

Non-binding English translation

Instructions to Growth Engine candidates

COMPETITIVE BIDDING RELATED TO GROWTH ENGINES No. 3

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ANNEX 1: Template for request to participate

1. Background of the procurement

Business Finland uses the name Growth Engine to describe business ecosystems aimed at new business activities amounting to more than one billion euros. Growth Engines are implemented through an enterprise-driven partnership model between companies, research organizations and public actors, which strives to find solutions to global market shifts and create new growth sectors in Finland.

Growth Engines received a total of EUR 60 million of funding in the form of subordinated loans in 2018 and 2019. Information about Growth Engines funded through subordinated loans in connection with previous rounds of competitive bidding can be found here: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/growth-engines/>.

Business Finland is now getting ready to launch the third round of competitive bidding. The organization received EUR 20 million in new funding appropriations to be spent towards Growth Engines in June.

The objective of the competitive bidding procedure for Growth Engines is to build and grow business ecosystems that are vital for the national economy. The capital funding provided by the Finnish Government / Business Finland allows the creation of platforms that contribute to the development and growth of these ecosystems. Capital funding provided by the Finnish Government enables risk-sharing with the private sector and gives the platform companies an opportunity to develop their business. The public procurement procedure helps to establish a market rate for the government funding required. The Government seeks a return on its capital investment. The subordinated loans that Business Finland grants to the platform companies / operators require no collateral and are classified as capital loans within the meaning of the Finnish Limited Liability Companies Act.

2. Subject and scope of procurement

The subject of the competitive bidding is:

- In compliance with the mission of Business Finland: the renewal and development of business and industry by means of technology and innovation; increasing international networking; increasing added value; strengthening the growth and international competitiveness of the business sector; increasing exports, tourism targeting Finland, and international and capital investments in Finland; as well as enhancing productivity, employment and wellbeing.
- It is expected that the development of the operations of the platform companies or operators belonging to the Growth Engine ecosystem will contribute to meeting the targets mentioned above. The impact is expected to manifest itself in the actors involved in the Growth Engine ecosystem in particular. At an annual level, the operations of a platform company or operator should **generate new business and/or exports and/or new investments in Finland based on innovation, amounting to at least 1 billion euros** among the actors involved in the Growth Engine ecosystem. In addition, the impacts of the operations of a platform company or operator may become visible in the number of jobs, increased tax revenues and as indirect effects on the wellbeing in Finland.

The remuneration is

- **a capital loan granted to a new or existing platform company/operator by the funding agency.** The funding is provided as a capital loan in accordance with the Limited Liability Companies Act in Finland. The funding agency does not become an

owner of the beneficiary nor does it define the expected return on investments from the platform company, but this is also part of the tendering procedure. Funding can only be granted to companies registered in Finland.

Use of the remuneration/capital loan

- The tenderer shall use the granted capital loan for **the launch and development of the platform company or operator's activities**. The funding may not be transferred to another company. The platform company's own operations should be sustainably established and profitable, so that it can repay the loan in due course. Through its own operations, the platform company should enable or substantially accelerate the growth and success of the surrounding ecosystem. It is estimated that the highest impact can be achieved through ecosystem impacts.

The amount of capital loan is estimated to range from 2 to 10 million euros. Other amounts may also be considered.

The objective is to distribute the funding between several operators and potentially across multiple different sectors. Business Finland is looking for proposals relating to the following themes in particular:

- Data economy
- Circular economy
- Low-carbon economy

3. Selection of candidates

3.1. Submitting a request to participate and participation

To take part in the bidding procedure, prospective tenderers will need to submit a request to participate, consisting of a preliminary implementation plan (a template is provided at the end of this document), expressions of interest from the key members of their ecosystem and a provisional pitch.

3.2. Evaluation of requests to participate

In the first stage, the candidates who, based on the minimum requirements and the consideration by Business Finland, lack sufficient financial, technical or other capacity for the implementation of the procurement, or that have neglected to pay their taxes or other statutory payment obligations, shall be excluded from competitive tendering. In addition to the above-mentioned criteria, a candidate or tenderer may be excluded from competitive tendering if the platform company or operator is not deemed likely to generate new business operations or new exports to Finland or new investments in Finland amounting to 1 billion euros among the actors involved in the Growth Engine ecosystem.

The most promising candidates will be invited to the first round of negotiations to pitch the key points of their proposal to a selection jury.

Business Finland will eliminate candidates from further negotiations on the basis of the criteria set out below.

Selection criteria:

1. **Platform company's ecosystem impacts** (new turnover, jobs, exports, investments in Finland, indirect impacts, quality of the ecosystem, methods of yielding ecosystem influence). Weighting coefficient 60%
2. **The platform company: credibility, resources and planned return on investment for the capital loan** (the team's resources and capabilities, co-investors/owners, business model and financing plan), the impacts of BF funding. The repayment schedule of the capital and the interest to be paid on it. Weighting coefficient 40%

A maximum number of six (6) candidates will be selected to the second and potential third negotiation round

All candidates that submit the request to participate and meet the minimum criteria will be provided with a decision and will be informed of the potential invitation to the negotiation stage.

The negotiations will be attended by Business Finland employees and external experts potentially invited by Business Finland. The requests to participate and the negotiations are confidential. Each tender/proposal is evaluated and scored by at least four evaluators. Both comparison criteria are awarded points on a scale of 1 (poor), 2 (weak), 3 (good) 4 (very good) to 5 (excellent). The final score of each candidate is decided on the basis of a consensus meeting, at which all evaluators are present. Business Finland draws up a ranking list on the basis of the scores given by the evaluators.

Business Finland and potential external evaluators estimate the credibility and realism of the information submitted by each candidate. When evaluating proposals, information other than that reported by the participants in the competitive tendering may also be used, as well as the views of Business Finland and/or external evaluators on matters such as the realistic nature of the information presented, the time span, risks and other factors related to the desired impacts or the repayment of the loan.

3.3. Selection of the party/parties to implement the procurement

After the negotiations, Business Finland will ask the remaining candidates to submit a funding application. The final funding decision will be based on the selection criteria listed in section 3.2 and Business Finland's normal funding criteria.

Funding can also be sought within the deadlines given without submitting a request to participate and participating in the negotiations. In such cases, all the information needed to evaluate the proposal must be recorded in a written funding application.

Business Finland will decide on funding for the best proposals submitted for competitive tendering.

4. Timetable of the competitive bidding

The timetable of the competitive bidding is indicative and can change during the course of the bidding process.

Stage 1: Selection of candidates for the negotiated procedure

1. The publication of the call for tenders 17 August 2020
2. Information event/webinar 2 September 2020 at 2 pm
3. The deadline for submitting requests to participate 21 September 2020
4. Pitching i.e. the first negotiation round: Candidates who have submitted their request to participate pitch the main content of their application to a selection jury 24-29 September. Max half an hour/applicant for pitching and questions from the selection jury.
5. The estimated date of the invitations to participate in further negotiations is 1 October 2020.

Stage 2: Negotiations

6. Negotiations

Second round 6-9 October

Third round (ecosystem impacts) from 27 to 30 October (including contributions from ecosystem partners)

The number of candidates may be cut gradually as the negotiations progress based on the criteria set out in section 3.2. The key persons of the parties that have submitted a request to participate must participate in the negotiations.

Stage 3: Funding applications

7. Final funding applications by 16 November 2020
8. Comparison, evaluation, decision-making and publication of the funding decision by 17 December 2020

5. Funding period and other terms and conditions

The funding decision will enter into force in December 2020 and remain valid for the period to be defined in the decision. The duration of the period depends on the proposed financing plan.

The financing plan, repayment plan, timetables, the interim goals and the terms and conditions related to the payments are part of the negotiation phase, and form an essential part of the funding decision. Loan installments may be taken out based on the progress made or the achievement of interim goals.

A capital loan may not be transferred to a parent company or a subsidiary in the form of a group contribution, for example. The granted funding must be available to the company for activities performed in accordance with the plan presented

6. Subcontractors

The participants in the competitive bidding must give an account of the potential use of subcontracting. The participant is responsible for the work of a subcontractor as it would be for its own. The subcontractors participating in the direct implementation of the work

must be named, and an account of the basic information on the company must be provided.

The participants in the competitive bidding must present the key subcontractors – used in the production of the service referred to in the contract – for approval by Business Finland. Business Finland has the right to withhold approval of a subcontractor if strong grounds exist for doing so.

7. Additional questions

Contacts for more information and advice:

- Low carbon & circular economy: Jarmo Heinonen (jarmo.e.heinonen@businessfinland.fi, puh 050 557 7790)
- Data economy: Arto Pussinen (arto.pussinen@businessfinland.fi, puh 050 556 8320)
- Implementation & the process of the competitive bidding: Karin Wikman, Esa Panula-Ontto (karin.wikman@businessfinland.fi, 050 557 7723 ja esa.panula-ontto@businessfinland.fi, 050 557 7853)

8. Submission of the request to participate

A request to participate (preferably in Finnish or Swedish) and the pitching presentation should be at Business Finland by 21 September. Requests to participate should be sent by email or by post to Business Finland's record office.

The email address for submitting requests to participate is kirjaamo@businessfinland.fi, and Business Finland's secure email server is located at <https://asiointi.businessfinland.fi/suojaposti> Lähetyksessä tulee huomioida seuraavat asiat: .

- The name of the party submitting the request to participate and the subject identification, "Kasvumoottorikilpailu nr 3, Osallistumishakemus 4/25/2020", must be clearly written on the address field of the email or on the envelope.
- The maximum size of the email with attachments is 9 Mt. It is hoped that the candidates that submit the request to participate will gather as much of the required information as possible in one file. Attachments can also be submitted as separate files.
- The attachments can be sent in zipped form (Winzip). The attachments must be primarily submitted as .pdf and .tif files. The attachments may also be submitted as .rtf files as well as .doc and .docx Word files, .xls and .xlsx Excel files, and .ppt and .pptx Powerpoint files.
- A request to participate sent by email is considered to have been delivered to Business Finland, when the message/s and their attachments are available for use in readable format in the email of Business Finland record office. If the contents of the request to participate are sent in several messages, steps must be taken to ensure that the tender is deemed to have arrived on time, with all messages containing parts of the tender having been delivered to Business Finland by the date specified above.

Innovation Funding Agency Business Finland

Date
17 August 2020

DM 2750425

Requests to participate can also be delivered by mail, or by bringing them in a closed envelope to Business Finland's reception desk at the address:

Business Finland/Kirjaamo
PL 69 (Porkkalankatu 1)
00101 Helsinki

9. The request to participate and the required annexes

REQUEST TO PARTICIPATE with the following sections:

- PRELIMINARY IMPLEMENTATION PLAN (the attached template must be used)
Informal expressions of interest from the other members of the proposed ecosystem
- Provisional pitch

During the negotiations, the participants will be requested to provide additional information and specifications for the documents mentioned above.

ANNEX I: A PRELIMINARY IMPLEMENTATION PLAN FOR THE REQUEST TO PARTICIPATE

NAME OF THE PROJECT AND CONTACT DETAILS

Name of the project:

Name an business ID of the organization participating in the competitive bidding:

Name of the contact person (email and phone number):

WISHED TIME FOR PITCHING:

First and second choice of pitching slot:

24 September, afternoon

25 September, morning/afternoon

28 September, morning

29 September, morning/afternoon

FUNDING REQUESTED

Total subordinated loan amount sought:

Promised return on the loan:

(Provisional annual spending plans as of 2021)

(Proposed loan term, payment holidays (where applicable) and repayment plan)

(Interim goals for the progress of the project and the spending of the funds)

The recommended numbers of pages are indicative only. Headlining must be followed. The objective of the request to participate is to set out the proposed idea as clearly and concisely as possible.

1. Background information/current status

1.1 A Global significance of the theme (max. 2 pages)

The significance of the theme on a global scale, the size of the market now and in the future. Whether the idea relates to a current or imminent market shift or a completely new market.

1.2 Required background information: Current status in Finland (max 2 pages)

Current status in Finland, the potential of the theme from Finland's perspective. Aspects of Finland's business environment and innovation system that could help/hinder the development of the Growth Engine.

2. Promise of The platform company's ecosystem impacts

2.1 Network and professional competences; description of the Growth Engine ecosystem (max. 5 pages)

Who is involved now, who will be involved in the future, driver companies and SMEs, researchers and public organizations? Roles of the actors involved. The strengths and weaknesses of the network, possible additional professional competences needed in Finland. International partners and roles in the strengthening of the ecosystem. The ongoing R&D&I activities of the parties involved (e.g. BF, EU funding). The key ecosystem operators are required to attach a written statement of commitment to the tender. *Evaluation: the credibility of the ecosystem/network actors, professional competences, commitment and division of labor, identified professional competences or lack thereof.*

2.2 Implementation plan of the project; how will the platform company/the granted capital loan promote strengthening of the ecosystem (max. 5 pages)

The measures by which the ecosystem impacts will be generated. How and by what means, and within what time scale, will the platform company promote the growth and development of the ecosystem? The activities can be described, for example, per work package or by using Gantt charts. *Evaluation: is the implementation plan realistic and the selected means suitable for it, do the measures promote the competitiveness and success of the ecosystem?*

2.3 The effectiveness of the project (max. 3 pages)

An estimate of the platform company’s direct benefits. Growth in turnover, exports, number of employees of the parties involved in the Growth Engine ecosystem (the platform company + Finnish partners of the ecosystem), and its impact on inward investment into Finland.

Situation today		In 2020
Turnover (M€)	Platform company	
	Ecosystem partners (part of turnover that is contributing to this growth engine ecosystem)	
Exports(M€)	Platform company	
	Ecosystem partners (part that is contributing to this growth engine ecosystem)	
Jobs (nr)	Platform company	
	Ecosystem partners (nr that is contributing to this growth engine ecosystem)	

Direct benefits, total:

Total	Estimate 2025	Estimate 2029
New turnover generated by new business in Finland (M€) - platform company - growth engine ecosystem in Finland		
New Export (M€) - platform company - growth engine ecosystem in Finland		
New jobs (nr) - platform company - growth engine ecosystem in Finland		
New foreign investments in Finland (M€)		
New turnover generated outside Finland (M€) - platform company - growth engine ecosystem		
New jobs outside Finland (nr) - platform company - growth engine ecosystem		

The applicant must explain how the calculations have been made. Estimate of indirect benefits, to be described in writing if they cannot be quantified.

Evaluation: will the ecosystem create business/exports/etc. amounting to 1 billion euros, is the estimate credible? Significance of the indirect benefits.

3. The platform company’s credibility, resources and return on investment for the capital loan

3.1 Platform company (max 2 pages)

Owners, personnel, when is the company established, structure, resources and growth vision.

Evaluation: credibility of organisation.

3.2 Team (max 2 pages)

Who are involved in the platform company now and who will be involved in the future, commitment. Professional competences and background of the operative management and co-investors.

Evaluation: professional competences and background of the management running the platform company.

3.3 Business model (max 4 pages)

The desired business model of the platform company/operator (on the Business Model Canvas template), a preliminary business plan as an annex to the request to participate. The role/competitive advantage/business spearhead the platform company is striving for. The market potential of the selected business spearhead. The ownership, use and significance of the IPR possibly generated. Potential competing or alternative solutions.

Evaluation: the credibility of the platform company's business model, has the candidate found a credible business spearhead that enables the achievement of a significant foothold in the market? The significance of the proposed platform company for the business ecosystem

3.4 The growth and funding plan for the platform company's business operations, planned use of the capital loan

Other funding providers, the status of funding negotiations, amount of capital loan from BF and timetable, repayment plan, interest, share of the returns. Risk assessment. Templates for cash flow forecast calculations and funding plans can be found on sites such as the following: http://yritystutkimusry.fi/?page_id=9

Evaluation: The funding status and financial resources of the platform company for successfully implementing the project. Return on investment obtained by the state, risk assessment for state funding

SUPPORTING DOCUMENTS:

- Written expressions of interest (EOI) from key members of the ecosystem
- Pitch deck (PPT presentation of the key points of the application)