

# CHALLENGE COMPETITION FOR LEADING AND CHALLENGER COMPANIES 2023

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## 1. Background information and previous challenge competitions

Finland aims to increase its research and development expenditure to four per cent of GDP by 2030. Business Finland seeks to contribute to reaching this target through this competition. Large companies play a key role in achieving the target.

Business Finland launched the first challenge competition for leading companies at the beginning of 2020. Six projects from seven companies were selected as the winners, which will receive a total of EUR 120 million in funding from Business Finland. Those leading companies are ABB, Fortum and Metsä Group, Kone, Neste, Nokia and Sandvik. The leading companies that have been granted funding are committed to **increasing their research, development and innovation (RDI) investments in Finland cumulatively by a total of EUR 525 million by 2025**. They are aiming to hire more than 600 new employees in RDI. The leading companies are committed to building networks with at least 300 ecosystem partners. The networks are seeking to launch close to 300 new projects.

The following companies were selected for funding in the 2021 competition: Borealis Polymers, Meyer Turku, Nokia, TietoEvry, Valmet and Wärtsilä. **Their cumulative commitment to increase RDI investments in Finland was EUR 568 million.**

In 2022 a new competition category was included for so called challenger companies. Funding was granted to Konecranes, as well as challengers Bittium, Danfoss, Mirka, Orion, Picosun, Ponsse+Epec. Their **commitment to increase RDI investments in Finland was 375 M€.**

More information and news about previously funded leading companies is available at [www.businessfinland.fi/en/for-finnish-customers/services/funding/funding-for-leading-companies-and-ecosystems](http://www.businessfinland.fi/en/for-finnish-customers/services/funding/funding-for-leading-companies-and-ecosystems)

## 2. Challenge competition 2023

Business Finland opens a new challenge competition round on May 15<sup>th</sup> 2023. The goals of the competition are considerable increases in research, development and innovation investments by the companies in Finland, as well as the creation of new jobs and ecosystems for new business operations worth billions of euros.

Competition categories:

1. **Leading companies:** companies that operate globally and have the capacity to make major additional investments in RDI in Finland. In line with the previous competitions, the maximum amount of funding is EUR 20 million for a leading company and EUR 50 million for ecosystem partners.
2. **Challenger companies:** companies that are seeking to grow into a global player or companies that are working on a solution to a smaller or more focused challenge or are developing completely new business operations or multinational companies that strengthen their global role in Finland. Their commitments to additional RDI investments are somewhat smaller than those of leading companies. The maximum amount of funding is EUR 10 million for a challenger company and EUR 20 million for the ecosystem partners.

The projects suggested by the companies participating in the competition must provide solutions to major future challenges, either to **missions or significant technological challenges**, in addition to having a significant impact on Finland's competence, competitiveness and investment in RDI. Examples of mission-oriented RDI operations can be found in the Commission reports: Mazzucato – *A problem-solving approach to fuel innovation-led growth*<sup>1</sup> and *Mission-oriented research & innovation in the European Union*.<sup>2</sup>

<sup>1</sup> <https://op.europa.eu/en/publication-detail/-/publication/5b2811d1-16be-11e8-9253-01aa75ed71a1/language-en>

<sup>2</sup> [https://ec.europa.eu/info/sites/info/files/mission\\_oriented\\_r\\_and\\_i\\_policy-a\\_rise\\_perspective.pdf](https://ec.europa.eu/info/sites/info/files/mission_oriented_r_and_i_policy-a_rise_perspective.pdf)

**EXAMPLE OF A MISSION: A PLASTIC-FREE OCEAN**



*From "A problem-solving approach to fuel innovation-led growth"*

The competition is not limited to any specific theme or technology topic. The plan is to use a total of EUR 60 million for this challenge competition. The maximum amount of funding is EUR 20 million for an individual leading company and EUR 10 million for a challenger company. The duration of the projects is 3-5 years. Joint projects between two companies are possible in both competition categories.

The funding and its monitoring will focus on the direct impacts of the project on new **RDI investments and jobs in Finland and the creation of cooperation with other companies, especially SMEs and research organizations**. The winning projects will be selected in line with these indicators, and the funding will be paid in line with their achievement and the costs incurred. Payment indicators will consist of the following components

- RDI increase in Finland by the leading/challenger company (M€), weight 70 %
- Ecosystem developed by the leading/challenger company, weight 30 %
  - o Nr of co-innovation projects
  - o Nr of EU applications
  - o Nr of partners

The higher the promised absolute RDI increase, the more competitive the project will be considered to be. If the planned additional RDI investments and cooperation fail to materialize, funding for the company can be discontinued or reduced. In addition, attention will be paid to the impacts on the national economy and society and on the creation of new information and expertise. Business Finland will monitor the achievement of the latter goals, but they will not affect the payment of the funding or the continuation of the project.

Based on separate applications and a common road map, Business Finland is prepared to grant up to EUR 50 million in funding to other members of each leading ecosystem over a five-year period. Up to EUR 20 million will be allocated to the ecosystems of challenger companies. Leading/challenger companies are also requested to estimate the utilization of other ecosystem funding sources (e.g. EU, Academy of Finland).

A company that receives funding agrees to produce communication material that, for example, Business Finland can use in its own communications. A company that receives funding also agrees to create a website for the project, where its progress and the creation of the partner network can be monitored.

### 3. Principles of funding

#### a. Funding from Business Finland to a leading/challenger company

The maximum amount of funding is EUR 20 million per leading company and project and EUR 10 million per challenger company and project. The maximum level of funding for projects that only include industrial research is 50% of the costs, and 40% for projects that mainly include industrial research. The normal funding criteria of Business Finland apply, but large companies are not required to purchase services from research organizations or SMEs. However, purchased services typically complement companies own resources and support ecosystem building. A leading company can use the funding for its own RDI costs.

The applicants participating in the competition for leading companies should take into account that a company can receive funding from Business Finland through no more than two consecutive competitions. This is to limit the risk posed by the concentration of public innovation funding.

The applicants are required to have measurable and significant cooperation with research organizations and/or SMEs. Funding granted to a leading company must not necessarily be used for research services or services purchased from SMEs, but the leading company must support and encourage research organizations and/or SMEs to participate in the resolution of the mission through their parallel projects. **A leading/challenger company must prepare a road map for the cooperation** and actively make its networks visible as early as in the application phase. The leading/ challenger company should outline possible partnership projects and networks that promote its mission and create plans for EU collaboration, as well as create links to the flagships of the Academy of Finland and other similar national and international collaboration.

Funding for leading companies can also be applied for by two companies seeking to resolve the same major challenge, each from their own perspective. The maximum amount of such funding is EUR 20 million per leading company and EUR 10 million per challenger company.

Funding from Business Finland for large companies: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/research-and-development/research-development-and-piloting-big-companies>

#### b. Funding from Business Finland for other members of the ecosystem for

Business Finland is prepared to provide funding for ecosystems created around leading and challenger companies based on a common road map. Up to EUR 50 million in funding over a period of five years will be reserved for global leading companies for the other members of the ecosystem, and up to EUR 20 million for challenger companies for the other members of the ecosystem. The leading company is responsible for activating projects and project parties to resolve a common challenge. The ecosystem will be built and strengthened during the project.

Partnership projects must comply with the road map prepared by the leading/challenger company and must support the implementation of the mission. The leading/challenger company must support and encourage research organizations and other companies to participate in the resolution of the mission through their parallel projects. Companies can apply for funding for their own RDI projects or joint co-innovation projects among several companies or between companies and research organizations. Research organizations can apply for funding for co-innovation projects but also for individual research projects or joint project between several research organizations (Co-Research).

More information about funding for partnership projects: <https://www.businessfinland.fi/en/whats-new/calls/2021/partnership-model-funding-call-for-companies-and-research-organizations>. International piloting is proof of successful ecosystem growth and construction. More information about piloting is available in Finnish at: [www.businessfinland.fi/pilotointilaina](http://www.businessfinland.fi/pilotointilaina)

**c. EU and Nordic funding for leading companies and ecosystem partners**

Business Finland expects that European and other international sources of funding and cooperation networks are used as effectively as possible for funding the project. Examples of funding sources and networks:

European funding programs and networks (e.g., Horizon Europe, Eureka, ESA, CEF, InvestEU):  
<https://www.eurahoitusneuvonta.fi/en/frontpage>

EU Innovation Fund for the demonstration of low-carbon technologies:  
[https://ec.europa.eu/clima/policies/innovation-fund\\_en](https://ec.europa.eu/clima/policies/innovation-fund_en)

European Investment Bank (EIB, EIF): <https://www.eib.org/en>

Nordic cooperation (Nordic Innovation, NordForsk, Nordic Energy Research, Nordic Council of Ministers):  
<https://www.nordicinnovation.org/programs>, <https://www.nordforsk.org/en>,  
<https://www.nordicenergy.org/>

**4. Two-phase competition: participation and selection of winners**

The competition has two phases. During the first phase, the idea/mission and the impacts of the solution on Finland are presented, along with the main features of the suggested solution and the core group of the potential ecosystem.

The applicants will be invited to present their idea orally to a panel compiled by Business Finland, and the panel will select the proposals to be invited to further negotiations based on the written application and the oral presentation (pitch). The idea and, especially the implementation plan, will be discussed in more detail during the further negotiations. The best projects will be asked to submit their final applications for funding.

**a. Submitting entries for the first round of the competition**

All participants must use the application template provided in Appendix I. The project proposal can be made in Finnish, Swedish or English. The proposal submitted in the first phase is not a funding application. It is confirmation of participation in the challenge/idea competition.

The first-phase **competition proposal (written project description in accordance with the application template provided in Appendix I + tentative pitch deck in accordance with Appendix II)** must be received by Business Finland by 11.59 pm on September 5th, 2023. The pitch deck can be supplemented before the actual pitch presentation.

Competition proposals are requested to be submitted primarily by email to [kirjaamo@businessfinland.fi](mailto:kirjaamo@businessfinland.fi) or by using a secure connection at <https://asiointi.businessfinland.fi/suojaposti>. The following must be taken into account:

- The applicant's name and the case ID (BFRK/5/35/2023) must be indicated clearly in the subject field of the email: **"NAME OF APPLICANT ORGANIZATION: Competition for leading and challenger companies – first round BFRK/5/35/2023"**
- The maximum size of the email message is 9 MB, including attachments. The files can be compressed (Winzip). The files should be submitted primarily as .pdf and .tif documents. The files can also be submitted as .rtf files or .doc and .docx files (Word), .xls and .xlsx files (Excel) and .ppt and .pptx files (PowerPoint). When using email, the competition proposal is deemed to have been received by Business Finland once the message(s) and attachments are available in a readable format in the email account of the record office at Business Finland.

Competition proposals can also be submitted by mail or in a closed envelope to the reception desk at Business Finland:  
Business Finland/record office

Innovation Funding Agency Business Finland

Date  
May 15, 2023

P.O. Box 69 (Porkkalankatu 1)  
00101 Helsinki

**b. Oral presentation (pitch)**

As a rule, all participants in the first phase will be invited to present the key points of their application orally as a pitch-presentation. However, Business Finland can decide not to invite an applicant if they clearly fail to meet the goals of the competition. The PowerPoint template provided in Appendix II is used for the presentation.

The pitching team should include a representative of the company’s senior/top management.

Business Finland will schedule 20 minutes for the presentation and at least 20 minutes for interviews. The applicants are requested to indicate the three most suitable times in their offer. Available times:

	Tue 12.9	Wed 13.9	Thu 14.9	Fri 15.9	Mon 18.9	Tue 19.9
Morning						
Afternoon						

**c. Selection for the second round (negotiation phase)**

A panel compiled by Business Finland will score all proposals and oral presentations in accordance with the criteria provided in section e. The proposals with the highest scores will be invited to further negotiations. All participants will be provided with feedback. The proposals submitted to the competition and their evaluations are confidential. The names of the participants or those selected for the second round will not be disclosed.

Business Finland will assess the credibility and feasibility of the information provided by the applicants. In assessing the proposals, Business Finland may also use information other than that provided by the applicants, in addition to its views on the feasibility and time horizon of the information, any risks involved and other aspects related to the desired impacts.

**d. Final competition proposal/funding application and decision**

It is estimated that there will be two rounds of discussions/negotiations with the selected applicants.

The selected companies will be requested to submit their final funding applications (project plan and cost estimate, including the intermediate goals and payment criteria negotiated with Business Finland).<sup>3</sup> The funding application is submitted via Business Finland’s electronic system. The template for the project plan to be attached to the funding application will be provided to the selected companies. After the template has been filled out, it must be saved as an attachment in Business Finland’s electronic system.

Funding from Business Finland is always discretionary. The funding decision will be made in accordance with the selection criteria provided in section e and Business Finland’s normal RDI funding criteria.

The goal is to make the funding decisions early in 2024.

After the funding decision has been made, the name of the recipient will be published, along with a summary of the mission to be resolved and the impacts.

The leading companies are expected to actively communicate about the project and ecosystem and prepare a communication plan. They must also create a dedicated website for the project, among other requirements.

<sup>3</sup> However, companies always have the right to apply for funding from Business Finland.

**e. Selection criteria**

Selection criteria in the two phases:

**1. Competition (selection of applicants): impact**

- Increase in RDI investments in Finland\*, credibility of the increase, other positive impacts on society
- Clarity of the mission and goals
- The need for an ecosystem to resolve the mission and the export business potential for Finland (leading company + ecosystem)
- It must be shown that the project is at the core of the company's strategy and that the company's senior management is committed to the project (the pitching team should include a representative of the company's senior management)
- Added value provided by funding from Business Finland

*\* Amount reported to Statistics Finland*

**2. Evaluation of funding applications: impact and the quality of the action plan**

The criteria used during the first phase, plus the following:

- Quality and feasibility of the company's own project plan. The company must show that it has sufficient resources and a committed team to manage the project.
- Planned measures and commitment to ecosystem development (road map). How the company will manage the ecosystem and the partnership funding measured in millions of euros must be described  
Availability of experts and identification of partner companies
- Plan for using other funding (e.g. Academy of Finland, EU)

The various sections of the competition proposals will be evaluated on a scale of 1–5 as follows: 1 (incomplete), 2 (poor), 3 (rather good), 4 (good) and 5 (excellent), at 0.5-point intervals. The final scores will be determined by a consensus meeting in which the reviewers of the proposals will participate. Business Finland will prepare a ranking list and will select the candidates and recipients of funding based on the scores given by the reviewers.

**5. Competition schedule**

1. The challenge competition will open on May 15, 2023. A Teams-info will be held at 10.30 am on May 29.
2. Deadline for first-round proposals: September 5, 2023 at 11.59 pm, pitchings scheduled 12-19.9.2023
3. Selection for further negotiations October 4<sup>th</sup>
4. Negotiations with the selected companies: October–December 2023.
5. Funding decisions early 2024
6. Three cut-offs for partnership projects (January, April, September)



## APPENDIX I: TEMPLATE FOR FIRST-PHASE PROPOSALS

First-phase proposal: cover page + **max. 10 pages** and **pitch deck**

Notes and additional information are permitted, but the reviewers are only committed to assessing the actual 12-page proposal. Sections 1 and 2 of the proposal in particular will be examined during the first-phase evaluation.

### COVER PAGE

#### GENERAL INFORMATION

Project name:

Name and Business ID of the participating organization:

Name and contact details of the accountable manager and the contact person (email and telephone number):

The three most suitable times for pitching:

1:

2:

3:

#### SUMMARY (this summary is for the reviewers and is not public)

A summary of up to 2,000 characters.

#### FUNDING REQUESTED (amount)

Tentative cost estimate and funding to be applied for from Business Finland:

Estimated amount (range) of total funding needed by the ecosystem (Business Finland's share)

#### IMPACT (planned increase in RDI operations in Finland for the whole group)

	Reference year 2022	2024	2025	...	...	...*
Group's RDI personnel in Finland (number of employees)						
Group's RDI expenditure in Finland (EUR million)						

Other impacts and impact pathways are described in writing in section 2 of the text section.  
Any impacts on the green transition, in particular, must be described in detail.

\* end year of the project



**Competition proposal titles/sections (max. 10 pages in total)****1. Mission and situation picture**

- Challenge/future need addressed by the project, uniqueness of the idea, market potential
- Situation in Finland and globally, Finland's competitiveness/competitive edge
- The significance of the mission for the company's strategy

**2. Impact and indicators**

- Impact on the goal to increase R&D expenditure to 4% of the GDP (new salary expenditure related to the company's RDI operations in Finland, purchased services, other operating expenditure and investment and acquisition costs [https://www.stat.fi/til/tkke/2018/tkke\\_2018\\_2019-10-24\\_laa\\_001\\_fi.html](https://www.stat.fi/til/tkke/2018/tkke_2018_2019-10-24_laa_001_fi.html))
- The company top management's commitment to the mission and RDI increases
- Any impacts on the green/digital transition, other positive impacts on Finland (e.g., the creation of new expertise and hubs for expertise, new professorships, patents, theses, the extent of the network, new companies, business growth, improved competitiveness, tax revenues, environmental impacts, health effects)

**3. Necessary funding**

- Estimate of the BF funding and other funding necessary for the leading company
- Estimate of the BF funding and other funding necessary for the leading ecosystem
- Added value provided by funding from Business Finland\*\*

**4. What needs to be done – tentative road map to resolve the issue**

- What needs to be done, whose input is needed, roles of the leading company and the ecosystem
- What is already available for support or collaboration? Measures and initiatives supporting the project in Finland and globally, particularly in the EU; funding provided by the EU
- What national efforts should be made to promote the matter and what should be done internationally (RDI measures, legislation, standardization, etc.)
- Tentative schedule, including intermediate goals

**5. Project plan of the leading company (a very concise and clear tentative description in the first phase of the competition)**

- An implementation/project plan of the leading company that includes a description of its own operations, team, and resources and the measures related to reinforcing the ecosystem and increasing expertise
- Communication plan

\*\*What is the change encouraged by funding from Business Finland (the extent and speed of the change and its scope in relation to the public funding needed and the scale of the market opportunity)?

**APPENDIX II: Pitch template/model**

<p><b>Mission and situation of today</b></p> <ul style="list-style-type: none"> <li>▪ Which global challenge is targeted, uniqueness of the idea and the market potential</li> <li>▪ Situation in Finland and abroad, Finnish competitive edge</li> <li>▪ The relevance/importance of the mission in the company's strategy</li> </ul>	<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>▪ Impact on R&amp;D investments in Finland</li> </ul> <table border="1" data-bbox="986 528 1533 629"> <thead> <tr> <th></th> <th>Reference year 2021</th> <th>2023</th> <th>2024</th> <th>...</th> <th>...</th> </tr> </thead> <tbody> <tr> <td>Group RDI-personell in Finland (pcs)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Group RDI-investments in Finland (M€)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>▪ Other positive impacts</li> <li>▪ Commitment of management</li> </ul>		Reference year 2021	2023	2024	...	...	Group RDI-personell in Finland (pcs)						Group RDI-investments in Finland (M€)					
	Reference year 2021	2023	2024	...	...														
Group RDI-personell in Finland (pcs)																			
Group RDI-investments in Finland (M€)																			
<p><b>Funding needed</b></p> <ul style="list-style-type: none"> <li>▪ Leading/challenger company (Business Finland + other)</li> <li>▪ Ecosystem (Business Finland + other)</li> <li>▪ Added value of Business Finland funding</li> </ul>	<p><b>Preliminary roadmap</b></p> <ul style="list-style-type: none"> <li>▪ What should be done, who are needed, roles of leading/challenger company and ecosystem</li> <li>▪ What is already on-going in this field</li> <li>▪ What should be done in Finland/internationally</li> <li>▪ Time tables, targets</li> </ul>																		
<p><b>Outline of project plan of leading/challenger company</b></p> <ul style="list-style-type: none"> <li>▪ Main content of the project (own research activities, activation of ecosystem, communication activities)</li> <li>▪ Team and resources</li> <li>▪ Other initiatives supporting the project (eg at EU level)</li> </ul>	<p><b>Other potentially relevant background information</b></p> <ul style="list-style-type: none"> <li>▪ Company description</li> </ul>																		