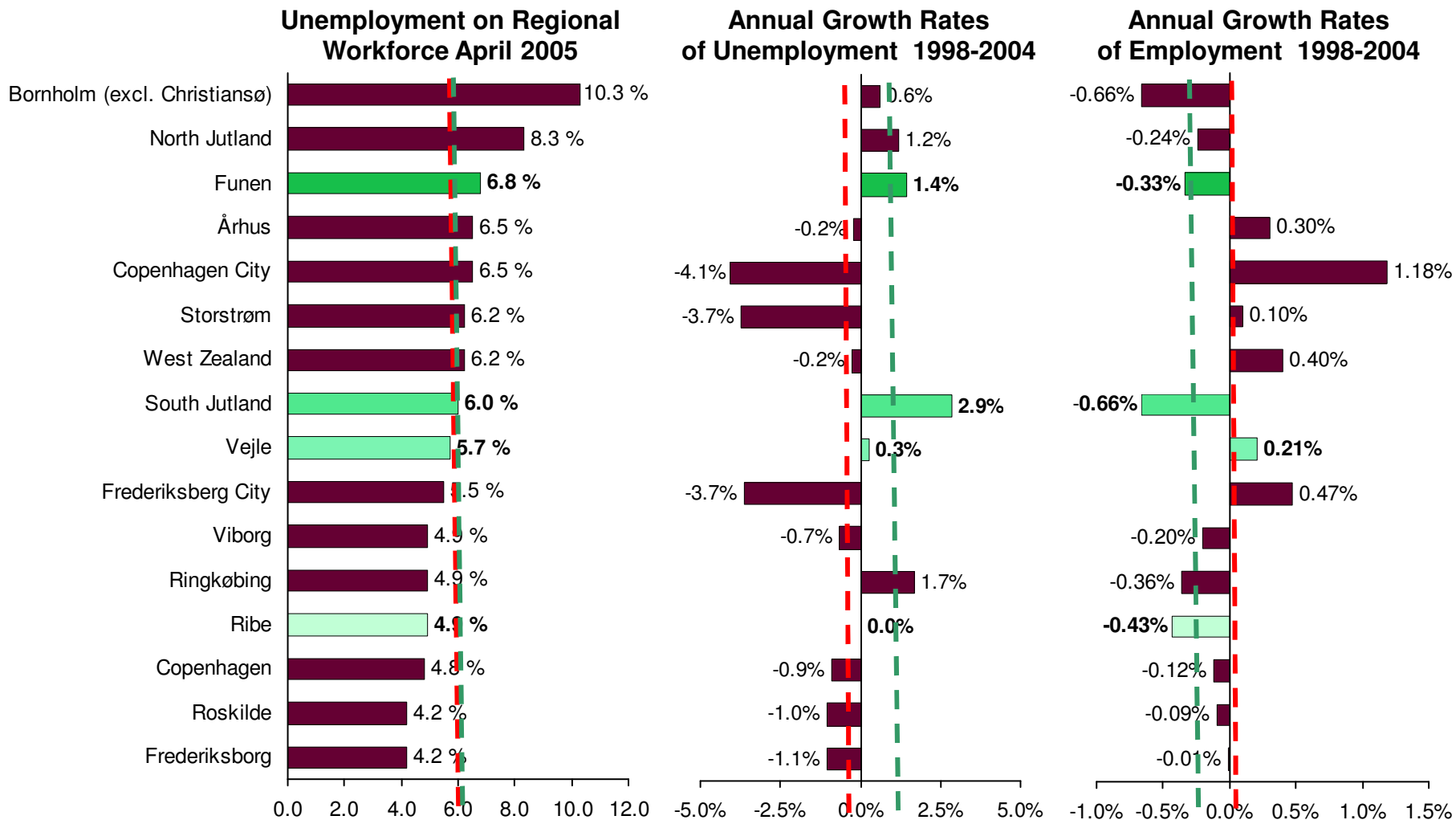


Agenda

- **The Challenges Facing Sønderjylland**

- Identifying Opportunities for Growth
- Delivering Growth in Sønderjylland
- Progress Report

Recent unemployment has grown faster in South Denmark than in other regions, similarly, employment has fallen faster than in other regions



South Denmark = South Jutland, Funen, Ribe, Vejle

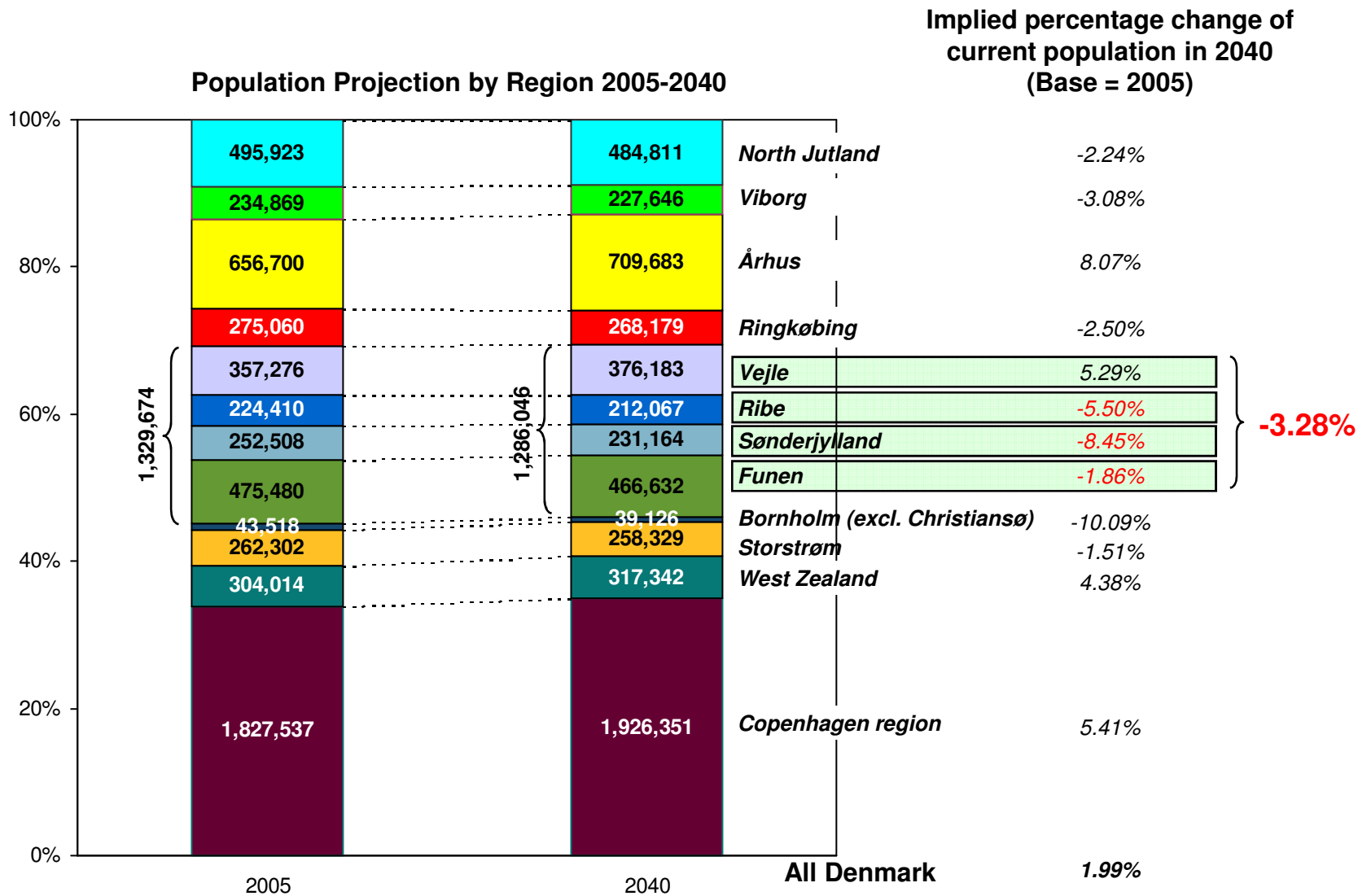
South Denmark = 6.0%
All Denmark = 5.9%

South Denmark = 1.2%
All Denmark = -0.5%

South Denmark = -0.26%
All Denmark = 0.04%

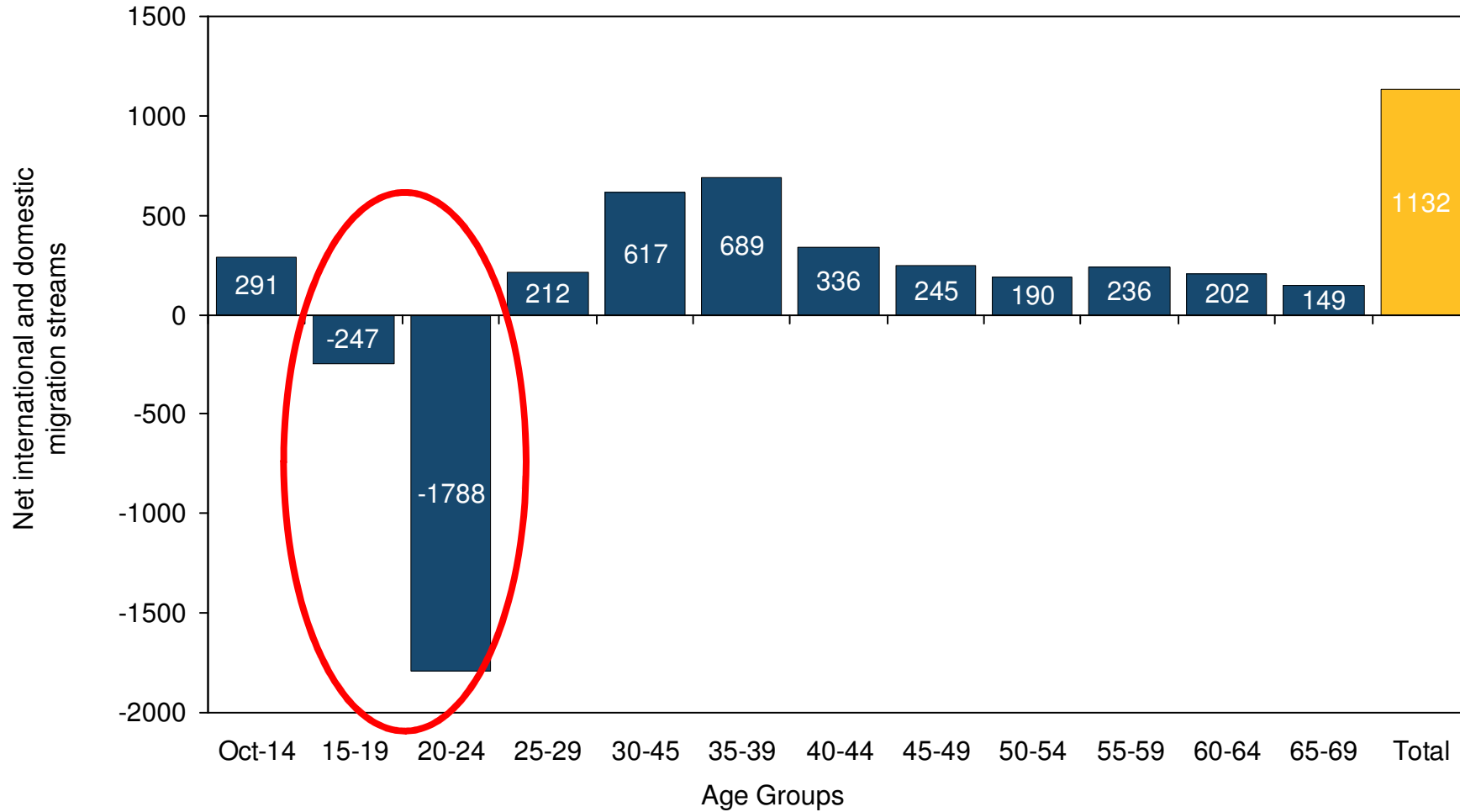
Source: StatBank Denmark
 CAS-COD-Prez-Date-CTL

South Denmark is projected to have the strongest decrease in population over the next 35 years just behind Bornholm



And it is also experiencing the migration of its young talent

Net total migration of Sønderjylland, Fyn, Ribe and Vejle County, 2004



There are a number of other key threats that may put pressure on the region's employment and growth prospects

Off-shoring Manufacturing to Low Cost Countries

- Major regional manufacturers are considering or in process of moving operations abroad to low cost countries
- Off-shoring will have significant impact on local suppliers

Customers Moving to Low Cost Countries

- Customers moving to low cost countries often necessitates the suppliers moving with them (e.g. food processing industry)
- Many of the companies in the region are suppliers to other companies
- Amongst other, Gram, Linak, BB Electronics and Lindab have considered moving recently

Growth of Competencies in Low Cost Countries

- Low cost countries are rapidly building capabilities to rival developed countries in R&D and sales & marketing (e.g., ECCO will train its Chinese staff in Thailand and Indonesia and Danfoss is developing 'knowledge' centres outside the region (Mexico, China, Poland)

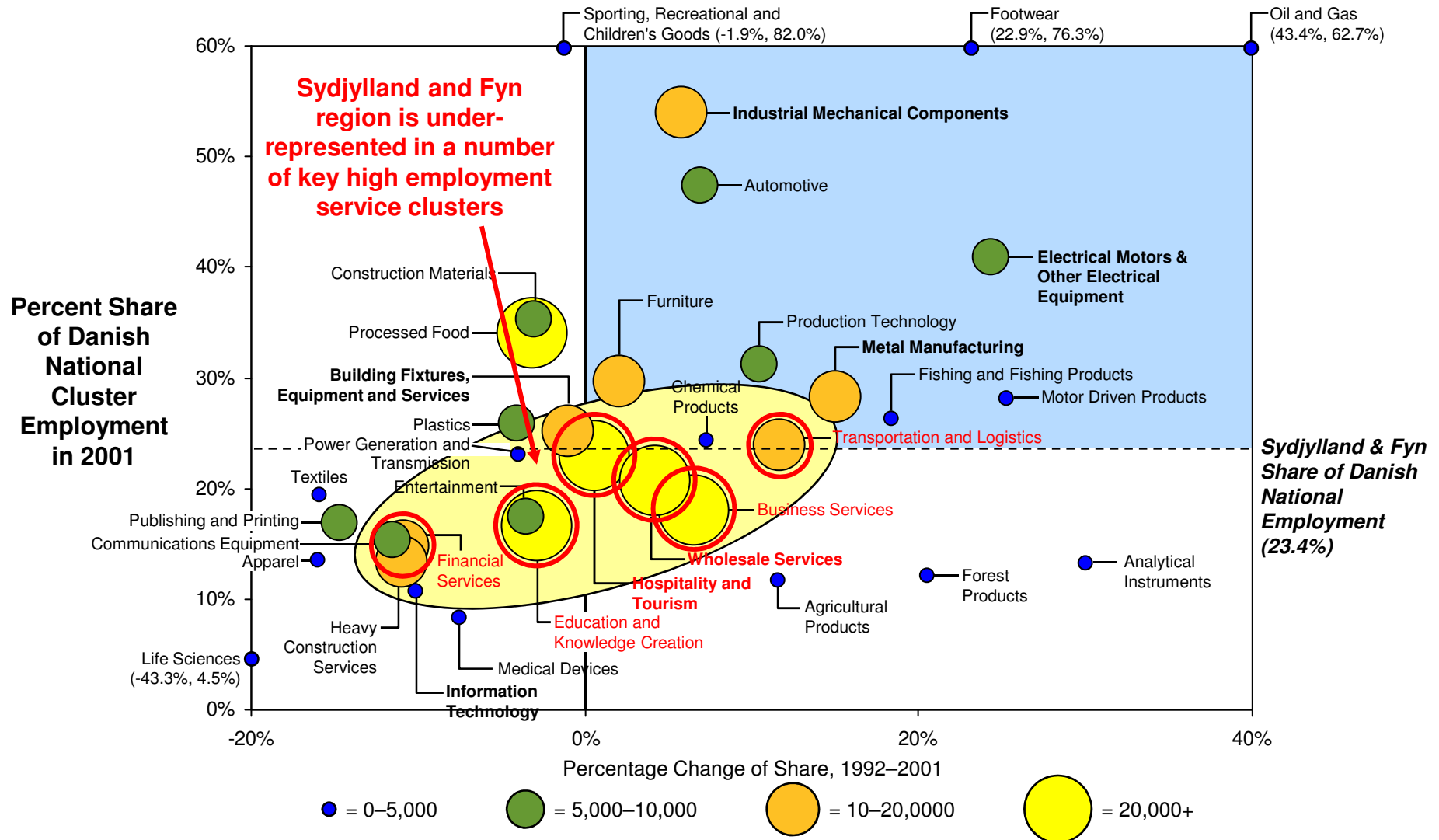
Enlarged Political Region

- There may be a tendency for people to hesitate with actions until the new region has been established
- This may cause new competition between the internal municipalities
- There may be less access to public bodies as they grow in size and responsibility

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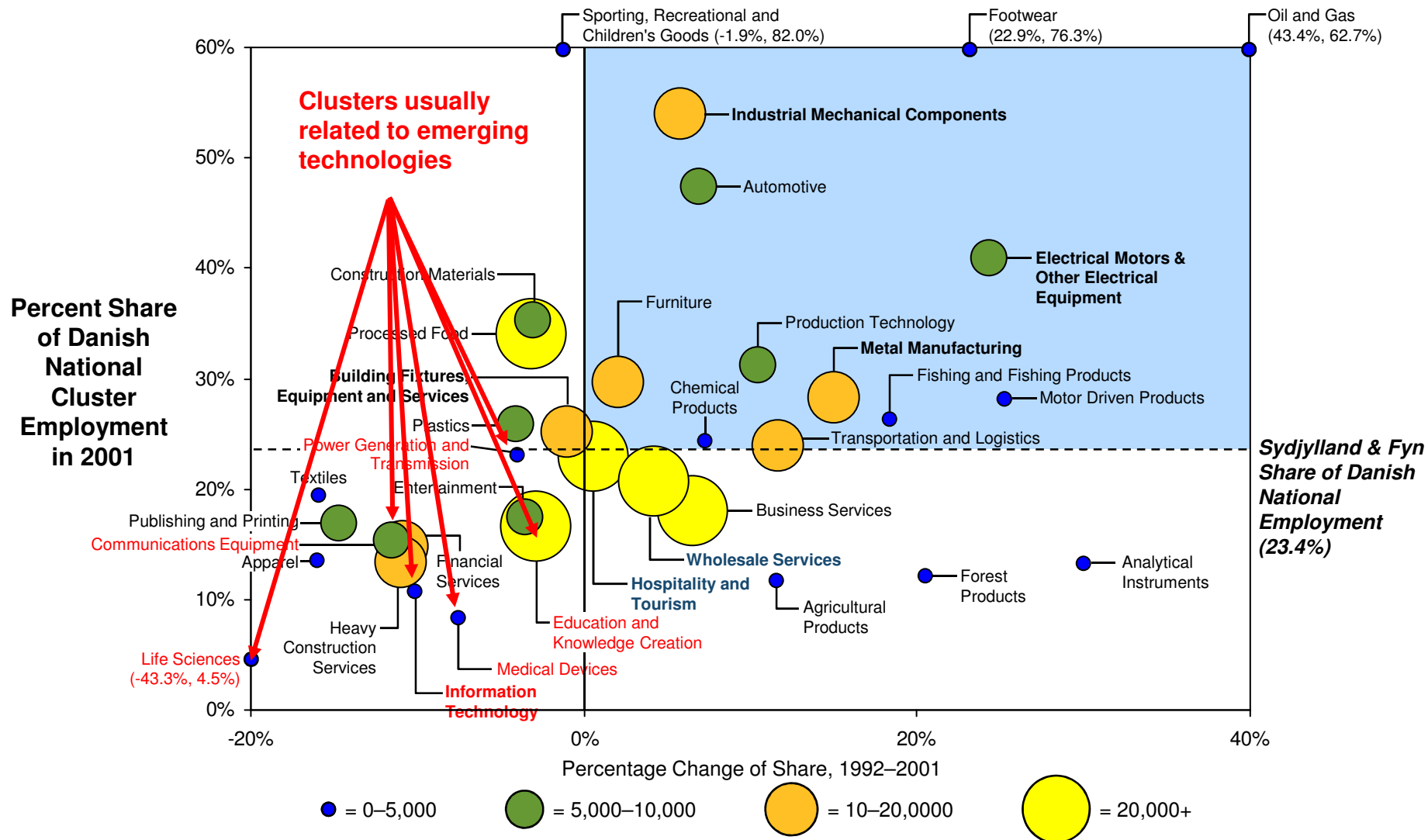
Cluster analysis indicated that the Sydjylland & Fyn region is under-represented in a number of key service clusters



Note: (x-axis, y-axis); Leather Products, Aerospace Vehicles and Defense, Jewelry and Precious Metals, and Tobacco clusters have negligible employment and thus are not shown

Source: Monitor Group analysis; Statistics Denmark (Danmarks Statistik)

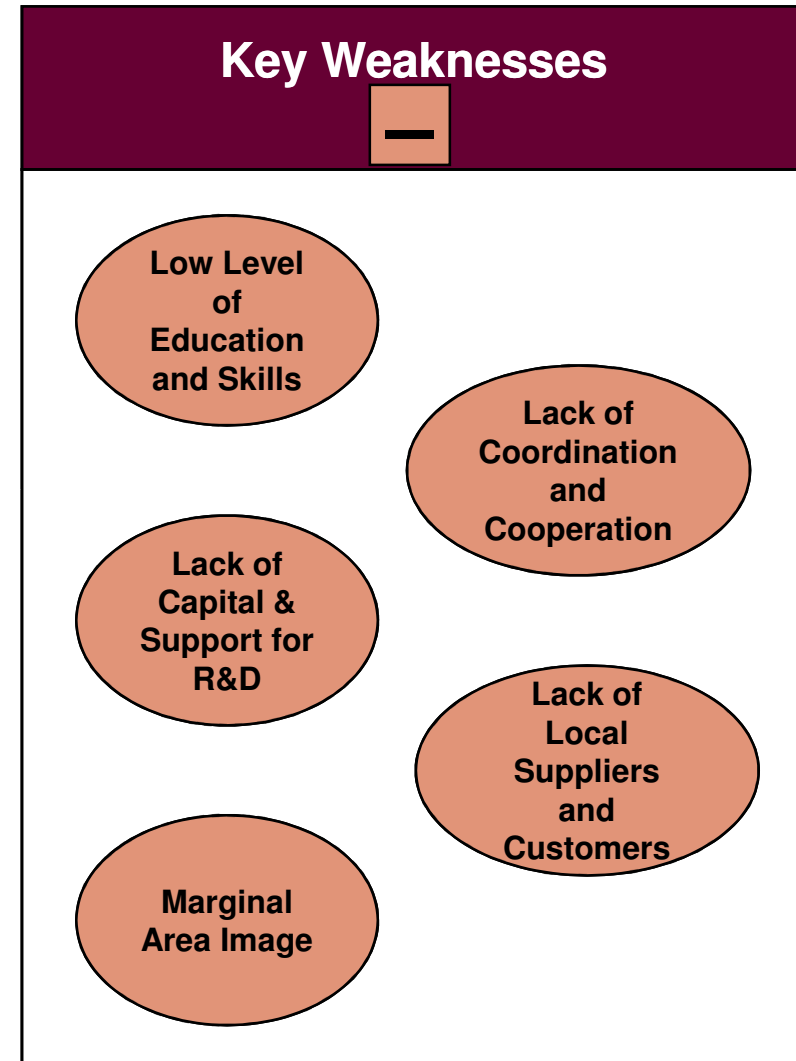
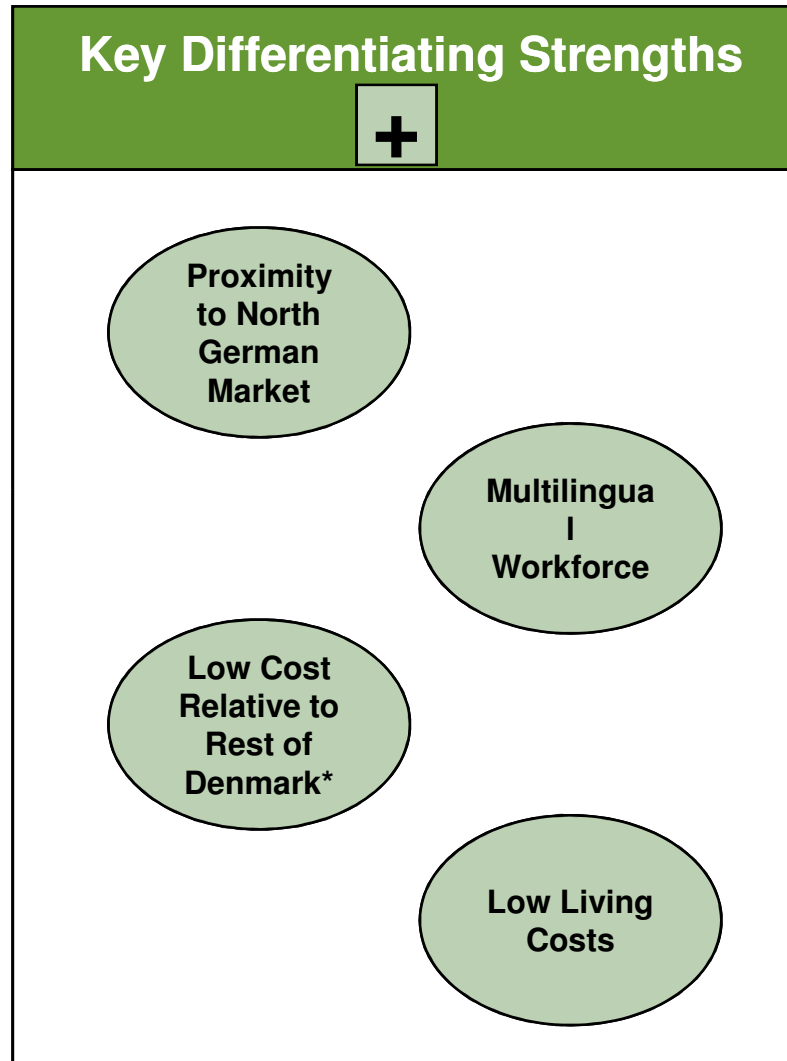
.... but also that Sydjyland and Fyn region is heavily under-represented in many of the clusters often more closely related to emerging technologies



Note: (x-axis, y-axis); Leather Products, Aerospace Vehicles and Defense, Jewelry and Precious Metals, and Tobacco clusters have negligible employment and thus are not shown

Source: Monitor Group analysis; Statistics Denmark (Danmarks Statistik)

In additional extensive interviews were conducted that identified key regional strengths and weaknesses



Note: *The region is NOT low cost relative to many other areas (China, E Europe)
CAS-COD-Prez-Date-CTL

Each of the growth opportunities has a strong rationale and potential solutions within our power to address

Growth Driver	Rationale	Potential Solution
<p>1</p> <p>Grow of Under-Represented High Employment Clusters</p>	<ul style="list-style-type: none"> • <i>The region is under-represented in a number of key service clusters – implying it ‘imports’ these</i> • <i>These clusters hold potential for job creation</i> 	<ul style="list-style-type: none"> • <i>Attract, develop and grow selected Service industries</i>
<p>2</p> <p>Leverage Positions of Strength</p>	<ul style="list-style-type: none"> • <i>The region has existing strengths in mechatronics, agriculture / food processing and logistics that can be leveraged to provide future growth</i> 	<ul style="list-style-type: none"> • <i>Organise cluster activities and promote them</i>
<p>3</p> <p>Pursue Emerging Technologies</p>	<ul style="list-style-type: none"> • <i>In order to maintain and improve its positions of strength, the region will need to invest in emerging technologies</i> 	<ul style="list-style-type: none"> • <i>Understand cluster-specific emerging technology needs and invest in them</i>
<p>4</p> <p>Create the Best Entrepreneurial Environment</p>	<ul style="list-style-type: none"> • <i>South Denmark will need to create an environment that fosters and supports growth – both of existing businesses and new businesses</i> 	<ul style="list-style-type: none"> • <i>Develop entrepreneurial frame conditions</i>

Agenda

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An initiative to address S Denmark's competitiveness challenge: it has 5 core tasks

Organisation of Stakeholders

- Organises business, government and academic communities so that the whole can support and encourage companies to be more innovative and competitive

Strategy

- Articulates a sustainable strategy for regional development including priority clusters and issue areas
- Helps maintain continuity of strategy over long term

Structure

- Provides structure to drive strategy during political and administrative reorganisation process
- Creates Working Groups comprising key stakeholders to create consensus and drive strategy within priority cluster and issue areas

Action & Implementation

- Develops action plans to deliver on strategies
- Nominates, liaises with and assists those best placed to implement strategies

Monitoring

- Holds accountable those responsible for implementing action plans

Summary of Issues and Recommendations:

Tourism

Tourism Issues

- Local tourist marketing organizations are ineffective:
 - Their structure is fragmented and complex
 - They are sub-scale and lack budget and authority to take strategic lead

- Lack of consumer knowledge
 - Focus currently on unattractive Danish and German segments
 - New segments not identified in actionable or meaningful way
- Current proposition will not attract desired customer segments

- Lack of clear proposition to customer
 - S Jutland and other areas of S Denmark lacks a USP
 - Undifferentiated asset base makes achieving a USP unlikely without significant investment

Geographical Scope

Tourism Recommendations

- **Coordinate & merge regional organisations to create tourist organisation with critical mass**

- **Invest in consumer knowledge to identify attractive, actionable and meaningful segments, and assets required to attract segments**
- **Develop channel strategy to move beyond inefficient use of brochures to attract target segments**

- **Understand realistic potential of asset base and choose target segments based on asset base**
- **Develop proposition based on realistic development of asset base to attract target segments**

Southern Jutland & Fyn

Summary of Issues and Recommendations: Business Services

Business Services Issues

- Outsourcing in Denmark is growing, providing opportunity to attract these outsourced jobs to the region

- Region has marginal advantage as a location for business services: it needs to develop its competitive advantage

- Successful precedents exists of regions effectively marketing themselves as a location for business services

Business Services Recommendations

- **Target high employment business services (starting with call centres and back office administration)**

- **Develop regional frame conditions and create incentives to attract high employment business services**

- **Launch relocation marketing and facilitation initiative for region to attract high employment business services**

Geographical Scope

Sønderjylland

Summary of Issues and Recommendations: Logistics

Logistics Issue

- The regional logistics industry is facing serious competitive challenges
- Major logistics companies in area are moving operations abroad: local transport jobs will continue to be lost, and smaller companies will struggle to survive
- Remaining activities likely to be local with little job creation potential
- The regional logistics industry needs to evolve to remain a European force in logistics and logistics expertise

Logistics Recommendation

- **Create vehicle to bring together all key regional logistics stakeholders, providers and *customers* to assess S Denmark's regional challenges**
- **Decide the strategic goals and aspirations for the logistics industry, and assess which of the challenges to the industry's competitiveness requires the most urgent response. *Prioritise / focus* on which to address**
- **Develop action plan to deliver on the industries strategic priorities, and to ensure that Southern Danish logistics industry makes choices that allow it reflect the comparative advantages of the region's logistics hubs**
- **Use Competitiveness initiative to liaise closely with other Working Groups**

Geographical Scope

Southern Jutland & Fyn

Summary of Issues and Recommendations: Entrepreneurship

Entrepreneurship Issues

- The entrepreneurial environment is complex and difficult to access for entrepreneurial individuals and small enterprises
- No efficient technology commercialisation mechanism exists between SDU and Industry
- With some exceptions, poor communication exists between academia and industry: few effective networks exist, and they are not coordinated
- There is a lack of efficient seed capital providers in the region – no 'one stop start-up shop'

Entrepreneurship Recommendations

- **Competitive regions have very close links between the academic and research environment and business. We wish to create a 1st class technology commercialization environment that tightens the relationship between academia and industry**
- **Use the technology commercialisation institution / ecosystem to formalise knowledge sharing networks in an environment with easy access to start-up capital**
- **Reconfigure / review existing organisations to ensure that the region has an effective 'one stop start-up shop' / entrepreneurial ecosystem**

Geographical Scope

Southern Jutland & Fyn

Summary of Issues and Recommendations: Education

Education Issues

- The region is about to undergo profound change and face a set of competitiveness challenges (e.g. off-shoring and reliance on services industries) that may require a significant changes to regional education provision
- No strategic choice making process exists allowing regional education providers and industry to prioritise the region's emerging educational requirements
- Extensive networks and provider / consumer dialogues exist, but these lack an overall strategic mandate

Education Recommendations

- **Create vehicle to bring together all key regional education stakeholders, providers and customers to assess regional challenges**
- **Assess which of the challenges to the region's competitiveness requires the most urgent educational response and *prioritise / focus* on which to address**
- **Develop educational provision plan to address prioritised challenges centered around courses / skills / qualifications required to address challenges**
- **Plan should identify key providers, consumers and those responsible for implementation resulting in an action agenda for key stakeholders**

Geographical Scope

Sønderjylland

Summary of Issues and Recommendations: Mechatronics

Mechatronics Issues

- The mechatronics industry is facing significant, and immediate 'globalisation' pressures'
- No clear audit of the mechatronics 'cluster has been conducted
- The mechatronics industry is not organised as a cluster
- The mechatronics industry has little shared understanding of key issues and opportunities
- The regional industry is not marketed

Mechatronics Recommendations

- **Bring together all key regional mechatronics stakeholders, providers and customers to assess shared interests and industry challenges**
- **Assess which of the challenges to the region's competitiveness requires the most urgent industry response and *prioritise / focus* on which to address**
- **Develop action plan to address prioritised challenges**
- **Establish a permanent cluster organisation to organise, assist and represent the ongoing interests of the mechatronics industry in a rapidly changing commercial environment, and to attract investment in the cluster**

Geographical Scope

Southern Jutland & Fyn

Summary of Issues and Recommendations: Agriculture and Food Processing

Agriculture / Food Processing Issues

- Farmers are facing increased pressure, with declining margins
- However, agricultural sector remains one of region's biggest employers
- CAP reform will impact the industry significantly in the medium term
- There is a need to examine alternative sources of income, and the potential of 'land stewardship'
- Food processors are facing increased cost pressure and some are having to move operations abroad
- Farming has a poor image in public eye
- Retention of skilled personnel is problematic

Agriculture / Food Processing Recommendations

- **Bring together key agricultural and food processing sector stakeholders**
- **Understand and prioritise key strategic challenges facing industry**
- **Understand which challenges / opportunities are best addressed at a regional level by the regional government and / or Vaekstfora**
- **Develop action agenda for regional government / Vaekstfora**

Geographical Scope

Southern Jutland & Fyn