

CORVERS

COMMERCIAL & LEGAL AFFAIRS

In strategic alliance with Bartels Sueters Aanbestedingsadvocatuur BV

Innovation procurement The European perspective

State of Play
May 30th, 2017

Stephan Corvers

Agenda:

1. Introduction
2. EC – FP7 – lessons learned
3. Dutch experience – lessons learned
4. Eafip – lessons learned
5. Closure

Team & partners Corvers



- Partnership with e-Law Department at Leiden University
- Partnership with Management School Maastricht:
Corvers Chair for Innovation Procurement

Corvers Chair Innovation Procurement Maastricht School of Management



Eafip - initiative

- www.eafip.eu
- Consortium partner



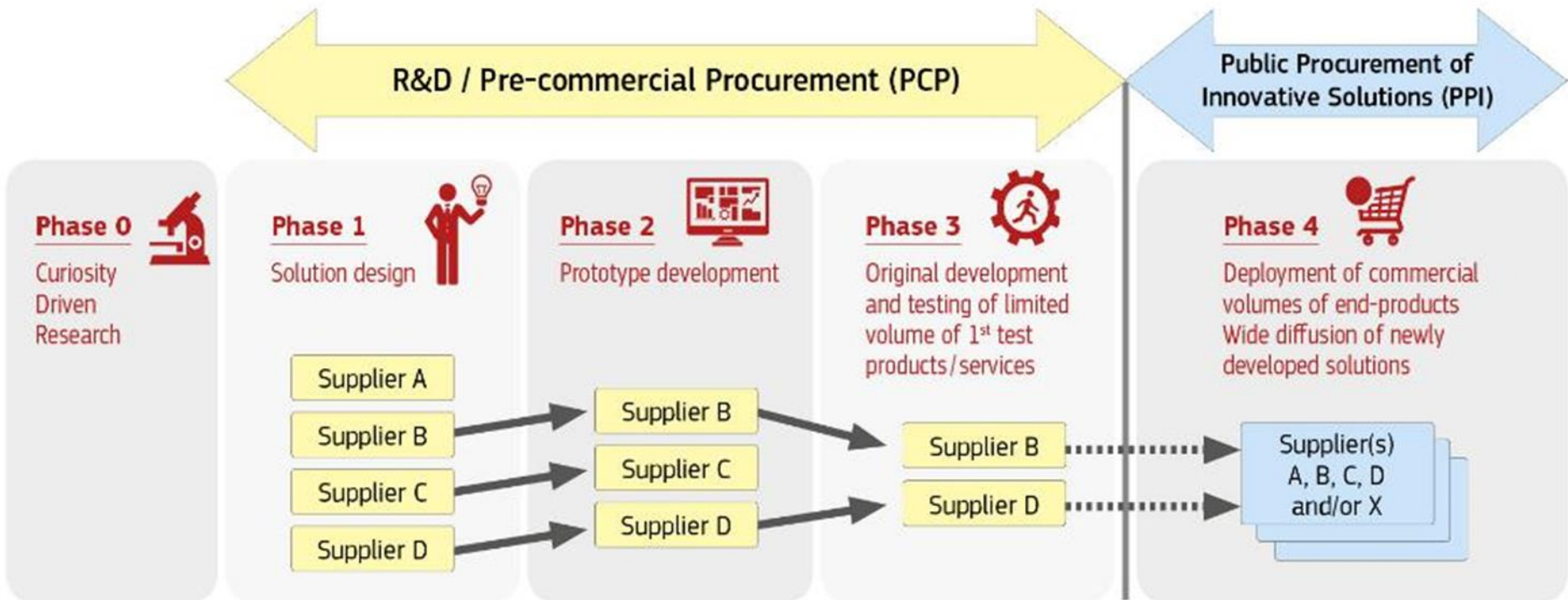
Definition

- Innovation procurement happens when public procurers procure the development or deployment of pioneering innovative solutions to address specific mid-to-long term public sector needs. It is a tool to provide tax payers with public services of the best possible quality and efficiency.
- PCP (pre-commercial procurement)
- PPI (public procurement of innovative solutions)

Innovation Procurement: PCP + PPI

Complementarity

- PCP to steer the development of solutions towards concrete public sector needs, whilst comparing/validating alternative solution approaches from various vendors
- PPI to act as launching customer / early adopter / first buyer of innovative commercial end-solutions newly arriving on the market



Why European cooperation on PCP-PPI?

- **Speed up public sector modernisation** – improve quality and efficiency of public services with breakthrough solutions
- **Get better value for money through cooperation** - enable public sector around Europe to share cost + experience to buy new solutions that can respond to concrete public needs
- **Address issues of common interest together** – e.g. where interoperability and coherence of solutions across borders, pooling of resources or market defragmentation is required
- **Create growth and jobs in Europe** – help innovators bring European R&D to the market (the majority of R&D in H2020 funded PCPs should take place in Europe, ltd set of first test products can be bought in the PPI from companies in the PCP)

Innovation Procurement

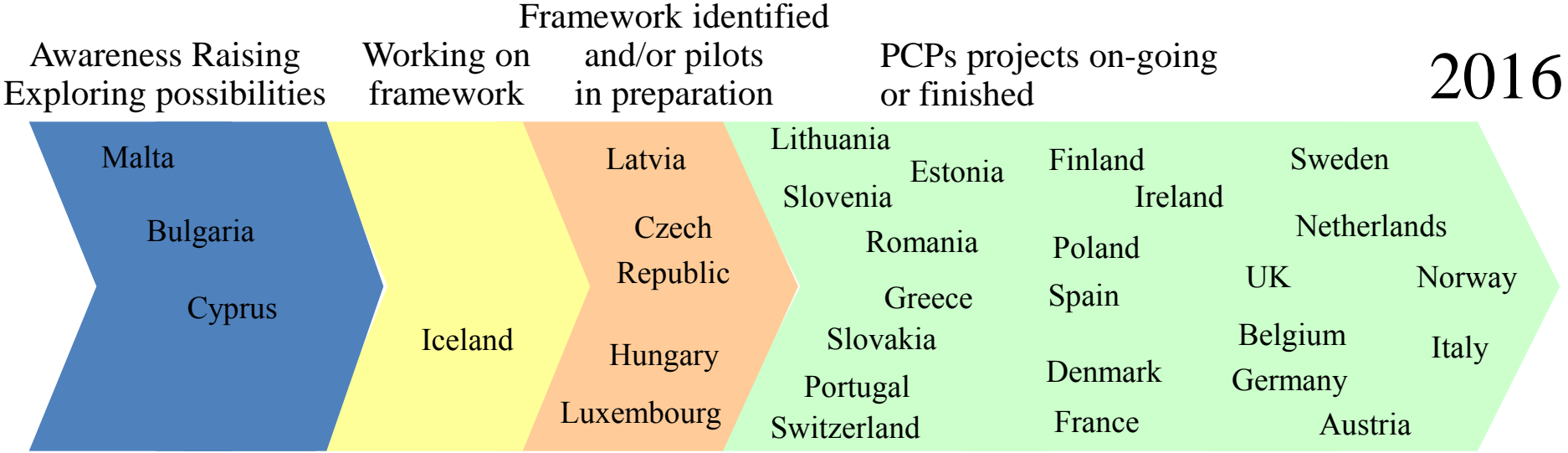
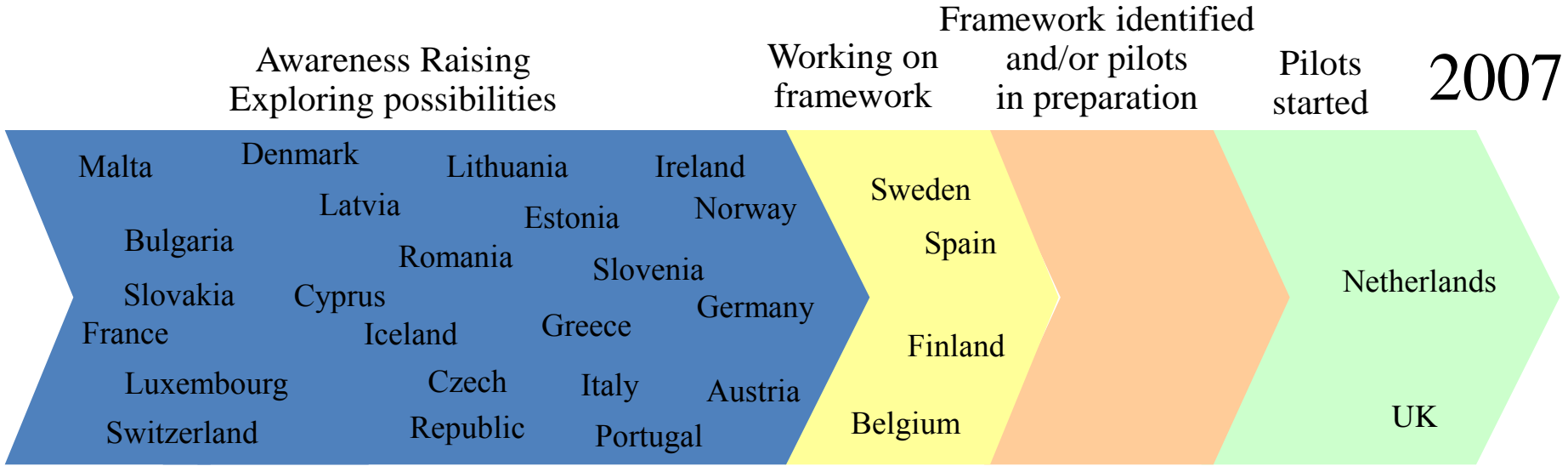
- Some crucial elements:
 - Strategic goals
 - Business case approach
 - Strong interaction with the market (market consultations)
 - PCP & PPI
 - **NOTE: STRONG RELUCTANCE TO IMPLEMENT INNOVATION PARTNERSHIP DUE TO LEGAL RISKS RELATED TO STATE AID**
 - Contracts monitoring
 - Value Engineering

History

- 2005 Wilkinson report
- 2007 PCP communication
- Funding programmes (-now)
 - FP7
 - H2020
- 2014 Procurement Directives
- 2014 State Aid Framework
- EAFIP-initiative (2015-2018)

Progress PCP implementation

Learn from first movers



First results FP7 funded PCPs

- **11 out of 13 FP7 funded PCPs have awarded contracts by now**

- SILVER (Robotics for elderly care)
- CHARM (Traffic management)
- PRACE 3IP (Energy efficient supercomputing)
- SMART@FIRE (Smart protective equipment for fire fighters)
- PREFORMA (Long term digital preservation)
- DECIPHER (Mobile health services)
- Human Brain Project (High Performance Computing for brain simulation)
- V-CON (Virtual construction of road infrastructure)
- Cloud for Europe (Cloud computing for governments)
- Thalea (Telemedicine for intensive care unit patients at increased risk)
- IMAILE (Personalised e-learning solutions)

HBP PCP doesn't result from a PCP call. HBP decided itself to use PCP under its subcontracting activities.

- **Contracts awarded**

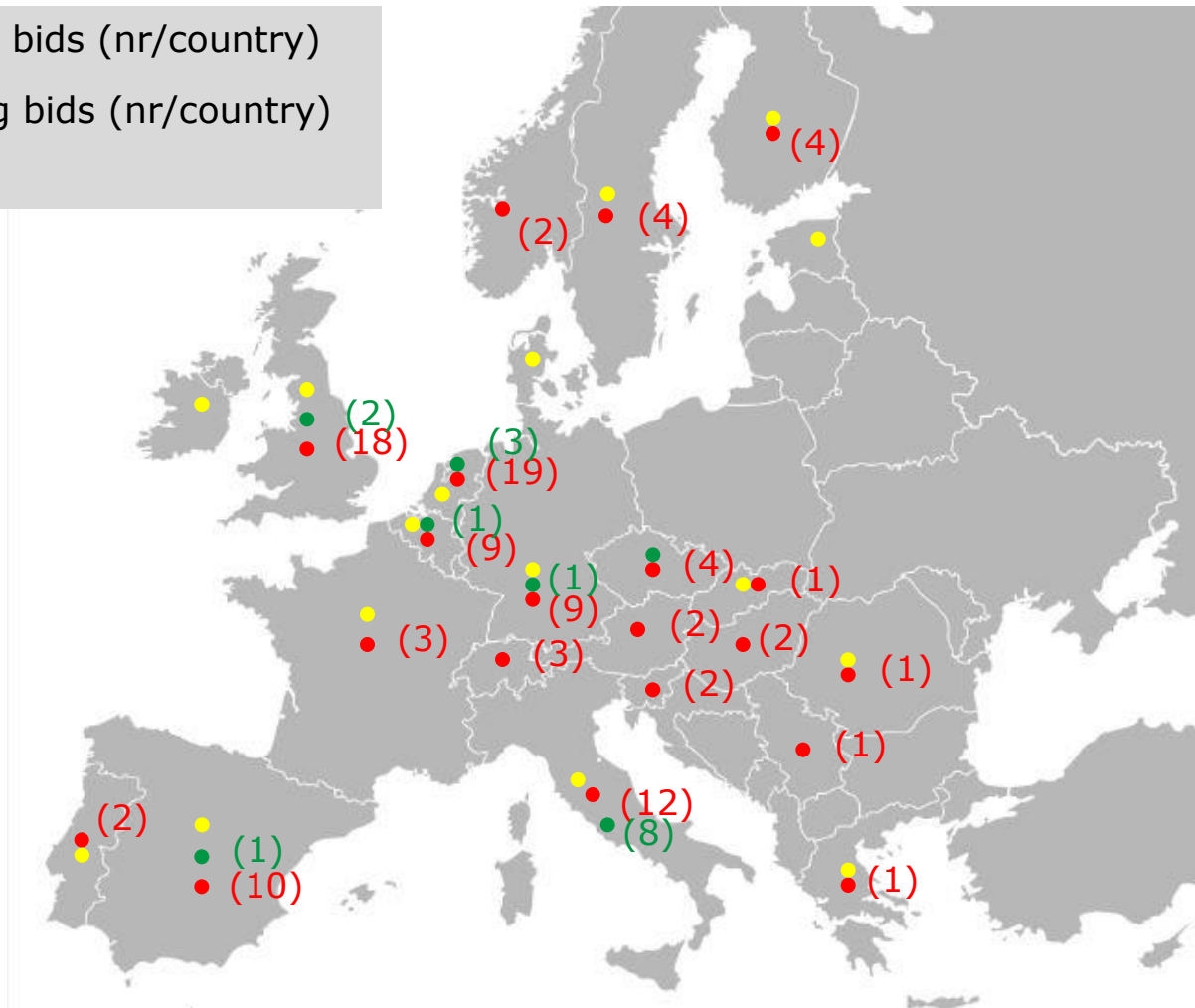
- Tender docs downloaded typically between 50 to 300 times
- Nr of offers received typically between 10-34 (4-7 for specialised/low budget PCPs)
- 75 contracts awarded in total (126 companies/universities involved)

- **Opening route-to-market for new players/SMEs**
 - 71% of contracts won by SMEs (SME lead bidder, bidding alone or with partners)
 - Compared to 29% in public procurements across Europe

Mostly small young SMEs: 27% below 10 people, 60% below 50 people, 49,5% less than 10 years old
- **Joint procurement stimulates cross-border company growth**
 - 34,6% of contracts won by bidders that are not from a country of any of the procurers in the buyers group (e.g. DE company working for UK+NL procurers)
 - Compared to 1,26% in public procurements across Europe (also in national PCPs)
- **Relevance to universities & bringing scientific results to market**
 - 28% of winning contracts have university/R&D center partner in consortium
 - Winning SMEs are also often university start-ups
- **Encouraging commercialisation – budget efficiency**
 - Bidders offered ~ 50% price reduction on R&D cost (market beyond procurers)
 - > PCPs can get twice as much R&D done for same budget as R&I action
- **Creating growth and jobs in Europe**
 - 98,7% of bidders do 100% of R&D in Europe
 - (2 have committed to do minimum 68% resp. 85% of R&D in Europe)

Geographic location winning bidders & procurers

- Companies in winning bids (nr/country)
- Universities in winning bids (nr/country)
- Procurers



Still companies out there that don't know about these contract opportunities.
New additional Horizon 2020 PCPs will launch their call for tenders in coming months.

Who can help promote such upcoming call for tenders in their countries?

Overview on-going projects: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>

Lessons learnt from on-going EU projects

- Importance concrete procurement need
 - Surveys: what companies need = customer requirements. No use to do PCP/PPI for the fun of funding innovation.
- Importance preparatory work
 - Still R&D needed? Need to compare competing solution approaches. No test proof yet whether any can meet procurement need. (PCP)
 - Already solutions near or on the market. No R&D but perhaps still close-to-market adaptation/integration/scaling up needed. (PPI)
- Importance of open market consultation
- Importance of defining IPR conditions up front in call for tender
- Importance of wide promotion of call for tender
- Learn from others – no need to reinvent the wheel

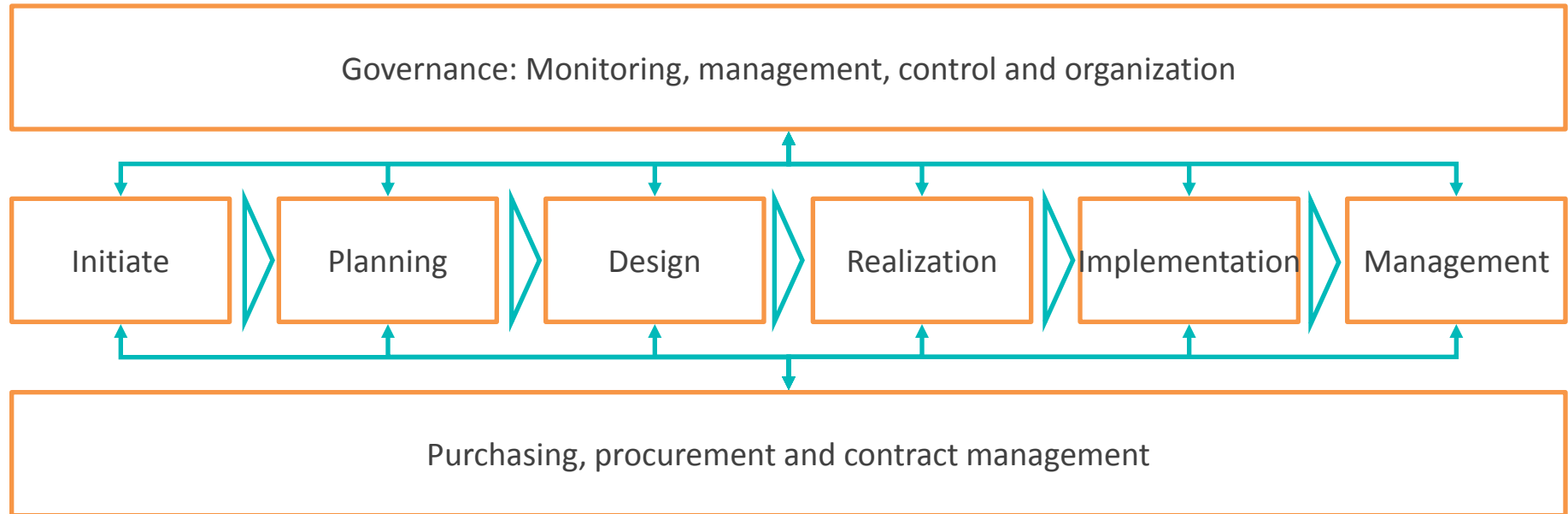
National level: Commissie Elias

Naar grip op ICT – Parlementair onderzoek naar ICT-projecten bij de overheid:

10 conclusions & 34 recommendations



Attention and understanding of the various phases in an ICT project



Lessons and pitfalls can be linked to different aspects of ICT projects

- Governance: Monitoring, management, control and organization
- Implementation (from initiation to management) ICT projects
- Procurement and contract management

Commission Elias: Lessons and key issues for control and management of ICT projects

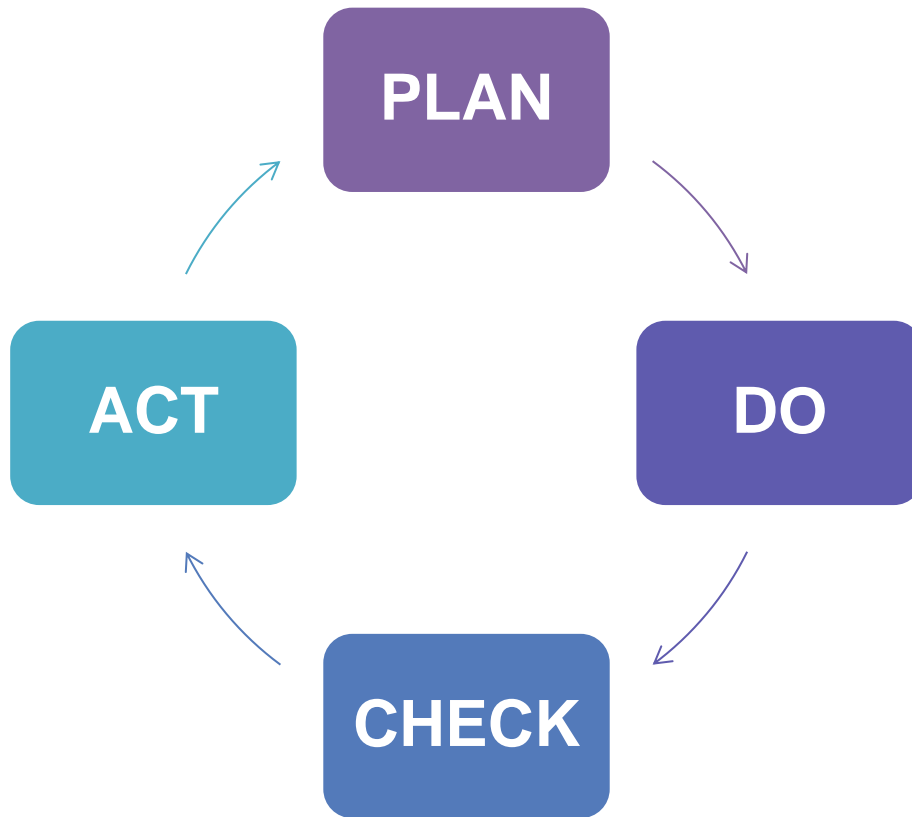
- Project execution
- Design and implementation of IT systems
- Governance and organization
- Changes in management and culture
- Suppliers - and contract management



Organization of processes within IT projects

Plan-Do-Check-Act (PDCA) cycle

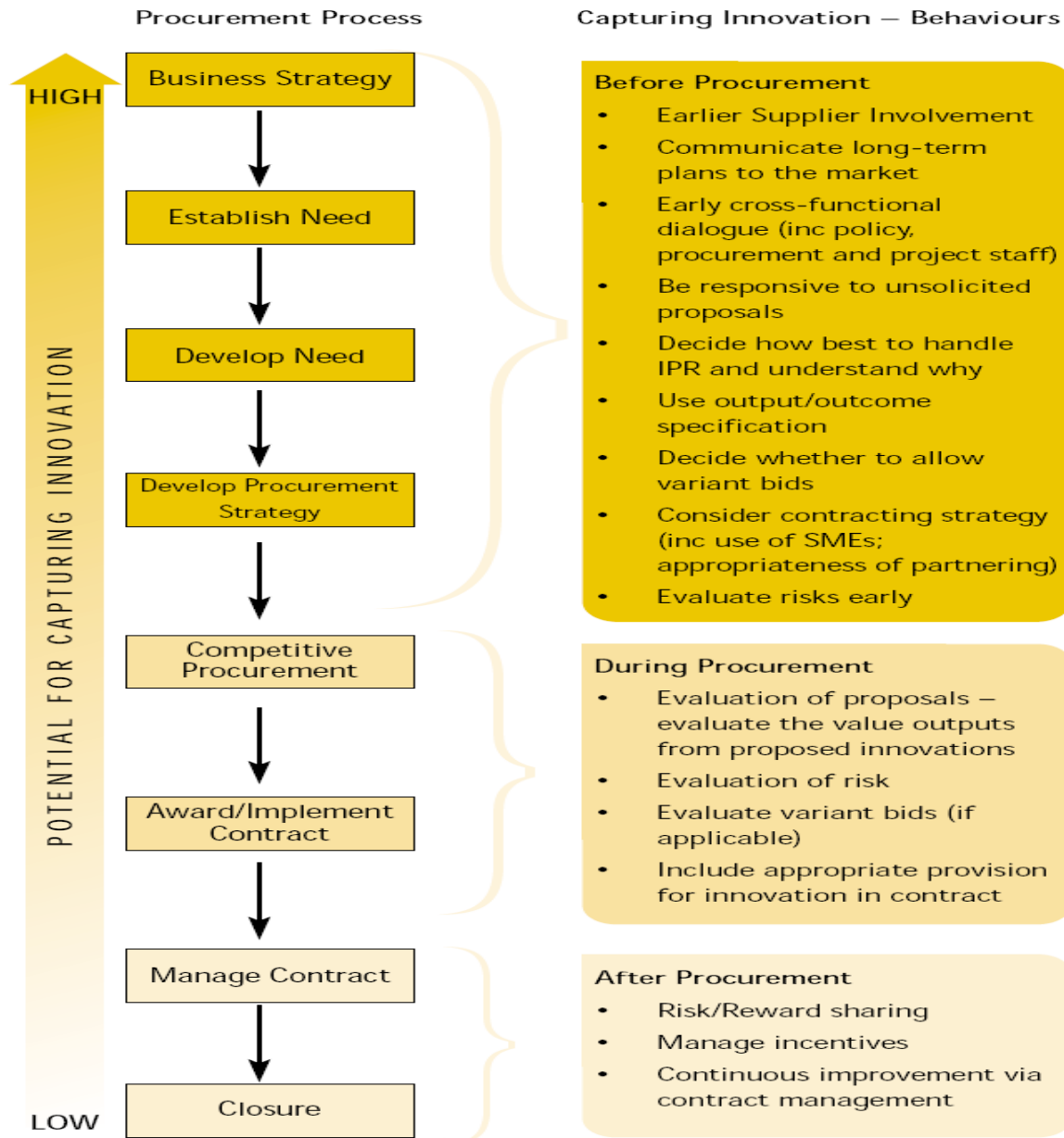
The establishment of an ICT project should be based on clear objectives and a constant evaluation of these objectives



The **PDCA** cycle is a good tool to this reflectivity within ICT realizing projects:

- ICT projects should start on the basis of a clear problem definition and objectives (**PLAN**)
- During the execution of the project (**DO**) it should be constantly monitored whether the objectives are achieved (**CHECK**)
- If it appears that objectives are not achieved, improvements shall be adopted (**ACT**) and / or the objectives be modified (**PLAN**)
- The **PDCA** cycle applies both to the entire project in different phases and sub-phases

Schematic: Capturing Innovation through the procurement cycle



Approach

Eafip-initiative

- European Commission DG CONNECT
- 2015-2018
- Knowledge transfer to contracting authorities throughout Europe
 - Workshops & conferences
 - Toolkit
 - Local assistance (e.g. Waterschapshuis)
- Netwerk-approach
- Demand driven policy – no support to companies

Eafip-initiative

- Innovation procurement
- Coherent approach
- Legally validated
- Lessons learned from FP7 (and H2020)
- Lessons learned from member states (e.g. Netherlands – Elias)

Eafip - initiative

- www.eafip.eu
- Consortium partner



Thank you for your attention

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