

# The Finnish Innovation Strategy

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TYÖ- JA ELINKEINOMINISTERIÖ  
ARBETS- OCH NÄRINGSMINISTERIET  
MINISTRY OF EMPLOYMENT AND THE ECONOMY

# Ministry of Employment and the Economy

## Strategy and foresight

Corporate strategy group

Strategic projects group

Research and foresight group

## Corporate steering

Administrative sector steering and structures group

T&E Centre steering group

Industrial policy co-ordination group

## Regional development

Regional strategy group

Programme group

Structural fund policy group

Structural fund administration group

## EMPLOYMENT AND ENTRE- PRENEURSHIP DEPARTMENT

Entrepreneurship development and enterprise support

Functioning of labour market and skills development

Employment and enterprise services

Intermediate labour market and employability support

## WORKING LIFE AND MARKETS DEPARTMENT

Regulation of working environment

Quality of working life

Competition policy

Internal market and consumer policy

Business law group

## INNOVATION DEPARTMENT

Knowledge-based innovations

Demand-based innovations

Innovation environments

Growth ventures

Internationalisation and exports

Mineral policy

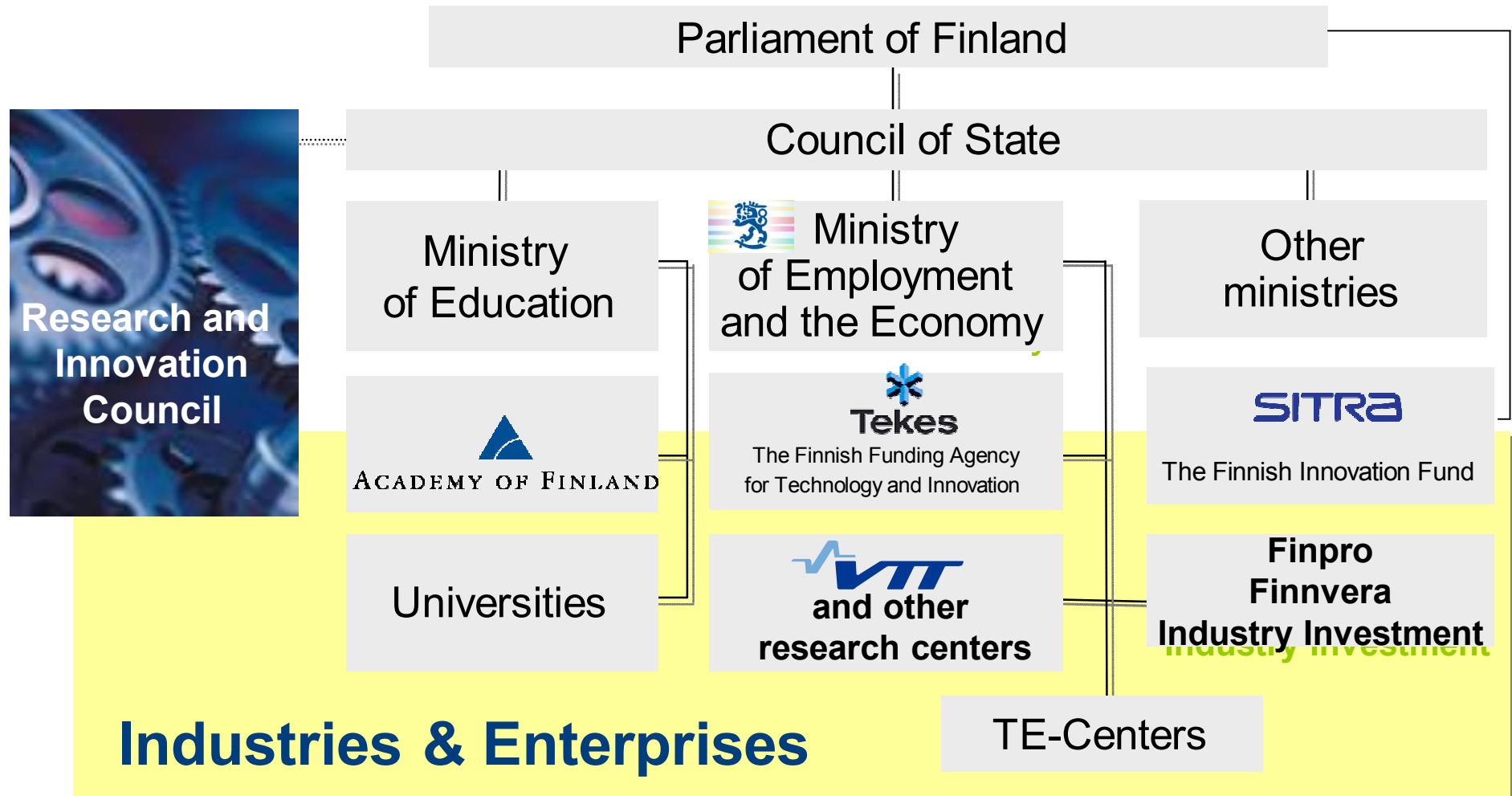
## ENERGY DEPARTMENT

Energy markets

Renewable energy sources and sustainable development

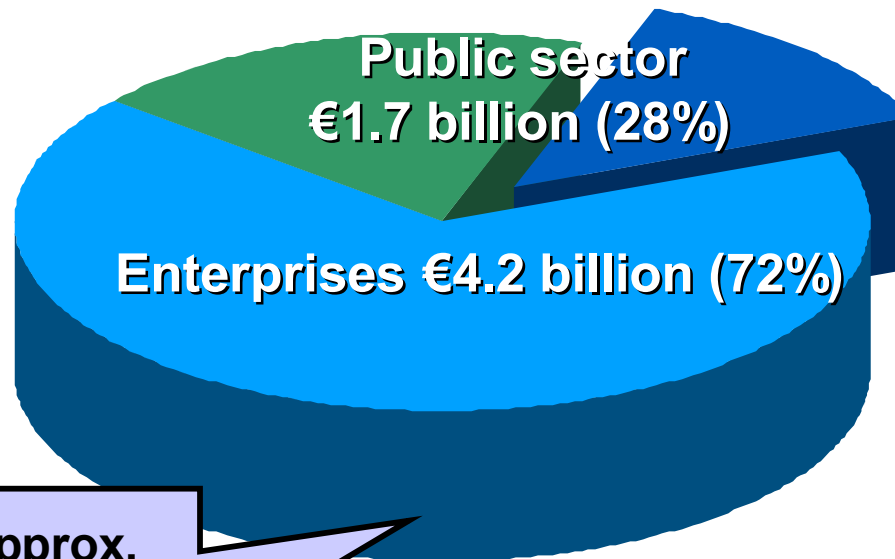
Basic energy production

# Finnish innovation environment = public-private partnership



# R&D investments in Finland

Total 5.9 billion euros, 3.4 percent of the Gross Domestic Product (GDP) in 2007



**Nokia approx.**

- 45% of all industrial R&D
- >80% of telecom R&D

**Competitive public funding 42% of total public R&D funding:**

- Tekes 500 M€
- Academy of Finland 250 M€

Source: Statistics Finland

# Finnish innovation system/policy SWOT

## STRENGTHS

- Education
- Commitment & continuity
- Co-operation & competition
- Industry share of R&D investments
- Proactive and client-oriented public innovation services (funding, expert)
- Public R&D funding with strong incentives for co-operation and risk-taking

## WEAKNESSES

- Small absolute volumes in R&D  
(3,5% GDP = 5,5 bn €, < 1% global R&D)
- Dependence on global developments
- Low foreign direct investments
- Low international researcher mobility
- Small number of growth-oriented enterprises
- Small venture capital volumes for start-up and early growth-phases

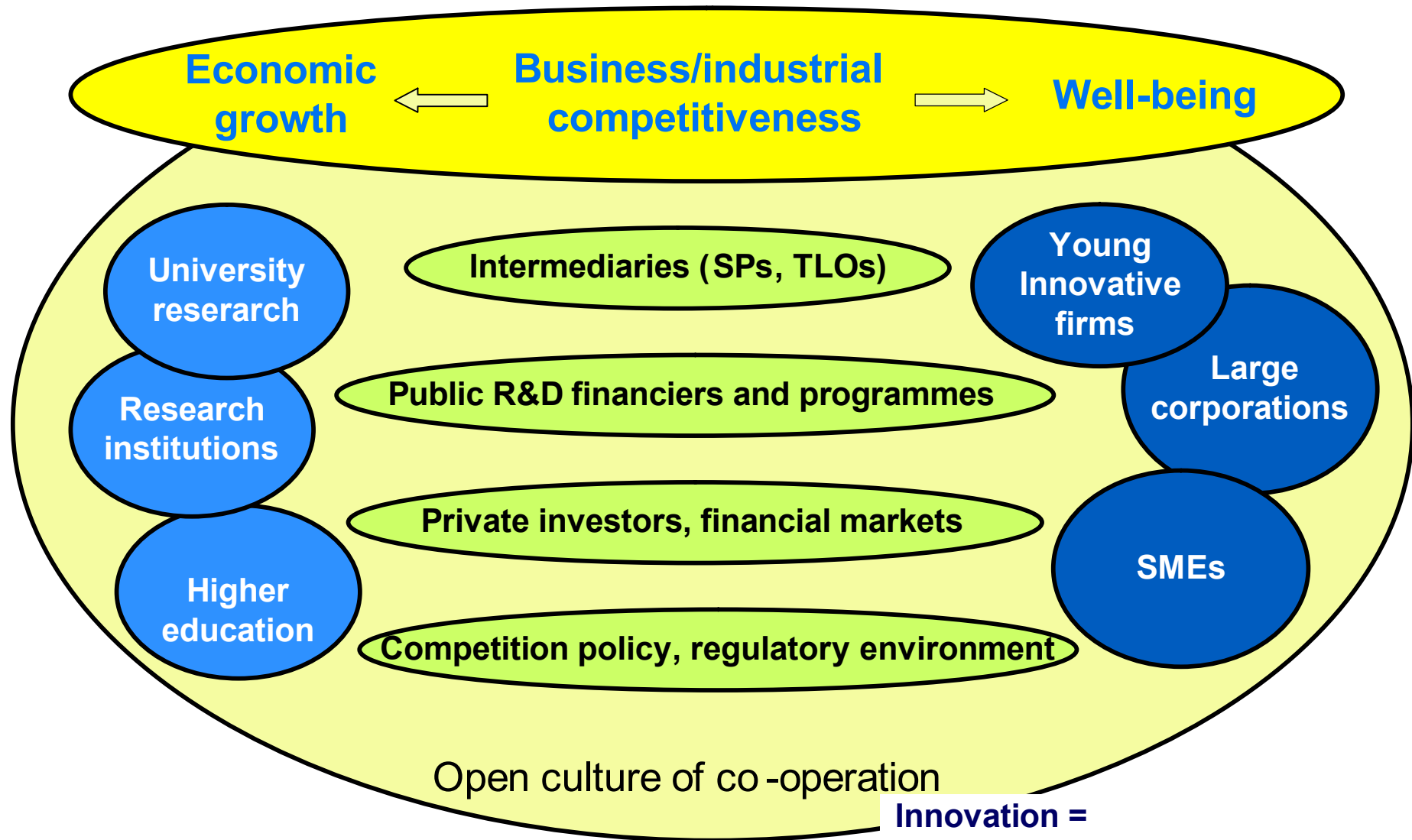
## OPPORTUNITIES

- More coherent and strategic national policies (foresight → insight → policy)
- Stronger focusing of public R&D resources
- Going beyond “industrial innovation”: Promotion of innovation in private and public services
- Market-pulled innovation stimulation
- Active participation in major EU R&D programmes and platforms
- Going beyond EU: Active linkage with global innovation hotspots

## THREATS

- Dominance of one sector (ICT) and one company in business R&D
- Risk of declining business R&D expenditure
- Businesses increasingly move their operations abroad, including R&D
- Losing focus: Participation in too many projects with scarce resources

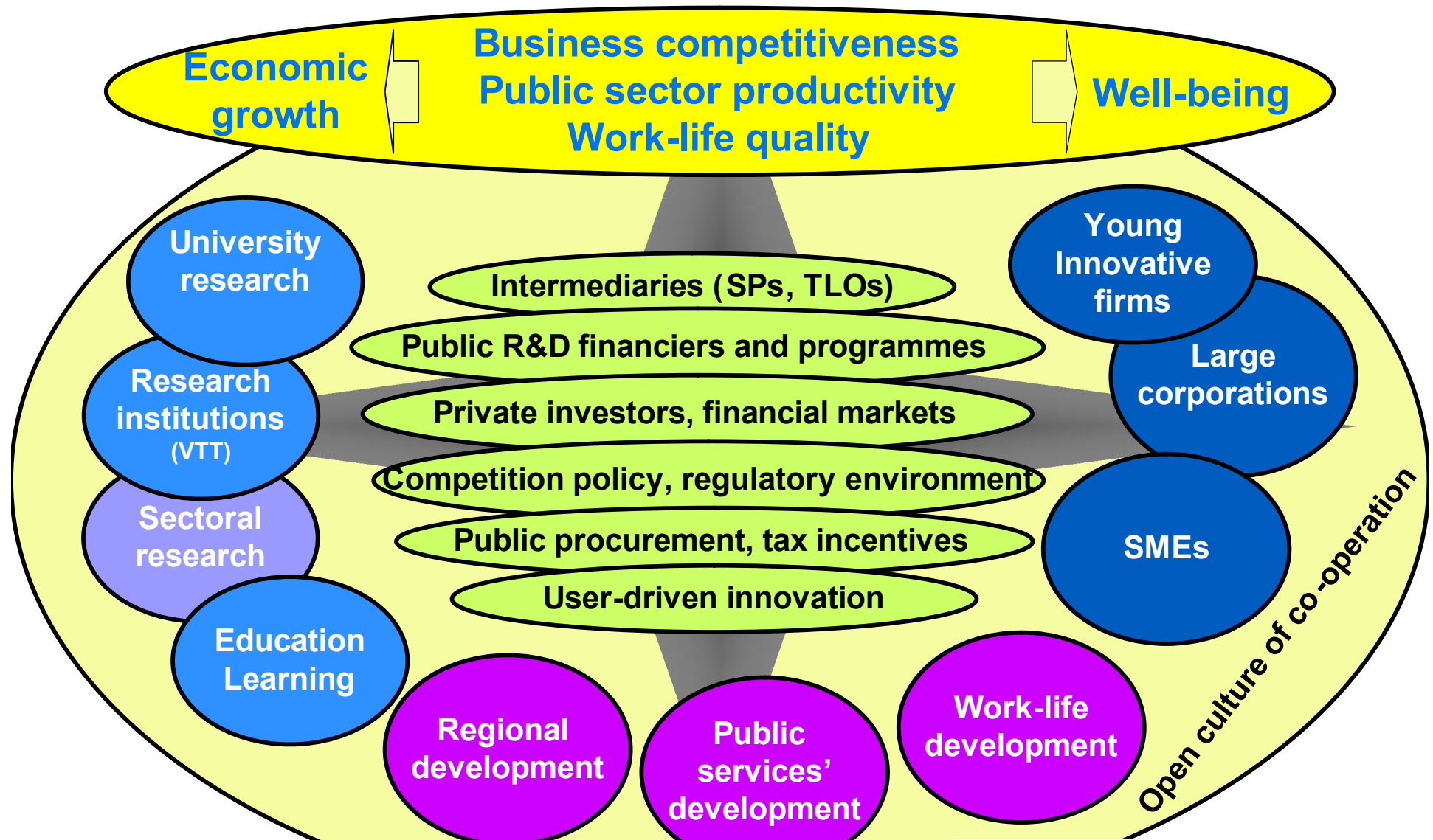
# "Classical" innovation environment



**Innovation =**

- new product, technical solution
- new production process
- new (industrial) service

# “Extended” innovation environment



**Innovation =**

- new product, technical solution
- new production process
- new (industrial) service

**Innovation =**

- new expert-service
- new business model
- new design or brand

**Innovation =**

- improved public service
- organisational or structural improvement

## Innovation policy entering into new territory

**from...**

**Competence-based  
policy**

**Knowledge push**

**traditional (scientific)  
research (done in  
public R&D orgs), and  
promotion of R&D  
and technology  
programmes**



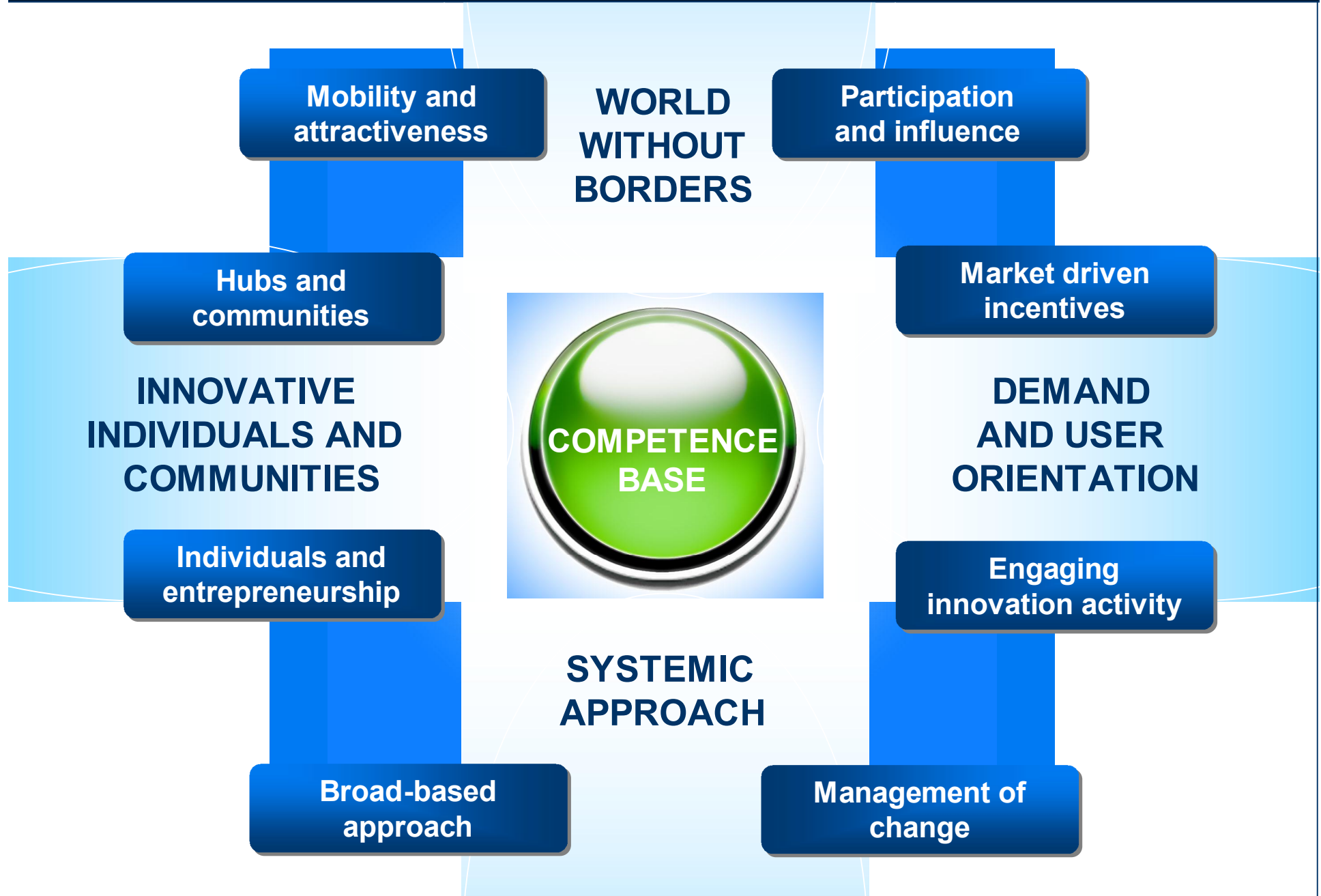
**more  
towards**

**Demand-based  
policy**

**Demand pull**

- \* **public procurements**
- \* **working life developments**
- \* **user communities**
- \* **innovative public services**
- \* **regulatory framework**

# Innovation strategy - Focal points



## Finland's Innovation Strategy 2008 – Key Directions

- 1) The central government's rules of procedure and steering mechanisms will be renewed with a special view to strengthen the link between political decision-making, policy advice and implementation.
- 2) Emergence of user- and demand-driven innovation policy equipped with new policy thinking and tools.
- 3) Regional centres of RDI will be enhanced.
- 4) The public innovation support system will be rationalised (in order to activate enterprises in RDI and to respond to the needs of user-oriented innovation activity).
- 5) New incentives for risk-taking and venture capital organisations and individuals (e.g. taxation issues)
- 6) Education and management training will be fortified
- 7) The development and better use of opportunities offered by the regulatory framework will be realised.

