



The dual challenge of the green and digital transition stream

Making Europe the first continent in the world with carbon neutral or even carbon negative status is a demanding task. It is possible, however – with the strong commitment of industry and politicians. In the EU's Financial Framework and Recovery Fund, 30% (EUR 550 billion) is allocated to promoting the green transition.

A completely new dimension is added to the transition to the green economy when it is combined with the opportunities that digitalisation brings. Completely new businesses are emerging at the intersection of these two strong megatrends. These companies attract equity and are of very high value.

Finnish companies are extremely well positioned in this transition. We have already established our position as global leader in providing many of the solutions necessary for the massive shift towards the green economy. The position is further consolidated by Finland's ambitious national goals of being carbon neutral by 2035 and by the detailed roadmaps that different industries have adopted for the practical attainment of these goals.

The COVID-19 pandemic has served as a catalyst to make Finland a global model of green and digital transition: the big picture has not changed, but the markets were disrupted, and renewed demand is emerging.

This was the basis for the DGC-stream at the beginning of August 2020.

The team decided to take a very concrete approach right from the start. The aim was to build new thematic business ecosystem initiatives within the area of green electrification. The projects were designed to be concrete pilot cases in Finland with the potential to be scaled up as system-wide export cases to European markets.

” For companies, the transition means new strategic approaches, business models, platforms and innovations, and a need for new skillsets and skill structures.





There were three major results of this stream:

- 1** Through timely dialogue with ministers and key civil servants, the team influenced the way Finland's Recovery and Resilience Plan was formed. The Sustainable Growth Programme for Finland is well designed and companies will have a major role to play when the first calls open in the autumn of 2021.
- 2** Green and digital transition often means disruption. A new, slightly modified approach is needed when building system-wide export cases. A capture team approach for companies was benchmarked and piloted together with the Ministry of Foreign Affairs and Business Finland in the context of DGC. As a result, a new DGC export programme was designed. The programme will further strengthen the Team Finland collaboration for the benefit of a larger number of Finnish companies. Together with the Ministry of Foreign Affairs, Business Finland will be in charge of the programme.
- 3** A new thematic collaboration model for business ecosystems was created. The initial discussions in the Dual Challenge team led to the creation of a handful of joint actions. One example is the future urban, highly optimised smart energy system (HOPE) programme, a consortium of 11 companies and 5 research partners aiming to develop a framework to manage future complex energy systems. Another example is the Finnish National Hydrogen Cluster Initiative: a group of 36 companies are joining forces to drive the Finnish transition towards the hydrogen economy. In addition there are several ongoing bilateral collaborative schemes.

” COVID-19 disrupted our daily routines during the summer of 2020. Investing time in bringing together businesspeople with an open mindset and from different industrial sectors has proven to be a fruitful and much-appreciated approach.



Our results have messages for business leaders and the government

Our key messages for business leaders are:

- 1** The intersection of the digital and green transitions creates opportunities for new business models, innovations and technological development. We have only scratched the surface in terms of innovation potential in the areas of energy orchestration, the use of AI to combat climate change, industry decarbonisation and advancing the hydrogen economy and circular economy, for example.
- 2** In disruption we need each other. The best possible models for building and governing new business ecosystems are yet to be discovered. As frontrunner companies we are obliged to pilot new approaches, since no playbook is available.

Our key messages for the government are:

- 1** There are not many countries that are better positioned in the green and digital transitions than Finland. We are entering times of upheaval, so the government's support is needed. The Leading Company Funding of Business Finland has proven to be a good model. Companies need to be able to test approaches and try them out, and they need time and space to think in a new way. Support from the government helps companies to create the space for this. It is important that this funding continue. It is a good investment for the future of Finns, the economy and the world.
- 2** National public innovation funding should be substantially increased and targeted at improving the capabilities within specific business-driven growth areas. The national target of investing 4% of GDP in RD&I by 2030 requires long-term commitment from both the public and private sectors. The private sector has already expressed its commitment. We are hoping for the commitment of the public sector.

Anne Jalkala, Fortum
Simo Säynevirta, ABB
Riikka Heikinheimo, EK

