

The Baltic Sea Archipelago of Innovation & Entrepreneurship

A Baltic Sea Archipelago of Innovation

An innovative and entrepreneurial strategy for Europe

Europe has chosen a strategy aiming at making the European Union “the most competitive and dynamic knowledge-driven economy by 2010”. The assumption underlying this strategy is that we in Europe have to be more agile, i.e. more sensitive and responsive to business as well as political opportunities in order to stay innovative and competitive in a turbulent and quickly changing global environment. This European strategy for global competitiveness builds on innovation (particularly Science and Technology (S&T)-driven innovation and entrepreneurship) as the main driver for regional growth, welfare and competitiveness.

A golden opportunity

The metropolitan regions around the Baltic Sea have embraced this strategy and actively implemented it to join forces in order to contribute to the overall goal – a competitive Europe. The particular features of the Baltic Sea Region, located politically in Northern Europe and economically at the top of Europe (in terms of innovation and growth), offer a golden opportunity for the region. Ongoing transnational regionalization processes mobilize resources and engagement for change, EU policy initiatives to harmonize legislation open up for a gravity-driven increase in commercial exchange between metropolitan trade nodes in the region, and the existence of a dense network of science- and technology-based resources in the region can be used to position collaborating metropolitan regions around the Baltic Sea as a European showcase for science- and technology -based innovation and growth.

The need to join forces

In the emerging European political and industrial landscape, it is the ability of cities – and particularly metropolitan cities – to develop and communicate a distinct strategic profile based on regional core competencies that makes the city visible, distinguishable, attractive and thus competitive. The emergence of agglomerations of collaborating cities and regions has also created a second order collaboration between various clusters of cities – sometimes on the global scale – in order to increase visibility and competitiveness. This simultaneous collaboration between regions – in a world of regions – puts a lot of pressure on individual cities to find out not only with whom, with what and how to collaborate but also what joint strategies to apply to become competitive.

Re-inventing a Baltic Sea Region

The Baltic Sea Region is not to be considered a well-defined, integrated European and economically growing “meso-region”. The boundaries of the region are fuzzy, the degree of economic, political, and cultural integration uneven, and there is a number of competing political and economic regional concepts, promoted by a multitude of various actors and agents with



partly conflicting interests and at different levels. Neither is the overall development of the region entirely positive, with receding effects of globalization, less impressive performance on world markets, and loss of competitiveness to upcoming non-European regions. However, despite – or maybe due to – these shortcomings, a lot of efforts have been put into a re-invention of the Baltic Sea Region – this time, however, not primarily as a concept for peace and security, but one for science, innovation and growth.

The development of the Baltic Sea Region is not a goal in itself, but should be seen as an instrument invented to increase European competitiveness in general and the competitiveness of regions around the Baltic Sea in particular. Thus, the main issue is not one of whether the region exists or not (in terms of a common identity, accepted boundaries, etc.), or whether it has distinct unique characteristics that can be identified and explored. Rather, the Baltic Sea Region should be seen as a strategic functional concept to be used to craft a joint credible platform for innovation and entrepreneurship in order to make this part of the world more competitive.

A Baltic Sea archipelago of innovation

The Baltic Sea Region has some particular features to be accounted for; First, the region is polycentric with regard to distribution of innovation competences and resources. Second, the integration between the different parts of the region is still incomplete. Third, different parts of the region, particularly the metropolitan regions, have developed own brands based on their own strengths which they are not likely to abandon. Thus, the image of the Baltic Sea Region is not that of a landscape, but rather that of an archipelago of innovation and entrepreneurship, in other words, a number of distinct and competent islands of innovation in a Baltic Sea of competence and capability.

Positioning the Baltic Sea Region

In terms of competitiveness, innovation capability, leadership, and growth, the regions around the Baltic Sea belong to the highest ranked in the world. The importance of the knowledge resources around the Baltic Sea Region, for example, in terms of number and quality of universities, technology and science parks and corporate R&D facilities, supports the positioning of the Baltic Sea Region as a European showcase of a networked competitive knowledge economy. Thus, we believe that conjoint innovation is the fastest way of internationally positioning the Baltic Sea Region.

In the wake of the fall of the iron curtain, the concept of the Northern Dimension of Europe was created, aiming at drawing attention to the particular features and opportunities of this part of the world. Primarily a political concept, the Northern Dimension is also addressing the question of the integration of North West Russia – and particularly the St. Petersburg region – into the European Community. Thus, the Baltic Sea Region needs to be positioned politically in the Northern Dimension of Europe – as a legitimate way of including the Science and Technology potential of the larger St Petersburg region in the Community of the Baltic Sea Region.

Baltic Metropolises - a Platform for Innovation and Growth

The particular role of metropolitan cities in the Baltic Sea Region

Through their size, diversity of competences and international connectedness metropolitan regions play a crucial role in the development and maintenance of competitive innovation environments at all levels. Metropolitan capitals, with their presence of foreign official representations, national industrial headquarters and regional headquarters for international brands as well as a high density of public and political organizations, are becoming increasingly important as densely located, communicating and connected S&T-based innovation nodes

BaltMet as an emerging strategic concept

A leading principle behind the creation of the BaltMet network is that the capital cities around the Baltic Sea understand their responsibility and common interest in safeguarding of the Baltic Sea and see the advantages of forming a joint lobby facing Brussels. It is also assumed that regions with more developed or established innovation environments and systems should be responsible of supporting less developed metropolitan regions, and regions not yet part of the European Union, in this respect. This implies active efforts to include the St. Petersburg's region (and the Leningrad Oblast) with its S&T resources and its market potential in the I&E collaborative efforts.

BaltMet as a platform for innovation and entrepreneurship

An important assumption behind the creation of the BaltMet network is that innovation and entrepreneurship play the most crucial role for growth and welfare in the metropolitan cities. Thus, the BaltMet Inno initiative has been developed to serve as a sustainable platform for regional agility and change. BaltMet is an example of this third generation voluntary functional regional network, organizing itself around I&E – eventually to become a joint strategic platform for the Baltic Sea Region.

The BaltMet policy platform consists of five basic elements; an innovation and entrepreneurship policy; a strategy and a governance regime; a communication framework; an innovation infrastructure and finally, a portfolio of programs and instruments to support entrepreneurship and entrepreneurial skills.

Metropolitan I&E Strategies and Governance (WP1)

Metropolitan Regions as strategic key players.

Many of the BaltMet cities are currently involved in a strategic positioning of themselves in relation to each other and to the rest of the world. However, with the exception of the federal cities of Berlin and St Petersburg, they have only limited access to science- and technology-based innovation resources (universities, research institutes, etc). Thus, the focus will be on creating favorable conditions and supportive initiatives for I&E, within scope of the available municipal areas of influence, such as; Urban development strategies based on distributed I&E capabilities; Public procurement strategies, processes and practices favourable to R&D, S&T and I&E; Strategies for active support of SME's especially knowledge-based SMEs; Strategies to support the development of technological test-beds etc.

A Strategy of Strategies

What we are proposing though, is the development of a *Strategy of Strategies*, i.e. a framework for actions, building on the existing strategies in the BaltMet member Cities, and at the same time inspiring the cities to further develop their innovation strategies in order to support the BaltMet platform. The idea is for each member in the BaltMet network to develop each own unique strategy, while at the same time utilize the common elements in a joint framework. Such an innovation strategy would by necessity be: proactive – developed in anticipation of opportunities and intelligent foresight; polycentric – multiple, more or less autonomous but connected centers of innovation; diversified, – a variety of innovation and competence profiles supporting the uniqueness of each metropolitan region and orchestrated – i.e. a harmoniously arranged and synchronized diversity of competences presented to external as well as internal audiences. Such a strategy is not a blueprint used for the “construction” of a future region, but rather a creative instrument to be used in the joint “creation” of a future.

A strategy for the top of the innovation chain

The particular properties of the Baltic Sea Region, with its international rankings in innovation skills and its significant resources in the areas of science and technology, makes it very attractive to develop a Science and Technology (S&T) strategy at the very top of the innovation chain. This demands the full support of universities and other institutions of higher education, as well as of corporate R&D facilities, all over which the BaltMet Cities have only a limited direct influence. Thus, the focus of the strategy will have to be on creating attractive conditions for allowing research and science to meet and confront the market, and even – as in the case of public procurement and the establishment of test bed facilities – actually participate in creating the market.

Governance – a Strategic Partnership for Growth

It is naïve to believe that the metropolitan regions ever would be willing to submit to a government outside their own, but rather willing to participate in the joint governance necessary for the pursuit of a powerful BSR strategy for innovation and Growth. Thus, the collaboration should be seen as a “partnership for growth”, i.e. a contractual framework between metropolitan “parties” pursuing the same goals, and having specified and joint rights and responsibilities. In this way, a BaltMet partnership for growth, is an instrument for joint strategies and policies at the European level, allowing partner regions to choose their own priorities for and level of cooperation.

Metropolitan I&E Marketing, Branding and Identity Building (WP2)

Attuned metropolitan city marketing

The changing role of cities – particularly metropolitan city regions – together with increased territorial competition have caused an upsurge in city marketing activities, i.e. communicating, promoting and selling cities/regions to different stakeholders and in markets. This emerging marketing competition between metropolitan regions should be seen as a vital ingredient in the formation of a larger Baltic Sea Region. The different claims for excellence, also draws attention to the Baltic Sea Region as a whole. The challenge is thus not essentially that of reducing or

aligning marketing activities, but rather that of attuning the various initiatives to each other and marshal them to an overall vision of the Baltic Sea Region, that support a formulation of strong innovation-based city brands in the BSR context. as well as in the various BaltMet cities.

The “Baltic Archipelago of Innovation” brand as an umbrella

There is a need to develop a credible and generative I&E brand for the part of Europe embracing the BaltMet regions, both as a communicating devise and an instrument for joint identity building. By branding is implied “the purposeful symbolic embodiment of all information connected to a city or region in order to create associations and expectations around it”. One possibility is to view the region as a “Baltic archipelago of innovation” with a string of capital city regions as communicating islands of competence provided with multiple innovation nodes. This will reinforce the image of BaltMet cities as networked and advanced innovative locations at the local, regional, European, and global levels.

Metropolitan city regions as core brand elements

Within the Baltic Sea region, it is the metropolitan cities that constitutes the most credible and powerful brand elements. As old European capitals, with distinct cultural and historical traits, as locations for prestigious universities (some of the oldest in the world), institutes and centers, and as hosts of strong scientific and scholarly traditions , the metropolitan city regions could, in fact, be considered the most valuable asset in the branding effort – particularly in relation to innovation and entrepreneurship.

Identify with – rather than the identity of – the Baltic Sea Region

The credibility of a future Baltic Sea Region is dependent on the degree of support from its various parts. Thus, the future collaboration in the BaltMet Inno initiative should be open to those cities and regions in the Baltic Sea Region that share the basic values of the importance of I&E and that are willing to open up their I&E resources and share their strategies with the BaltMet network. What is proposed here is an attempt to support the creation (and not the construction) of a regional identity from S&T and I&E perspectives, in other words, to establish a shared understanding and appreciation of the Baltic Sea Region as a resourceful region with particular characteristics at the top of the innovation chain.

Clusters and creative Innovation environments (WP3)

Defining metropolitan innovation regions

When seen from an innovation approach, the boundaries of a metropolitan city region are not a given, but rather a matter of joint definition! The BaltMet cities are involved in the creation of branded innovation networks geographically different from their own administrative territories, by “incorporating” surrounding cities and/or counties in more or less institutionalized voluntary networks with between 1.7 to 3.5 million inhabitants and containing 10 – 25 universities. This creative development of metropolitan innovation regions is an important step in the development of “manageable” and internationally competitive units of innovation, and should thus be strongly supported.

Designing a vigorous innovation infrastructure based on science and technology

Taken together, the BaltMet city regions with its more than 230 institutions of higher education (universities, polytechnics and university colleges), 400 science and research centers, one million students and large number of corporate R&D facilities, represent a significant innovation potential – also on the global scale. In this I&E infrastructure, universities and other institutes of higher education are the key elements in a science- and technology- based innovation system, not only in terms of a perpetual source of scientific knowledge and new ideas – upon which innovations can be based – but also as engines of mobility. Every semester, a fresh batch of young, enthusiastic students arrive to study and conduct research, bringing enthusiasm as well as knowledge and experiences from other regions and nations.

Supporting cluster development

The creation, support and maintenance of clusters and areas of competence are important steps in the development of the large cities and of the region. Such clusters already exist within the Baltic Sea Region e.g. within the telecommunications business, IT, optics, microsystems and nano technology clusters, as well as in the food industry, environment and biotech fields. The continuous development of old clusters and providing conditions for the creation of new ones is one of the more important tasks for the BaltMet cities. In our view, there are three issues to be considered:

First, there is a need to support the science- and technology-based cluster-building activities and investments, not only by means of facilities for testing and development (laboratory facilities, prototyping support, etc.), but also with business-related services (science and tech transfer competence, marketing and planning services, etc.). Second, in order to obtain the necessary critical mass (to get substantial funding) to be recognized internationally (as a credible area of competence), and to be seen as an attractive partner, there is a need for an economy of scale for clusters. This can be accomplished by establishing branded, collaborating networks of similar clusters across BaltMet city boundaries (e.g. ScanBalt). The common use of services and facilities should be promoted, and the mobility of companies and the exchange of incubator staff should be financially supported by the cities in order to facilitate a (reciprocal) trans-regional knowledge and technology transfer. Third, metropolitan cities – as opposed to smaller cities – are often hosting multiple innovation clusters. This multi-cluster diversity should be used as one of our more valuable sources of innovation.

Spatial planning as an instrument for innovation and growth

Spatial planning and new land use arrangements are now actively implemented to support innovation competencies. All cities have, or are attempting to create, zones/areas for science- and technology-based innovation activities. The development and emergence of new science parks and the increased urbanization of multi-cluster innovation environments should be an essential part of future workshops on efficiency, performance and benchmarking within the BaltMet Inno project, and one of the BaltMet network's most important strategic assets is the emerging new generation of local, urban innovation environments.

Of particular interest here, is the current exploitation of “waterfront areas” around the Baltic Sea rim, as locations for new forms of innovation habitats. The blend of academic education, commercial ventures, R&D activities, housing and entertainment that are built into these particular environments, constitutes a powerful innovation driver that should be branded and used as one of the key elements in the BaltMet Inno strategy. To each of the metropolitan cities, land use, traffic and spatial development are powerful and available tools in supporting the development of a competitive innovation infrastructure. Most important, however, is to support the re-conceptualization of the city planning, from the passive view of providing space for science, technology parks and R&D facilities, to an active engagement in purposely designing cities as innovation habitats.

Entrepreneurial competences and skills (WP4)

Legitimizing, mobilizing and maintaining a new Entrepreneurial Spirit

What is needed to bridge the “innovation gap” that is plaguing our part of the world (i.e. the difference between the output in terms of R&D efforts and the output in terms of commercial products and services) is a legitimization of entrepreneurship a mobilization of entrepreneurial behavior, and a rebirth of an entrepreneurial spirit. When it comes to legitimize the role of entrepreneurship, the BaltMet Cities play a very important role through the schools and education programs over which they can exercise a reasonable amount of influence starting from primary school up to university education. Mobilization programs – e.g. in the form of venture and business plan competitions, entrepreneurship events etc – is another important element in raising the public awareness of the importance and impact of entrepreneurial activity. Mobilization programs, dealing with attitudes towards entrepreneurship and innovation in society at large, in a particular region, a university a particular competence field or a particular demographic segment of society (e.g. ethnic minorities and young school children).

Engaging Universities

For science and technology based innovation, universities and other institutes of higher education, is by far the most important player, and it is obvious that increasing the entrepreneurial spirit and commercialization ability of our universities is a most important but also difficult task. Here the role for the cities as individual players, as well as the BaltMet Network as a joint platform, is to create opportunities for the market to meet academia. This can be done through events (fairs exhibitions etc), as well as through the creation of specialized institutions (business labs, Science and Tech parks etc

Cultivating the institutional ecology

Today we are dealing with an institutional ecology of entrepreneurial support organizations operating at many different levels. In many cases the programs are overlapping each other, with different agents and institutions competing for the same target groups with similar programs and instruments. Even though this abundance of entrepreneur support agents and activities can be interpreted as a sigh of the increased interest for the area, it is obvious that the area needs to be “cultivated”, i.e. pruned and aligned in order to simplify communications, operations and the clarification of rules.

Orchestrating the portfolio of I&E support programs

There are fundamentally two existing views of how to support S&T- based I&E: one focusing on the entrepreneurial process (particularly in the start-up phase), and the other focusing on innovation support structures. One key observation is that the internationally acknowledged most successful regions have managed to combine the two parameters, i.e. the existence of a wide range of innovation competencies combined with thought-through programs for the development of entrepreneurial skills.

Conclusion – a strategy for co-opetition

BaltMet is emerging as a visible and powerful network of independent metropolitan cities – each with its particular identity, strategic vision and competence profile. The overall goal of the BaltMet network is not to reduce this diversity, but rather to support the member cities in crafting their competence niches, developing their unique selling propositions and positioning them on the competitive international “market” for cities and regions. This leads to the development of a strategy of co-opetition, i.e. a strategy to increase innovativity and gain strategic advantage by means of a judicious mixture of simultaneous competition and cooperation. We can adopt such a co-opetitive strategy, based on the vision of strengthening our position as the leading science and technology- based innovation and entrepreneurship region in Europe, by the joint creation of a “Baltic Archipelago of innovation” with a string of capital city regions as communicating islands of competence, each with its distinct and unique resources and competencies.