

Annex 4 – Technical Description

Procurement title: AI development services in the RAISE project

Contracting authority: KIRAHub (KIRA-InnoHub ry)

1. Background information

KIRAHub intends to conclude a framework agreement for ordering AI development services services (hereinafter the service) for companies participating in the RAISE project. Regional AI Initiative for Scaling Enterprises (hereinafter RAISE) (website: <https://centralbaltic.eu/project/raise/>) is a Central Baltic Programme project that aims to support growth-stage SMEs in Finland, Estonia, Latvia and Sweden in developing and launching AI-based products and services. The project brings together companies requiring the procured services, AI solution providers and mentors to implement pilot projects, provide expert support to companies and support their growth and scaling.

2. Subject matter of the public procurement

- 2.1 Under the framework agreement concluded as a result of the procurement, the contracting authority will purchase AI development services until 30 September 2028. The service will be provided to Finnish, Estonian, Latvian and Swedish small and medium-sized enterprises (hereinafter SMEs) participating in the RAISE project.
- 2.2 Within the project, the contracting authority will select 8 SMEs operating in Finland. The project aims to connect a beneficiary company with a service provider that helps SMEs create an innovative solution enabling the company to develop a new product or service. Through cross-border cooperation, the contracting authority can connect an SME with a service provider whose services meet the needs of the SME participating in the project.
- 2.3 The procurement is divided into two lots, and the contracting authority will conclude framework agreements with up to two tenderers receiving the highest scores in each lot. The service provider must be able to provide the service to up to eight (8) SMEs, including SMEs participating in the project through project partners in Estonia, Latvia or Sweden.
- 2.4 The development services ordered under the agreement concluded as a result of the procurement are services supporting content innovation. The purpose of providing the service is:
 - 2.4.1 To enable SMEs to enter the market with an innovative product or service;
 - 2.4.2 To achieve this objective, the tenderer will provide SMEs with the following services: applications and services based on machine learning models, and applications and services based on generative AI.
 - 2.4.2.1 Applications and services based on machine learning models include AI-based data preparation, processing and modelling services, AI-based process optimisation solutions, and the training of machine learning models, including computer vision, time series forecasting, anomaly detection, prediction, optimisation, customer segmentation, recommendation systems, etc.
 - 2.4.2.2 Applications and services based on generative AI include the development of pilot solutions based on generative AI, the development of AI agents and workflow automation solutions, the installation, testing and maintenance of platforms and integrations, software development, software implementation, software testing, software configuration, and data-processing and database services.
 - 2.4.3 The service offered does not include mentoring, business advisory services or the preparation of legal documents.

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- 2.4.4 The commissioning party is responsible for achieving the AI pilot or AI component outcome agreed in the specific order form. The commissioning party is not responsible for the full market launch, software development, sales, scaling or production readiness of the end result beyond the scope of the procurement, unless these activities are separately agreed in the order.

3. Description of Lot I and Lot II

3.1 Lot I

- 3.1.1 In Lot I, the contracting authority will procure applications and services based on machine learning models, including the following services: identification of AI use cases and needs, feasibility assessment, and preparation of the pilot scope and solution plan. Assessment of the readiness and quality of the data required for the AI pilot, and data preparation, cleaning, labelling, integration, processing and loading. Development of pilot solutions and applications based on machine learning models. Development, training, validation and adaptation of machine learning models, including computer vision, time series forecasting, anomaly detection, classification, customer segmentation, recommendation systems and other similar solutions. Development of AI-based forecasting, planning, process optimisation, decision support, simulation and digital twin solutions. Solution integration, testing, deployment, assessment of production readiness, monitoring and optional maintenance. Assessment of the solution's technical risks, data protection and information security, and documentation, handover and knowledge transfer of the result, including estimates of capital expenditure and operating expenditure (OPEX).
- 3.1.2 The service offered does not include mentoring, business advisory services or the preparation of legal documents.
- 3.1.3 Services may be ordered as a complete pilot or in individual stages according to the needs of a particular SME. Data, cloud, platform and integration work required by the AI solution is included in the procurement only where it is directly necessary for implementing the specific AI pilot.
- 3.1.4 The scope of the procurement excludes standalone conventional IT development, process automation without an AI component, content production independent of the AI solution, and hardware procurement. The estimated cost of hardware required by the solution may be included in the capital expenditure (CAPEX) estimate.
- 3.1.5 Third-party cloud, API, model usage and licensing costs must be disclosed separately and transparently in the CAPEX and OPEX estimates. The resulting solution must be documented, transferable to the SME and capable of further use or development.

3.2 Lot II

- 3.2.1 In Lot II, the contracting authority will procure generative AI, AI agents, workflow automation, integrations and application development services. These include identification of generative AI use cases and needs, feasibility assessment, and preparation of the pilot scope and solution plan. Assessment of the readiness of the data and database required for the GenAI pilot, and preparation of data and documents. Selection, configuration and customisation of generative AI models and services, and development of GenAI-based pilot solutions and applications, including solutions for processing and generating text, images, audio, video or software code. Development of GenAI solutions based on company data and documents, including semantic search, RAG solutions, document processing, virtual assistants and chat solutions. Development of AI agents and agent workflows and their integration into the company's processes and information systems. Development of workflow automation based on GenAI and AI agents, including configuration of automation platforms and supporting integrations. Solution integration, testing, deployment, assessment of production readiness, monitoring and optional maintenance. Assessment of the solution's technical risks, data protection and information security, and documentation, handover and knowledge transfer of the result, including estimates of capital expenditure and operating expenditure (OPEX).
- 3.2.2 The service offered does not include mentoring, business advisory services or the preparation of legal documents.
- 3.2.3 Services may be ordered as a complete pilot or in individual stages according to the needs of a particular SME. Data, cloud, platform and integration work required by the AI solution is

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included in the procurement only where it is directly necessary for implementing the specific AI pilot.

- 3.2.4 The scope of the procurement excludes standalone conventional IT development, process automation without an AI component, content production independent of the AI solution, and hardware procurement. The estimated cost of hardware required by the solution may be included in the CAPEX estimate.
- 3.2.5 Third-party cloud, API, model usage and licensing costs must be disclosed separately and transparently in the CAPEX and OPEX estimates. The resulting solution must be documented, transferable to the SME and capable of further use or development.

4. Service recipients

- 4.1 The recipients of the development service under the agreement concluded as a result of the procurement are SMEs participating in the RAISE project. These are companies already in operation, rather than companies just starting out. The service provider must also be prepared to provide services to SMEs participating in the project through project partners in Estonia, Latvia or Sweden.
- 4.2 The contracting authority will select the companies to which the service provider will provide the service. The contracting authority will connect the service recipient with the service provider.
- 4.3 The contracting authority will identify the SME's objectives and assess the prospects of achieving them. When the service is ordered, the service recipient must have made the following preparations: designated business and technical contacts responsible for the service; guaranteed access to the necessary data, systems and integrations; the ability to carry out or procure software development outside the scope of this procurement that is necessary for deploying the solution; budget arrangements for subsequent use; and an agreed maintenance and ownership model.

5. Purpose of the service

- 5.1 The services covered by the procurement aim to promote the adoption of AI-based technologies by SMEs and thereby improve their competitiveness across various dimensions. The objective is to develop and market AI-based products and services for growth-stage SMEs.

6. Other terms

- 6.1 The procurement will result in framework agreements with up to two tenderers in each lot.
- 6.2 Information obtained in the course of the service is confidential and may only be shared with the company's own contact persons and the contracting authority's contact person named in the agreement, in accordance with the terms of the framework agreement.
- 6.3 The provision of the service involves the processing of the company's internal information, including trade secrets. It is therefore important to protect the company's trade secrets.
- 6.4 The service provider must ensure that its activities comply with applicable legislation on the processing of personal data, primarily the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data), instructions governing the processing of personal data, and guidance issued by the local or European Union regulatory authority responsible for personal data protection. This includes implementing organisational, physical and IT security measures to protect confidential information against accidental or deliberate unauthorised alteration, accidental destruction, deliberate destruction, disclosure, etc.
- 6.5 As the contracting authority coordinates the procurement and the resulting agreement, and the ordered service is financed by the Central Baltic Programme, the service provider must, where necessary, also provide the service to SMEs located in Estonia, Latvia or Sweden on the same terms.
- 6.6 In the case of contract partners, parallel sales of their services to the consulting company receiving the service under the framework agreement are discouraged.

7. Expected results

- 7.1 The service provided to the company must end no later than 30 September 2028.

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7.2 The expected result depends on the SME's objectives. The expected result will be agreed in the service agreement.

8. Terms of service provision and connection with the granting of State aid

8.1 The companies receiving advisory services will not be charged for the service.

8.2 The provision of services to companies constitutes de minimis aid under Commission Regulation (EU) 2023/2831 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (hereinafter the de minimis Regulation and the provisions of the de minimis Regulation and the provisions of the de minimis Regulation). The Competition Act applies. The maximum amount deemed to be de minimis aid granted to a company as a result of the procurement is EUR 14,000 (excluding VAT).

8.3 The contracting authority will verify that the aid granted to the company complies with the State aid conditions and the company's eligibility conditions. It will inform the commissioning party of the type of aid granted to the company no later than 5 working days before the service begins. The commissioning party may conclude a service agreement with the company only after receiving approval and State aid information from the contracting authority. The agreement between the commissioning party and the company must include at least the terms set out in Annex 5 (Model Agreement).

8.4 The provision of services under this procurement must not be financed simultaneously through multiple aid measures or other State budget, European Union or foreign assistance funds.

8.5 Services will primarily be delivered in Finland, but also in Estonia, Latvia and Sweden where necessary.