



Final report

Connecting Digital Start-up Ecosystems in Nordic Cities

A Nordic Council of Minister's
“Branding the Nordic Region” project

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The project was carried out January-April 2017 as part of the Nordic Council of Minister's "Branding the Nordic Region" project funding scheme.

We explored the current state, needs and possibilities how Nordic non-capital cities can improve their connections, share start-ups and talent – and together make the ecosystem stronger. This would benefit the companies and players in the region as well as the Nordic branding effort, embodying Nordic co-values and help to strengthen the internationally leading high-tech profile of the Nordics.

June 2017

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Executive summary

“*Connecting Digital Start-up Ecosystems in Nordic Cities*” is a small pilot project carried out Jan-April 2017 by Baltic Development Forum (lead partner), Turku Science Park Ltd and Future Place Leadership AB (former Tendensor International).

The project aimed to discuss best practices and together find possibilities to link the region’s start-up ecosystems. Sharing talent, start-ups, venturing to new markets, gaining access to each other’s testbeds (cities or local companies and their challenges). These cross-border opportunities are largely still unused in the Baltic Sea Region.

The project idea is inspired by the “*State of the Digital Region 2016, Cities Connecting the Digital Economy in the Baltic Sea Region*”, published by ICT think tank “Top of Digital Europe”. In a nutshell this report lays out the currently missed opportunities, the potential and policy recommendations: “*Baltic Sea Region city leaders should promote and support networks between tech-driven start-ups, innovators and entrepreneurs in different cities in different countries. Practical policy proposals in this vein include exchange programs for tech-driven start-ups between BSR cities, use science parks or incubators as platforms for incoming start-ups and connect these science parks through a Baltic Sea Region start up exchange network. It also includes means to offer temporary offices to visiting start-ups, as well as using e-procurement to reach and attract innovators and small firms in other cities and countries*”. Read more at www.topofdigital.eu.

Three medium-sized Nordic cities were identified as cases for the pilot: Aarhus (DK), Gothenburg (SE) and Turku (FI). The main (and only) activity in the project was a workshop to present and discuss how these cities work with start-up communities and explore the interest of connecting and mutual learning. There are good examples from here and abroad. Most importantly there is a desire to learn more about how to connect Nordic start-up ecosystems, as it would translate into better business opportunities for companies, science parks, entrepreneurial hubs and improving branding value as well as new investment opportunities for cities concerned. A win-win.

Next steps: The project partners will follow up with dissemination and discussions of project outcome in their respective networks. The cities involved in the pilot project may consider to follow up with joint activities in order to further explore the potential for mutual learning and connecting. Also the Swedish Agency for Economic & Regional Growth and Nordic Council of Ministers (NCM) are preparing or considering initiatives to connect start-up ecosystems. This project may even inspire a privately led co-creation innovation project. Both public and private funded projects could be considered for follow up pilot projects or other initiatives.

Workshop overview

A workshop was conducted in Turku Science Park (April 4th 2017, Turku, Finland). Focus: presentations, co-creation, interactive discussions, sharing experiences, learning from best practices and discussing next steps. An ambition to discuss future partnership was set as a starting point since the beginning.

We explored examples and discussed how medium sized, non-capital Nordic cities can support and connect digital start-up ecosystems. Cases discussed were Aarhus (DK), Gothenburg (SE), Turku (FI). Examples from practice in Helsinki (FI) and Tallinn (ET) were presented and discussed for comparisons. Initiatives to connect start-up ecosystems were presented by Swedish Agency for Economic and Regional Growth and NCM. Participants: representatives of city administration, business development agencies, start-up environments and experts.

Key messages from the workshop

- There is little cross-border knowledge about the region's (or the neighboring countries') start-up ecosystem and what is going on there.
- There is an interest in learning from each other as the potential benefits are recognised. Knowledge sharing projects will be welcomed.
- Exchange of best practice could focus on particular topics like sharing talents, start-ups on a rotational basis, sharing access to testbeds, challenges or doing joint exports within a specific sector like autonomous vehicles, smart city solutions or others.
- Given the bureaucracy with public and EU projects, there is potential for a privately led initiative
- There are existing initiatives within the NCM like the BSR Innovation Express for clusters. A similar approach could be structured start-up ecosystems, e.g. an incubator-to-incubator matchmaking event, collaborations between smaller regional hubs for entrepreneurial exchange and capacity building.
- Swedish Agency for Economic & Regional Growth has a project in preparation called "Startup Baltics", which aims to build stronger networks in the region by weekly bootcamps with special themes, carefully selecting the startups to join etc.
- A smaller follow-up project would be good for working with an "early adopter" group, thus picking up the low hanging fruits and convincing others to join. Both public funds and a privately initiated project should be explored.
- The "State of the Digital Region 2016" suggests policies "to advance city-to-city networks need to enable local buzz within cities as well as supporting global pipelines between cities. The buzz proposals focus on controlled experiments, while the pipeline proposals focus on city-to-city partnership agreements." (Page 7, SODR16) There is an untapped potential for global pipelines in the Baltic Sea Region, e.g. partnerships between cities with exchange programmes for start-ups, building networks.

Examples of challenges and opportunities for medium sized cities:

- Big companies hire talents directly from universities so recruiting specialists for SMEs can be challenging. Complex landscape of funding opportunities/investors. Lack of micro-funding for good ideas not funded by larger schemes. Especially for tech start-ups can be difficult to get banking funding.
- Medium sized cities may seem to "live in the shadow of the capital city". However, they should not try to compete with the capital, but instead differentiate and complement each other by mutually offering other / specific services. Zero sum competition is not fruitful. Emphasising the uniqueness of a place is better than being second best to another (larger) city.

- Collaborating on start-up policies is easier between e.g. Gothenburg and Aarhus than between Gothenburg and Stockholm. It is also more “legitimate“ in the eyes of the local politicians.
- Going to London or Palo Alto is good, but going next door might be as good as to begin with.
- The Nordics & Baltics are just around the corner. Start-ups should start exploring neighbouring countries as a test model before going global! Start-ups could benefit from going international or global together.
- Some of the three cities have a business/science park driven approach, others a public sector driven approach. This means potential for mutual learning.
- A start-up exchange program is needed in Nordics/Baltics, like those that exist between e.g. EU and India.
- “Startups, go where you can grow!” “Take the borders away” (quotes from the discussion)

Next steps

This report encourages BSR cities and start-up ecosystems to co-operate more internationally. Going to London or Palo Alto is good, but going next door might be as good as to begin with. Highlights include the Swedish Agency for Regional & Economic Growth is moving forward with its Startup Baltics programme and NCM considering how their BSR cluster programmes could be amplified to incubators.

There are several projects and activities already under way that seek to further develop the ideas presented here (as highlighted earlier). There are BSR projects starting in the autumn that will seek to promote Nordic co-operation between start-up support organisations (for example “IRIS”). There are already discussions about projects to further develop digitalization between start-up support organisations.

Baltic Development Forum (BDF) will use the project outcome as input to continued analysis within think tank “Top of Digital Europe” and promotion of transnational digital collaboration in the BSR. The project outcome has served as inspiration for a plenary session “Connecting digital start-up ecosystems in the BSR” at the BDF Summit in Berlin June 2017. A similar session is planned for the Annual Conference in October 2017 of the Union of Baltic Cities. Also, BDF will utilize the project outcome in its current dialogue with policymakers and practitioners on topics related to digital start-up ecosystems.

Turku Science Park is working with partners and would like to see their BSR exchange projects prolonged and/or enlarged. Strongly influenced by the workshop in Turku, Turku Science Park Ltd. has already redirected some of its efforts regarding Nordic co-operation. Instead of focusing on the capital like Stockholm (which is closest in terms of geographical distance and lucrative in terms of its size) TScP has started to network more with cities of similar size. This has been concretized in a mission of SparkUp start-up hub and other senior advisors (6 people) visiting Västerås Science Park, Expectrum and SynerLeap (ABB incubator) in early May 2017.

Future Place Leadership AB will be developing a Nordic co-creation innovation project to harness the demand and potential of connecting the start-up ecosystem players.

Branding the Nordic region

A better place brand is the result of a better managed and strategically led place that corresponds to the brand identity and desired brand image (what we are, how do we like to be perceived). The Nordic region wants to improve its strong international ICT leader position. One of the shortcomings is currently the lack of connections between start-up ecosystems in the region.

In order to be a true brand, this must be addressed and the connections need to be improved. What is more, such an innovative, international, open and connected digital region would correspond to the Nordic values that the branding of the region is based on.

The project partners suggest NCM to consider further supporting similar initiatives as well as help to connect to other branding projects that have received funding from the Nordic Branding fund. At the very least, the *desire* to connect the region more can already serve as a basis for promoting the Nordics as a digital region.

Nordic organisations and networks as well as EU programmes (BSR, Central Baltic Interreg etc.) need to continue their support for cross border co-operation between start-up hubs and innovation organisations.

The infrastructure, innovation funding, support mechanisms, cultural and geographic proximity, education, university research all support the Nordic brand as a world leading innovation region. This needs to be continuously promoted by transnational organisations and platforms like NCM. There are several projects that have either finished or working on improving Nordic co-operation and start-up ecosystems. There needs to be more and better communication between the projects as well as the programmes to benefit from co-operation and avoid overlap.

Capital cities are in a unique position (resources, location, number of start-ups etc.) to serve as flagships in promoting the Nordic region and its brand as a leading innovation region. It is important to find ways to further develop co-operation between capitals and second tier cities. The second tier cities have a strong need to promote their own ecosystem and region. Further developing cross-border networks, co-operation and exchange will benefit each ecosystem and continue to further strengthen the overall Nordic start-up ecosystem.

Digitalisation can be an important driver in this co-operation, as the Nordic infrastructure is ready to support it; majority of the growth-oriented and born global start-ups have great readiness to utilize it. Innovation organisations and startup support organisations need to continue to develop their readiness and willingness to utilize and promote digitalization and to develop common methods and tools.