RIS3 of the hosting region

Research and Innovation Strategies for Smart Specialisations of South Savo Region (Finland)

Work Package 4
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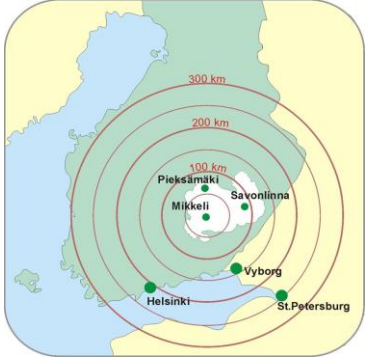
REGION OF SOUTH-SAVO

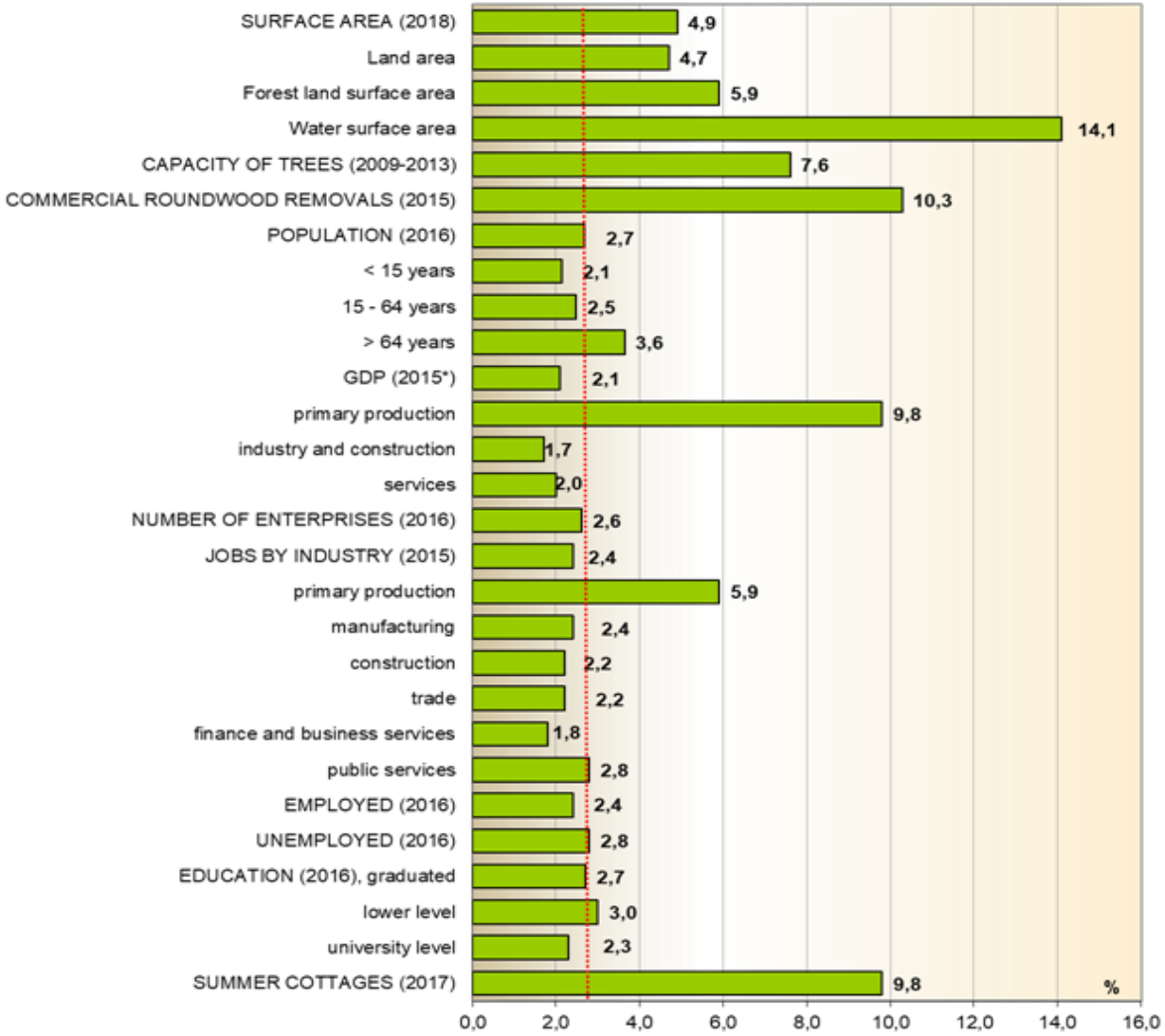
- The southernmost region in East Finland, just a couple of hours drive from the Finnish capital Helsinki and around four hours by train from Saint Petersburg
- Sparsely populated area with most ageing population in Finland

(The region´s total area ~~around 19,000 km~~^{2} with approximately 150,000 inhabitants)

- Finland Region Survey 2016: South Savo region 3rd concern happiness indicator
- Consists of fourteen municipalities and three towns Mikkeli, Pieksämäki and Savonlinna
- Wood, technology and service industries are the most important branches of industry and largest employers in South Savo
- The population of South Savo nearly doubles every summer when summer residents and vacationers come to the region to enjoy of the wide range of cultural attractions and international festivals and games or just easy living in a clean, safe and pleasant environment
- Well-known for the lake Saimaa (the fourth largest lake in Europe), with its countless islands, vendace and rare species of Saimaa ringed seal. The region has over 30,000 kilometres of shoreline, and the lake Saimaa is connected to the Baltic Sea by Saimaa Channel



PROFILE OF SOUTH-SAVO REGION



2,7 % of Finland's population

Short description of RIS3 process

Introduction to South Savo RIS3

- ***Long-term development*** (several regional innovation strategies and processes, formally started by initiative and entrepreneurial discovery process by couple of local entrepreneurs / managers / municipality leaders at the end of 1970's >>> main idea/future vision to create sustainable, green economy based region which utilize forest / nature based opportunities)

- ***Commitment, trust building and shared vision and strategy of actors*** (Over 100 diverse organizations including schools, development organizations, municipalities, enterprises, associations)

- **Current South Savo RIS3 strategy (2018-2021)** is based on co-operation with local networks led by Regional Council.

- **Several meetings/seminars/thematic group discussions** with regional actors were carried out in order to develop the RIS3 strategy and implementation of the South Savo Region

Short description of RIS3 process

Governance

Financier view (Regional Council)

- Open method of coordination (OMC)

”EU level policy goals are tailored and implemented with line of the regional level strategies and actions. Shared consensus concern solutions and their practical implementation ”

- Continuous monitoring (indicators, reporting, steering group work)
- Mutual learning and peer review (Benchmarking and –learning, info/idea -events)
- Dissemination of good practices (seminars/conferences, peer discussions, publications)

- New governance structure starting 1 January 2019

Building the evidence base for RIS3

Assets, bottlenecks, growth opportunities and risks of South Savo

Synopsis of key issues

Assets • Strategically located close to Helsinki and Saint Petersburg • Forest resource and associated specialisations in machinery/equipment manufacturing • Nature based tourism attractions (lakes and canals), and specialized construction (summer homes) • Increasing productivity in tradeable sectors • Employment growth in private sector services • Comparatively good access to broadband • Organic food production	**Bottlenecks** • Disengagement of older and younger people from the workforce, particularly in rural areas • Sparsely populated and long distances between business and employment opportunities • Low levels of entrepreneurship, and lack of capacity for innovation amongst entrepreneurs and SMEs • Lack of flexibility and adaptability in the provision of vocational education and training • Small scale bottlenecks on the internal transport network
Growth opportunities • Bioeconomy (small scale innovations linked to forestry) • Use of technology to drive service delivery innovation • Diversification of the regions tourism offer • Linking with tourism opportunities in Kainuu, Northern Savonia and Northern Karelia • Potential for infrastructure improvements to better connect with Saint Petersburg and Russia	**Risks** • Lack of diversification in tourism attractions • Land use conflicts (amenity versus industry uses) • Dependency on public sector employment • Ageing and decline of the potential workforce • Low levels of school attainment and skills of young people • Out-migration of skilled young people • Declining competitiveness of local manufacturing and processing • Continuation of poor economic conditions in Russia

Main objectives of RIS3

Aim to create centres of expertise of both national and international significance, user-oriented service, innovations and processes shared by multiple users

- Solve problems and satisfying needs in chosen focused areas
- Creating, developing, transfering, utilizing, commercialising technologies in chosen areas
- Creating, developing and maintaining regional resource bases in chosen areas
- New value, jobs, businesses …..

Key areas of innovation strategy:

FOREST – New forest biomass products and production processes
WATER – Clean water technologies and concepts
FOOD – Purity and safety of the food chain

Common denominator for the all areas

- *Digitality - digital management of data and information*

Examples of Smart Specialization in South Savo

- Forest biomass & Clean water: **FiberLaboratory**
  - South-Eastern Finland University of Applied Sciences' biotechnology innovation center located in Savonlinna
  - Fibre, water and wastewater laboratorios
  - Conducts research and development of an international standard and trains process engineers. These activities underpin the competitiveness of companies in the South Savo region.
  - Specialises in research on an event or pilot scale, creating new high-technology solutions for refining biomaterials and forest biomass.
  - Support the competitiveness of companies by developing technology that for example reduces energy, water and carbon dioxide emissions.

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Examples of digitalization

- Digital management of data and information: **DigitalMikkeli**

  - Preserves, manages and secures the memories of the Finnish people and companies as well as cultural heritage of Finland
  - Cluster promotes, supports and develops digitalization and the use of information. Cluster's member companies and organizations develop and produce solutions, information systems and services in the fields of archiving, digitalization and online services, as well as in digital content business
  - Digitalmikkeli cluster operates in Mikkeli, in the region of South Savo, Finland, and it is coordinated by Mikkeli Development Miksei Oy Ltd
    - **Companies**: MPY, Kuntien Tiera, Observis, Profium, Länsi-Savo, Marski-Data, Disec, Fujitsu Finland, CGI Finland, Observis, OiOi
    - **R&D and education**: Mikkeli University of Applied Sciences, University of Helsinki/The National Library of Finland, MAMK: Small Business Centre and BScBA Program, Otavan Opisto
    - **Public organizations**: The National Archives of Finland, The Central Archives for Finnish Business Records (Elka), City of Mikkeli, Region of South Savo

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Examples of Smart Specialization in South Savo

- Lappeenranta University of Technology / **Laboratory of Green Chemistry** in Mikkeli
- Aims to decrease amount of produced waste when manufacturing new products, minimize use of energy and materials on different chemical and industrial processes
- The focus is on minimizing the hazard and maximizing the efficiency of any chemical choice. One approach is also to find new solutions to prevent and decrease environmental pollution
- Laboratory´s main function is conduct research and development activities and provide teaching and supervision for graduate and postgraduate students
- Laboratory has specialized water analysis and water, wastewater and soil purification techniques

Why these priorities?

New forest biomass products and production process

- Exploiting regional strenghts (currently 12% Regional GDP/Employes 11% of region total workforce)
  - ➢Large forest resources / unused potential/ renewable energy source e.g. biogas
- Long tradition of forest cultivation and biomass exploitation
- Bioeconomy opportunities
- Technological knowhow new biobased rawmaterials, boiler technology and logistics
- Large enterprises/SMEs-municipality-school-government cooperation
- High-technology, RDI orientation and international commercialisation
- Geographical closeness to Russia market

Clean water technologies and concepts

- Globally increased demand for clean water
- High growing markets for water processing (waste water)
- Stricter environmental legislation
- Circular economy and clean-technology opportunities
- New markets for e.g. environmental safety innovations; smart measuring and monitoring systems
- International research team have been operating in this field several years
- High technology , RDI orientation and international commercialisation
- Green Chemistry laboratorio of Lappeenranta University of Technology located in the region

Why these priorities?

Food - purity and safety of the food chain

- Globally growing markets on ethical, ecological and social requirements, health and wellness
- Several local organic food producers (farms) e.g. Tryffel centre located in Juva, cooperation with
- Aalto University, School of Technology
- National Organic Food Centre has been established to the region led by Univeristy of Helsinki > support innovations that arise on the borderlines of the industry (e.g. culinary tourism, food safety innovations, digital services etc.)

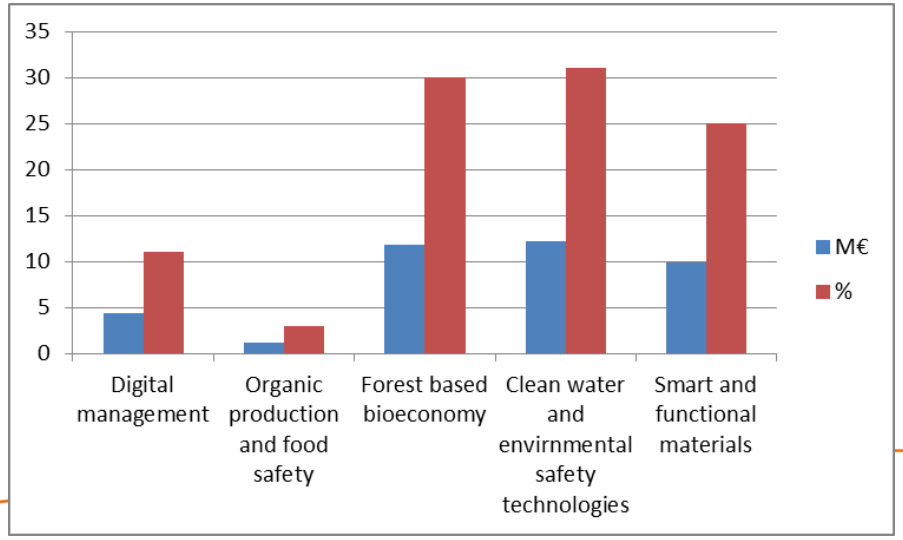
The common denominator for all the top priorities

- Digitality - digital management of data and information

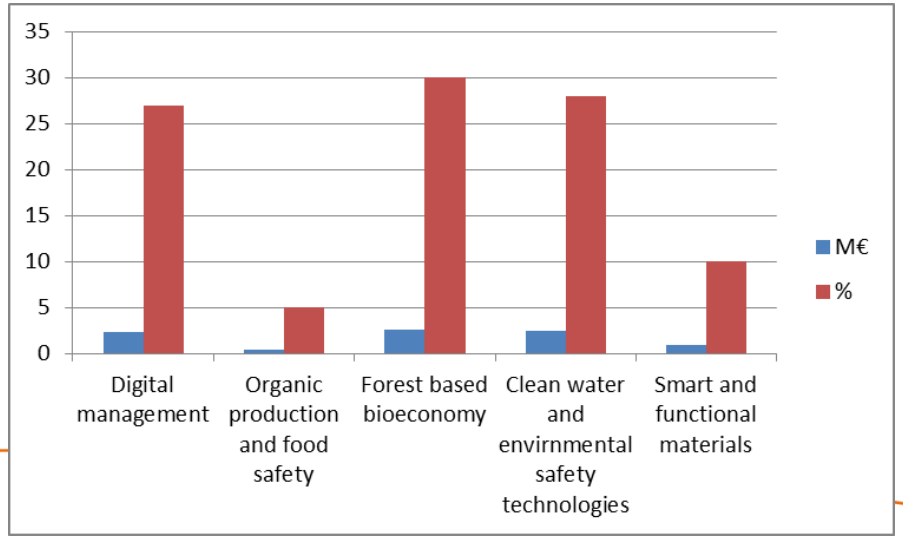
RIS3 implementation and budget

- South Savo region RIS3 implemented by projects concern chosen smart specialisation areas which are funded by using different funding sources including EU regional dev. funding
- Smart specialisation areas granted EU regional dev.funding during 2007-2013 39.5 million €
- Smart specialisation areas granted EU regional dev. funding during 2014-2015 8.7 million €
- Finance balance changes concern Smart specialisation areas of South Savo region
  - Increasing funding share: Digital management, Organic production and food safety
  - Decreasing funding share: Smart and functional materials

European Regional Development Funding 2007-2013



European Regional Development Funding 2014-2020



- Other possible sources of finance Horizon 2020, Tekes, Academy of Finland, private sector (firms, associations), municipalities, government budjet funding

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Measuring and monitoring progress

Focus on achievements and learning

- Focus on project based monitoring process
- Measuring project based indicators and implementing agreed project reporting (at least twice a year, further at the end of the project final report)
- EU, National, Regional level monitoring
- Steering group work important concern continuous content of project development
- Project actors self-evaluation of the achievements
- Every year regional strategy implementation process checking and discussions (municipalities with key stakeholders)
- South Savo is part of five region evaluation consortium (other regions South-Karelia, Kymenlaakso, Päijät Häme and Kanta Häme)
- Mid term evaluation end of December 2015 (period 2014-2015)

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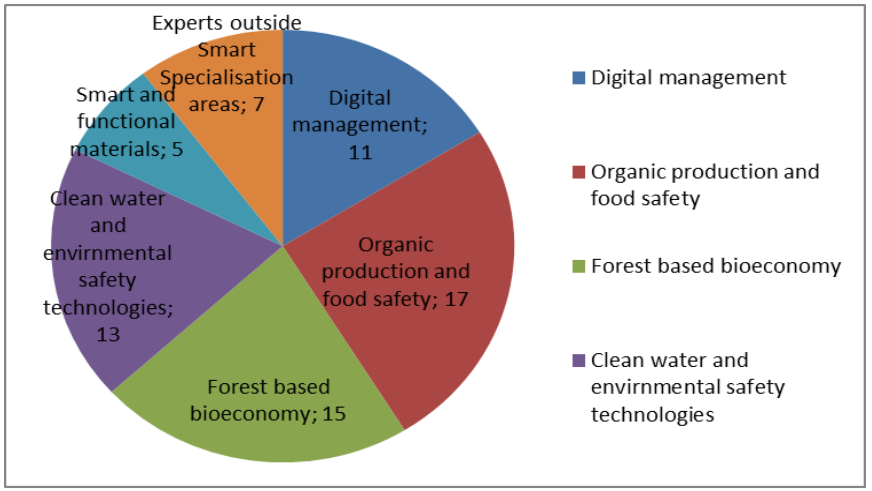
Summary and next steps

Mid term evaluation of Smart Specialisation Strategy

Interview based evaluation (n=68 interviews)



Key results:

- Problems with concept awareness
- Promote RDI –activities
- Promote entrepreneurial spirit/actions
- Problems with commercialisation and entrepreneurial business ideas exploitation
- Lack of marketing skills
- Using local expertise more
- Step out form the current competition to new areas of high profile products / services
- Creating and maintaining networks/relatioships
- Flexibility of funding and risk taking (new value creation)
- Resource scarcity concern people with diverse skills, know-how, technological expertise

Next steps:

- **Need to create shared understanding concern possible changes of RIS3 durign 2016-2017, already used dynamic actions concern the funding**
- **Scenario work of the region started 2015 > new strategy process development of the region started 2016 > Evaluation/stakeholder discussion of new regional strategy and program**

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Main achievements and bottlenecks

Main achievement:

- Created centers of expertise and innovation platforms for all chosen smart specialisation areas
- R&D Managers
- Strategic themes content building (longitudinal project funding, with higher EU regional development funding finance)
- Supported national and international network and partnership building (e.g. Triple Helix)

Main bottleneck:

- Population
- Logistical context
- Lack of entrepreneurship
- Flexibility of education system
- Scarce resources of international level RDI people

Question 1

- **Since OECD emphasised lack of entrepreneurship in our region, how we can develop our region research, innovation and smart specialisation related entrepreneurship culture, commercialisation of inventions and smart innovation based business start-up opportunities? Are we missing some important point of views?**

- This questions is important since we have narrow resourcebase of all chosen smart specialisation areas, region is characterised by strong micro and small firm population (over 95 % of all firms),further, focus have been on technology transfer, creation but not on commercialisation…

Question 2

- **How do you think digitalisation could be used to promote research, innovation and smart specialisation? What could be possible content of digitalisation to foster future opportunities discovery and exploitation?**

- This question is strategic to South Savo region for many reasons (*e.g. to promote new innovations, create new job opportunities, business, value, moreover, solve population and logistical context related problems*)

SAIMAA REGION WELCOMES YOU !

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