation

Main bottlenecks in RIS3 development and past implementation

- Quadruple helix needs to be made to "work"; eco system approach to become more real and demand – based, beyond regional and national borders, towards industry-lead networks.
- The RIS3 "clusters": strategy and actions needed to promote smart specialisation business activities and related variety options around the prioritised industries.
- Improve design for eco innovation tools and applications.
- Project pipeline to speed up RIS3 implementation benefits needs to be formulated.
- Populating the regional network bringing together RIS3 industries, related advanced research, and start-ups.

Introduction to your region's work on research and innovation

Main bottlenecks in RIS3 development and past implementation

- Funding and financing: ESIF a good strategic tool but restricted in the new period. On the other hand, there are many good tools at national level in Finland that somehow need to be linked to RIS3, not prescriptively, but strategically. Finally, there are very good bilateral innovation funding instruments such as ZIM (Germany / Finland) that need to be up-taken, better known and generalised. Therefore, we need to link RIS3 to national and bilateral funding and financing options, to facilitate RIS3 implementation. Regional / national / interregional teamwork is needed for that purpose.

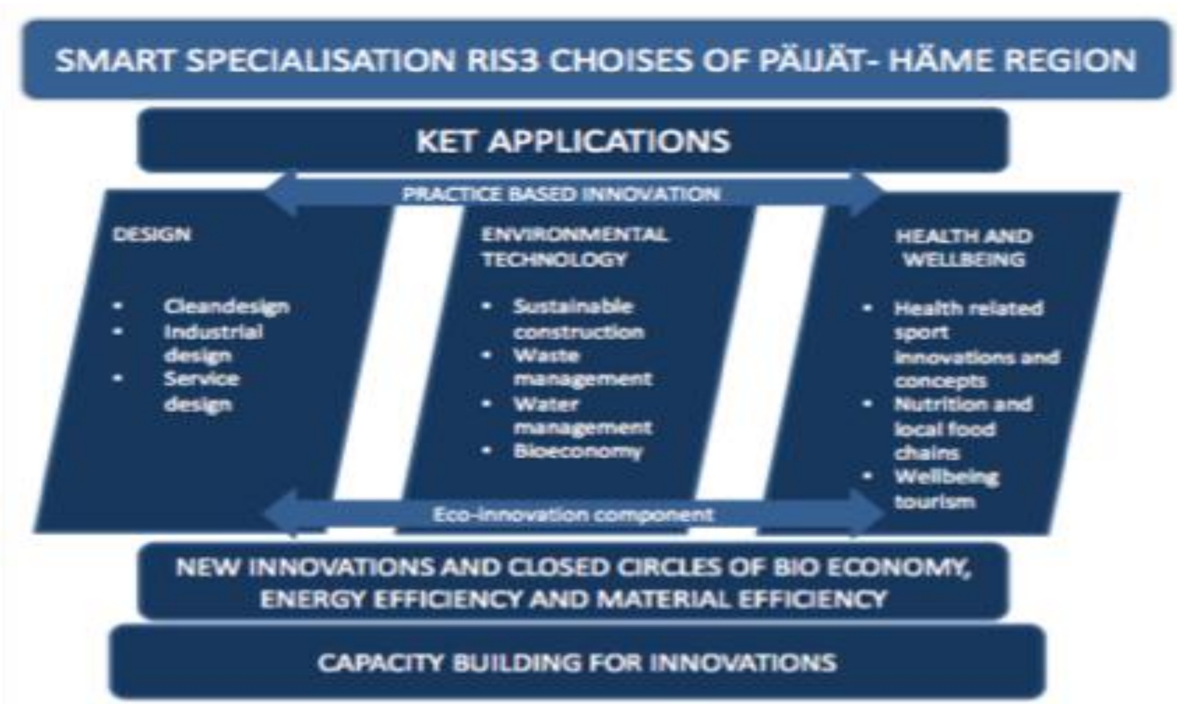
- RIS3 related variety options cluster development practical approaches.

- We need to benchmark our innovation tools, coming from all the lengthy innovation management experience in Päijät-Häme, adjust and update to better facilitate the RIS3 implementation. At the same time, we need to invest to improve these tools to suit better RIS3 needs.

- We need to map and then address accordingly knowledge, research, methodology, and market access gaps & needs.

- We need to invest on transnational research in the prioritised industries and ecosystem – based methodological tools.

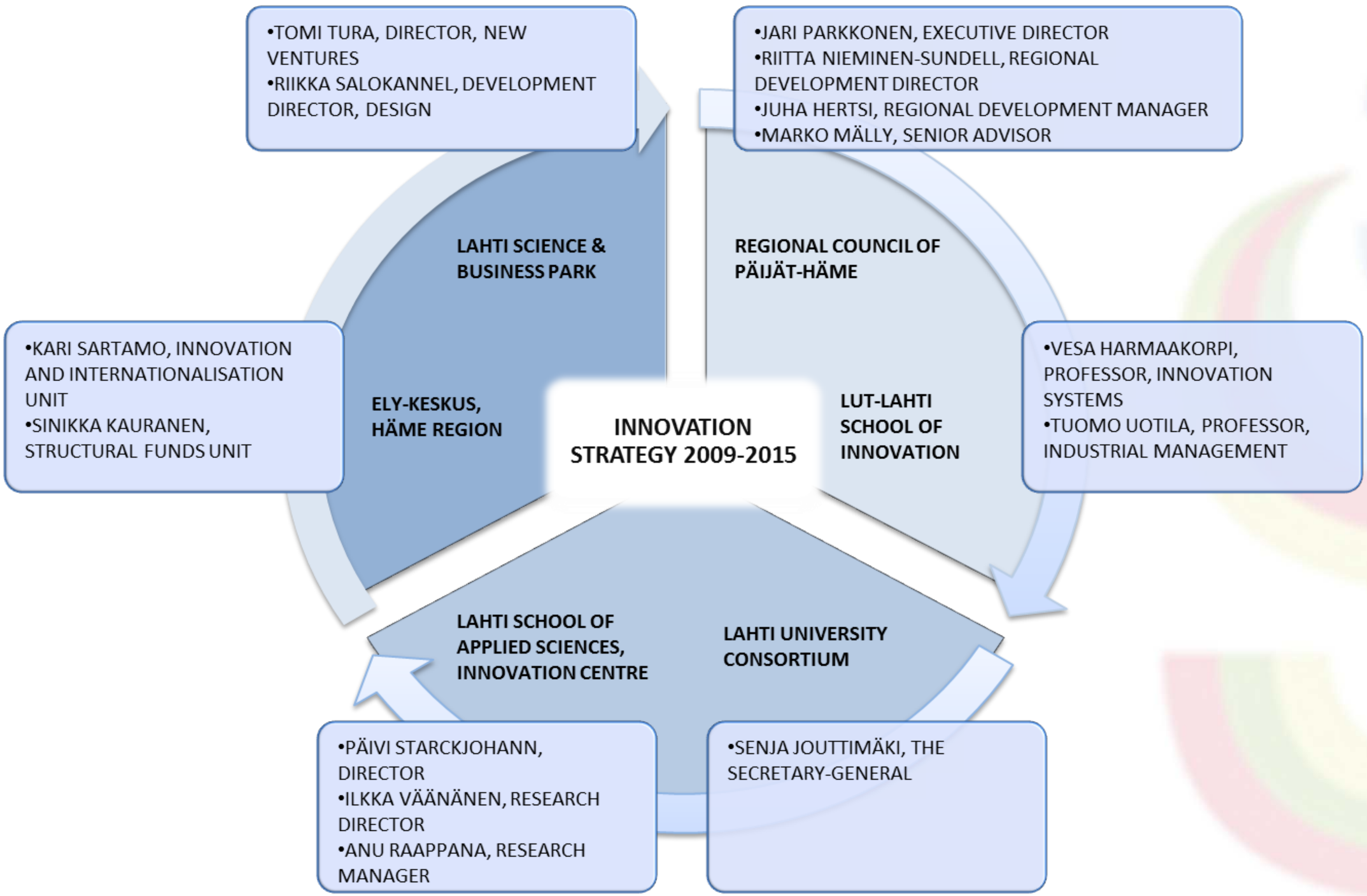
Introduction to your region's work on research and innovation



Governance of RIS3, summary

Issues	Feedback
Coordination of RIS3 in Päijät-Häme	Regional Council of Päijät-Häme
Regional partnership	Universities, Businesses, Funding institutions & relevant public sector
How are relevant actors identified, approached and included in the regional development strategy	Long term regional triple-helix based cooperation
Governance mechanisms to promote entrepreneurship	Thematic issues freely introduced to the triple helix actors through project cooperation and regional meetings
How are RIS3 decisions taken	Formal decisions are taken by the Board of the Regional Council (elected politicians of member municipalities) Decisions are processed in various stages: introduction of issues, convocation of stakeholders for issue introduction, issue process with recommendations (that might include feasibility and other studies), agreement by the stakeholder groups, recommendation to the regional executive director, recommendation to the regional board.

Governance


•TOMI TURA, DIRECTOR, NEW VENTURES
•RIIKKA SALOKANNEL, DEVELOPMENT DIRECTOR, DESIGN
•JARI PARKKONEN, EXECUTIVE DIRECTOR
•RIITTA NIEMINEN-SUNDELL, REGIONAL DEVELOPMENT DIRECTOR
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•KARI SARTAMO, INNOVATION AND INTERNATIONALISATION UNIT
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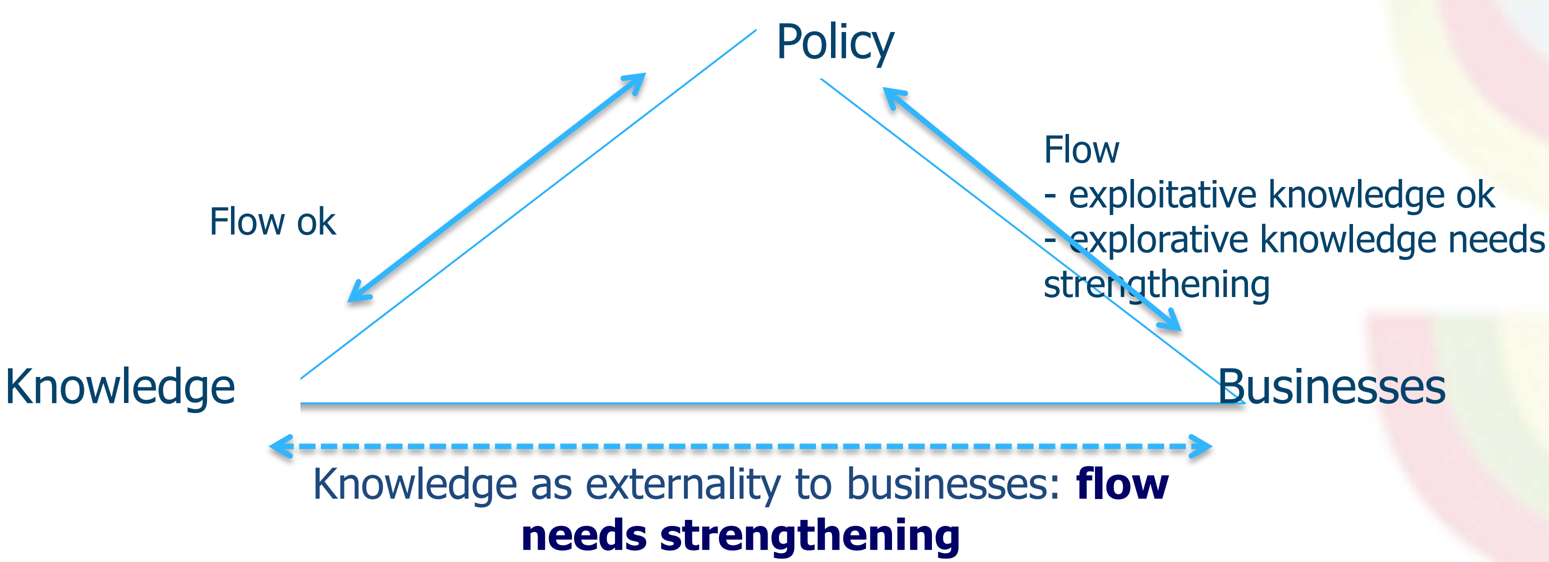
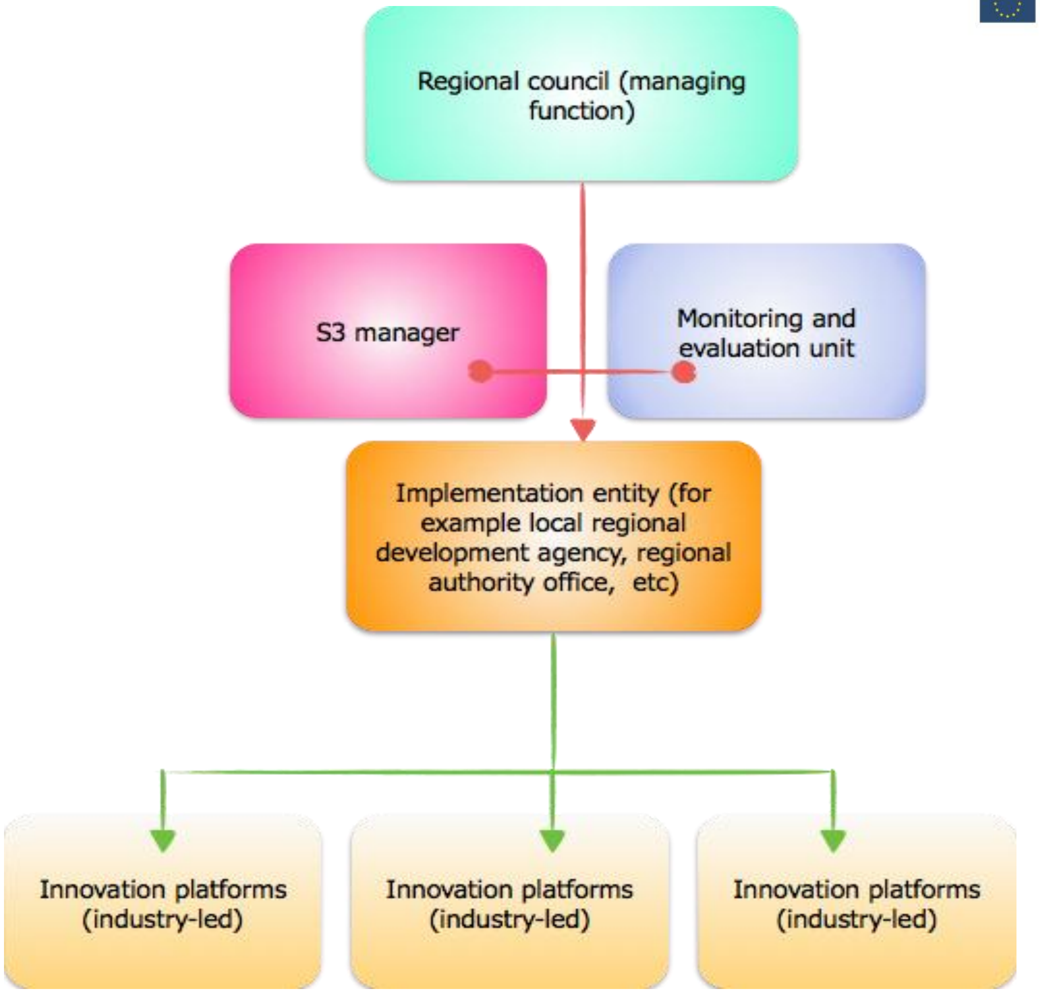
•VESA HARMAAKORPI, PROFESSOR, INNOVATION SYSTEMS
•TUOMO UOTILA, PROFESSOR, INDUSTRIAL MANAGEMENT
LAHTI SCHOOL OF APPLIED SCIENCES, INNOVATION CENTRE
LAHTI UNIVERSITY CONSORTIUM
•PÄIVI STARCKJOHANN, DIRECTOR
•ILKKA VÄÄNÄNEN, RESEARCH DIRECTOR
•ANU RAAPPANA, RESEARCH MANAGER
•SENJA JOUTTIMÄKI, THE SECRETARY-GENERAL

Governance

- Regional stakeholders work mostly through triple-helix approach.
- At planning and research levels there are many interactions between policy makers and education as well as between policy makers and businesses.
- At implementation level the flow between knowledge and business needs to be strengthened. Many regions face the same challenge as Päijät-Häme.



Governance



RIS3 implementation structure in Päijät Häme: coordination, management, monitoring and evaluation functions are concentrated in the regional council; innovation platforms are not set up yet.

RIS3 growth drivers

Energy industry • **Oilon Ltd**	With other stakeholders Oilon is main user in research center Energon Ltd. Target in renewable energy, energy efficiency and also for testing new technologies (Lahti Development Company Ltd, LUT)
Wood construction • **Versowood Ltd**	Versowood Group is Finland's largest private producer of sawn timber for wood constructions and new solutions for housing (Mera Rkl Reponen)
Furniture industry • **Isku Ltd**	Lahti is industrial furniture center in Finland. Stakeholders has set up a new research, development and innovation center (LUAS RDI)
Grain Expertise • **Fazer Mylly Ltd**	Grain Cluster in area is biggest and innovative in Finland and has new roadmap for growth (LADEC Ltd, LUT)

RIS3 related innovation platforms

- We adopt the definition of distributed knowledge bases for systemic innovation platforms: Innovation platforms are specific governance forms through which economic players and their organisations acquire and co-ordinate innovative capacities and new knowledge (Patrucco, 2010).

- We plan to set up, in principle, 1 innovation platform per RIS3 prioritised industry.

- **Simple strategy: Industry – led innovation platforms → industry x competences → project pipeline**

- We are presently consulting with each one of the prioritised industries and related knowledge organisations within the region and beyond, to agree the competences that will make up the innovation platforms, for example: design, sustainability, health and safety, market segmentation (consumer and industrial markets), research-based product development, KET applications, industry related business models / networked development / internationalisation.

RIS3 related cluster development, project pipeline

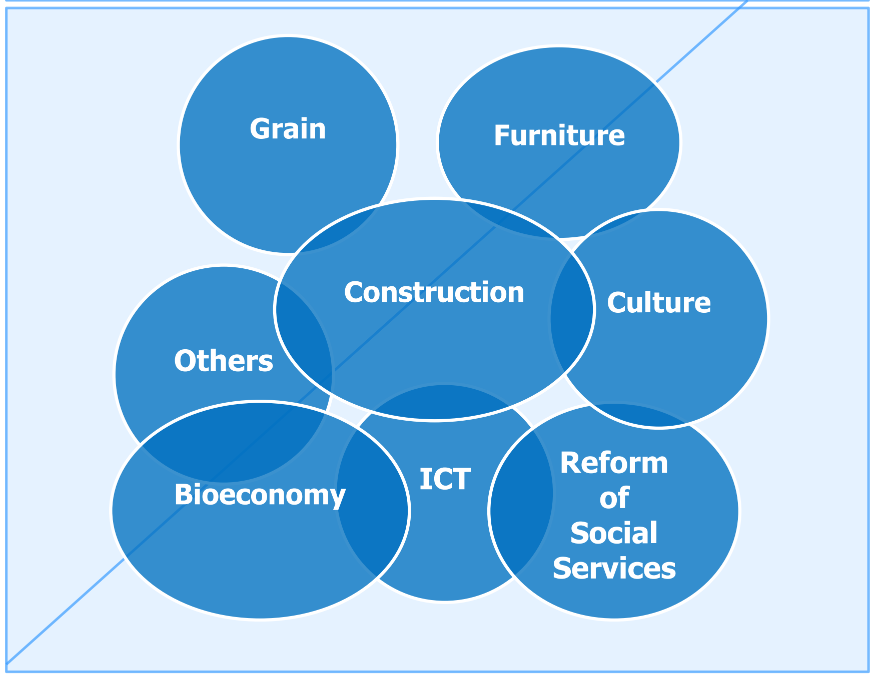
Per each RIS3 prioritised industry

- **Intra-industry cluster development**
  - Outsourcing strategies of big companies
  - Open innovation options of big and knowledge intensive players
  - Research project / new product development pilots with external collaborating institutions
- **Inter-industry**
  - Related variety options
  - Nanotechnology applications
  - Sustainability applications
  - New materials and new materials applications
- **Forms**
  - University spinn offs / university start ups
  - Spin outs
  - Upscale of relevant knowledge intensive SMEs

Tools for regional smart specialization to serve the RDI-ecosystems

TOOLS – SPEARHEADS OF INNOVATION AND BUSINESS STRATEGY – REGIONAL DEVELOPMENT PLAN/REGIONAL STRATEGY

- Environment - Cleantech
- Design - CleanDesign
- Innovations - Ecoinnovations
- Wellbeing - HEPA
- Smart networks



- Expertise for developing markets
- Potentials on the markets of St. Petersburg and Russia
- Business from Wellness
- Sustainable use of natural resources
- Social inclusion

RDI is activated and encouraged to new and challenging experiments to renew business and public services

VISION

Päijät-Häme is a global partner in environmental and wellness expertise

Building the evidence base for RIS3

Issues	Feedback
Strengths	Knowledge intensive growth drivers in the region (medium and big businesses in bio-economy, wood processing, construction infrastructure) Institutional innovation promotion and management Market and knowledge continuum of Southern Finland with good connections to Baltic & Central Europe and St. Petersbourg Excellent connectedness along the whole Southern Finland continuum Tradition in triple helix cooperation
Weaknesses	High unemployment rate Economy renewal slow Poles of growth need to populate into clusters and benefit form related variety Quadruple helix needs to be addressed, ecosystem, internationalisation and networks Funding and financing challenges; need to rationalise national and EU funds towards agreed Innovation promotion from process to product needs to be strengthened Research excellence linkages to medium and knowledge intensive start ups need to be addressed

Building the evidence base for RIS3

Issues	Feedback
Opportunities	The market and knowledge continuum of Southern Finland with good connections to Baltic & Central Europe and St. Petersbourg Benefitting from the network supporting new programmes and methods
Threats	To neither address weaknesses nor benefit from opportunities and / or strengths will turn Päijät-Häme/Lahti region into ‘sleeping suburb’ of the metropolitan area, implying a new type of economy with concentration of knowledge intensive jobs and strategic decision making elsewhere.
Steps taken in Päijät-Häme to identify the conclusions above	SWOT and priorities (spear heads of regional development) are systematically analysed in the regional programme work and in the centre of expertise progarmme work starting in the 1990 after the economic crisi

Looking beyond your region's boundaries

Issues	Feedback
External innovation context taken into account - positioning of the region's economic and innovation system within the EU - techniques used - extent to which harnessing external knowledge for the benefit of the region has been considered (circulation of ideas, mobility of researchers…)	NATIONAL POSITIONING: Päijät-Häme has been positioned within the innovation map of SMEs in Finland, research done by Lappeenranta University of Technology (LUT), financed by TEKES. EU POSITIONING INCLUDING MACRO REGIONAL AND CROSS BORDER: EUSBSR, Nordregio, ESPON, EUROSTAT, OECD. No specific research in terms of border regions undertaken. HARNESSING EXTERNAL KNOWLEDGE: Project participation, project financing, and special focus on linking research excellence to market and larger research infrastructures to businesses (recent steps).

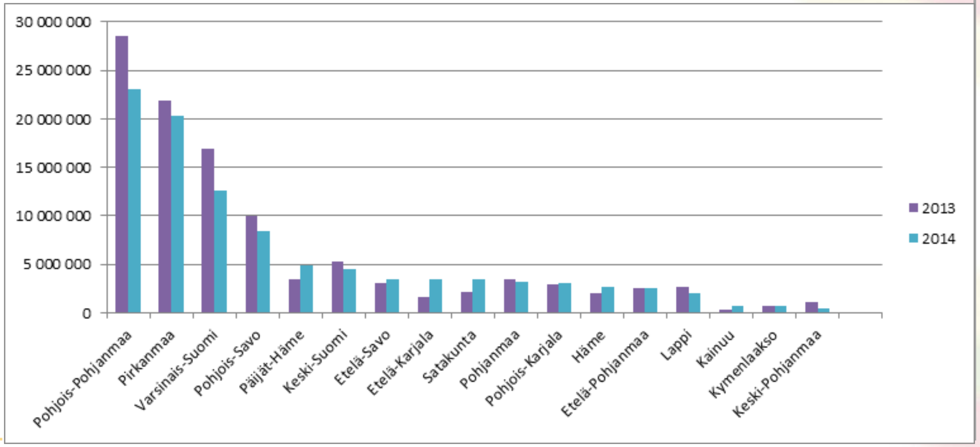


Figure TEKES innovation funding for SMEs (does not include the largest Helsinki area)

Looking at entrepreneurial dynamics

Issues	Feedback
Entrepreneurial dynamics in the region - entrepreneurial discovery, what does it really mean? - Is the potential of entrepreneurial discovery systematically detected in the region? How? How are they linked to priority identification?	In 2012, the GDP at current prices index was 95 in region EU27 100. In 2014, 867 new companies were established and closures in 551 companies. Business units amount is 12745. Growth areas are well-being, energy, grain, furniture, wood construction, environmental technology and ICT. MEANING OF ENTREPRENEURIAL DISCOVERY: (i) business opportunities detected in apparently growing sectors, (ii) business opportunities based on knowledge spin offs, i..e on research findings, (iii) inter-industry fertilisation and new business sectors identified; (iv) niche-led (such as standards led as part of supply chain, or upscale demand) business opportunities. HOW IS ENTREPRENEURIAL DISCOVERY ADDRESSED IN THE REGION: Incubators, TEKES and ELY -keskus funding instruments. As yet, there are no RIS3 related actions in that sense, but there are options based on horizontal provisions.

Looking at entrepreneurial dynamics

Issues	Feedback
Involvement of entrepreneurial actors in the region	INVOLVEMENT OF THE BUSINESS COMMUNITY: Very strong, and traditional.
-Involvement of the business community in the RIS3	BOTTLENECKS: Innovation platforms are not covering all sectors in region.
-Most relevant bottlenecks to participation and collaboration? How do you plan to address them?	Trying to create multidisciplinary research and development that supports the growth and progress of urban environments and the region's business and industry. Its fundamental principles include sustainable development and the efficient application of the Living Lab concept.

Main objectives of RIS3

- Please identify the main socio-economic objectives/results you want to achieve through your RIS3

Create business innovative business environments where is a strong driver of private business, research, public interest and growth in international business

- How do you intend to use **transnational cooperation** to achieve some of these objectives?

We would like to further benchmark, discuss and analyze the methods and operational models of other regions how to tackle with challenges in further better implementation of our RIS3 strategy.

Your priorities

Issues	Feedback
RIS3 priorities	At the moment, RIS3 priorities are all most the same as the prioritised areas of expertise, but the target is to create more eco systems, which in the company can combine its global expertise having better business support
Is digital growth /ICT one of the priorities?	
How have the RIS3 priorities been decided? What are the main criteria to decide priorities for investment? Provide examples of participatory processes if any.	**In a small area like Päijät-Häme the strengths are born from industrial heritage and a new kind of knowledge. National program Centre of Expertise strengthened smart specialisation and the choices have been discussed and decided (chosen) every four years in the regional development program for all stakeholders.**
Are priorities based on the analysis of regional SWOT?	Yes, but it is also empirical, not only process based; also taking into account weak sign aspects, as both opportunities and challenges.
Are flexibility mechanisms in place for resource allocation if priorities are eventually reinforced / discarded?	Yes, there are allocation for also for flexibility

Implementation and budget

- How are your priorities underpinned by concrete action plans, roadmaps and budget allocations?
  - In the regional development programme there has been drafted a budget on general level and an implementation plan, in some cases also more detailed road maps for some priorities and clusters have been made
- Does the strategy and its implementation integrate and exploit the synergies between different policies and funding sources?
  - Yes, through the regional development programme which is prepared through triple helix cooperation
- Are relevant stakeholders and partners involved in the implementation stage of RIS3?
  - Yes, stakeholders implement the implementation plan of the regional development programme
- Does your RIS3 stimulate private R&D+I investments?
  - Yes, there are certain elements like Cleantech Venture Day organised by the Lahti Science Park/Lahti Development Company Ltd
- Who is responsible for the implementation?
  - All relevant stakeholders.

Measuring progress

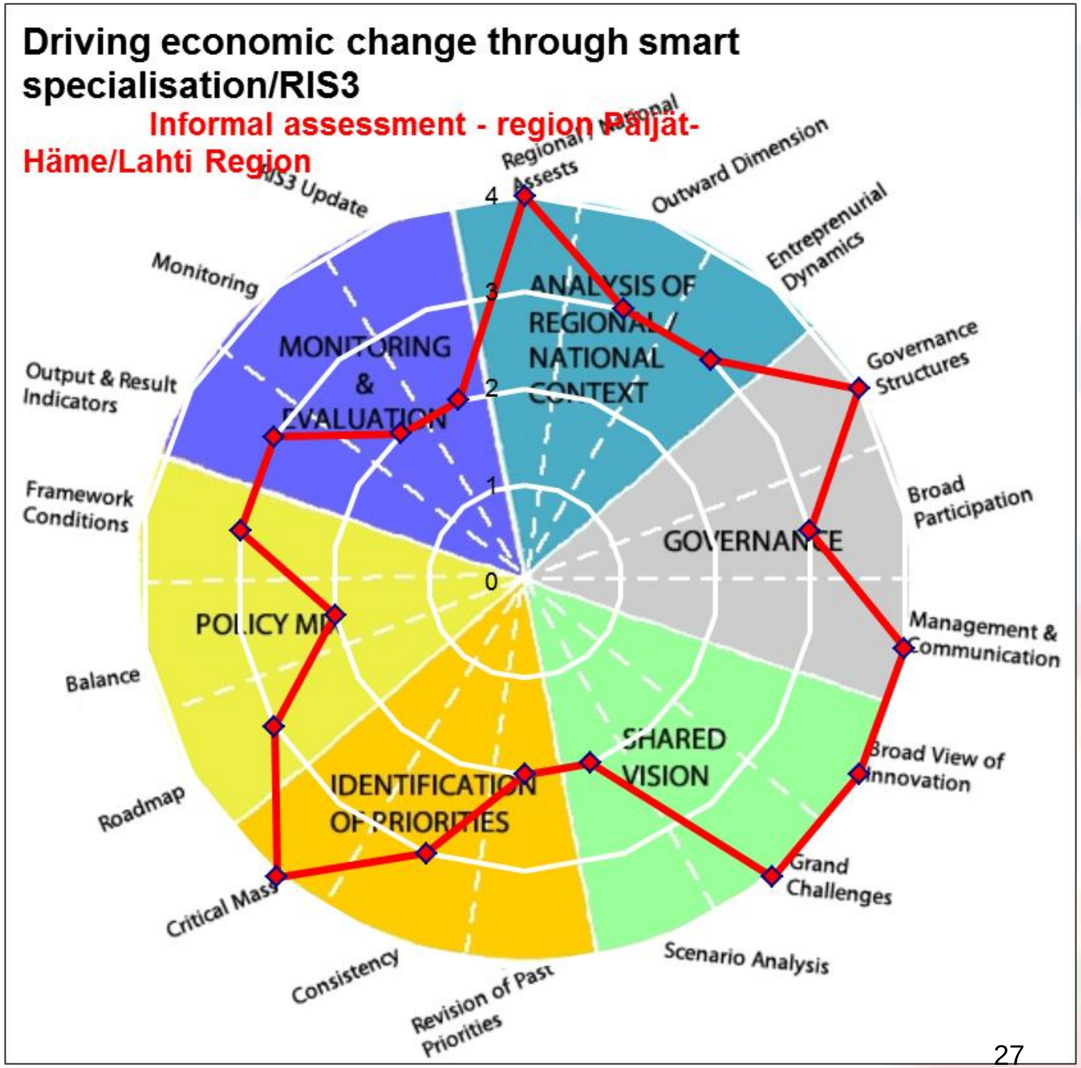
- What mechanisms are planned for monitoring and evaluation of the strategy's implementation?
  - Evaluation discussions, statistical monitoring

- What outcome indicators do you use/plan to use to measure the success? Please try to provide an idea of the indicators that could best capture the objectives/results of your RIS3 as laid out in slide 9
  - E.g. turn over of the companies, number of employed, created innovations

Your self-assessment

Please self-assess your state of preparation concerning the ex-ante conditionality using RIS3 wheel. Information and a link to the tool that will generate your wheel is available here: http://s3platform.jrc.ec.europa.eu/ris3-assessment-wheel

Where are you on the different dimensions?



Summary and next steps

- Setting up innovation platforms per RIS3 prioritised industries (in our case bigger food companies, furniture, energy and construction)
- Creating a RIS3 project pipeline
- Clarifying the preferred interregional networks
- Setting up monitoring and evaluation mechanisms
- Clarifying the funding sources and access to finance
- Starting raising awareness for implementation of RIS3

Questions you would like peers to discuss

- Which could be the methods and tools set up innovation platforms per RIS3 prioritised industries (in our case bigger food companies, furniture, energy and construction)?

- What are good applicable examples of building networks with other regions/counties? What are the partners in similar RIS3 areas in other countries and regions? – We seek for (1) business to business cooperation, (2) research to business and vice versa, (3) Industry 2.0, (4) jointly practiced cleared development methodologies

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SMART
SPECIALISATION
PLATFORM

PÄIJÄT-HÄMEEN LIITTO

European Union
European Regional Development Fund

Leverage from
the EU
2007–2013