



**PROCURE2
INNOVATE**

P2I EXPERT OPINION DOCUMENT:
Strategies to stimulate innovation procurement

**Procure2Innovate
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ABOUT

This expert opinion document summarises the results of the knowledge exchange meeting between members of the Procure2Innovate network, which took place in March 2021. The meeting served the main purpose of sharing insights on practices and strategies to stimulate innovation procurement.

The document contains the perspective of the P2I network on this specific topic. The key takeaways expressed in this document are those of the P2I network and do not necessarily reflect the views of a Member State.

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SUCCESSFUL INNOVATION PROCUREMENT: KEY TAKEAWAYS

RELEVANCE OF INNOVATION PROCUREMENT

Across European Member States, it has become increasingly clear that public services should also provide answers to societal challenges such as sustainability and digitalisation. For example, roads need to be constructed and maintained in a way that minimises CO₂-emissions, while services such as fire prevention can benefit greatly from digitalisation. Innovation is needed to accelerate this transition, but it requires time, professionalization of public procurement, funding and economies of scale. With innovation procurement, public organisations can stimulate suppliers to develop these innovative solutions. This enables the public sector to modernise public services with better solutions for society while providing growth opportunities for companies.

A successful strategy to further stimulate innovation procurement in the public sector consists of several components. Six of them (not ranked in order of importance) have been discussed in the knowledge exchange meeting of the Procure2Innovate network, and are shortly described below:

- A. Formulate public innovation missions
- B. Create ownership for innovation
- C. Offer support to public organisations
- D. Target innovators and early adopters within the public sector
- E. Implement a monitoring and evaluation system
- F. Use inspiring and motivating language

A. FORMULATE PUBLIC INNOVATION MISSIONS

Public innovation missions – these can also be innovation strategies or innovation agendas – are long-term goals to solve the societal challenges facing public organisations. By formulating such goals, it is made explicit which of the public services or goals require innovative solutions most and to which societal, economic and environmental challenges these needs are linked, giving direction for specific innovation. Public innovation missions should be specific, include long-term and short-term targets, need ownership, and should be coordinated by national, regional and/or local innovation managers

depending on the scope of the mission. Public innovation missions stimulate and steer innovation and act as a guidance for innovation procurement.

An example of a national mission is to develop climate-neutral houses without cost increase for the tenant. An example of a local agenda is to find new and better ways to generate green energy in the local area.

Benefits of innovation missions

Public innovation missions, (national) strategies or agendas increase access to funding, lead to a more effective and focused approach, create scale and enable the harmonization of legal and financial requirements for the benefit of society and citizens. It also makes the mission, strategy or agenda a shared initiative of multiple governments, not limited to individual procurers or single projects, yet with specific (local) action plans. A recent example of what the results can be of such a public innovation initiative is the development and procurement of COVID-19 vaccines.

B. CREATE OWNERSHIP FOR INNOVATION

A driving force for the success of innovation procurement is the commitment and engagement of civil servants that have a concrete procurement need. This civil servant works for a public organisation that supports problem solving and risk-taking behaviour and is hence open for innovation. It is also key that these civil servants realise that their organisations have a responsibility towards citizens and taxpayers for initiating and stimulating innovation where this is required in order to create more societal value in line with the public innovation missions defined above.

Ownership at an individual level in public organisations smoothens the interaction between departments within public organisations and between public organisations. It is therefore important to identify these civil servants, coordinate and raise support within public organisation(s), both horizontally and vertically. We foresee this as the key role of an innovation manager of the public innovation missions.

C. OFFER SUPPORT TO PUBLIC ORGANISATIONS

Public organisations should be encouraged and incentivised to contribute to innovation missions with the support of their purchasing power. Innovation procurement is often costly, risky and requires procurement capacity and knowledge beyond standard capabilities. This support should include

funding for:

- The development and implementation of private-sector innovative solutions for the public sector,
- Training in up-to-date legal, procurement and technical related know-how (such as how to deal with intellectual property rights and how to create competition),
- Stimulating cooperation between contracting authorities, and
- Exchanging knowledge and sharing of best practices.

D. TARGET INNOVATORS AND EARLY ADOPTERS WITHIN THE PUBLIC SECTOR

To pursue innovation procurement, it is recommended to especially target the innovators and early adopters within the public sector. Even with support, not all public organisations are equally willing to innovate. These innovators and early adopters identify promising innovative solutions with direct positive impact in the public innovation missions and agendas, including (but not limited to) research institutes, small to large enterprises and start-ups. The innovators and early adopters make extensive use of mechanisms such as market consultations, pre-commercial procurement and functional specifications, and team-up with other innovators and early adopters to share information, knowledge, costs and risks.

E. IMPLEMENT A MONITORING AND EVALUATION SYSTEM

As part of a national or local innovation mission, it is critical to include a monitoring and evaluation system to oversee actual and expected results and performance indicators, identify caveats and learn from failures and successes. The goal is to quickly upscale successes and to avoid the making of similar mistakes. A monitoring system could also help demonstrate the benefits of innovation and identify new successful innovations. Moreover, an evaluation system can help to show that project objectives and societal goals are met and clarify the impacts and benefits of including innovation procurement in system changes.

F. USE INSPIRING AND MOTIVATING LANGUAGE

For innovation procurement, effective communication is essential in order to inspire and motivate. It requires clear language and an appealing simple message for public organisations, potential suppliers and relevant stakeholders. Appealing language is rooted in the innovation missions.

Appealing and easy to understand language also makes individual innovation procurements more attractive for suppliers. Examples of public innovation projects which use attractive and accessible (understandable legal) language can be derived from, among other things, the Startup in Residence¹ programmes. Examples of these programmes can be found in several Member States.

¹ <https://startupinresidence.com/>



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