



OULU
inspires

- INNOVATION STRATEGY
2007 - 2013



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1600 - 1800

1600

- 1605 City of Oulu is founded

1700

- The most important exports are tar, sailing ships and salmon

- 1776 Oulu becomes the capital of the province

1800

- 1822 The great fire of Oulu

- Tar burghers start investing in the wood processing industry

1900

- 1765 Oulu is appointed staple town

- By the end of the 19th century some 500 sailing ships are produced for international markets in Oulu

□ OULU IS A STATE OF MIND

The development of the City of Oulu, founded in 1605, from a small centre of trade in the mouth of the Oulu River into the dynamic city it is today is the result of a series of successful choices and the ability to revise and transform the business structure so as to keep up with a changing world. This ability is also featured with the most important theme of the new strategy:

In future, in addition to today's technology competence, Oulu is known for its diverse and evolving business both in Finland and abroad.

The Oulu Inspires Innovation Strategy 2007-2013 draws the attention to and emphasizes the importance of human enthusiasm as a source of innovation. Enthusiasm springing from a working environment of inspired individuals enables renewal as well as success in global competition.

The main message of the strategy is the players' joint goal, characterised by enthusiasm and open-mindedness. It combines resources in a way that makes it possible to strengthen Oulu's leading position in the next wave of development. Our energy and commitment to get things going, create a work-friendly environment and guarantee a pleasant and efficient working atmosphere reflects the unique, strong and positive Oulu attitude.

OULU inspires



RECENT YEARS

FUTURE

□ 1958 University of Oulu is founded

□ The time of reconstruction; development of industry

□ 1974-75 Nokia Corp. and VTT (Technical Research Centre of Finland) start their operation in Oulu

□ 2000

□ Technological competence is expanded in different fields and business know-how is developed

□ Åström leather factory becomes the largest manufacturer of leather products in Europe

□ 1982 Technopolis Group is founded

□ 1984 Oulu declares itself a city of technology

□ 2013 Oulu is known for its growth companies operating in the global market

FUTURE TRENDS AND THE BASIC ASSUMPTIONS OF THE INNOVATION STRATEGY

The choices in the Innovation Strategy have been made based on analysis of current local and global development trends, the set goal and five basic assumptions. The validity of these assumptions is evaluated during annual strategy update rounds.

The basic assumptions of the Oulu Inspires – Innovation Strategy 2007-2013

1. The success and growth of companies in the global market is based on international business and marketing competence.
2. The Oulu region has a sufficient number of businesses with a high aspiration level, to which strategic resources will be allocated.
3. New business opportunities are discovered by matching local competencies and business domains with the potential of the global market. All business branches are potential innovation domains. To help cultivate ideas into innovation, businesses are provided with the access to professional facilitation.
4. Innovation activities have to be internationally networked.
5. Services become an increasingly important part of economic growth.



□ OULU INSPIRES - INNOVATION STRATEGY 2007-2013 IN A NUTSHELL

International business competitiveness will speed up

Local innovations are cultivated into business success stories. This is why particular emphasis is placed on actions supporting success in the international competition.

Globalisation, which is progressing at a fast pace, is utilised by obtaining the competence and production opportunities needed in different fields via international networks. Sustainable business ideas must be discovered in both the national and international markets.

The strategy recognises all business branches as potential areas of innovation and growth. The preconditions of success of growth-oriented multi-domain businesses are promoted. In addition, new business potential is being sought for in the interface of different domains and technologies, new kinds of service products as well as within trade and services.

All players are committed to a common goal

The goal of the Oulu Inspires – Innovation Strategy 2007-2013 is to create a common vision on long-term, strategic development needs in our operating environment encompassing businesses, research and education institutes as well as the public sector, and to target joint efforts on the selected focus areas.

The players are committed to investing and allocating resources in the choices made, and they are ready to change their current operating models and roles, if necessary.

Enthusiastic implementation and active follow-up

The aim of the strategy is to make the Oulu innovation system one of the best in the world. The functionality of the system is monitored by using indicators measuring regional resources, innovation activities and economic results.

Clear, measurable numeric goals are set for the actions included in the strategy, and their progress is closely monitored. If needed, the strategy is updated annually and its results are reported in a clear and transparent way.



STRATEGIC GOAL

Oulu is known for its growth companies operating in the global market.*

The inspiring city region is a competitive, dynamic innovation environment for different businesses.

** Growth company = a company operating or aiming to operate in the global market, with management and owners strongly committed to long-term growth and development.*



FOCUS AREAS

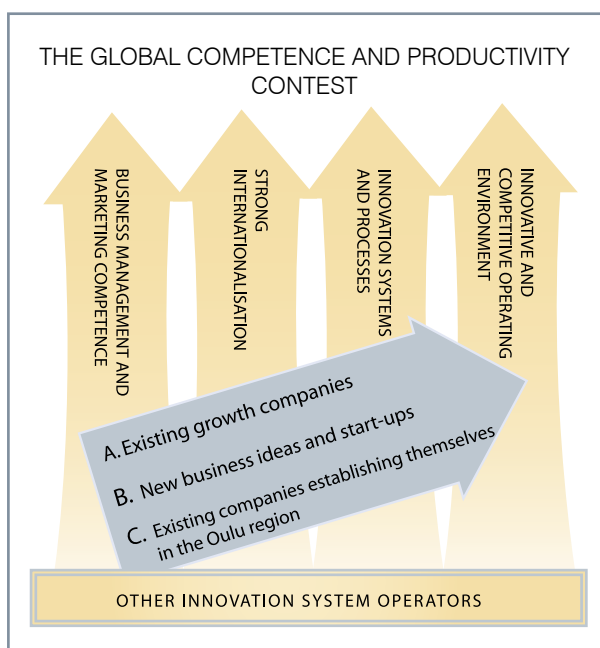
The Oulu Inspires – Innovation Strategy 2007-2013 emphasises development across multiple business domains:

1. Business and marketing competence and development of services supporting business
2. Strong internationalisation
3. Well-functioning and effective innovation systems and processes
4. An innovative and internationally competitive operating environment

The Innovation Strategy aims at new, multi-domain growth by extending its operation over a broader basis than earlier. All business branches are considered as potential areas of innovation and growth. New business potential is being sought for in the interface of different domains and technologies, new kinds of service products as well as within trade and services.

Actions derived from the focus areas in the strategy are planned and targeted at three kinds of business segments:

1. existing growth companies (fastest impact)
2. new business ideas and start-ups (longer-term impact)
3. existing companies establishing themselves in the Oulu region (fast impact and expansion of operational networks)



The multi-domain focus areas identified include rapid internationalisation, business and marketing competence, an effective innovation system and an internationally competitive operating environment. These factors promote growth in all domains and enable development. Together with the companies, other operators in the region will develop the innovation environment at an international level of excellence, which is a necessary basis for the competitiveness of all parties involved.

Growing and successful companies through cooperation

The contents of the Oulu Inspires – Innovation Strategy 2007-2013 have been compiled of key development activities from business success and growth point of view. A well covering number of top-management representatives of local companies was interviewed for this purpose. In addition, the process has involved representatives of key public organisations, whose role has been to pinpoint the actions that ensure other vital prerequisites to business competitiveness.

The key strength of the development work in Oulu has been the cooperation between the private and public sectors. The aim of the Innovation Strategy is to define the roles and cooperation between different operators in a fashion that makes the innovation environment in Oulu one of the best in the world.

Bold commitment to cooperation

The following companies and organisations have approved the Oulu Inspires – Innovation Strategy 2007-2013 as their common regional programme and are committed to the implementation of its goals.

Strategy implementers

Organisations and companies (decisions)

- Merikoski Vocational Training Centre (6.9.2006)
- Oulu Innovation Ltd. (1.9.2006)
- Oulu Wellness Institute Foundation (17.10.2006)
- Vocational Adult Education Centre of Oulu (10.10.2006)
- Oulu Chamber of Commerce (12.9.2006)
- City of Oulu (4.9.2006 §530)
- Oulu University of Applied Sciences (20.9.2006 §44)
- Oulu Vocational College (28.8.2006)

- Oulu region (30.8.2006 §61)
- Oulu Region Joint Authority for Education (28.8.2006 §102)
- University of Oulu (6.9.2006)
- Oulu Regional Business Agency (30.8.2006 §42)
- Pohjois-Pohjanmaan Yrittäjät (6.9.2006)
- POHTO Ltd. – The Institute for Management and Technological Training (8.9.2006)
- Technopolis Group (1.9.2006)
- Technopolis Ventures Oulutech Ltd. (13.6.2006)
- VTT Technical Research Centre of Finland (7.9.2006)

The business sector takes part in the implementation of the strategy through its own activities and by participation in various projects. The challenge for public organisations and development companies is to develop their operation and service provision to the level required by global growth companies.

Regional administration authorities (decisions)

- Oulu State Provincial Office (12.9.2006)
- Oulu Road District (28.8.2006)
- Council of Oulu Region (5.9.2006)
- Employment and Economic Development Centre for Northern Ostrobothnia (8.9.2006)
- North Ostrobothnia Regional Environment Centre (4.9.2006)

Regional administration authorities are responsible for their part of long-term regional planning in an innovative environment (regional strategy programme, other provincial strategies). The guidelines of the Oulu Innovation Strategy 2007-2013 will be adopted as an essential part of various strategies and plans of action. In addition, a number of regional administration authorities will provide various services for businesses.

Another important role of regional administration authorities is to operate as financing authorities of various programmes

(centre of excellence programme, EU Structural Fund programmes, national financing): regional administration authorities aim to promote the choices made by targeting available funding on entities in line with the Innovation Strategy.

The Innovation Strategy is managed by Oulu Innovation Ltd.

Oulu Innovation Ltd. is in charge of managing, monitoring and maintaining the Oulu Inspires – Innovation Strategy 2007-2013. It is a development company owned by key actors in the Oulu region promoting the development and competitiveness of growth companies in the area.

From spearhead projects to impressive entities

Players implementing the programs are committed to preparing the spearhead projects in accordance with the programme's focus areas, with the aim of forming entities in which the allocated resources have as much effect as possible.

Funding organisations to support strategic goals

The goal is that funding organisations will support the implementation of the strategy by guiding funds towards the strategy's focus areas and, when needed, by obligating different operators to engage in cooperation negotiations when project entities are being formed during application rounds. In the Oulu region, application rounds of the EU competition and employment target programme will primarily be focused on entities formed in accordance with the Innovation Strategy.



An inspiring strategy stimulates enthusiastic implementation

To reach the goals outlined in the Innovation Strategy, 2-5 action entities have been defined for each of the four focus areas. Four of these have been selected to serve as examples of concrete actions.

The aim of the action entities is to guide the concrete measures undertaken by different parties in the same direction, so that roles

and possibilities for cooperation are already made clear during the planning stage.

The participant(s) for each action entity is/are in charge of the planning, scheduling and cooperation in practise. Additionally, Oulu Innovation is responsible for monitoring the operative implementation of the entire strategy.

OULU IS KNOWN FOR ITS GROWTH COMPANIES OPERATING IN THE GLOBAL MARKET



1. Business and marketing competence and development of services supporting business

A Development programme for growth companies

The development programme for growth companies compiles and renews all the support activities and tools that a growing company needs during all stages of its life cycle. Operative actions are tailored for the needs of each target group. It is intended that a significant proportion of the resources available will be allocated towards this action programme.

Participants:
Businesses, Oulu Innovation, Oulu Regional Business Agency, business consulting agencies, Technopolis Ventures Oulutech Ltd., VTT Technical Research Centre of Finland, POHTO Ltd. (the institute for management and technological training), funding organisations, educational institutions

B Development programme for regional business competence

The action programme will lead to long-term actions aimed at improving business competence level in the Oulu region. The aim is that in addition to globally recognised experts in technology, Oulu will produce equally well recognised business experts.

Participants:
University of Oulu, Oulu University of Applied Sciences, other educational institutions, Technopolis Ventures Ltd., VTT Technical Research Centre of Finland, POHTO Ltd. (the institute for management and technological training), business consulting agencies, businesses

Spearhead programme example

POHTO Inspiration System accelerates business operation

The aim of the Inspiration System is to support the ability of businesses and organisations to change and to renew and accelerate businesses of Pohto's customer companies.

New innovations are a necessary prerequisite for international success in the Oulu region, too. By enabling a reality-like testing of business operations in a versatile market, the Inspiration System provides an illustrative method for adopting an effective innovation process.

2. Strong internationalisation

A Development programme for building international networks

Businesses and public organisations work together to set up and coordinate international networks with other innovative economic systems with strong competence in order to strengthen market intelligence and customer contacts. The basis of operation is joint utilisation of existing, diverse networks.

Participants:
Everyone

B Internationalisation programme of public services

Basic services of municipalities and other service providers are developed with the aim of improving the integration, settling in and practical everyday life of foreign employees, students and their families.

Participants:
City of Oulu and other municipalities, public organisations, service and other companies

C Oulu marketing programme

The aim is to improve the recognition of Oulu as a brand. The improved recognition will help to market the region to the companies considering setting up operation in the region as well as to students and employees.

Participants:
City of Oulu and other municipalities, public organisations, Oulu Regional Business Agency, service and other companies



Spearhead programme example

EFA 2015 - Oulu Expat City promotes internationalisation

The EFA 2015 - Oulu Expat City programme was created to attract creative, competent expatriates to Oulu.

The aim of the project is to increase Oulu's attractiveness in the eyes of companies and experts from other countries. The project promotes Oulu's success in the international market and emphasises the city region's status as a tolerant and multicultural place to live in.



3. Functional and effective innovation systems and processes

A Programme for developing and utilizing world class competence

The general goal is to develop Oulu into an international, top-level city of education. The aim is to set up world-class research units and to increase the provision of international training and education programmes targeted for people from abroad as well as applied research focusing on productisation in cooperation with businesses.

Participants:
University of Oulu, VTT Technical Research Centre of Finland, Oulu University of Applied Sciences, other educational institutions, service and other companies

B Business services development programme

The aim is to create an effective, customer and market driven business support network for the needs of new, growing, internationally oriented businesses and those establishing local branches in the region. The main goal is to improve cooperation between various operators and to organise services in a consistent manner.

Participants:
Oulu Innovation, Oulu Regional Business Agency, business consulting agencies, University of Oulu, VTT Technical Research Centre of Finland, POHTO Ltd. (the institute for management and technological training), funding organisations, educational institutions

C Xpolis as innovation environment reformer

The aim is to form an entity that activates the development of new, customer-based products and services at the interfaces between different domains. The operation of networks is made more effective throughout the innovation chain. In addition, new, internationally significant development and testing environments are created for the needs of product and service development.

Participants:
Everyone

D Fund focusing programme

The aim is to focus the funding of development programmes on larger, longer-term projects and their preparation.

Participants:
Funding organisations, public organisations, businesses

E Innovative experiments

The objective is to launch novel, national experiments in the Oulu region aimed at maintaining and improving international competitiveness.

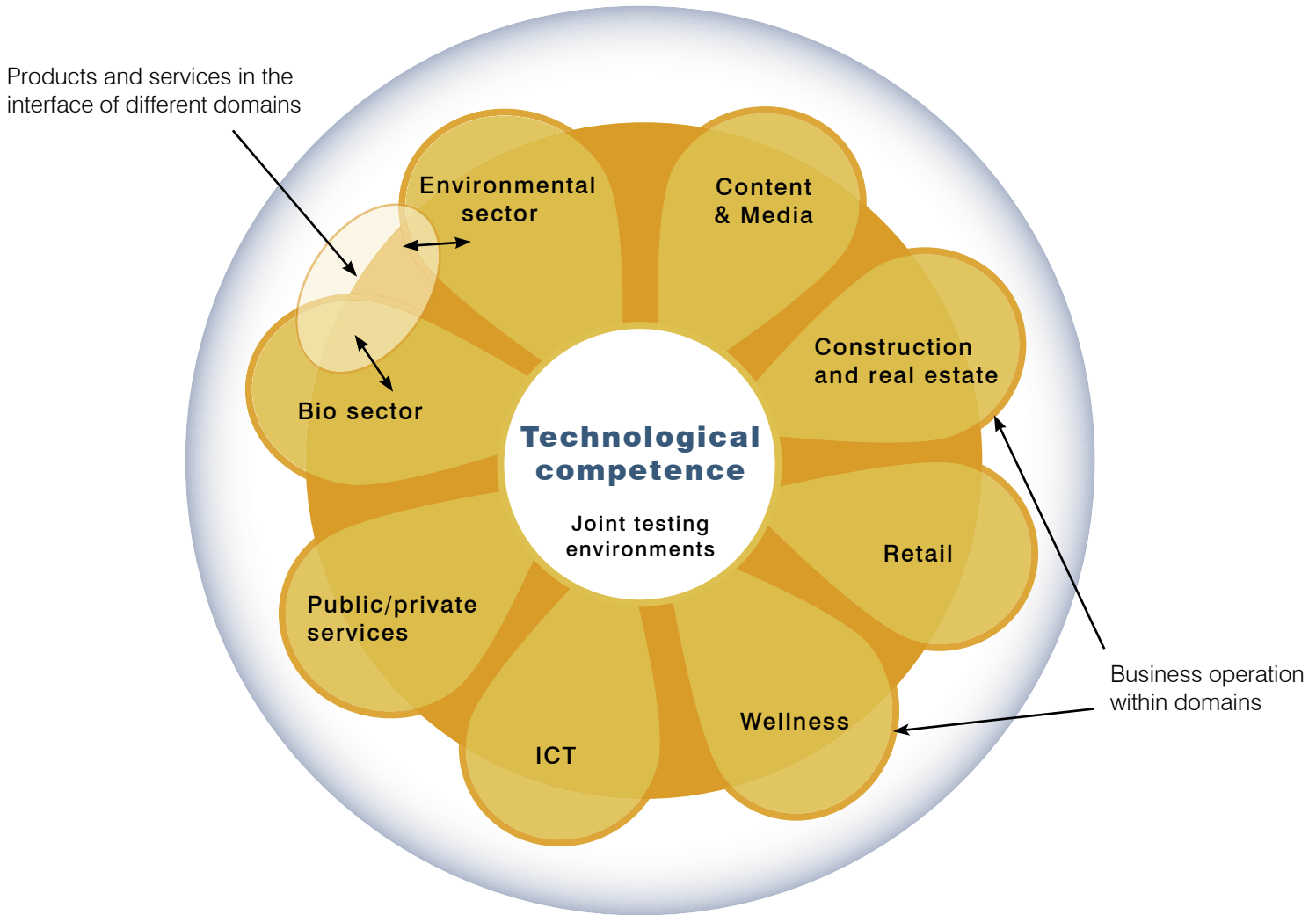
Participants:
City of Oulu, other municipalities in the region, public organisations, funding organisations



Xpolis reforms the innovation environment

Applications from new fields

The aim of Xpolis is to create new businesses by transcending borders between traditional business domains in new, unconventional ways and by applying technological know-how in multiple fields. Our globally unique test environments and piloting services for wireless technology provide a good basis for this.

The Oulu region, with its 200,000 inhabitants, 9,000 companies and innovative service provision on the lookout for new service practices, provides businesses a conveniently-sized living laboratory in which it is easy to create new product concepts to be taken into use on a fast cycle.



-  Domain-specific and inter-domain spearhead projects
-  Business operation and practice

4. Innovative and internationally competitive operating environment

A Development programme for new operating environments

The aim is to develop top-level development environments for product development, testing and piloting in order to increase competitiveness and accelerate business operation. The programme is part of the Xpolis project.

Participants:
Everyone

B Main attributes of a competitive operating environment from a municipal viewpoint

B1 Logistics programme

The aim is to make Oulu the logistics centre of the north by developing the infrastructure supporting the entire business sector. The needs of businesses, functionality and availability of services as well as international connections serve as a starting point in this.

Participants:
City of Oulu and other municipalities in the region, businesses, University of Oulu, VTT Technical Research Centre of Finland, Oulu University of Applied Sciences and other public operators

B2 Programme to attract businesses

The aim is to develop the region's business environments and business parks in different ways so that existing companies have a chance to grow. Another aim is to attract companies from elsewhere to set up operation in the area.

Participants:
City of Oulu and Oulu Regional Business Agency, municipalities in the region, businesses

B3 Programme to attract residents

The aim is to make the area internationally attractive by creating first-rate, reasonably-priced living environments, services and recreational possibilities.

When developing services, a parallel goal is to increase the productivity of the service sector and to develop it based on market conditions, as new, permanent services cannot be provided relying on public funding.

Participants:
City of Oulu, Oulu Regional Business Agency and municipalities in the region



Unique Oulu attitude inspires creativity

The main goals of the Oulu 15 Cultural Development Programme include internationalisation and the creation of a multi-domain operating environment serving the needs of both the existing culture-sector enterprises and those in the emerging third sector, as well as independent artists and experts in the field of culture.

A thriving cultural life in a given area is almost invariably characterized by a highly developed provision of culture not only within arts and science, but also by a multi-faceted culinary and street culture, as well as multi-culturalism and a rich cultural heritage. The provision of culture also plays a major role in assessing the attraction of a city as a place to live in.



GOALS AND INDICATORS

The aim of the strategy is to make the Oulu innovation system one of the best in the world.

The functionality of the system is monitored by using indicators measuring regional

resources, innovation activities and economic results.

The numeric goals are defined during the planning of each action entity.

Resource indicators

Financing

- 1 risk capital, investments
- 2 total funding of research institutions

Competence capital

- 3 population growth, migration balance, unemployment, university and polytechnic intake
- 4 number and level of those applying to study, number of graduates, dropout rates

Other

- 5 median house price

Innovation indicators

Research

- 6 patents, patent applications
- 7 licensing
- 8 R&D within companies

Technology development

- 9 TEKES (Finnish Funding Agency for Technology and Innovation) funding for SMEs

Trends in business operation

- 10 the number of existing and new growth companies and those becoming established
- 11 head offices, public listings, mergers & acquisitions

Result indicators

Financial results of companies

- 12 trend in the number of job opportunities
- 13 trends in business revenues
- 14 export trends

Jobs and wages

- 15 standard of living







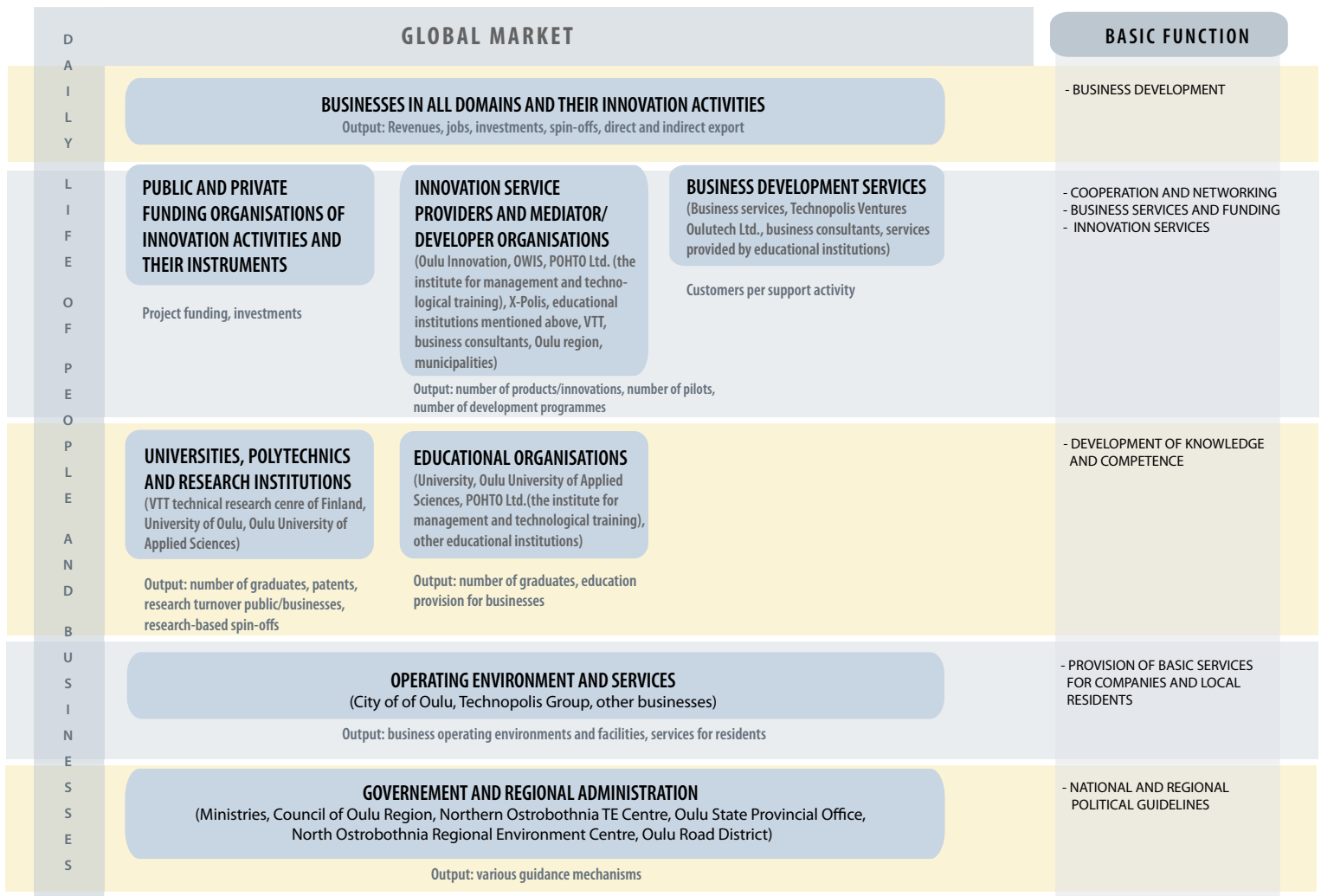
THE OULU INNOVATION SYSTEM

The many perspectives of the Oulu innovation system

An innovation* system or environment is a multi-faceted network involving a number of operators. When an innovation environment is portrayed as a two-dimensional diagram, certain simplifications of the actual situation are inevitable.

The following figure shows the innovation environment in Oulu through the basic functions of different operators. If greater detail is desired, the functions need to be surveyed from the viewpoint of each operator in relation to the rest of the network.

ROLES OF INNOVATION SYSTEM OPERATORS IN OULU

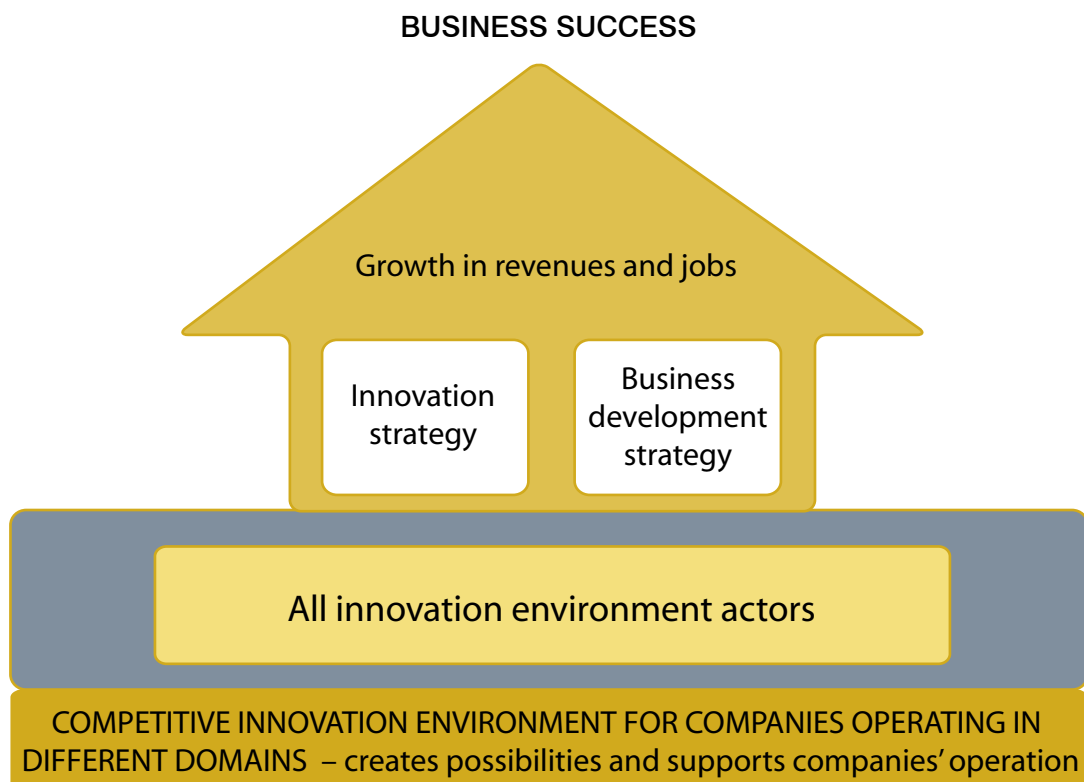


*) Innovation refers to a new or improved product, service or production process that has been taken into commercial use.

ROLES OF THE INNOVATION AND BUSINESS DEVELOPMENT STRATEGY

Both the innovation and the business development strategy have been under preparation in the Oulu region at the same time in a way that takes the needs of local businesses and the development of the operating environment extensively into consideration. The preparation of the strategies has been carried out as a joint process enabling a carefully considered roles and good cooperation between different parties.

The Oulu region is distinguished by its status as a location for successful international growth companies, as well as being an attractive centre for business competence with a high number of businesses.



The Oulu Inspires – Innovation Strategy 2007-2013 is an investment in various business domains aimed to improve the business operation possibilities of growth companies and to develop a world class innovation environment.

The business development strategy supports the development of businesses in all domains and the attraction of the Oulu region as a centre for business and business-related know-how.

Both strategies have common goals and share a number of joint activities.



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OULU INSPIRES - INNOVATION STRATEGY 2007 - 2013

Text: City of Oulu / Development Manager Aarne Kultalahti

Editors: City of Oulu, Communications / Eila Vähäkuopus
Minttu Vartiainen

Layout: City of Oulu, Communications / Niina Teräslahti

Photos: City of Oulu, Communications / Seppo Sarkkinen, archives of Betamet Ltd, archives of Coronaria Ltd, archives of VTT Technical Research Centre of Finland, archives of NetHawk Ltd, archives of F-Secure Ltd, archives of Codenomicon Ltd, archives of SAH-KO Ltd, Ilkka Jaakola, Tapani Pikkarainen, Science Centre Tietomaa, City of Oulu

Printed by Tornion Kirjapaino 2006

OULU inspires



When choosing a name for the Oulu Inspires – Innovation Strategy 2007-2013, the intention was to pinpoint and emphasise the importance of human enthusiasm as a source of innovation. Enthusiasm springing from a work environment with inspired individuals creates a possibility for renewal and success in global competition.

The central message of the strategy is the novel, inspired goal of the actors: by combining resources, it enables Oulu to strengthen its leading position in the next wave of development. Our energy and commitment to get things going, create an environment where things get done and guarantee a pleasant and efficient community to work in reflects the unique, strong and positive Oulu attitude.

