



# Newsletter

December 2006

## Development of Regional Innovation Systems

Some thoughts after VBN InnoReg joint project meeting, 8–9 November 2006 in Tartu, Estonia



Group work on regional innovation system analysis and indicators chaired by Prof. Marjatta Maula (second from left) and researcher Sanna Seppänen (on the left) in Tartu project meeting.

The emergence and development of regional innovation systems can be justified by the necessity of the regions, firms and other actors to succeed in the increasing global competition. During the last years the capability to create innovations has become the focus of interest. While it is firms and individuals that create innovations, a regional innovation system may provide an environment that considerably facilitates their capability to create something new and relevant.

In order to be supportive, the structure and functioning of a regional innovation system should be based on a sound understanding of how innovations are created. The process of creating innovations may range from the preliminary vague ideas, new technologies, research results and emerging market needs into a finalized, commercialized

and implemented product, service, system, method or something else that changes our lives.

Global competition requires that innovations must be produced efficiently. What could this mean? First, it means that there is need for *creativity*, and secondly, that there is need for *efficiency*. Creativity in a region requires positive and constructive atmosphere and drive, access to many kinds of knowledge and resources, capacity to divergent and 'different' thinking and viewpoints, diversity, global and local networks, rich connectivity, experiments, play, patience, tolerance, tacit knowledge and intuition. Efficiency is often associated with clear defined objectives, convergent thinking and control. There may be some tension between these two requirements. Too much focus on one or another only might be harmful.

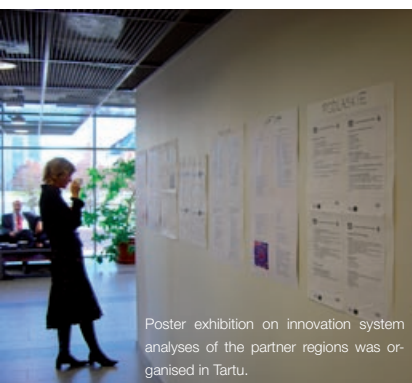
How then to develop the regional innovation system? This task consists of several steps that constitute the core of VBN InnoReg project. One step is to create shared understanding about the actors, dynamics and key features of the innovation system. The second step includes the identification of the knowledge creation potential of the region. The third step means selecting and developing indicators that help to understand the impact of the innovation system on competitiveness, and to develop the innovation system further along time to the required direction.

However, while these steps are necessary, they are only a part of the whole picture. The region could also create shared understanding of the innovation processes that are relevant for the industries in the region. This helps to develop the regional innovation system so that

it could facilitate both creativity and efficiency in creating innovations. In the beginning of an innovation process there is need for divergent thinking and creativity. Therefore the innovation system should guarantee that the preconditions for creativity are in shape and potential obstacles have been removed. On the other hand, once an idea or invention has been created, the innovation system should guarantee that the further development and testing, commercialization and implementation are well structured, easily available, highly professional and efficient. This serves creative people and firms, and releases their creative powers. It increases the possibilities of the local actors to 'play', experiment and enjoy their lives, and attracts more creative individuals and actors into the region.

**Prof. Marjatta Maula**  
Tampere University of Technology

## Second VBN InnoReg joint meeting was organised in Tartu



Poster exhibition on innovation system analyses of the partner regions was organised in Tartu.

The second VBN InnoReg joint project meeting gathered about 40 participants from 18 partner organisations to Tartu, Estonia on 8–9 November.

During the meeting partner regions presented their regional innovation system analysis methods and key features and challenges identified in the regional innovation systems. The selection of suitable indicators to measure the innovation system performance in the regions and the new knowledge creation potential

of the regions were discussed in working groups.

In addition, partners presented their experiences from the regional meetings and seminars they have organised for key innovation actors to involve them in the discussion of innovation system development. Also implementation of regional pilot projects was discussed. Pilot projects in VBN InnoReg include "Pre-seed fund for start-up companies" in Tampere and Tartu, "Innovation Promoting Session for local

SMEs" in Seinäjoki and "Creation of innovation spirit among young generation through demonstration event" in Riga.

Next joint project meeting will be organised on 24–26 April 2007 in Potsdam, Germany.



**Johanna Leino**  
Project Manager

The Baltic Institute of Finland



# Kaunas Region: Conservative past, innovative present

Today Lithuania surprises with its strength and rapid growth in all the spheres of the country's life – real GDP growth rate expected 7,6 % (2006). This is a strong partner in economic, social or cultural relations with other countries. Nationally and internationally, Kaunas is known as a city that enjoys high quality of life and competitiveness. Advanced population and development of knowledge-based business add some spice to Kaunas. Kaunas region, one of “three big brothers” in Lithuania has never been so actively developed.

Some might ask – why? It could be said that Kaunas city is starting to use its educational strengths. This is firstly because of qualified labour force - 7 universities and 6 colleges (with some 59 100 students). High

level education of people enables the region to produce greater added value and is ensuring the rapid development of the new and prospective sectors – mechatronics, electronics, ICT, automotive etc.

Yes, Kaunas region has not yet managed to bring the various elements of innovation infrastructure to interact effectively and systematically and to link the R&D community with the enterprise community, but it is getting better. Region can already offer most important elements of regional innovation system, including universities, a business community, and also a set of public institutions aiming to support technology applications: Science and Technology Park Technopolis; Kaunas High-Tech & IT Park; Park of Agricultural Sci-

ence and Technologies; Park of Recreation, Tourism and Sport Science; Kaunas Technology University Regional Business Incubator. The R&D community is also starting to understand the way it must act in relation to business – the universities' institutes, we call them “university spin-offs”, are offering more ready-to-be-sold ideas.

One of the key projects implemented in Kaunas City is the development of the Science and Technology Park Technopolis – recently, the project was approved by the Ministry of Economy (total budget of the project - 3,15 MEUR, part-financed by the European Union, ERDF). The main objective of the project is to build infrastructure and office building. Construction works - for building communication in

the area of 3,6 ha, office building (1.600 sq. m.) - will start in spring 2007. The project will end in 2008 September. There are plans to expand premises to 64.000 sq. m. until 2015.

In VBN InnoReg project Kaunas region – Kaunas University of technology and Technopolis - expects to enhance its level of innovative business support by collecting the experience and sharing best practices to local influential RIS actors.



**Algimantas Venckus**  
Kaunas University of Technology

**Vitalija Vaišnoraitė**  
Technopolis

## A new project will connect St. Petersburg to the work of VBN InnoReg

A new project “SPb InnoReg - Promoting Regional Innovation System in St. Petersburg through Transnational Cooperation” aims at fostering competitiveness and developing regional innovation system in St. Petersburg through cooperation with innovation actors of the Baltic Sea region. The project is highly based on the partnerships and results of two on-going projects: VBN InnoReg and BaltMet Inno - the latter concentrating on development of innovation environments in the Baltic Sea metropolises.

The partners of SPb InnoReg include City of St. Petersburg and St. Petersburg Foundation for SME Development from Russia, City of Helsinki, Culminatum Ltd, University of Tampere, Hermia Business Development Ltd, Seinäjoki Technology Centre and Lappeenranta Innovation Ltd from Finland as well as ITC Bentwisch, Technology Center Warnemünde and Wista Management from Germany.

The application of the Lead Partner, the Baltic Institute of Finland

in the BSR Interreg IIIB 9th call for proposals was approved by the Steering Committee in December and will receive funding during 2007–2009. All projects contracted in the 9th application call will be financed solely from the external (Tacis) funding.

**Johanna Leino**  
The Baltic Institute of Finland



The new project was prepared also during the Finnish-Russian Innovation Forum organised by the Baltic Institute of Finland in Tampere on 14-15 September 2006.

# VBN InnoReg in South Ostrobothnia



VBN InnoReg working group in South Ostrobothnia. From the left: Juha Alarinta, Timo Suutari, Tommi Ranta, Anssi Uitto and Nina Harjunpää

## – towards a more integrated and serviceable innovation policy

According to contemporary viewpoints, the most important driver for innovation processes is the creation of such connections and networks, which enable new kind of combinations of knowledge. Therefore, a regional innovation system is characterised by cooperative innovation activities between enterprises and knowledge creating, diffusing organisations, such as universities, educational units and intermediary organisations.

In South Ostrobothnia the regional innovation system can be regarded to be in an active stage of development. A lot of effort has been invested in developing know-how during the last decade. The well-developed enterprise culture indicates positive opportunities for the development of the innovation system as well. Nonetheless, what is challenging is the fact that region's innovation culture is still quite young. One of the most critical points is collaboration between enterprises, academics and development organizations. The realisation of the Seinäjoki Science Park, including its main building (FRAMI) and South Ostrobothian University

co-operation network (Epanet) are major manifestations of regional innovation system of the region.

### Personal level interaction and common will are important

VBN InnoReg project is tailor-made process for deepening and strengthening development on regional innovation system. In South Ostrobothnia the partners of the VBN InnoReg project are Seinäjoki Technology Centre (STC) and Regional Council of South Ostrobothnia. The resources of the project are used in supporting the current activities in the region. What is especial advantage for this work is the fact that both of the partners and all persons involved in implementation of the project are located under the same roof in FRAMI.

To organize the work in the project, a consortium agreement was signed with Regional Council of South Ostrobothnia, University Consortium of Seinäjoki, Helsinki University and University Association of South Ostrobothnia. All the activities for VBN InnoReg are planned and accomplished in close

cooperation with the Consortium and STC. Close cooperation assures that all information between different project activities is provided actively.

STC is responsible for the regional innovation system analysis that consolidates cooperation between RIS actors and is align with other current actions in the region. Based on the analysis, STC is summing up different goals and objectives from various regional programmes and formulating an action plan accordingly. The summary and action plan will be released as a regional innovation strategy. This work is important because such a summary has not been done earlier in the region. Regional innovation strategy strengthens the innovation supporting actions and clarifies the roles and responsibilities of different actors.

The first VBN InnoReg seminar for RIS actors - Competitiveness and Employment - with 34 participants was held in Seinäjoki on 26 October 2006. The presentations focused on very descriptive cases of collaboration and cooperation be-

tween universities and enterprises. The current phase of preparation of the Regional Innovation Programme was also presented.

STC is actively seeking for new means to tighten the cooperation between universities and local businesses. Pilot activity "Innovation Promoting Session" is an example of an innovative – yet simple - method to ease the diffusion of new knowledge in local companies. During the VBN InnoReg project this method will be developed further and a manual will be produced for the use of other partners and innovation actors in the Baltic Sea region.

Common will in project is that all project activities are in balance and support the work done in the region. All actors in South Ostrobothnia are also very pleased with VBN InnoReg partners and with the active discussion during the project. Transnational cooperation offers the opportunity to learn.

Juha Alarinta, Nina Harjunpää,  
Tommi Ranta, Timo Suutari, Anssi Uitto  
VBN InnoReg working group in South Ostrobothnia

Epanet  
[www.epky.fi](http://www.epky.fi)

University Consortium of Seinäjoki  
[www.ucs.fi](http://www.ucs.fi)

Seinäjoki Technology Centre  
[www.stoy.fi](http://www.stoy.fi)

# Innovation actors in the large district of Rostock want to cooperate for common goals in RIS development

The Regional Innovation Network was established to implement the VBN InnoReg project in the large district of Rostock. The Network includes the most important regional innovation actors: all technology centres of the region, the Chamber of Commerce and Industry, Association of Businessmen, University of Rostock, offices of regional development and few centres of competence.

At the 2nd meeting of our Regional Innovation Network on 3 November 2006, the participants discussed how to develop the Regional Innovation System. As a first step, we decided to use the meetings as a platform to disseminate the experiences of project partners in the VBN InnoReg project and from other regions in Europe.

Ms. Marja-Riita Mattila-Nurmi from the Council of Tampere Region presented their activities to compile a profound SWOT – analysis with the target to understand the structure of RIS and to strengthen the identified features and competences that are relevant to improve the competitiveness of the region. Ms. Mattila-Nurmi explained why it is necessary to use tailor-made indicators to measure the success. The analysis in Tampere is based on comprehensive interviews and a questionnaire addressed to selected regional innovation system actors.

This very informative presentation gave our regional actors many impulses on next steps to be taken in our work. Therefore, we will or-



The second meeting of Regional Innovation Network in Rostock, November 2006.

ganize a brainstorming-workshop with selected key innovation actors by the end of November to define the concrete activities for the spring 2007, to formulate our targets and further networking.

Another lecture by Thomas Berndt from the Institute of Innovation and Technology of Vienna/ Austria gave an overview of activities related to innovation project work in Vienna over the past decade. 10 years ago, Vienna started an in-depth analysis of the regional innovation potential and placed this issue on top of the agenda. As a result, the Institute of Innovation and Technology spends annually EUR 20 million in technological development,

funded both by the municipality and private companies. Today 250 R&D companies and the universities employ a total of 25.000 persons in Vienna.

Based on the information given in the lectures and the discussion afterwards, the participants agreed that a profound RIS analysis should, in a first step, select the options and barriers for innovation. All innovation actors of the Network identified this main topic and are willing to work together in this project.

A further topic of discussion was the selection of indicators. For this purpose, we will refer to available

statistical sources in order to determine indicators and data relevant for our region.

The challenge for our region is to find private investors and to promote innovative ideas and projects that are independent from national and European funding with stringent monetary policy, particularly behind the background of future regressions, when the status as a special promotion area will terminate.

**Dörte Beyer**  
Innovation- and Trendcenter  
Bentwisch

**VBN InnoReg project** involves 10 partner regions in the Via Baltica Nordica (VBN) zone. The aim of the project is to analyse the dynamics of innovation systems in VBN partner regions in order to identify good practices, development needs and joint interests in innovation promotion. VBN InnoReg promotes regional and transnational collaboration between regional authorities, universities, technology centres and enterprises to foster competitiveness and economic performance of the Baltic Sea region. The Lead Partner of the project is the Baltic Institute of Finland.

More information about the project: [www.baltic.org/vbn](http://www.baltic.org/vbn)

