

Evaluation of Business Finland's Non-Funding Services for Export Promotion of Company Groups

Heidi Uitto, Kimmo Halme, Stijn Zegel & Gerwin Evers

Business Finland's group export non-funding services act as a bridge, connecting Finnish companies with mega-scale global opportunities that require collaboration and coordinated efforts to succeed.

Importance to Finland

Promoting strategic mega-scale export projects and collaboration

Business Finland's non-funding group export services, International Business Innovations (IBI), Export Booster (EB) and Joint Offering (JO) are services offered to Finnish export capable companies with matching products/services to boost their exports via significant and large market opportunities. The market opportunities are identified and validated thorough a step-by-step process to ensure their significance and relevance. Typical valuations of selected market opportunities range from over EUR 100 million (Export Boosters) to over EUR 1 billion (IBIs).

The group export services essentially utilise synergy across the participating companies, as the identified opportunities are too large and complex for single companies to offer. The export groups are designed on a case-by-case basis to match the needs of the end-client and often involve at least one large Finnish company as a lead-provider.

According to the evaluation, the group export non-funded projects serve as catalysts for significant export growth for Finnish companies while simultaneously enhancing Finland's position as an influential player in global geoeconomics. Many of the projects are anticipating opportunities to scale up the group export model to other markets, hence creating a lucrative group export models for years to come.

The services are promoting collaboration in export activities. While approaching large scale export opportunities as a group is proven to be an effective way forward, the collaborative approach is still relatively novel. The services are igniting a mindset shift towards a joint effort thinking in Finnish companies and may pave the way for future collaborations.

Besides supporting companies to increase sales, the projects aim to create significant sustainability and developmental impacts. The projects are tapping into increasing global demand for sustainable solutions by promoting exports of Finnish state-of-art solutions to verified needs in target markets, e.g., plastics recycling, sustainable cities and sustainable ports.

Importance for the business

The services have enabled companies to create economically significant contacts to end-customers that would be out of reach without the mediation of Business Finland

An important part of the non-funded group export service provision is related to Business Finland's ability to identify and validate relevant business opportunities. This part of the process relies on an intense and well-functioning collaboration with other Team Finland partners and appears to be working well. Overall, the participating companies find the market opportunities highly relevant and suitable.

Additionally, an important added value of Business Finland's broad business and substance experience is demonstrated in the identification, assessment and selection of suitable groups of companies for each market opportunity. The groups are selected based on their matching offering, thus increasing the credibility of the Finnish offering in the eyes of the end-customer. Many of the identified opportunities and end-customers are of large scale and would like to consider the full-range of offers, rather than many individual offers.

The services have been of great value in opening doors for Finnish companies to end-clients and markets that would be very difficult or important to access without governmental intervention. This can be attributed to thorough background work conducted by BF as well as door opening services by the embassies. In terms of additionality, the companies report that the service has sped up the identification and contacting the relevant partners and clients. Many companies also report that the market opportunity would have not realised without governmental help.

Role of Business Finland

Business Finland works as a mediator between Finnish companies, end-customers, public sector in target countries and financiers to enable large-scale business opportunities that have possibilities to scale up in new markets

The evaluated services are long-term umbrella projects that can utilise many of the Business Finland's services in an agile way. The projects start with a thorough assessment of the selected market opportunities and their key stakeholders. The participating companies are then selected based on their export capabilities and matching offering to the market opportunity. Business Finland is well positioned in having both market intel and knowledge of Finnish firms. As much of this work is conducted before the companies join the service, some may be unaware of the Business Finland's inputs up to this point. Essentially, this background work is demonstrated to the companies as relevance and suitability of the market opportunity.

The activities at the market depend on the needs of the company group and may involve e.g., visits, webinars, market information and matchmaking. As such, the services do not involve direct export funding. Embassies are often involved in the target market. Some IBI projects also involve market making activities, i.e., they aim to impact the market demand for example via regulation or standards. IBIs targeted in emerging markets may involve also mediation of external funding for the end-customer, i.e., funding from development banks or Finnvera. There is an evident added value in organising the services as long-term projects, as the sales cycles are long and groups of companies need door opening services on the way.

Overall, Business Finland is successfully mediating collaboration with Finnish companies, end-customers, public sector in target market and external financiers. This collaboration

enables negotiations and opens doors to large-scale market opportunities that would not be possible for most companies without the help of Business Finland and Team Finland.

Results and impacts

The evaluated services have effectively linked companies with potential end-clients and stakeholders and increased credibility of the groups. While most of the projects are still ongoing, the anticipated economic and sustainability impacts are large.

The evaluation used qualitative methods (case studies and survey) to assess results and anticipated impacts of the services. Additionally, it was evaluating the services in the light of OECD's 6 evaluation criteria: relevance, coherence, effectiveness, efficiency, impact and sustainability.

The evaluation findings show that the services have effectively reached their intermediary goals. The services have been effective in linking firms with relevant end-customers and stakeholders, as well as increasing the credibility of the group of firms. Some of the IBIs and Export Boosters show results of being able to influence the market opportunity, which is highly appreciated by the companies and perceived as high potential to achieve significant economic impact in the future. In terms of increasing collaboration and knowledge-sharing between the Finnish companies, the results are mixed. Overall, the level of collaboration between the companies depends on the project. While in some projects the collaboration and knowledge sharing has been minimal, others are showcasing strong synergies between the firms. The level of collaboration seems to be determined by the needs of the end-customer. Unless there is clear demand for a joint offering or mediation, the companies tend to focus on their own export goals.

As most of the Group Export projects are still ongoing and the sales cycles are long, it is too early to assess in full extent how the services have impacted export development and sales. Some companies in Export Boosters and IBIs have made some sales during the ongoing projects. EBs are systematically monitoring the closed deals and the deals pipeline. As of now, two EB projects have managed to close deals by now, in total of 300 million euros and there is a significant number of deals in the pipeline. While IBIs are not systematically monitoring the sales, as they are disclosed by the firms, the interviews show that some firms have already closed deals under IBIs. However, it must be noted that the timeline for the market opportunities is very long and some of the projects are showing high potential to be scaled in different markets as well. Therefore, the projects are anticipated to have economic impacts even years after the projects have ended. To ensure this, Business Finland should guarantee that firms get the needed help even after the timespan of the project. Especially Export Boosters, set to 2 years, are perceived as potentially too short. Simultaneously, it should be noticed that such large-scale opportunities have very high global competition. In terms of economic impacts, the projects can be described as "high risk, high reward".

Each project is unique, designed to fit the market opportunity. The case studies found some noteworthy best practices and success stories from some projects.

- **Export Booster on "Smart Green Ports"** has been a great success in terms of closed deals and sales. The project identified 8 ports in USA that were about to make significant investments into making the ports more sustainable. Business Finland, together with a group of Finnish companies conducted several visits to the ports. The project led into collaborations and closed deals valued almost at 300 million euros. More deals are yet to be realised.

- **A [confidential] IBI project** is currently approaching a large market with a sustainable solution that has potential for very large economic impact. The project is unique due to its approach. Instead of having a clear end-customer, it is aiming to impact the market demand while the companies are still developing their product. The participating companies say that this lean approach have potential to shorten the time-to-market significantly. Moreover, being at the market before others helps to shape the demand and standards in a way that will be beneficial for the participating companies. The project is also linked to BF's Leading Company Initiative ecosystem and Co-Innovation funding.
- **IBI Nusantara** is tapping into a market opportunity in Indonesia, where the government is investing significantly to build a new sustainable capital for the country. The project is organised in several tracks and involves number of Finnish companies. To facilitate the collaboration, the project has nominated an organisation to facilitate the collaboration. The findings of the evaluation show, that this has resulted in better coordination and collaboration.

Joint Offerings are focusing more on pre-market activities, e.g., joint value proposition development for groups of companies and identifying groups of firms with matching offering to given market opportunities. Several Joint Offering projects have been utilised as prework for IBI or Export Booster project.

Realism, critical view of the current state, international viewpoint

There is a clear demand for the services and they have been well designed. However, there are some points of improvements.

Positive outcomes	Points of improvement and uncertainties
Services have identified and validated market opportunities that are relevant and very significant.	The market opportunities are "high risk, high reward". The anticipated impact may be very high, but the large opportunities are highly competed.
The participating companies are largely established exporters and industry stars, matching the market demand.	The selection process of the companies lack transparency.
Some projects have managed to ignite a shift in mindset of the companies that is based on collaboration and joint efforts. Approaching the opportunities as a group, has clear benefits.	In some projects, collaboration, knowledge sharing and synergies between the companies have remained low and requires more facilitation.
The services are long-term umbrella projects that may utilize a variety of Business Finland's services in an agile way.	In some Export Boosters and Joint Offerings, the awareness and commitment to the project remains low amongst the companies due to lack of conceptualization and communication.
The projects managers are highly committed.	The services would benefit from more extensive information exchange and monitoring in Business Finland level. Currently, the projects are strongly tied to their project managers, which increases risk of losing tacit knowledge if staff changes.
The services, especially IBIs, have good level of collaboration with Team Finland.	While the participants are core customers of Business Finland and have used several services separately of the given export project, there is untapped potential for synergies with other BF services and funding.
Companies perceive the level of services and staff's professionalism high.	[Export Boosters and Joint Offerings] Some companies remain in the periphery within the project and are not

	aware of being part of a larger export project, only individual services such as visits or webinars.
[IBIs only] In terms of projects in emerging market, the need for facilitation of external financing for end-customer is high and there are some success cases.	There is also a need for competence development through sharing of knowledge and best practices of financial engineering and syndication in such projects.

Forward looking statement and recommendations

The evaluated services exhibit strong potential and clear added value, however, they could be further conceptualised and the commitment of the companies should be increased

RECOMMENDATIONS



Business Finland has strong knowledge regarding Finnish companies and global market opportunities, which both are relevant for providing such services. **It should be ensured that the knowledge is documented, shared and not lost. Systematic knowledge management should be ensured, particularly as some of the services are being reorganized with MFA.**



The services have succeeded well in bringing the right people to the right place at the right time, which requires plenty of preliminary work. The collaboration with embassies has helped in securing the meetings with the right stakeholders. **Further conceptualization and communication of the services would make the projects more cohesive and increase commitment by the participating companies, while taking into account the individual needs of the companies.** It should be carefully considered whether there is a true need for three separate service concepts for non-funded group exports.



The projects have managed to bring together relevant groups of companies, but it appears that many of the group export services are not sufficiently utilizing the synergies and potential benefits of the collaboration. There are some good examples (such as cluster approaches) which could be spread and utilized more often. **Hence, further work should be done on increasing their joint efforts, collaboration and peer-to-peer learning. This starts with making the companies aware of the strength of collaboration and committing to the concept.**

Contact information:

Heidi Uitto: heidi.uitto@4front.fi

Jari Hyvärinen: jari.hyvarinen@businessfinland.fi