29th IASP World Conference 2012

Value adding aspects of the Enterprise Europe Network - Finland

Parallel Session 2

Tenant Services – Value Adding Aspects

Author:

Marjo Uotila (marjo.uotila@tekel.fi)

TEKEL, Finland

Value adding aspects of the Enterprise Europe Network - Finland

Executive summary

This paper will discuss the potential of adding value to regional and national scale Science and Technology Park activities by bringing externally managed and financed services to regional clients. The case presented is how the infrastructure and services of the Enterprise Europe Network add value to the core STP operations in Finland, with specific reference to a number of client interviews.

Indexes

1. Background of the Enterprise Europe Network
2. European Union innovation policy as a source of mandate for the Enterprise Europe Network
3. National innovation policy implications related to the internationalization of SMEs as a source of mandate for the Enterprise Europe Network
4. The Enterprise Europe Network in the national innovation system
    4.1 Background of the Finnish Science Park Association TEKEL and the Finnish STPs
    4.2 The role of TEKEL in the Enterprise Europe Network
5 Challenges and opportunities facing small and medium-sized enterprises i.e. tenant needs with reference to the added value of the Enterprise Europe Network
6 Future implications

(1) Background of the Enterprise Europe Network

The mission of the Enterprise Europe Network is to improve especially the small and medium-sized enterprises' (SME) opportunities to find new markets as well as partners for technology transfer and research, development and innovation activities outside their home market. Further, the EEN helps SMEs toaccess EU finance and funding, European Union 7thFramework Programme for R&D (FP7) in particular. The network also involves companies in the EU policy-making process. Impact of the improved opportunities on the SMEs possibilities to grow and employ are crucial factors for the European future.The bottom line is, that there are no jobs without enterprises, i.e. there are no tax payers either, which contributes further to all publicly funded societal infrastructure.

The Enterprise Europe Network as an extensive international network operatingthrough almost 600 host organizations in 50 countries has a major role in delivering European added value at regional level.The partner organizations involved are mainly chambers of commerce and industry, science parks and technology centres, research institutes and development agencies with track record in local business support. The Enterprise Europe Network operation is co-financed by the EU Commission and national sources.

In addition to involving the relevant national stakeholders across regional and organizational boundaries to work for commonly accepted goals, collaboration within the Enterprise Europe Network involves crossing cultural and linguistic boundaries as well as time zones on a daily basis. Also, as the main beneficiaries of the Network are the small and medium sized enterprises (SMEs) operating in any field of technology or line of business, it brings a further layer of challenge and opportunity to the collaboration.

Successful collaboration requires commonly accepted objectives with efficient information flow and means of communication - information and communication technologies, e-mail and mobile phone as the minimum requirements, but increasingly videoconferencing and the utilization of social media where appropriate.

Each partner in the Network acts as a node between local, regional, national, supranational colleagues, stakeholders and clients – this role involves understanding of local realities and interpreting the EU innovation policy objectives to meet the local SMEs everyday life, without jargon, and, in turn, enabling the SMEs' voice to be better understood in the EU decision making processes.

To be efficient, for collaboration to transform into real work, mutual trust is the prerequisite. It is also the founding stone in successful collaboration between the clients – the small and medium sized enterprises attempting to find partners in their internationalization path.

In such a framework, there unfolds a diversity of opportunities and approaches to those with a creative mindset in terms of stimulating and identifying innovative ways to combine expertise between fields, enterprises and individuals that were not collaborating before, a genuine chance of serendipity.

Although policy objectives would remain the same, the changing global environment calls for agility to observe the weak signals and adjust strategies and operations accordingly. Especially the small Finnish market forces the SMEs to internationalize at an early stage, and the value of networks with complementary expertise is crucial when own resources are limited.

(2) European Union innovation policy as the source of mandate for the the Enterprise Europe Network

As for the mandate for the Enterprise Europe Network's existence and operations, the European Union innovation policy is the foundation. Creation and growth of EU companies operating in new and knowledge-intensive industries, especially small and medium sized enterprises, are seen as the most important drivers in Europe. Thus, promoting higher business R&D investments and improving companies' innovation performance, ultimately contributing to improving the overall performance of the European economy is seen crucial.

Activities geared towards encouraging entrepreneurship and innovation as well as services to help SMEs internationalize contribute to the overall goal of increasing the EU´s competitiveness, ensuring sustainable growth and jobs, the targets mentioned already in the Lisbon strategy.

According to a recent IPTS study, international SMEs create more jobs: Internationally-active SMEs report an employment growth of 7% versus only 1% for SMEs without any international activities.

Also, international SMEs are more innovative: 26% of internationally-active SMEs introduced products or services that were new for their sector in their country; for other SMEs this is only 8%. However, the same study shows that public support goes largely unnoticed: only 16% of SMEs are aware of public support programmes for internationalisation and only a small number of SMEs use public support[1]

(3) National innovation policy implications related to the internationalization of SMEs as a source of mandate for the Enterprise Europe Network

As an export-driven country Finland needs companies that are able to grow and who are successful in commercializing ideas into products and services to be used in foreign markets. There are comparatively many starting companies in Finland, but accessing the international market and achieving growth there has proven to be a bottleneck and easing this bottleneck is also crucial from the policy perspective. In order to succeed, the companies must be able to specialize and access the international ecosystems, value chains, networks. A company aiming to internationalize needs high-quality innovation activities and insightful business capabilities combined to growth oriented entrepreneurship.

Improved academia-industry collaboration and technology transfer isneeded, but lack of knowledge on suitable commercialization partners is identified as a serious bottleneck.

Also the national innovation policy agrees that any research and innovation activities funded by the European Union should always have European added value as the objective. The EU level activities should increase multinational collaboration, and the EU funding should be used only on projects and programmes that cannot be conducted on national scale. Further, the national policy implies that interaction between third countries should be intensified on selected fields, to improve the quality of research and innovation activities as well as collaboration on global scale.For example, strengthening research and innovation collaboration within the Nordic countries and in the Baltic Sea region is considered important, especially in ways that facilitates also larger EU and global level collaboration.

[1]IPTS study on corporate R&D and innovation - 03/2011

The national innovation policy puts a special emphasis on international collaboration of the Finnish small and medium sized enterprises. However, the current number of Finnish SMEs participation in the EU 7thFramework Programme for R&D (FP7) is modest. On the other hand, the EU projects and programmes should better take into consideration the specific needs of the SMEs. The national research and innovation policy position paper further concludes that the enterprises need instruments and development activities that are targeted to meetshort and medium time perspective needs.[2]

(4) The Enterprise Europe Network in the national innovation system

Instead of creating new organizations or levels of hierarchies, the Enterprise Europe Networkservices are delivered in Finland by integrating the repertoire in already existing structures and organizations where synergy and added value is achieved with minimal bureaucracy and maximal impact.

The administrative coordination of the Enterprise Europe Network is in the Ministry of Employment and the Economy. In addition to the role of the TEKEL member STPs, which will be discussed in more detail, the Centre for Economic Development, Transport and the Environment of the Southwestern Finland, which manages the regional implementation and development tasks of the state administration, and Helsinki Region Chamber of Commerce are partners in the Finnish consortium.

(4.1) Background of the Finnish science and technology parks

The Finnish Science Park Association TEKEL is a nationwide co-operation network of Finnish science and technology parks with 30 members in university cities. TEKEL co-ordinates national programmes and networks combining innovative and hi-tech expertise. TEKEL member centressupport the creation, growth and internationalisation of technology-intensive business and fast growth companies.

TEKEL members offer their customers an innovation and operating environment which activates growth, business development services, co-operation in programmes and projects, as well as key contacts and network connections.

TEKEL members are independent companies established to take advantage of regional strengths and bridge the gap between industry and academia. They are owned by companies, universities, municipalities, financing bodies, regional organisations, foundations and private investors. They are managed locally and their boards of directors usually consist of representatives from the business community, higher education and research and the public sector.

(4.2) The role of TEKEL in the Enterprise Europe Network

The target of the Finnish Enterprise Europe Network consortium is to provide Finnish small and medium sized enterprises with high-quality business and innovation services and to respond to the changing needs of businesses while at the same time enhancing transnational and international cooperation between the network partners to provide a real European added value for Finnish SMEs. The high quality of the services provided by the consortium is guaranteed by an extensive network of

[2]Tutkimusjainnovaatiopoliittinenlinjaus 2011-15

professional and established organizations, which offer business and innovation support to internationally oriented SMEs, universities and research institutions in Finland.

TEKEL and a number ofTEKEL members are partners of the Finnish Enterprise Europe Network consortium responsible for the provision of international technology transfer and innovation services in the network. The services cover for example identifying innovative and technologically advanced SMEs with internationalization potential, matching the SMEs needs to meet new partners in order to develop their competitiveness in global business and assisting SMEs, universities and research institutes in their questions related to internationalisation.

As the EEN operates in all technology fields, it is important to establish tailored approaches to reach the regionally/nationally operating SMEs with internationalization potential. To accomplish this in the most effective way, there are a number of tools, for example technology-specific automated alert services and thematically focused on-line content that can be shared or integrated in respective thematically focused stakeholder websites.

Further, the EEN partners collaborate with other thematically/technologically focused organizations, clusters and networks where a mutual win-win situation can be reached.

This paper will next elaborate on some of the most pressing issues that have come up in interviews with clients, i.e. Finnish technology intensive SMEs who have benefited from the EEN services.

(5) Challenges and opportunities facing small and medium-sized enterprises i.e. tenant needs with reference to the added value of the Enterprise Europe Network

The policy level reflects the needs and identified bottlenecks related to the internationalization of the SMEs. The mandate and need for public intervention, as propagated by the EEN, are justified also directly from the SME viewpoint. The following examples are based on qualitative interviews among Finnish EEN clients, representing technology intensive SMEs. The client needs and EEN services targeted for those needs can be summarized into three main service segments: provision of business intelligence, funding opportunities and strategic partnerships.

Size of home market. The companies need to operate where there is a market. With the population of 5 million people, Finland is a relatively limited home market, especially for technology-intensive born-global companies. This is where the EEN provides access to a larger home market.

Further, in the current ongoing trend of outsourcing company R&D, there is great need of solutions to match the supply and demand, and the EEN provides a framework for that. A Finnish SME states:”As a university spin-off we have a strong background in academic research, and the application areas of our expertise range from agrofood industries to cosmetics. After our partner search was published via the EEN, we have received several expressions of interest from multinational companies wishing to investigate possibilities to integrate our innovation into their global scale product portfolio. The companies own well-known brands and we would not have been able to raise their interest on our own.”

Competition analysis. Especially in cases where there seems to be no competition for a given company, technology or product, the reason is often twofold: either that the competition analysis has not been done at all or has been done insufficiently, or, that there is no real demand for that particular kind of technology or product. At the same time as one is developing the technology/product to its peak, it

should be self-evidentto investigate if somebody has already saturated the market, before one makes the million euro investment. The EEN provides opportunities to check who else is operating in the same field, either as a competitor or as a potential collaboration partner, in order to make the necessary strategic choices.

Especially in fast changing ecosystems, markets and technology fields it is of crucial importance to be aware of the developments on the global arena, which have an effect on companies' ability to survive and thrive. The earlier one can gain business intelligence to back strategic decisions, the better.

Resources for sales and marketing. A common feature especially among the technology intensive start-ups, and also in the public funding spheres is that there are relatively much more time and money invested in the development of technological features than to any other elements of a sound business. It's a waste not to do all we can to avoid the investment to remain on the back shelf. But the fact is that even the best technology does not sell itself. A Finnish SME described their first participation in a matchmaking event: "We had thought we knew our products and technology inside-out, and trusted we have the best available solution. However, as we had twenty pre-arranged meetings at an EEN organized matchmaking event, we gradually learned in real life discussions how to elaborate our pitch so that it made sense to the potential partners as well, and not just for us who were fascinated about the technology as such."

*Funding.*It is commonly agreed that for example public funding should only be awarded to the best applicants.Another question is who decides which crystal ball is used to evaluate the business plan written based on information available today, in the changing global business arena. "Funding is the most important issue if one wishes to develop fast growth companies. However, public funding to commercialization or adapting a product to a specific market is to a large extent not possible, not to mention direct sales support."

When company growth lies on cash flow and bank loan financing, the growth may be too slow to be sufficient in global competition. This leads to losing even the possible technological advantage in comparison to the competitors. If there's a business opportunity and a market, there are always also those who are able to move fast and conquer the market. Those players are not necessarily Finnish. The EEN provides information on EU funding opportunities, such as the FP7. Further a novel matchmaking event format developed by one of the Finnish EENpartners, Technopolis' MoneyTalksForum, is a business fundraising and matchmaking event linking high-tech and innovation-based companies, corporations and international and Finnish investors. This concept was awarded in the Enterprise Europe Network's contest as the best practice case in the Access to Finance category.

*Mix of expertise.*Focusing on engineering, technology, is a major strength in Finland. However, homogenous expertise may prove to be a drawback. There is a need to broaden the scope of expertise so that the end clients' life and choices are better understood; from technology push to understanding and identifying market pull. It usually makes more sense to sell what the clients wish to buy.

“The secret of success is a combination of the talents of different people. young, energetic people and older people who have already gained international expertise, balance of different backgrounds working for a common goal, can result into something called competence.” says a Finnish SME.

If theexpertise in critical strategic innovation processes cannot be found in the obvious near neighbourhood, the EEN provides access to scout the lacking talent. There are thousands of companies actively searching for opportunities to collaborate across borders via the EEN, a recent example a Finnish game developer who found the expertise from the UK for a niche technology that was not available elsewhere.

*Networks.*To succeed without networks is impossible. An unknown Finnish SME without reference clients keeps knocking on the shut doors. The EEN is in fact a network of networks. Each partner organisation belongs to a number of local, regional, and national networks, which further increase the multiplier effect. Further, for example in Finland, the science and technology parks are operatively involved in the national Competence Cluster programme, and the EEN is considered as a strategic partner even if there is no official membership involved.

The Competence Clusterprogramme is administered bythe Ministry of Employment and the Economy,currently responsible for innovation and technology policy,which uses the Finnish science and technology park network and its broad administration and coordinating services in the operative implementation of the programme since the mid-1990s. The science and technology parks have the national mandate for promoting industry-academia collaboration in the Finnish regions.

One example is the nanotechnology Competence Cluster, which focuses on fostering the growth of nanotechnology based business, supporting implementation of nano and micro technologies as well as future materials in Finnish companies. The cluster combines technology intensive companies, world class expertise in universities and research institutes across Finland, and aims at applications in industries like ICT, electronics, mechanical engineering, construction, forest, energy, environment, chemical, health and well-being. Their nationwide cluster network reaches more than 90% of Finnish nano and microtechnology related activities and stakeholders, which makes it an ideal national multiplier partner for the EEN network as well. In the EEN framework, there are a number of ‘Sector Groups’ with the objective of bringing EEN partners with specific expertise or clientele together for improved service in a particular field. Being involved in the EEN level Sector Group on nano and microtechnology, a Finnish EEN partner is the node between the Finnish nanotechnology cluster and the active counterpart clusters or expertise in the other EEN member countries. Thus, joint emphasis is put onfaster access to international networks in the given field, which further improve internationalization opportunities for the SMEs.

7. Future implications

Despite what has been said above to describe the current state of the art in the context of one European Union policy tool, the Enterprise Europe Network, much still remains to be done in the future.

There is an increasing need to solve global challenges related to environment, food supply, health, security, energy, to name but a few. In the ecosystems aiming to find solutions to these challenges,

there is need and space for innovations, and also innovative partnerships, which is exactly where the EEN provides a platform for SMEs to tap into the new opportunities.

The Enterprise Europe Network can be seen asan evolvinginnovation platform, facilitating also the multiplier organisations' and other intermediaries' search for new ideas and opportunities. Further, in the context of EU R&D programmes, there is work to be done tobringuniversities and industry closer together than they currently are, for example by improved SME involvement already in the planning phases of R&D project proposals, as well as in the utilization ofthe results of the projects.