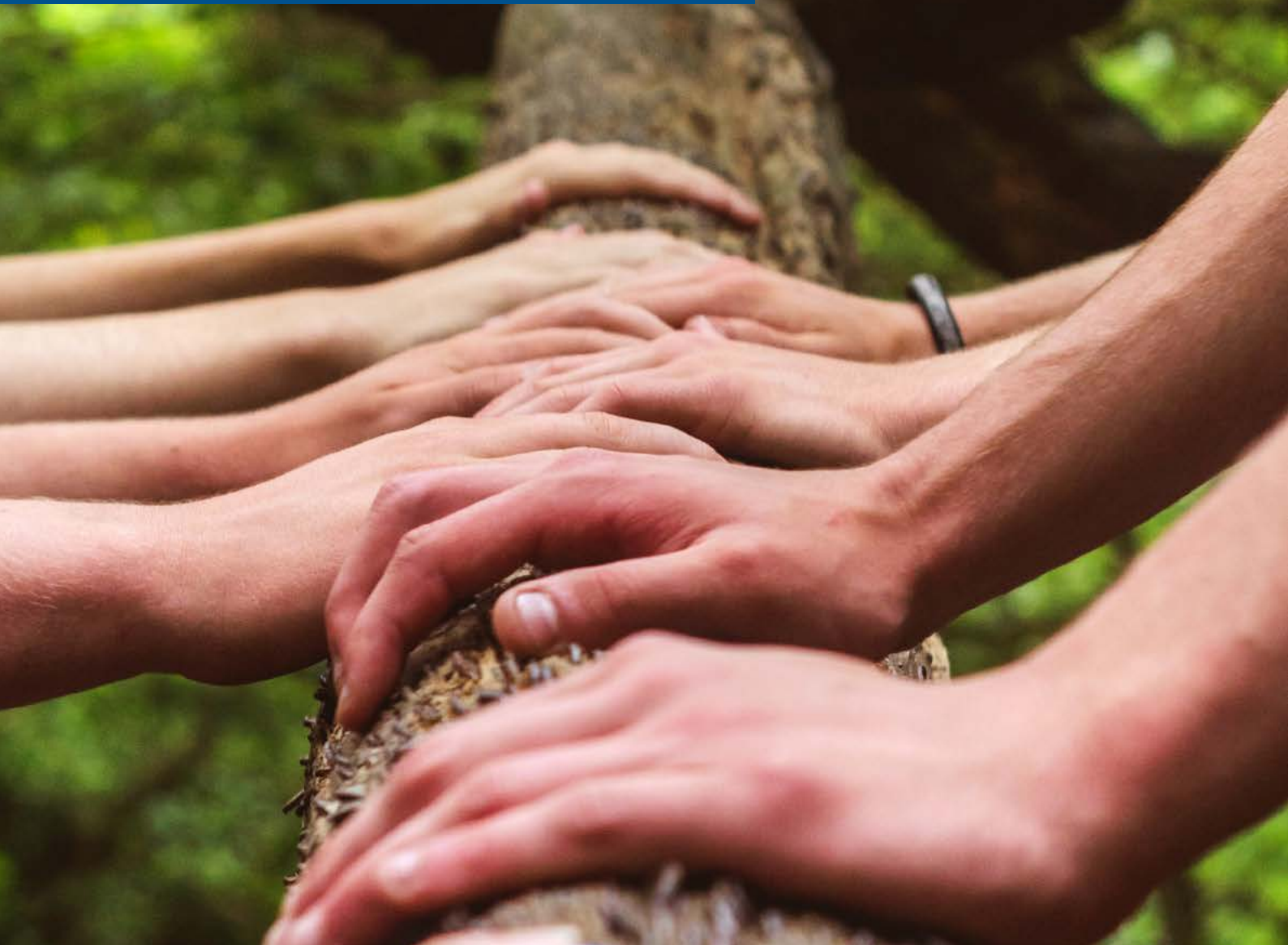


Collaborate to Innovate

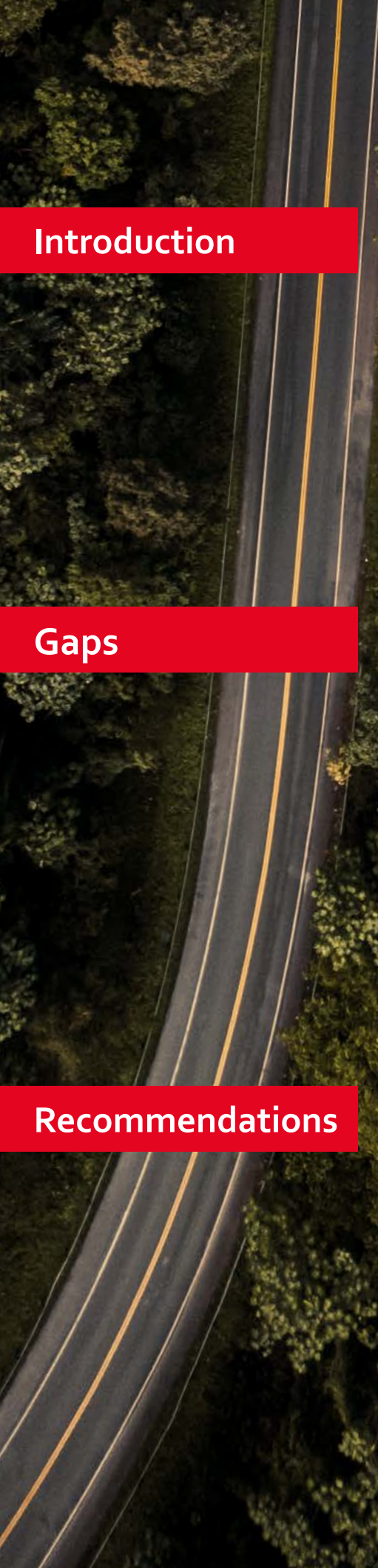
An action plan to accelerate welfare innovation through collaboration between impact startups and the public sector – supported by innovative financing from investors.



We asked 450 startups, municipalities, investors and stakeholders in Denmark, Finland, Norway and Sweden:

How can the Nordics become the **leading welfare** innovator in the World?





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The Nordic welfare system needs innovation

The Nordic countries are known for our extensive welfare systems that provide universal access to healthcare, education, and social services.

However, with changing demographics and societal needs, there is a growing need for welfare innovation to ensure that these systems remain sustainable and effective.

By developing new solutions and services that target these pressing issues, welfare innovation can play a critical role in creating more equitable and sustainable societies.



Public sector's collaboration with innovators and entrepreneurs is essential but underutilized.

The public sector and impact startups have complementary strengths that can be leveraged to drive innovation and create positive social impact. The public sector has extensive knowledge and resources, while impact startups bring agility, creativity, and a willingness to take risks. By collaborating, they can combine their strengths and create innovative solutions to complex social challenges. However, this is not necessarily the case today.

We therefore wanted to understand why, and propose an action plan to accelerate welfare innovation in the Nordics – through increased collaboration between the public sector and impact startups.



We are Impact StartUp Nordic

– accelerating entrepreneurs that
change people's lives

Impact StartUp Nordic consist of four organizations. We are all impact champions in our respective countries, and have come together in a Nordic partnership to run tailored accelerator programs for impact startups. Our mission is to help these startups maximize their long term impact and financial results.

PROSPER

**Impact
StartUp**

**den sociale
kapitalfond**

EPIQUS
Nordic

Insights gathered through 2022

440 respondents from across Nordic questionnaire

50 + qualitative interviews

20 + national and cross nordic workshops with

20 + municipalities and public actors

1 literature review by [NordRegio](#)

We also base our reflections and recommendations on the experience gathered from working with 108 impact startups that have participated in our accelerators.



Investor respondents:

- Venture capital fund
- Business angels
- Family offices



Public sector respondents:

- Municipality directors
- Administration directors
- Managers
- Employees

Working with:

- Procurement
- Welfare technology
- Innovation
- Digitalisation



Social impact startups respondents:

Solutions:

- Digital
- Physical products
- Services

Impact areas:

- Mental health wellbeing
- Physical health
- Education
- Work inclusion
- Integration

Terminology

Impact

A measurable, positive and significant change to a prioritised societal problem.

Social Innovation

Innovations that are social both in their ends and in their means. It covers new ideas i.e. products, services and models that simultaneously meet recognized social needs, more effectively than alternatives, and create new social collaborations that are both good for society and enhance society's capacity to act. (*Battisti, 2019*)

Social Enterprise

A social enterprise is a company or organization whose main objective is to generate social impact, rather than make a profit for their owners or shareholders.

([European Commission](#))

Social Impact Company

A social impact company is a for-profit organization with a primary purpose to eliminate or significantly reduce a social injustice or challenge. Social impact companies seek to maximise profits and impact alike, and profits are used both for shareholder dividends and are reinvested in social programs.

Social Impact Startup

A social impact startup is a relatively recent established social impact company, often with innovative solutions, small teams and in need of funding to scale. Social impact startups come in many shapes and sizes. Some have a highly scalable solution, whilst others are regional service providers that tailor their interventions to the local context.



Our study reveals **four main gaps** that hinder collaboration

There are many reasons why the public sector and impact startups have difficulties collaborating.

However, our analysis shows that there are four main reasons, hereafter called “gaps”. We need to bridge these gaps on a systemic level in order to open the door to innovative solutions from entrepreneurs. Only then can they be a part of our welfare systems.

Our study shows that these gaps stem from fundamental differences in how the public sector define the problems that they need solved, what they actually can procure and the agile and explorative nature of innovative startups.

As you will see throughout this report, these gaps can be overcome and measures can be taken to close them.



Public sector

Impact startups



The solutions
we need

1

The solutions
we offer

The security
we need

2

The risk
we represent

We need
time

3

We don't
have time

We struggle
to change existing
ways of working

4

We strive to change
existing operations

The **need-offer gap** reveals a lack of mutual awareness and understanding.

1



The solutions
we need

PUBLIC SECTOR

- We don't know what startups are out there and what solutions they offer.
- Startups don't show insight into the problem we need solved.
- We don't understand the solution that they present and are unsure of the outcomes it can create.
- They don't understand our organization, our legal obligations and the procurement process.

The solutions
we offer



IMPACT STARTUPS

- We struggle to identify how our solution addresses a prioritized and acknowledged problem from the public sector point of view.
- We are passionate about what we do and might have trouble showing the value and outcomes we can create.
- It's hard to understand how the public sector is organized, how the procurement process works and they are not helping us in this matter.

Key findings and quotes supporting the **need-offer gap**:

 **81%**

Of public sector respondents find it hard to get an overview of startups providing new solutions for specific public welfare challenges.

"As an employee in the municipality I have very limited experience with startups. When we procure we are in contact with established organizations."

– Public sector

 **59%**

Of public sector respondents agree that "Startups often do not understand the needs of the public sector" is a barrier for procurement from startups.

"Welfare startups often have very limited knowledge of the public partners they wish to collaborate with. All too often they do not take the time to research the organization they wish to engage in dialogue with."

– Public sector

 **83%**

Of public sector respondents agree that "Low awareness in the public sector about innovative solutions offered by social impact startups is a barrier".

"There is a lack of knowledge and inspiration about successful examples of procurement and implementation. Today bad experiences spread more widely and quickly."

– Public sector



Disagree Agree Don't know



The public sector does not understand the actual value or the effects that my product or service is providing.



It is hard to understand the solution presented by the startup.



Startups often have not clearly defined which public sector challenge they are solving.



Startups often do not understand the needs of the public sector.



Low awareness in the public sector about innovative solutions offered by social impact startups.



0 20 40 60 80 100

Our reflections on the **need-offer gap**:

1

The operations and decision making in the Nordic countries are decentralized.

Our countries' public sector structures are based on the premise that local governments make the best decisions. There is a lot of truth to this, but it also implies a risk of inefficiency and a lack of evenly spread knowledge capital. It seems like an impossible task for each municipality to both monitor the innovation arena and model potential outcomes and savings from trying new solutions. And this comes in addition to keeping up with the latest research and technical developments. Only very few local governments have these resources and competencies. And those who lack them are much better off sticking to regular activities and traditional ways of operating.

Lack of communication and central knowledge centers

Most Nordic countries have central knowledge centers in areas such as infrastructure investments, urban development and water and waste management. Local governments can rely on the knowledge and expertise of

these centers, and do not need to invent solutions on their own or staff up with such experts locally. When it comes to social challenges, no such competence centers exist. This means that each municipality or region is left to consider for themselves what value different solutions could generate.

Our study also shows that there is little communication from the public sector on what social challenges they need help solving. There is also limited knowledge about which innovative and effective solutions are out there. Central knowledge centers could likely play a role in defining the social challenges that would most benefit from innovative solutions outside the public sector's own organizations. It could also be helpful in quantifying the potential benefits to the public sector organization and the target group alike.

So, where there are several arenas and forums for green needs and solutions to meet, we lack those arenas for the social sector. This creates a gap between the needs of the public sector on the one hand and the offers from innovative startups on the other.

The **security-risk gap** can be addressed to bring forward more innovation.

2



The security
we need



The risk
we represent

PUBLIC SECTOR

- Many social impact startups lack evidence backing their impact claims, that is a great risk to us.
- There is no money in our budgets that we can risk on solutions that might not be working.
- There is a risk that these solutions will end up only being an extra cost, which will force us to cut something else.
- Social impact startups are small and there is a great risk that they will go out of business. We can not take the risk that a supplier suddenly disappears.

IMPACT STARTUPS

- Building evidence requires resources that we often do not have.
- It is difficult for us to design our service so that it replaces something already in place in the public organization.
- We struggle with limited funding and there is always a risk that we suddenly run out of cash.

Key findings and quotes supporting the **security-risk gap**:

2

 78%

Of public sector respondents agree that “Risk free budgets for testing innovative solutions would be an enabler to engage with startups.”

“Limited opportunity to use tax money for unsafe purchases, as a municipality we have no (or very little) “risk capital” to use for testing activities.”

– Public sector

 65%

Of public sector respondents think that “Buying something new would mean cutting something else.”

“To only deliver the services we are required by law and be happy about that is just much easier.”

– Public sector

 69%

Of public sector respondents agree that “Risk of startup having current or future financial problems is a barrier for us.”

“A procurement and implementation process is long in the municipalities, and not all startups last that long.”

– Public sector



Disagree Agree Don't know



Risk that a solution does not deliver as promised is a barrier for us.



Risk of startup having current or future financial problems is a barrier for us.



Innovative solutions are easier to sell and implement if it has been co-created with public sector.



Buying something new would mean cutting something else.



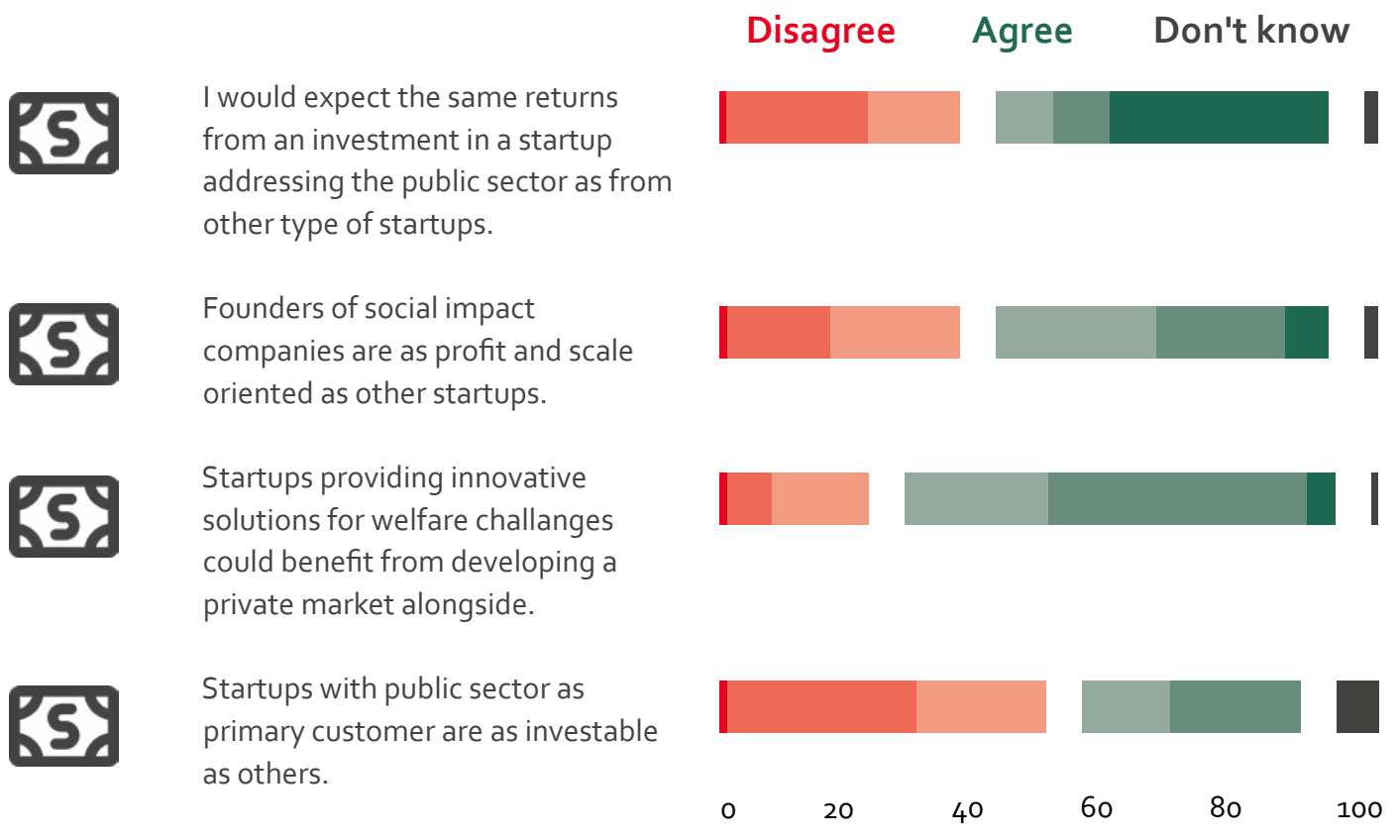
Risk free budgets for testing innovative solutions would be an enabler to engage with startups.



It would be an enabler for us if a startup solution is developed on a research background.



The investors' hesitance to fund social impact startups add to the **security-risk gap**



37%

Of investors believe that startups with the public sector as a primary customer can be as profitable as other startups.

"Social impact startups that sell to the public sector will experience lengthy and troublesome sales processes, slow growth and will struggle to scale. Therefore, the valuation of an investment in such a startup will always be lower, making such an investment much less appealing."

– VC Investor

Our reflections on the **security-risk gap**:

2

Evidence is a requirement, but only local testing can provide it.

Pharmaceutical companies have little trouble financing large product development and clinical trial processes. That is because if their trials are successful, there is an evident global market for the best available cure to an illness.

For social challenges, the situation is different. Social challenges are complex, dependent on local contexts and might even change significantly over time. Therefore, evidence that a solution to a social challenge works has a lower confidence level than e.g. a medical one. This in turn means that even if you do find evidence, there is no guarantee that there's a big enough market out there. Funding such research is therefore difficult. How will funders get their money back?

The public sector indeed needs new solutions to social challenges. However, evidence shows that solutions that generate the intended results can only be achieved through testing locally. But such risk willing budgets do not exist in the public sector.

Lack of sufficient funding and omnipresent default risks

Social impact startups' lack of evidence makes it hard for them to sell their solutions to the public sector and to do so on a sufficient scale. Revenues are therefore scarce and they are at constant risk of running out of cash.

Can social outcome based contracts be a solution?

One way to solve both of these problems is to promote and implement social outcome based contract mechanisms. With such mechanisms, the social impact startups secure sufficient funding from an investor to enable them to deliver their services to the public sector - and only get paid for the results they achieve. This way, the external funding ensures that there is no default risk during the contract period and the public sector only pays for results. This means that the need for evidence as a prerequisite to procurement is alleviated. Social outcome based contracts are a growing way to fund and de-risk public sector partnerships with innovative companies.

The **time gap** is crucial to close as it increases cost and creates no value.

3



We need
Time

We don't
have time



PUBLIC SECTOR

- It is difficult for us to understand and evaluate the solution that the social impact startup offers us. We are not used to these types of analysis, and therefore our decision making takes time.
- We have procurement procedures and decision making processes that we need to follow, and these are sometimes time consuming.
- Startups lack understanding and experience with tendering rules, and it takes time for them to respond to the requirements.

IMPACT STARTUPS

- The procurement procedures and decision making processes are so long that we have difficulties funding the time it takes.
- There is little help available in responding correctly to a public tender. We can't afford consultants or legal advisors. Thus, responding to a public tender is both time consuming and costly.

Key findings and quotes supporting the **time gap**:

 **79%**

Of startup respondents think that "It's difficult to get in contact with the right person when wanting to sell to the public sector."

"All municipalities are organizationally different, so there is no common thread in how to sell to all municipalities."

– Startup

 **78%**

Of public sector respondents agree that tender requirements are a barrier for startups.

"We can run lots of pilot projects, but procurement is carried out as tenders, where the small company typically cannot meet the formal requirements for e.g. financial soundness, i.e. pilots are unsuccessful work."

– Public sector

 **86%**

Of startups respondents agree that "It's more time consuming for startups to sell to public sector than the private sector."

"I can't finance the slowness of the public sector – why do I have to wait 6-9 months to get a no?"

– Startup



3

Disagree Agree Don't know



It is more time consuming for startups to sell to public sector than the private sector.



It is easy to get in contact with the right person when you want to sell to the public sector.



It is difficult to navigate the relevant public procurement rules and regulations.



The time investment is perceived too high relative to the expected outcome.



I don't have the time / resources to participate in a public procurement process.



I don't know enough about how public procurement works – what are the right processes etc



Tender requirements make it difficult for startups to succeed in a tendering round.



Our reflections on the time gap:

Lack of experience and incentives in procuring innovation

Public procurement laws are designed to ensure that the best possible product or service is procured at the best possible price. Until recently, there was very limited flexibility in the procurement laws fostering the procurement of innovation. The focus on well-documented quality and low prices meant that established products or services, produced with the efficiency of large scale and therefore low prices, were the only ones really able to compete for public tenders.

Even though more flexibility has been built into our procurement laws with the specific goal of increasing the procurement of innovation, public organizations still seem uncomfortable utilizing this potential. These procurement processes require the ability to evaluate the innovation potential to deliver the intended results (see our reflections on the 'offer - need' and 'time' gaps), which the local governments often lack. The public sector officials also lack incentives and budgets to test new solutions.

No sense of urgency in public sector operations

The lack of experience in procuring innovation leads to long decision-making processes in the public sector. And since there is no real incentive to procure innovative solutions, there is no sense of urgency.

There are consultants and legal advisors specializing in public procurement, but they are financially out of reach for impact startups. Therefore, impact startups are stuck in a learning-by-doing dynamic that adds to the already time-consuming processes on the public sector side.

Can public procurement labs be a solution?

Could we create a lab facility where impact startups and public organizations can get the help from facilitators to utilize the possibilities for innovation procurement in compliance with public procurement law? And could we tie these labs to payment-by-results schemes that lower the risk for the public sector to procure innovations?

The **maintain-change gap** leads to conflicts of interest that hinder public sector - impact startup collaboration.

4



We struggle to change existing ways of working

PUBLIC SECTOR

- Our culture does not encourage or incentivise risk taking, innovation and cross-sector collaboration.
- We have a core task to deliver. Innovation is not our focus, we are too busy to implement solutions that demand new ways of working.
- We do not have the resources to test and implement new innovative solutions, we need to focus on existing operations.
- Our budgets are year-by-year and new solutions only tend to represent short term cost increases.



We strive to change existing operations

IMPACT STARTUPS

- We challenge the existing ways of doing things, posing a threat to existing operations.
- The public sector has little incentive to do things differently.

Key findings and quotes supporting the **maintain-change gap**:

 **80%**

Of public sector respondents agree that "Lack of allocated personnel in the public sector to develop and follow up innovation projects with startups is a barrier."

"The biggest barrier is to free up time for people to work on procurement, or to take part in developmental projects, if we can't find external funding for that, it is very difficult."

– Public sector

 **76%**

Of public sector respondents agree that "Absence of a culture in the public sector that encourages risk taking, innovation and cross-sector collaboration is a barrier."

"There is no culture for making errors, and there is a fear of the consequence of failure. The public sector generally does not tolerate courageous leaders and innovation from scratch. Too many controlled processes that do not develop, but just expand."

– Public sector

 **62%**

Of public sector respondents agree that "Public sector is oriented towards managing existing operations, not innovation."

"Difficult to prioritize new solutions when budget funds mostly go to operations."

– Public sector



4

Disagree Agree Don't know



Absence of a culture in the public sector that encourages risk-taking, innovation and cross-sector collaboration is a barrier for us.



Lack of a clear strategic and operational objective for innovative procurements is a barrier for us.



The public sector is too busy to implement solutions that demand new ways of working.



Public sector is oriented towards managing existing operations, not innovation.



Lack of allocated personnel in the public sector to develop and follow up innovation projects with startups is a barrier for us.



Results from innovative solutions take time, while budgets are short term.



0 20 40 60 80 100

Our reflections on the maintain-change gap:

Existing organizations are social impact startup competitors.

The public sector in the Nordics is primarily responsible for addressing social and health-related problems. Therefore, they have organizations that are dimensioned to tackle these issues and do the work.

To get the public sector to delegate what they traditionally do themselves is not easy. And if new and innovative solutions have the potential to make parts of their own organizations obsolete, the resistance to such change will of course be a factor.

Legal responsibilities that can not be delegated

In addition, municipalities and regions have the legal responsibility and the role of authority with regards to many social and health-related issues. They might be prohibited by law to delegate some of this work to external suppliers.

No incentive for short term cost increases to generate longer term improved outcomes

Furthermore, the public sector is governed by one-year budgets. Their incentives are mainly connected to how well they manage those budgets, and less so what outcomes they actually achieve. Preventive or innovative solutions might generate cost increases in the short term, which the public sector officials are counter-incentivised to accept.

Startups' misconception of the public sectors ability to change

If the startups' solution means a change to how the public sector is traditionally organized, startups tend to underestimate the resistance to such change. It is our experience that the more flexible the startup's solution is, the more gradually it can be implemented. A flexible solution is also more adaptable to each public sector organization's structure and ways of working. This increases their possibility of getting the public sector on board as a partner or customer.

7 actions

Seven actions to accelerate welfare innovation through public sector and impact startup collaboration.

1 Train & Educate

Train social impact startups in the way the public sector works.

2 Fund & de-risk

Launch innovation funding programs for municipalities and social impact startups to de-risk the testing of innovation.

3 Support & spread

Create national welfare innovation lab to support and facilitate testing of new innovative solutions.

4 Facilitate measuring of outcomes

Increase impact measurement and management competency and provide access to data to model potential outcomes.

5 Invest & Scale

Provide catalytic capital in tailored financing solutions such as blended finance and result based finance

6 Communicate & market

Create arenas (events) and an online marketplace where the public sector can express their needs, and where social impact startups can display their solutions to potential investors, customers and partners.

7 Make it a priority

Make social innovation a priority and set strategic goals that allow for people and time to be freed up for innovation.



Train social impact startups in the public sector's ways of working

Suggested solution

Providing knowledge on public sector procurement through business advisory functions can level up the competence that social impact startups lack in the eyes of the public sector. Through better understanding of the public sector, their legal frameworks and procurement processes, social impact startups can improve their evidence building, their business modeling, their sales proposals and processes and correctly estimate their need for financing.

Detailed proposition

Our findings show that startups often struggle to understand what the public sector requires. Additionally, they may not have a clear understanding of which specific challenge they are addressing within the public sector.

Startups need to get better at communicating their value to the public sector – and accelerators can help. Our findings show that startups want a network they can reach out to for expertise and

experience sharing on the topic of selling to the public sector. This knowledge can be acquired in specialized public business advisory functions, incubators and accelerator programs targeting social impact startups.

In the Nordics, we have a large number of incubators and accelerators targeting startups within different technological verticals such as medtech, greentech and cleantech. There are still only a small number of accelerators targeting and tailored to social impact startups, despite the presence of many universities and other academic organizations having institutions for social research. Local business hubs could have expertise on how to address public sector as a supplier. Incentives also can be given to launch more and truly specialized incubators and accelerator programs for social impact startups. The focus should lie in evidence building, business modeling and revenue streams, impact measurement and management, public procurement and financing.

Examples

Civstart

Fund & de-risk the testing of innovation

Suggested solution

National innovation programs for social impact would enhance the fit of startup solutions with the needs of the public sector. It will also lower the risk for the public sector to procure their solutions. Such programs would provide risk-free capital to public sector, and give social impact startups access to invaluable soft funding to finance the adaptation of their solution to their market and to build evidence.

Detailed proposition

Our findings show that it is difficult for the public sector to prioritize innovative procurements from startups within existing budgets. Local and regional governments need new funds outside their ordinary operational budgets. In order for public sector organizations to move from maintaining operations and reacting to social challenges to working more proactively with startups, the risk of testing must be lowered with extra funding.

De-risking can happen through state owned funds, regional funds or external funds from impact bonds or other payment by result models. It can also be combined with innovation programmes that help a startup structure the innovation process. The use of soft funding to finance development serves as a quality stamp in the eyes of investors and customers. Almost all innovation and funding programmes are for technological innovation, and none, to our knowledge, is targeting social innovation. This despite the fact that such programmes exist on EU level. We suggest that funds are being made available to public sector, and innovation programmes are set up targeting organizations that address social issues of specific relevance to the Nordic region.

Examples

European Social Fund Plus

Utfallsfonden

Den Sociale Kapitalfond Effekt

Support & spread tested solutions

Suggested solution

Welfare innovation labs with expertise and incentives to spread knowledge and solutions across public sector could solve the need for modeling. Such modeling requires certain competencies and access to data that neither municipalities, regions or social entrepreneurs have. A National Welfare Innovation Lab could facilitate these processes, free of charge for all parties. It could also act as an intermediary and assure the potential or validity of innovative welfare solutions.

Detailed proposition

Our findings show that the public sector perceive startups as high risk, while startups don't have time or funding to wait for individual validation. Few incentives are in place for municipalities to copy "their neighbor's" practices. The result is high development costs, lack of overview and expertise on funding and implementation practices. The public sector (local/regional) needs

validated information about solutions and service providers that have worked elsewhere. Coordinated knowledge about solutions currently being tested and implemented, and what positive outcome they provide, would help close the risk gap as well as the time gap.

A National Welfare Innovations Lab would have the necessary competence to analyse the needs of preventive and innovative social solutions. They would also know whether different service providers can provide satisfactory solutions to those problems. Such a Lab could engage and interact with both social impact startups, other service providers and the public sector to facilitate testing and evaluation of different solutions. If a solutions is deemed to give good effects, such a lab could help spread and coordinate needs with offers, and thereby reduce the risk for the public commissioner to procure the solution.

Examples

[Nordic Health Lab](#)
[Social Health and Impact Center at RISE](#)

Facilitate measuring of outcomes

Suggested solution

Being able to model, predict, measure and report on results and outcomes would allow social impact startups to validate their solutions against needs in the public sector. It would also allow them to clearly demonstrate expected results and cost savings, reduce the risk for the public sector to procure these services and it would likely reduce the time from proposal to contract.

Detailed proposition

Our findings show that the most enabling factor for social impact startups, public sector and investors to collaborate is impact competence. This means a common know-how on how to measure and evaluate social outcomes. Measured outcomes can also be the foundation for payment by result models, as well as outcome based procurement contracts.

Modeling potential outcomes or cost savings can be of great service for private, public and non-for-profit organizations. In the Nordic countries we collect massive amounts of data. This data can be analysed and shared as unit cost or outcome KPIs, such as cost per homeless family, average grade levels or school absenteeism rates. Social impact startups would benefit greatly from such a database, because it will help them build more cost effective models and build their case based on validated data.

Examples

onevalue.gov.pt
Scottish Government National
Performance Framework
Open Social Value Bank

Invest & Scale

Suggested solution

Successful solutions from social impact startups need tailored financing in order to scale.

Detailed proposition

Our findings show that social impact startups addressing public sector are stuck in a catch-22 situation where on the one hand they struggle to sell to the public sector, in part because they lack track record and scale, and on the other hand struggle to reach such track record and scale since investors are hesitant to invest – because they sell to the public sector.

Our welfare society is in urgent need of the social impact that can be delivered through solutions from social impact startups. Until we have fully unleashed the impact potential through increased procurement from the public sector we suggest financing possibilities that can help provide the needed capital to scale.

With the use of innovative investment practices, there is a potential to attract more investors. Access to catalytic

capital from governmental bodies can also help attract more capital to the field of social impact, and thereby reduce some of the risk that public sector considers as a barrier for procuring from social impact startups.

Central governments could play a catalytic role in letting their investment structures be anchor investors in investment funds specifically targeting social impact companies, or even encouraging the establishments of such funds. These funds should use financing mechanisms tailored to social impact companies such as impact linking and blended finance. Blended finance is a fund where both public, philanthropic and commercial capital is pooled to create different required return levels and investment horizons. We must create incentives in the general economy to invest in and fund social innovation and social impact companies. This can be done through blended finance funds or funds providing revenue based financing solutions.

Examples

[Big Society Capital](#)
[Calvert Impact](#)

Communicate & Market

Suggested solution

More arenas and events for social innovators and impact startups can increase awareness of available solutions and improve scaling of successful solutions. It can also improve the contact between public sector and social impact startups, and improve access to financing for social impact startups.

Detailed proposition

Our findings show that startups and the public sector need a better overview, understanding and access to each other. They need to meet, they need to talk and they need to exchange knowledge, perspectives and experiences. Through our research, the public sector also expressed that it is difficult to find startups and specific solutions. A digital search platform with innovative welfare solutions from startups, which the public sector can easily use, was one of the most agreed upon enablers.

We have pitching arenas, impact weeks and numerous events for innovation and tech in the public sector, but we lack similar arenas for social impact companies. National media has intense coverage on tech startups, but much less on social impact startups. Creating specific arenas for social innovators and social impact startups can contribute to improved awareness in the public sector of solutions that are out there, and the scaling of successful solutions. It can also contribute to increased media exposure.

Examples

Cleantech Scandinavia
Impact Week
Formas Call for Proposals

Make it a priority

Suggested solution

Make social innovation a priority and set strategic goals that includes the allocation of resources i.e people and time.

Detailed proposition

The startup economy has been made a political priority, and jobs created by entrepreneurs will employ many people in the future. The Nordic Countries are already leading the way in green innovation. With similar ambitious leadership and collaborations within social innovation, we can ensure a more innovative welfare sector.

Our findings show a need for making social innovation a political priority with senior management approval. Without this, money and people will not be made available to ensure more public sector innovation.

Demographic changes will put a strain on today's welfare systems. The need for more effective solutions calls for cross-sector collaboration, user centric design and innovation oriented

leadership. Leaders with the ability to co-create, build bridges, learn from iterations, have trust and tolerate risk. Done right, collaborations with social impact startups can improve local communities, create new industries and better welfare services.

Examples

The UK government's Social Value Act requires public authorities to consider social value when procuring goods and services, including from social impact startups.

Singapore Center for Social Enterprise, raISE is a sector developer set up by the Ministry of Social and Family Development and several other institutions.

In USA the program SBIR enable small businesses to explore their technological potential and provide the incentive to profit from its commercialization.

The French government's La French Tech initiative includes a focus on social impact startups and helping them access public procurement opportunities.

Thank you

We would like to express our gratitude to Nordic Innovation and Marthe Haugland and her team for their support in investigating the barriers and enablers of public sector procurement of social impact startups across the Nordic countries.

Our project involved a comprehensive approach that included desktop research conducted by Nordregio, qualitative interviews with 40 startup founders, public sector employees, and investors, and a quantitative survey with 240 respondents. Additionally, we engaged public sector and startups in national labs and demo days where we were able to foster knowledge sharing, networking, and valuable connections.

Through this work, we have been able to gather significant data and for the first time, we have placed social impact

startups at the center of discovering how we can innovate the public sector. Although there is still much experience to be gained and research to be done on this topic, we are confident that our efforts will pave the way for more curiosity about collaboration between social impact startups and the public sector.

If you are interested in reviewing our data or have any questions or comments, please do not hesitate to contact our project lead, Stine Lomholt.

Finally, we would like to thank all of the contributors to this project, including Nordregio with Leneisja Jungsberg and team, Jan Tveterås, Anniken Grundt, Hennie Kongsøre, Tommi Lampikoski, Tuuli Saukkonen, Mikko Halonen, Katja Rennella and The Norwegian Association of Local and Regional Authorities.

If you are interested to get in touch with us about meeting startups or learn more about how we work, check out www.impactstartupnordic.com or reach out to country representatives:

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During the project period we hosted a Nordic Demo Day where 10 social impact startups presented to municipalities from across the Nordics. If you are curious to meet some great social impact startups, you can [check them out here](#).

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