

## Country Profile – Finland



Finland is applying a structured approach to getting the most from its intensive investment in research and development. Basic science is funded from the Academy of Finland's €200m budget. But Tekes, Finland's largest public funding agency in research, development and innovation, spends more than twice as much a year backing projects of direct relevance to the economy.

"For a small country it is important to make strategic choices and focus funding, because to be competitive in some sectors you have to be among the world's best," said Veli-Pekka Saarnivaara, director general of Tekes.

Tekes was formed to increase the competition for funding in universities and public research institutions; to focus it on topics that support the economy and to encourage collaboration between industry, academia and public research bodies. It splits its annual budget of €450m between its choice of strategic projects and simply responding to grant applications.

The agency does 1000 interviews a year with companies based in Finland to discover their research needs and formulate those needs into a set of technology programs. Tekes then seeks equal funding from industry for each project it backs, to ensure it reflects real business needs. Industrial projects are expected to buy services from academia and university projects are meant to find industrial partners.

"The strategy we've chosen doesn't mean we won't take risks," said Saarnivaara. "It's very important we take greater risks than venture capitalists or banks. About a third of the projects we fund will fail but 70% will be at least partly successful."

The Invest in Finland agency encourages foreign direct investment. Saarnivaara says

inward investors appreciate Finland's innovation environment, with its rich knowledge and strong collaboration. Finland has other advantages.

"We have quite small markets but they are quite flexible and eager to adopt new technologies, so companies use Finland as a pilot marketing area to test their ideas. We're also near to Russia and know the Russian market quite well," he said.

Another agency, FinPro, helps Finnish companies enter international markets.

"Start-ups need to be in global markets right away and that's a special challenge for a small country like Finland," said Saarnivaara. Tekes works with FinPro to explore the international opportunities for work it may fund.

Tekes supports foreign companies working in Finland under the same criteria it applies to Finnish companies. It is now considering making firm commitments to potential inward investors on the same basis. This means that inward investors could be sure of the funding they would receive from Tekes should their research project be suitable.

Finland has also introduced a seed fund for start-ups, offering loans of up to €100 000 to cover up to 80% of a business's initial costs. It has backed around 50 companies so far and is developing a strategy to support the next phase of their growth.

### Further reading

Tekes	<a href="http://www.tekes.fi">www.tekes.fi</a>
Academy of Finland	<a href="http://www.aka.fi">www.aka.fi</a>
Invest in Finland	<a href="http://www.investinfinland.fi">www.investinfinland.fi</a>
Finpro	<a href="http://www.finpro.fi">www.finpro.fi</a>
Building on innovation – Priorities for the future	<a href="http://www.tekes.fi/eng/publications/policies2005.pdf">www.tekes.fi/eng/publications/policies2005.pdf</a>

Population	5.2m (2004 est)
GDP	\$142.2bn (2003 est)
GDP growth	1.9% (2003 est)
Labour force	2.6m (2003 est)
Number of companies in the EU500 #	28
Gross domestic expenditure on R&D *	\$4 779.3m (2002)
Gross domestic expenditure on R&D as %age of GDP *	3.46 (2002)
Total researchers *	38 632 (2002)
Government budget appropriations or outlays for R&D *	\$1.455bn (2003)

(Source: CIA World Factbook, \* OECD Science and Technology Indicators, # 2004 EU Industrial R&D Investment Scoreboard)

### IQ briefs

#### ■ European Value Added Scoreboard shows 7% gain

The latest Value Added Scoreboard shows that Europe's top 600 companies have increased their added value by 7% since the release of the last annual Scoreboard.

The three largest countries (out of 22 in the Scoreboard) account for nearly two thirds of the value added by Europe's top 600 companies. The top five sectors (out of 34) account for 42% of the added value. The top 30 companies account for 29% of the added value.

Value added measures the wealth created by a company and is defined as its sales less the cost of bought-in goods and services. The value added by Europe's top 600 companies was €2122bn in this analysis period.

[www.innovation.gov.uk/value\\_added](http://www.innovation.gov.uk/value_added)

#### ■ Tech transfer office gets City money

A university technology transfer office has won substantial backing from City investors in a further validation of the commercial value of academic innovation.

Imperial Innovations, which handles technology transfer for Imperial College London, will receive £20m (€29.4m) from a group of institutional investors. Half of the money will go to the College and half to backing start-ups. Imperial Innovations will have exclusive commercialisation rights for 15 years under the deal.

[www.imperialinnovations.co.uk](http://www.imperialinnovations.co.uk)