



An Overview of Smart Specialization Strategy in Kymenlaakso region, Finland



Analysis of current RIS3 for Kymenlaakso Region

Kymenlaakso region has a regional research and innovation strategy for smart specialisation (RIS3). The main orchestrator in RIS3 strategy development process was Kymenlaakso University of Applied Sciences with a mandate from Regional Council of Kymenlaakso. The strategy process was conducted during 2015-2016 with resources enabled by an ERDF financed and KYUAS led project called KymRIS Smart Specialisation in Northern growth Zone.

The basis for the RIS3 strategy development process was that as many relevant innovation stakeholders as possible could be engaged in the process. This would better ensure the commitment of all parties to a joint regional strategy and vision. Therefore, various stakeholders working within research, development and innovation in the whole Kymenlaakso were invited to RIS3 strategy work. Participants represented small and medium-sized enterprises, associations, educational institutions, vocational and higher education institutions, business development companies and municipal decision-makers.

The actual process of developing regional RIS3 for Kymenlaakso region started in June 2015 with a kick-off event. The group of around 50 participants consisted of different regional stakeholders involved in RDI activities. The resulting materials from teamwork were used as a starting point for mapping Kymenlaakso region's potential growth sectors for shaping strategic spearheads for RIS3. The kick-off event's teamwork materials were further elaborated by the project team of the KymRIS project and the sectoral consultative teams. Elaborated work consisting of valid growth sector specific argumentation was introduced in the early autumn in 2015 to the project's steering group, which ended up in the selection of three strategic growth sectors: digitalization, logistics and bioeconomy. Tourism as well as health and well-being were considered also important sectors. However, they did not meet the preset criteria derived from the analysis of the operating environment sufficiently to form fourth separate sector. Thus, they were instead merged under digitalization.

Current regional S3 priority areas and spearheads

After the selection of three growth sectors, the strategy process continued with the shaping of sectoral spearheads. Final selection of strategic spearheads was accomplished in late 2015 by project's steering group. Kymenlaakso region's chosen RIS3 spearheads were:

- logistics: safety and intelligent logistics
- bioeconomy: new products and business from resource-efficient and low-carbon bio- and circular economy
- digitalization: cyber security and gamification and digital applications in logistics and bioeconomy as well as in tourism and health a wellbeing.

In January 2016, RIS3 development process and its results were evaluated by an extensive Webropol survey sent to many stakeholders. The survey tested the performance of the regional RIS3 strategy process. The survey results validated the RIS3 process and its results i.e. chosen strategic spearheads. Documentation of regional RIS3 was completed in February 2016 and officially approved in April by Regional Management Committee.

Kymenlaakso region's RIS3 roadmap for 2025

With RIS3 strategy Kymenlaakso is aiming at a systematic development of competitive and attractive innovation ecosystem, increased investments in research, development and innovation activities and generation of smart, sustainable and inclusive growth. Region's resources are being concentrated in accordance with the RIS3 strategy profile on fewer and more effective RDI projects.

The region has an attracting and functioning innovation ecosystem which

- attracts top experts and companies from outside the region in terms of strategy
- gives all actors in the region, including start-ups, small and large companies, citizens, associations, communities and cities, the opportunity to participate and influence innovation and renewal processes
- open-mindedly collides different actors and ideas with each other on innovation platforms based on RIS3 strategy spearheads
- implements a culture of experimentation in the form of new product and service innovations and project experiments.

The region's well-being is enhanced by a strong financial investment in research, development and innovation activities and closer cooperation with domestic and foreign RDI partners. As a result, several EU-funded international RDI projects have been launched, which bring together European as well as Russian excellence. Long-term investments in RDI have strengthened cooperation between the research and business world, promoted the commercialization of research results, the renewal of products and services of companies in the region and increased competitiveness as well.

Through a process of smart specialisation, the region, which has undergone a structural change, has reformed its business and industrial structure to become competitive, considering its own strengths and the changes in its operating environment. In 2025, Kymenlaakso will be a vigilant implementer and if necessary, an agile modifier of the RIS3 strategy who has adopted experimental culture as an integral part of its smart specialisation strategy process.

Kymenlaakso has a profound understanding and utilization capability of the cross-cutting role of digitalisation. New products and services are being developed and commercialized especially exploiting the innovativeness at the interfaces of different sectors and potential of digital applications.

According to Kymenlaakso region's RIS3, the target status/vision for 2025 is as follows:

"In 2025 Kymenlaakso, located in the Northern growth zone, will be a vital region that is profiled according to the expertise in chosen growth sectors (logistics, bioeconomy and digitalization) and respective RIS3 strategic spearheads, competitive both nationally and internationally as well as attractive for foreign investments and external expertise. National and international strategic partnerships and cooperation strengthen and complement region's chosen profile."

Regional tools for involvement of quadruple helix stakeholders

Thematic RIS3 working groups for logistics, bioeconomy and digitalisation were set up in late 2016. Two chairpersons were chosen for each working group. Chairpersons represent region's two development companies and university of applied sciences. SMEs form the basis of members in each working group. The groups differ in composition and activity level. One of the RIS3 working groups' goal is to create a process where the needs of entrepreneurs are brought more visibly into planning processes of regional development.

In Kymenlaakso a big part of the responsibility for RIS3's implementation was originally assigned to three thematic RIS3 working groups which were established at the end of the RIS3 strategy development process. Kymenlaakso's RIS3 strategy guides the use of structural funds and Regional Management Committee makes decisions on how to channel funding into development projects in accordance with the strategy. The execution of RIS3 strategy may include various projects which implement the development of the growth sectors and spearheads of the strategy and the activities of the innovation platforms. Ecosystem based thinking should be a fundamental part of implementing Kymenlaakso region's RIS3. The emergence of innovations requires new forms of local environments i.e. networked and interactive change-sensitive

innovation ecosystems and functioning innovation platforms. Innovation ecosystem connects actors in the region with innovative processes together.

The development of innovation platforms should focus on selected RIS3 spearheads. One example of intensely progressing innovation platform in Kymenlaakso region is the regeneration process of Kotka Old Port Area where the overarching vision is to transform a brownfield area on the seaside to a mixed-use area for residents, students, businesses and tourists in a sustainable manner.

Revisiting Kymenlaakso region's RIS3 in 2018

Kymenlaakso region has been implementing its RIS3 strategy up to now for roughly three and a half years. In June 2018 Cursor Oy gathered together relevant innovation actors from Kymenlaakso region [Regional Council of Kymenlaakso, Kouvola Innovation Ltd., South-Eastern Finland University of Applied Sciences and leaders of thematic RIS3 working groups (logistics, bioeconomy and digitalization)] to contribute and participate in RIS3 related SWOT workshop. The idea of the workshop was to map the possibilities and risks of regions' alternative futures. The work was based on five different scenarios delivered in advance by Smart-up BSR project partner Helsinki-Uusimaa region. Scenarios utilized for RIS3 strategy related SWOT synthesis were as follows:

- Protectionism and traditional government power
- Polarized individualism and expert power
- Reliance on local communities
- Global and networked tech-imperialism
- Growth and EU-driven international co-operation.

During the workshop Kymenlaakso's strengths (S=strength) and weaknesses (W=weakness) as well as opportunities (O=opportunity) and threats (T=threat) were analyzed in relation to five different predetermined scenarios. This work resulted in five different RIS3 related SWOTs. These results were afterwards processed further and compiled into one SWOT synthesis by collecting all strengths, weaknesses, opportunities and threats into one template.

- Characteristic for Kymenlaakso region was according to SWOT analysis view point the following:
- Strengths: forest and bioeconomy-based products
- Weaknesses: structural change region and unfavourable population structure
- Opportunities: expertise in utilizing digitalisation and tourism
- Threats: weak/low competence base and outmigration to growth centers.

From Cursor Oy's and region's point of view this exercise boosted the use of RIS3 strategy in a concrete way. The workshop gave an excellent opportunity to practice predicting future scenarios and developing strategic foresight thinking and intensify cooperation and interaction with region's different innovation actors.

S3 monitoring mechanisms

The implementation of RIS3 is closely linked to the selection of appropriate performance indicators and their use in monitoring procedures and possible modification requirements. The use of indicators contributes to the systematic evaluation and supports the continuous learning process. It also provides an opportunity to exchange experience with other regions.

Competence development relates closely to updating RIS3 strategy with the help of new methods and outside expertise. Kymenlaakso region's innovation actors' awareness of new methods was risen via Joint Research Centre's peer exchange learning (PXL) questionnaire exercise done beforehand in connection to

Aarhus Innovation Camp's PXL workshop held in March 2018. Kymenlaakso region's chosen questionnaire topic was monitoring the RIS3. At that point Kymenlaakso region was taking its first steps in RIS3 implementation and therefore its monitoring practices were not well established. Therefore, by a joint decision of both Kymenlaakso region and JRC it was agreed that Kymenlaakso region was not able to take part in peer-to-peer review regarding monitoring of RIS3 during Aarhus Innovation Camp.