

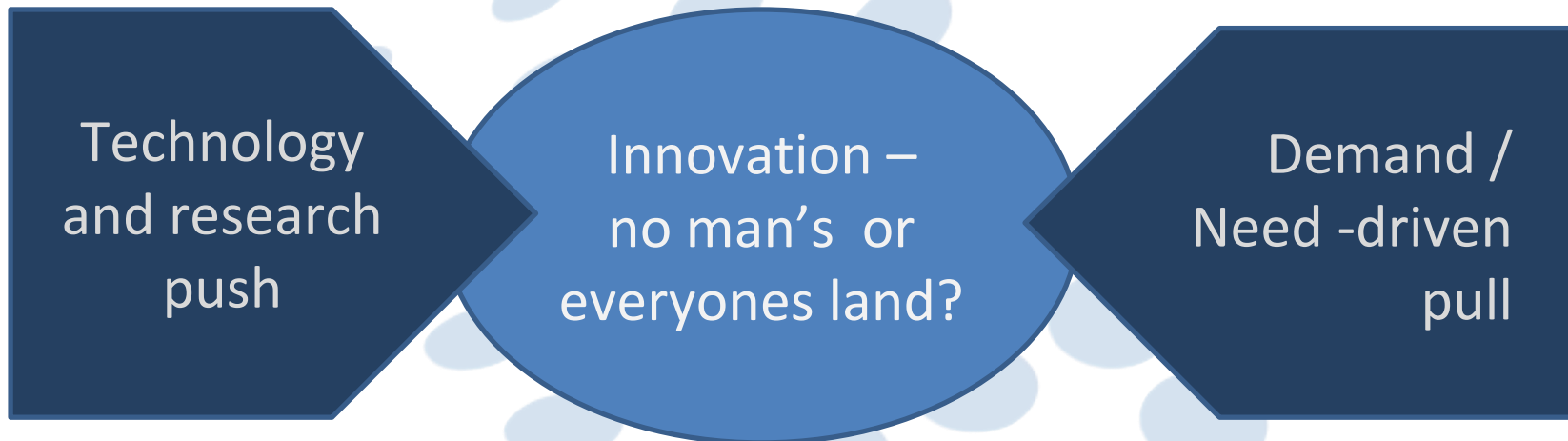
Innovative and Pre-Commercial Procurement – What and Why?

1. The strategic view
2. The instruments
3. The Finnish landscape

1. The strategic view

WHAT is the aim ?

Demand –driven innovation creates challenges /opportunities for the companies to solve



WHY Demand side focus?

“Studies show that demand -driven public procurement has a greater impact on innovations than traditional public aid in R&D activities”

→ EU and National funding bodies have started financing Demand side activities such as Innovative and Pre-Commercial Public Procurement.

Public procurement is shaping the market

- Has to become an effective channel in bringing innovative and sustainable solutions to market
- Public procurement spending (EU27) in Health care sector amounts in average to 9,5 % of GDP.
- **EU governments** spent more than **EUR 500 billion on procurement in the health sector (2008).**
- **Majority of Finnish Public Procurements still focus on price**

Leadership & knowledge needed

“Identified skills and knowledge gap seems to be the most significant factor that impedes progress - not the financing”

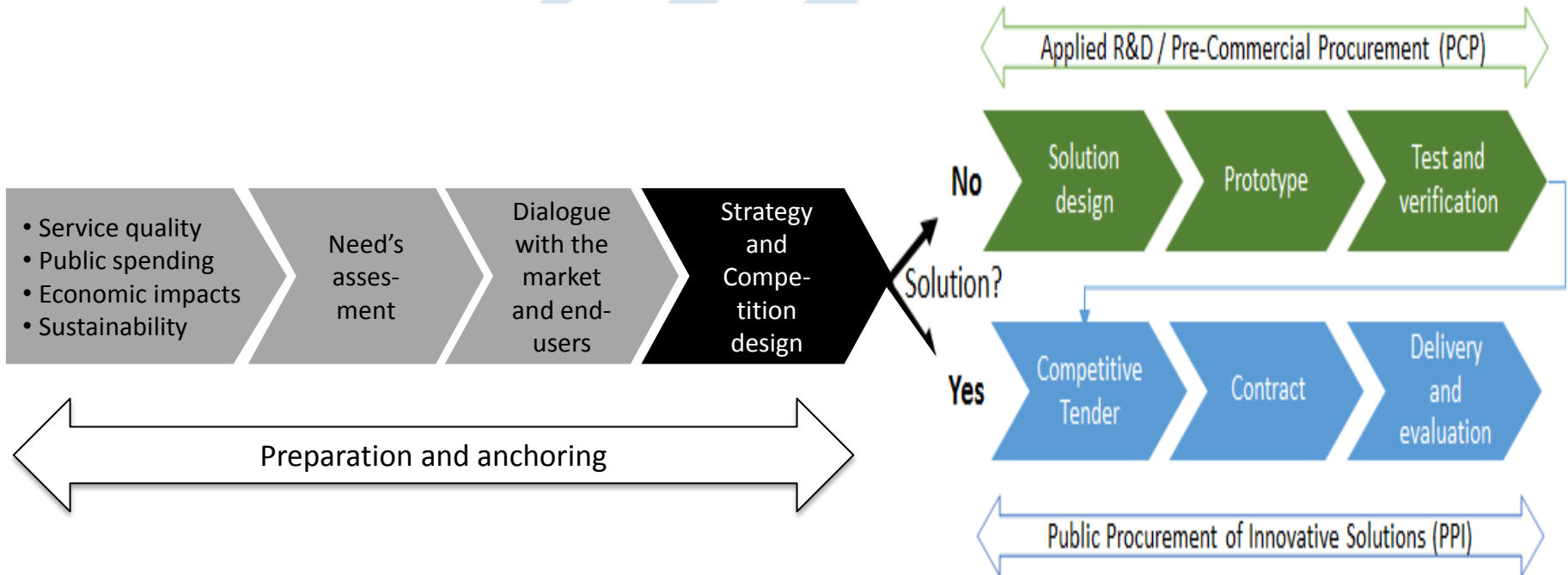
→ **Can/should** our public organizations such as **Municipalities and Hospitals become innovation actors** - or should we have more centralized support organizations like in many other EU countries?

4 Ms: Mandate, Mindset, Means, Metrics

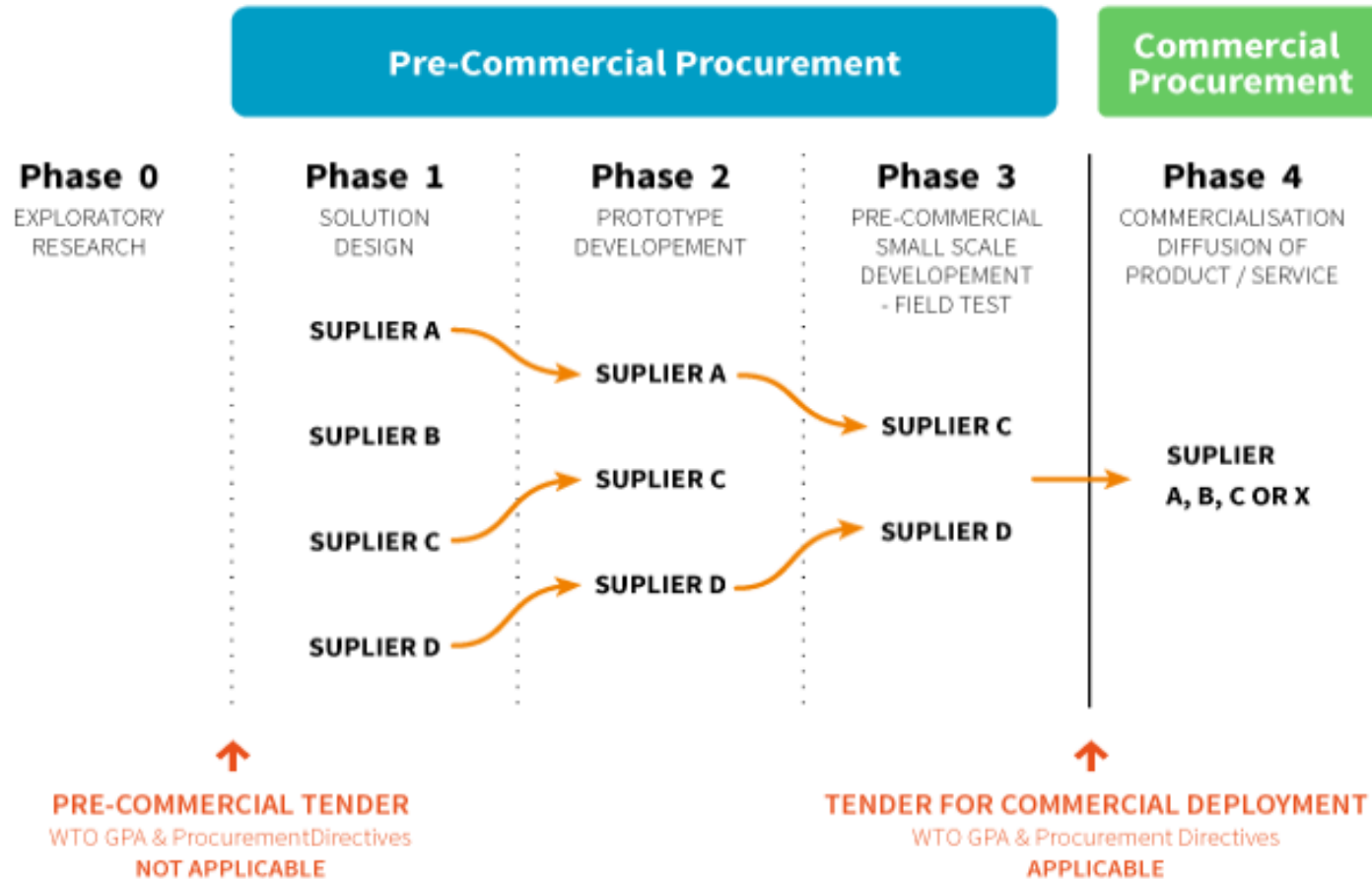
- **Mandate:** Long term Demand side strategy that all actors share and implement
- **Mindset:** Cultural change, transform civil servants to co-creative service designers/providers/procurers.
- **Means:** Knowledge, skills, resources, end-user involvement
- **Metrics:** Deliver evidence -> Measurable objectives, incentives, reimbursement models

2. The instruments and the process

Innovative procurement process

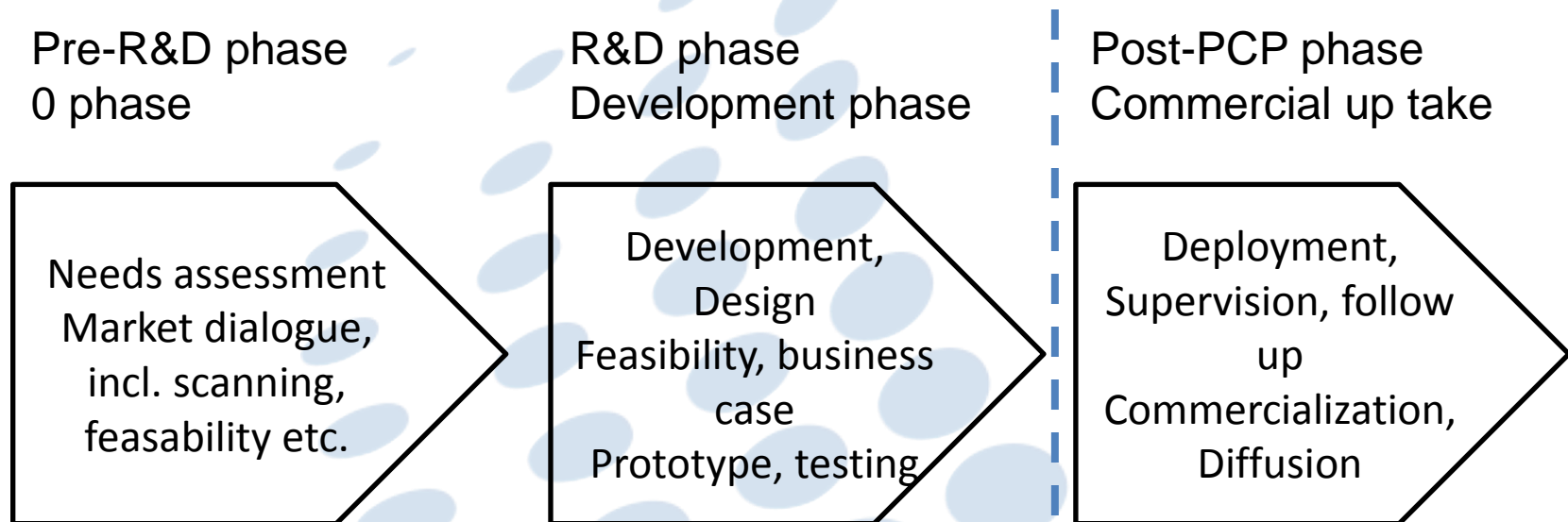


PCP Communication COM 2007:799



PCP : a tool to co-create & procure R&D

PCP is based on recommendations from the Commission and is NOT 'hard law'



Characteristics of Innovative Procurement

- A **Needs based approach** which complies with the over all strategy of the procuring organization
- A broader and more **open dialogue** with both **end-user and market** ahead of the tender call
- **Specification** documents based on **functionality/outcome** rather than detailed technical specification
- Tender documents that enable **continuous improvement** and dialogue

Instruments with multiple faces

Can drive **Sustainable Economic** and **Business growth**

Can be used for **remodelling and to improve public services** and anchoring innovations into reality.

An interactive **collaborative learning process**; buyers, vendors and end-users.

Potential for **Innovation on product/solution level** – and on **service level**

Investing in the pre-procurement phases instead of paying for mistakes/adjustments after the commercial procurement

INSPIRE Academy



International Network Supporting
Procurement of Innovation
via Resources and Education

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PCP: PRE-COMMERCIAL PROCUREMENT

PCP pools the efforts of several public procurers in procuring R&D services which enables public procurers access to new products and services. By sharing risks and benefits with suppliers, optimum conditions are met for wide commercialization and take-up of R&D results.

PPE: PUBLIC PROCUREMENT OF INNOVATION

PPE refers to procurement where contracting authorities act as a launching customer (early adopter) to purchase/deploy innovative goods or services that are newly arriving on the market and which are not yet available on a large-scale commercial basis.



3. The Finnish landscape

Health and Social care renewal

- ICT based solutions, new technologies and other **innovations are welcomed, but under-utilized** and lacking coherent collaboration/support structures
- Innovation potential exist but **connection with the public demand / existing service structure is weak.**
- Limited view of the **potential of eHealth** by healthcare professionals, managers and politicians
- Real life **testing environments** needed

Required

- Policy and practical support for Innovative procurement
- Training services for the public sector civil servants involved in the strategic procurement planning & execution.
- Allow the end-users to take the lead in (eHealth) service design -> empowerment, engagement.
- Long term strategic perspective and thorough cost/benefit and impact analysis
- Integration into the existing systems, interoperability, scalability and deployment -> ensure **sustainable business models**.

The fragmented Finnish Demand side

- who should lead the strategy setting?
- are organizational changes needed?
- how to pool demand and direct resources wisely?
- does the Healthcare provisioning and funding reform provide answers ?
- should we create National or Regional organization that support innovation activities?

CHANGE OF MINDSET NEEDED?

suzan.ikavalko@nhg.fi
+358-50-5834292

THANK YOU !



PCP

PCP is based on recommendations from the Commission

- Procurement of R&D service
- Participants must be found via PCP tender
- Contract must be awarded to multiple companies
- Multiple phases with evaluations at the end of each phase to eliminate one or more companies
- IPR are shared with the supplier to ensure further exploitation