Value creation in the Fair data economy

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Sitra by the figures

Investments
by the Finnish State

1967: 16.8 M€
1972: 16.8 M€
1977: 16.8 M€
1981: 16.8 M€
1992: 16.8 M€

84.1 M€

Annual budget
30–40
million euros

Market value
of endowment capital

M€

840
12/2017

776
12/2018

Average return
7.7%
2017

-3.9%
2018

Founded
in **1967**

Working for the future over **50** years

179
employees
31 Dec. 2018

69 % women
31 % men

89 % higher education
11 % other education

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SITRA'S CONTRIBUTION FOR FINLAND'S EU PRESIDENCY

Transformation to a **carbon neutral circular** Europe	Europe as a forerunner in a **fair data economy**	A welfare economy with **impact investing**

What's in it for the EU?

- **Opportunity to promote sustainable growth** with a cross-cutting approach
- **Brings** EU-countries and different political groups **together** – themes have broad approval
- Supports developing far-reaching effectiveness for European actors and **opens global opportunities**

THERE IS A STRONG BUSINESS CASE FOR CIRCULAR ECONOMY AND THE RIGHT TIME TO START IS NOW

From linear…

Take → Make → Waste

…to circular…

…creating opportunities

$4.5 trillion
Global growth potential to 2030

60 - 85%
Reduced environmental footprint

Up to 7x
Higher value in lifecycle revenues vs. new sales

Up to 100%
Reduced exposure to critical raw material

1/3
Of global CEOs already explore circular economy business models

Focusing on the change to customer-centricity and digitally enabled business models

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Five business models reduce the inefficiencies and create value for companies

Reform use of resources

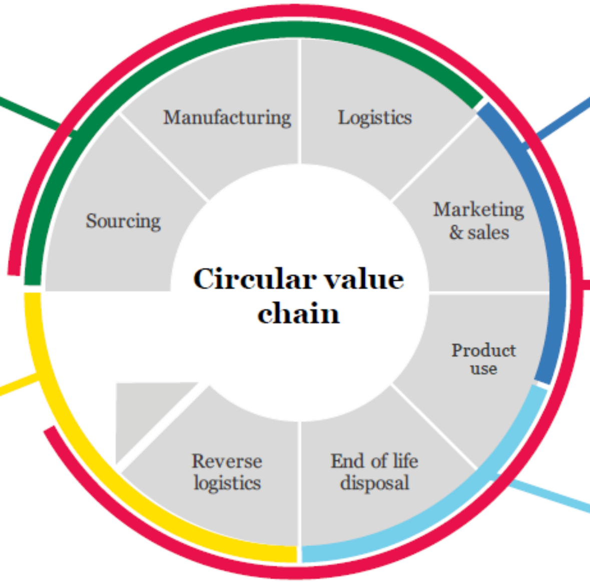
CIRCULAR SUPPLY CHAIN

Use of renewable energy, bio-based or potentially completely recyclable materials

Recover value in waste

RECOVERY & RECYCLING

Recovery of usable resources or energy from waste or by-products



Optimise capacity use

SHARING PLATFORM

Increased usage rates through collaborative models for usage, access, or ownership

Offer outcome oriented solutions

PRODUCT AS A SERVICE

Offering of products for use with retention of product ownership which incentivises increase in resource productivity along the whole life cycle

Extend life cycles

PRODUCT LIFE EXTENSION

Extension of the life cycle through repair, maintenance, upgrading, resale and remanufacturing

Source: Accenture, Appendix 2 for more details

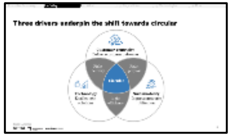
A Circular Economy Playbook and tools

www.circularplaybook.fi

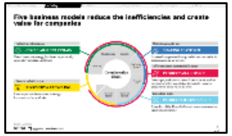
The playbook consists of 6 chapters with circular economy concepts, best practices and tools to guide your business to identify and define your circular economy opportunity and develop a plan to realize circular advantage

PLAYBOOK CHAPTERS

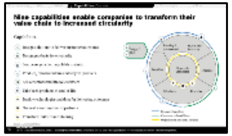
1. Why circular economy?



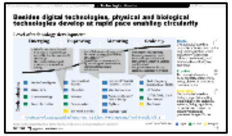
2. What opportunities exist?



3. Which capabilities are required?

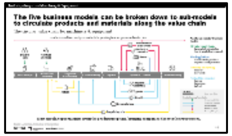


4. Which technologies can support?



5. How to design the transformation journey?

6. Industry deep dives

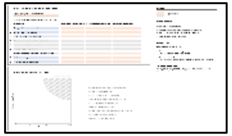


EXAMPLE TOOLS[1]

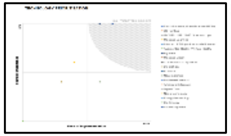
Value case tool

Business model development toolkit

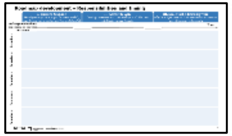
Capability maturity assessment



Technology maturity assessment



Roadmap development



Business model canvas

[1] Additional tools available in the playbook

CHANGING THE GAME REQUIRES NEW CAPABILITIES

Rotating to the NEW

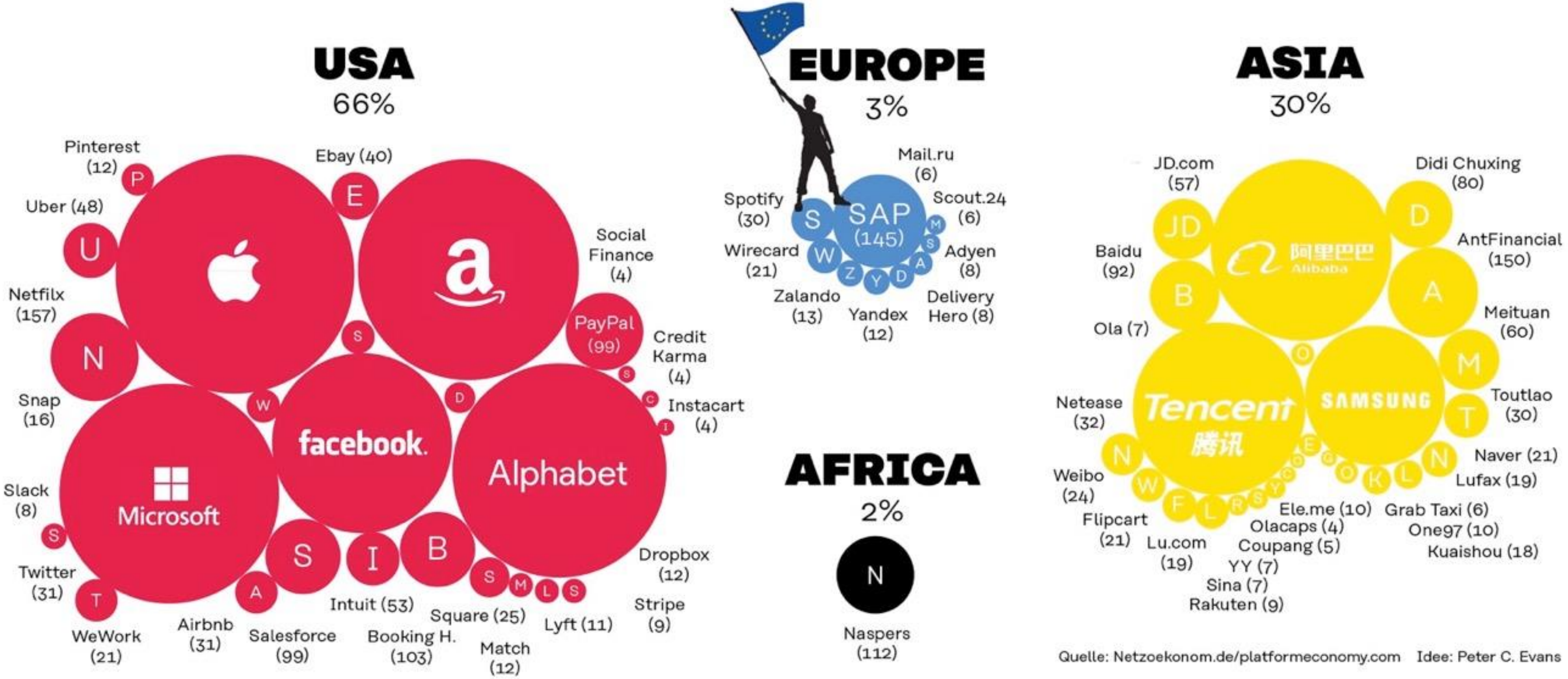
	TRADITIONAL INNOVATION	SERVICE INNOVATION
WHAT?	• Understand **Customer usage** and **expected Product Attributes**	• Design and live **Customer Experience / Journey**
HOW?	• Leverage **traditional and robust processes**	• Perform **iterative design and prototyping** (to test, fail, learn and rebound quickly)
WHO?	• Leverage **companies distinctive forces and expertise** around Product / Service	• Manage an **open ecosystem** and perform **open innovation** – acquiring / partnering with new talents
CORE SKILLS	• **Traditional Product / Service know-how** is “at the heart”	• **Design Thinking and Big Data / Analytics** are the heart
MOTIVATION	• Perform Innovation cycle in **Years**	• Perform Innovation cycle in **Weeks / Months**

Source: Accenture

Fair data economy

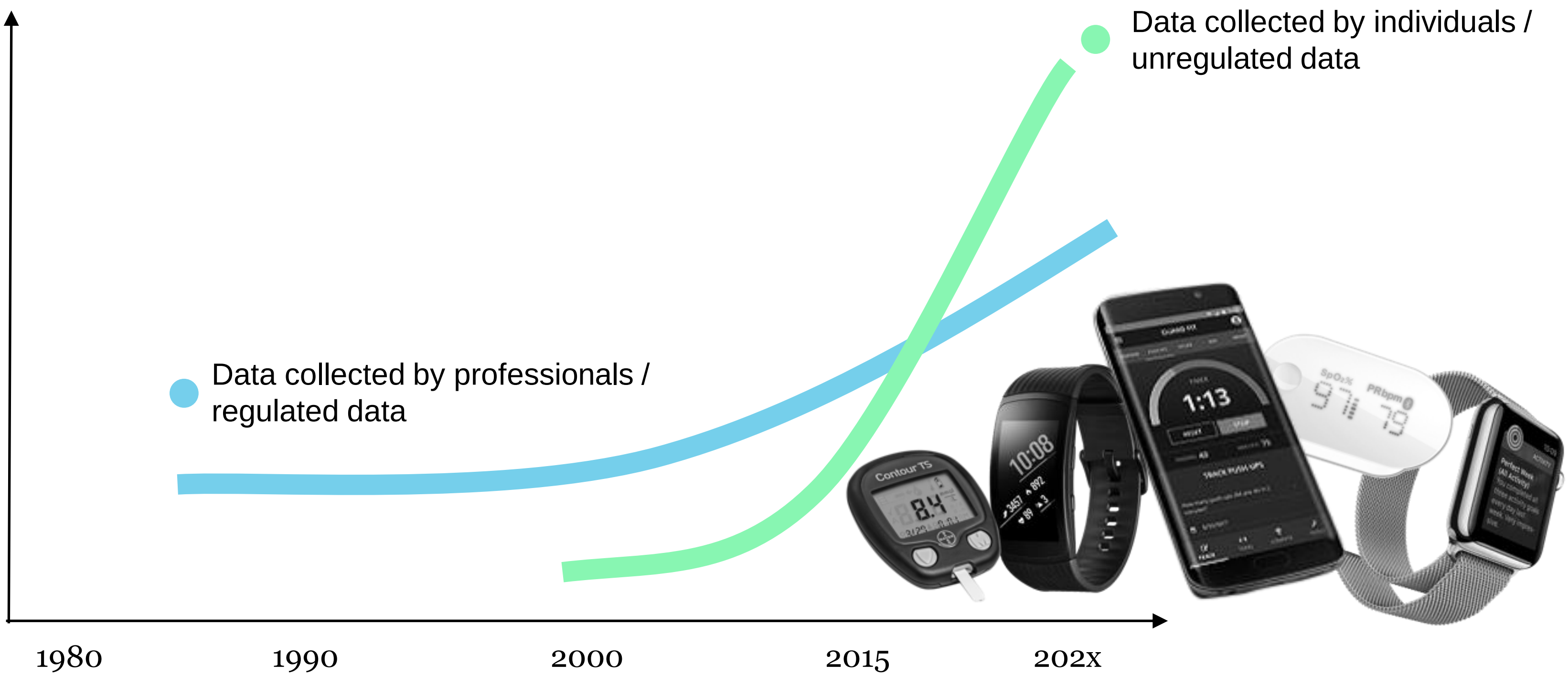
Trust Me. It’s Going to Get a Lot More Personal

Europe’s role in data economy?



Lots of new data sources
– health data being one example

Who creates the data in the future?



Europeans' attitudes towards the use of personal data

42%

of Europeans say that lack of trust towards service providers is preventing them from using some digital services

66%

of Europeans think that it *should* be possible to identify services that use data in a fair way

Survey: Europeans attitudes towards the use of personal data
https://www.sitra.fi/en/publications/use-digital-services/

Maintaining trust – Europe’s biggest opportunity?

GDPR, PSD2, eIDAS etc.

IHAN® as a project

- We define not just the principles and guidelines but also the *necessary components for the fair data economy*.

- We *pilot new concepts* based on personal data in collaboration with pioneering businesses across corporate, industrial and national borders.

- We develop an *easy way for individuals to identify reliable services* that use their data in a fair way.

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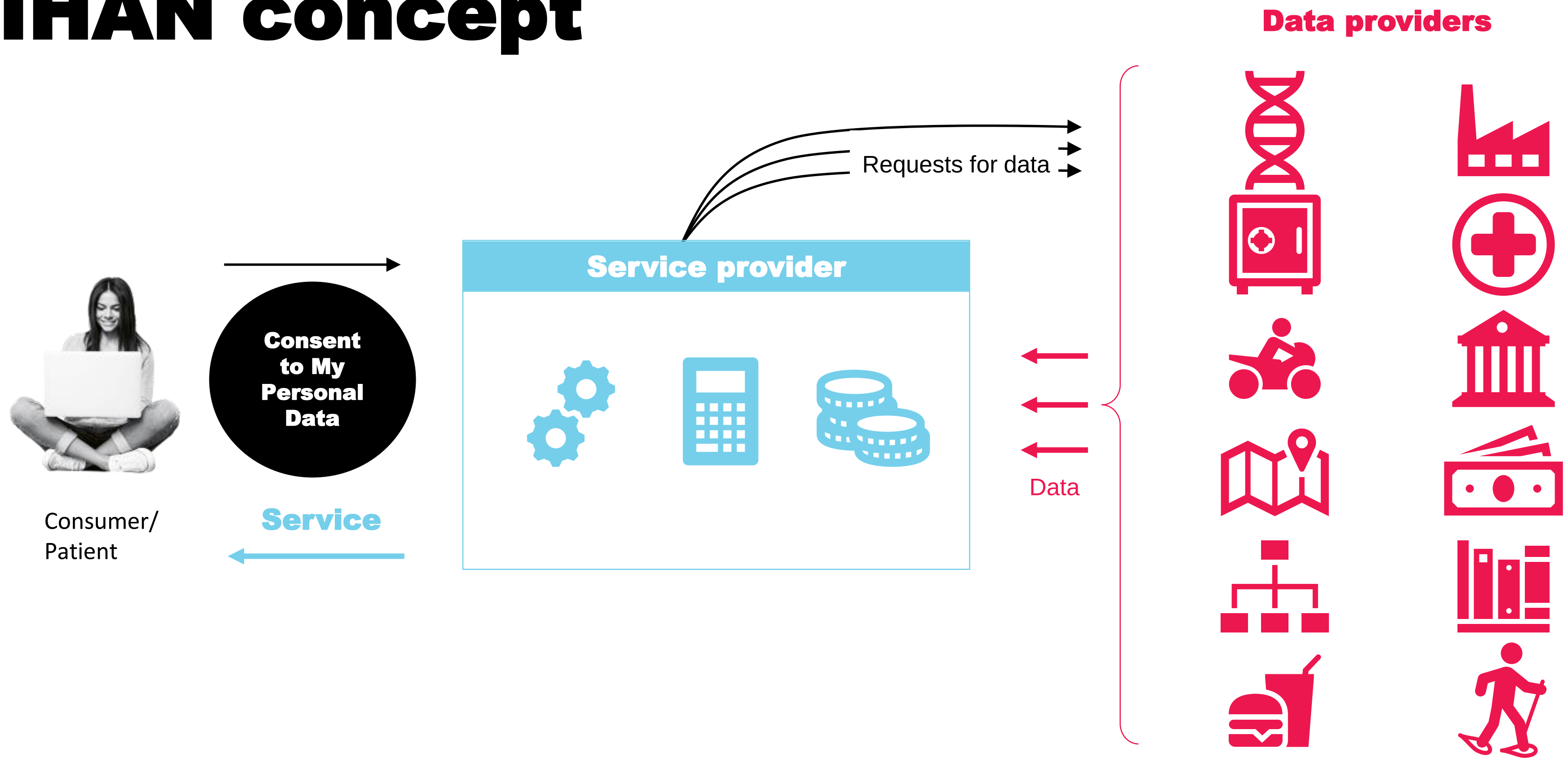
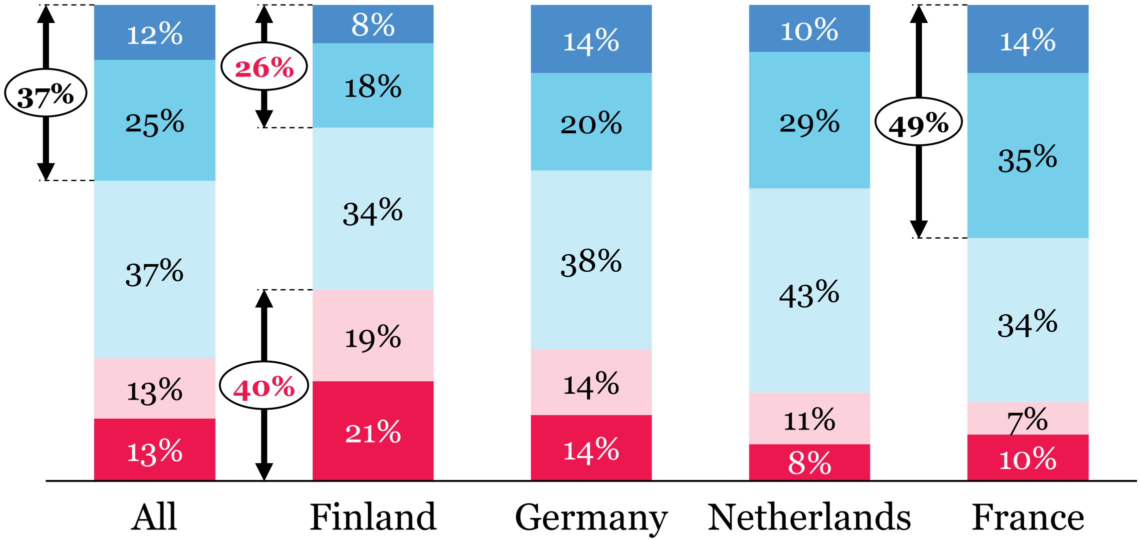
IHAN concept



When comparing negative attitudes towards GDPR the difference between French and Dutch companies compared to Finnish ones is striking

The organisations who have completed their GDPR compliance project familiar with their data repositories. 40% of Finnish companies – GDPR low achievers – do not see the regulation as an opportunity.

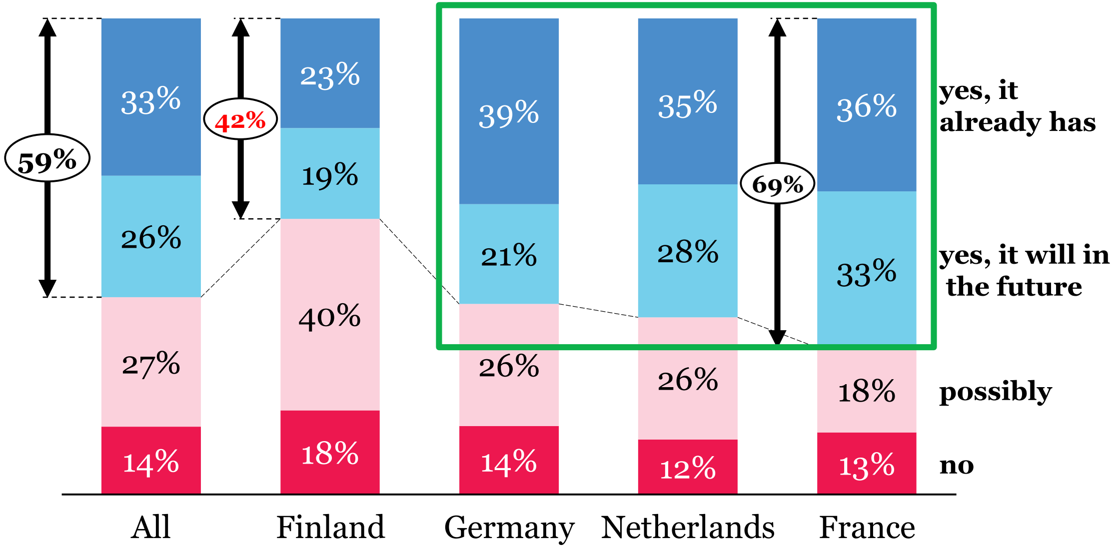


- The lower proportion (26%) of **GDPR high achievers** (responding "completely or partly agree" to the question about GDPR) in Finland compared to the other countries is also worth noticing. The percentage of GDPR high achievers in France is 49%.

Source: Sitra Business Survey 05/2019. Claim: "Please evaluate the accuracy of the following statements that measure the maturity level of data economy in your company on a scale from 1–5: The GDPR had a positive effect on our company's chances of creating data economy" n = 1609

French, Dutch and German companies take very optimistic view of the possibilities presented by data economy. Finns are more pessimistic

Only 42% of the Finnish companies identify opportunities in data economy in the current situation or in the future. French companies held the most positive views of all.



- The number of "No" answers was nearly the same in each country.
- 40% of Finnish companies answered "possibly", which can be seen as a opportunity to learn

Source: Sitra Business Survey 05/2019. Question: "Attitude towards data economy: Could data exchange produce competitive edge for your company?" n = 1654

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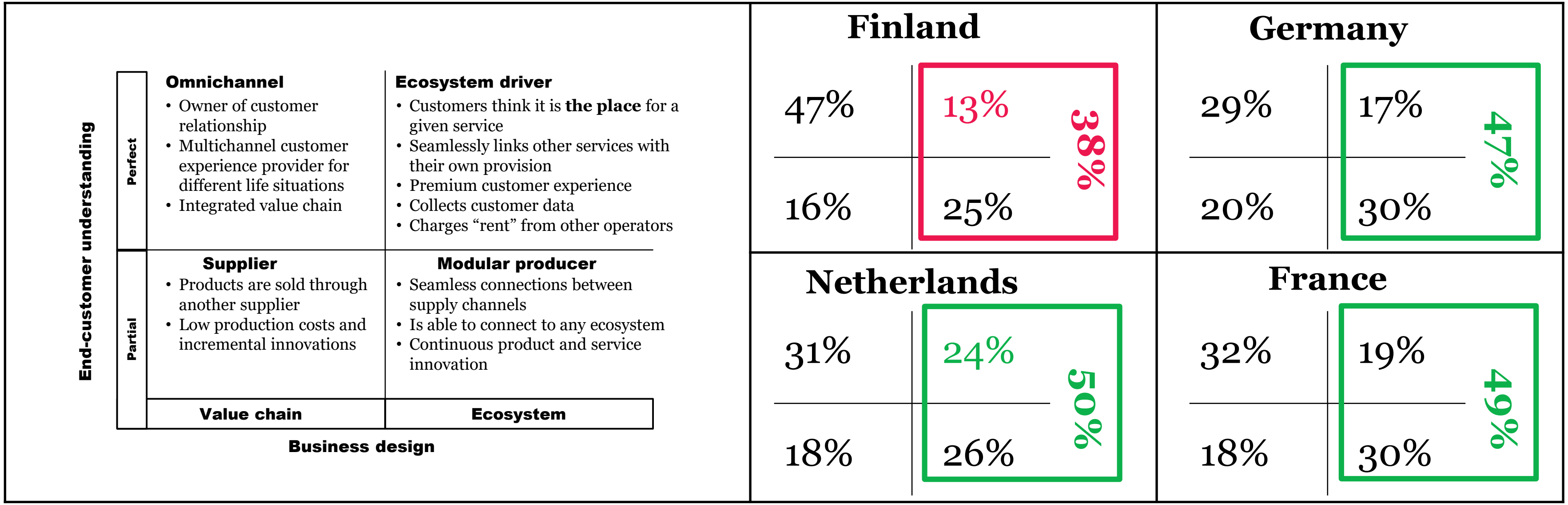
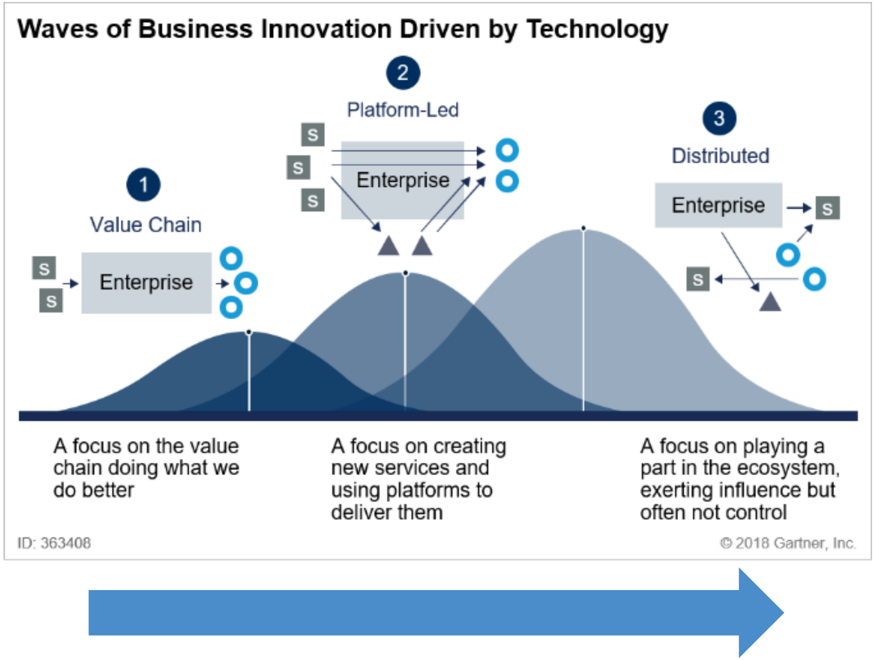
Finnish businesses are not ecosystem players

Ecosystem drivers have the highest potential to create added value and, in the Netherlands, there are nearly twice as many of those (24%) compared to Finland (13%) as Finnish companies position themselves as value chain players



Source: Sitra Business Survey 05/2019. Question "From the following data economy related statements, choose how well they describe your company's current business" N=1229. Model "What's Your Digital Business Model? Six Questions to Help You Build the Next-Generation Enterprise" S Worner, P Weill, HBR Press 2018

Why is it important to focus on renewing business models – platforms are just a phase!

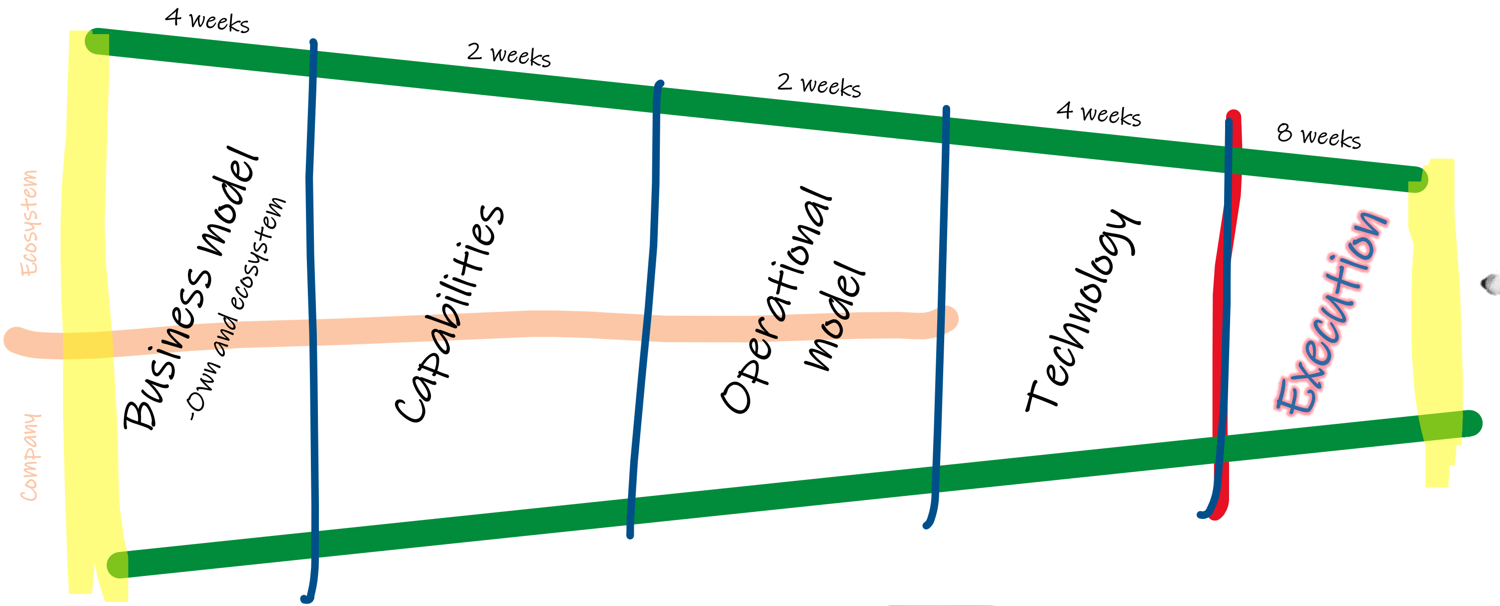


- Moving from value chain – thinking to platform- thinking has created a large number of new services. These services operate on the premise of ”big is beautiful” and ”winner takes all”

- Current thinking is that open ecosystem – will level playing field and make it possible for smaller players to create and capture value

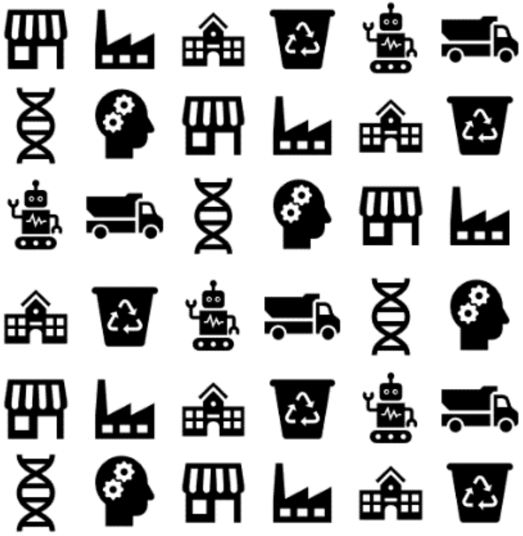
Lähde “Gartner 2018 Aug Riding the Innovation Wave, A Gartner Trend Insight Report”

Solution: IHAN development program guiding companies towards fair data economy

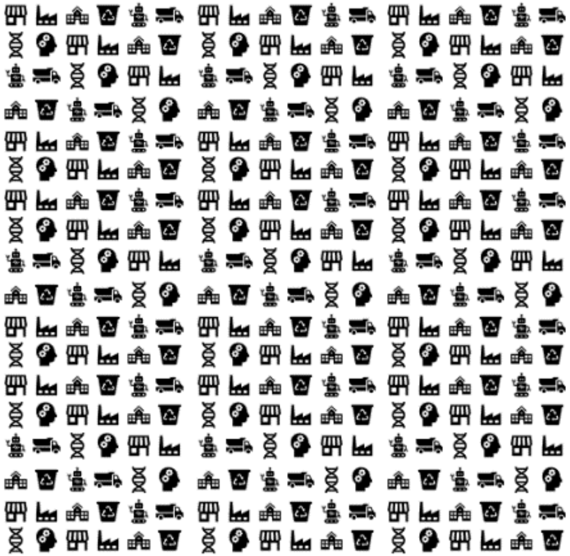


Timeline is challenging – some say it is utterly impossible. This forces us to find new ways to deliver the service

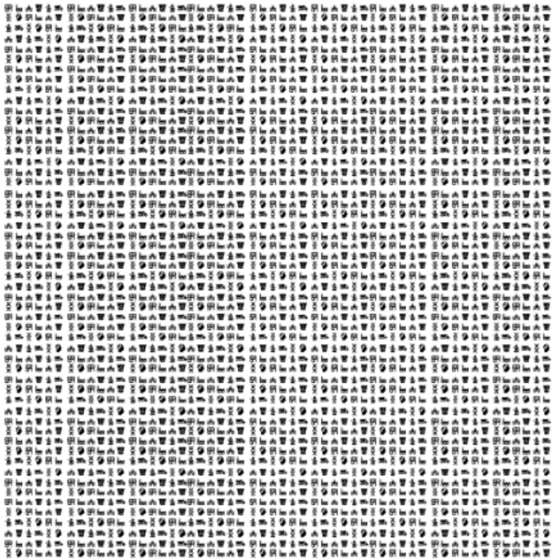
Phase 1
30 SMEs
Spring 2020



Phase 2
300 SMEs
Fall 2020



Phase 3
3000 SMEs
Spring 2021



IHAN® ENABLER OF A PARADIGM SHIFT

JOIN THE DATA REVOLUTION