

«The Strategic Use of Innovation Procurement in the Digital Economy»

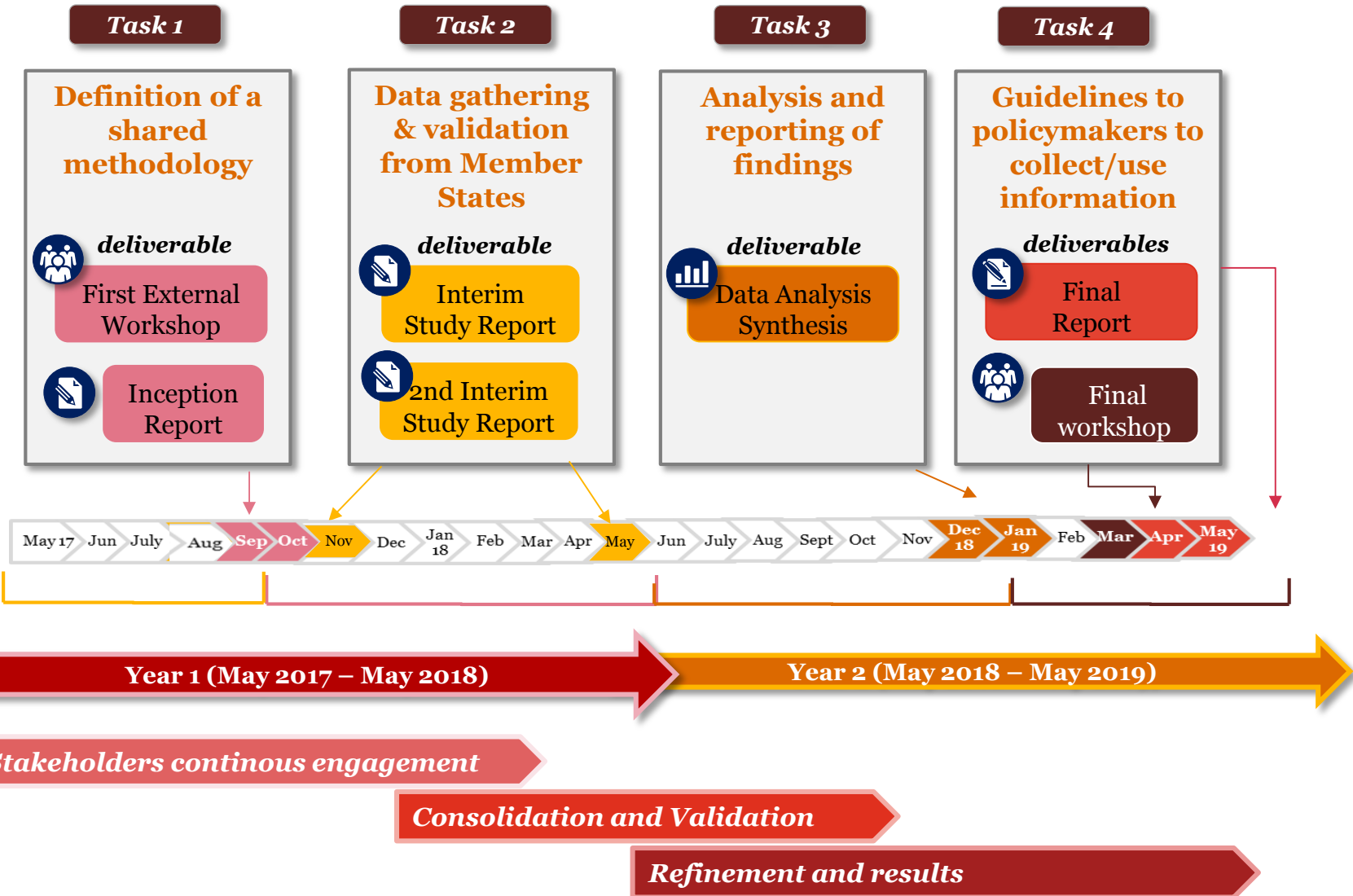
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The Study Overview



What is innovation procurement

Innovation for policy benchmarking

For benchmarking the national policy frameworks on innovation procurement, innovation means *‘the implementation of a new or significantly improved product, service or process, including but not limited to production, building or construction processes, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations inter alia with the purpose of helping to solve societal challenges or to support the Europe 2020 strategy for smart, sustainable and inclusive growth’*. **EU DIRECTIVE 2014/24 (ex art 1.22)**



Benchmarking of innovation procurement policy frameworks

we will refer to the above definition which includes both public procurements that **procure R&D** (including but not limited to PCPs), public procurements that **procure innovative solutions (PPIs)** and public procurements that procure a **combination** of R&D and innovative solutions (e.g. innovation partnership type procurements).



Measuring of expenditure

In the **expenditure dimension** will aim at measuring only the expenditure in **PPI**.

Measuring the expenditure of public procurements of R&D is not performed by this study as this was already covered in a previous study.

Preliminary Measurement Framework for discussion

PURPOSE Monitoring the progress of 30 EU countries on the implementation of a mix of policy measures to mainstream innovation procurement across sectors of public interest and on increasing the expenditure on public procurement of innovative solutions



Benchmarking of innovation procurement **policy frameworks**

- 1 Clear official definition
- 2 Horizontal enabling policies
- 3 Sectorial policies
- 4 Dedicated action plan
- 5 Spending target
- 6 Monitoring system
- 7 Incentives
- 8 Capacity building/training and assistance
- 9 Legal framework



Measuring of **expenditure**

- 1 The total amount of yearly spending in PPI;
- 2 The total amount of yearly PPI spending in percentage of total PP expenditure;
- 3 The amount of yearly PPI spending that is related to ICT based solutions;
- 4 The amount of yearly ICT related PPI spending in percentage of total ICT related public procurement spending;

Countries Performance

Benchmarking of national policy frameworks – Ind. 1

Indicator

1) Official definition of Innovation Procurement, R&D procurement (*incl. PCP and PPI*)

Assessment

- (1) no definition exists **0%**
- (2) yes, a definition exists, but it is not country wide applicable (e.g. only applicable to procurers at regional level) and it is also not coherent with the EC definition **25%**
- (3) yes, a definition exists, it is country wide applicable (i.e. applicable to all public procurers in the country) but it is not coherent with the EC definition **50%**
- (4) yes, a definition exists, it is coherent with the EC definition but it is not country wide applicable **75%**
- (5) yes, a definition exists, it is country wide applicable and it is coherent with the EC definition **100%**

Overview possible scores for 'definition' sub-indicators	(1)	(2)	(3)	(4)	(5)
I. Innovation Procurement definition	0%	25%	50%	75%	100%
II. R&D procurement definition	0%	25%	50%	75%	100%
III. PCP definition	0%	25%	50%	75%	100%
IV. PPI definition	0%	25%	50%	75%	100%

*Data Source: National reports and National experts

Benchmarking innovation procurement policy frameworks

The aggregation strategy

The **total score** of each indicator is calculated as the **average of the scores** on each of the sub-indicators:

EXAMPLE

*the indicator **definition** has four sub-indicators:*

- I. Innovation Procurement definition
- II. R&D procurement definition
- III. PCP definition
- IV. PPI definition



These may be divided in five scores (0%; 25%; 50% 75%; 100%) according to the existence of a definition (0%) and to what extent it *is country wide applicable and coherent with the EC definition (100%)*

The **final total score** is given by the average score of each subindicator, as:

$$(25\%+50\%+50\%+75) / 4 = 50\%$$

Benchmarking innovation procurement policy frameworks

The aggregation strategy

Finally, the overall benchmarking of the innovation policy frameworks may be conducted by using a **weighted indicator** that we call

Innovation procurement policy framework Index

EXAMPLE

We report the formula (1) of the **final Index** for a specific country 'C' in a given year 't':

(1) Innovation Procurement policy framework index $_{ct}$ =

$$\frac{\begin{aligned} & \textit{Definition}_{ct} + \textit{horizontal policies}_{ct} + \textit{sectorial} \\ & \textit{policies}_{ct} + \textit{action plan}_{ct} + \textit{target}_{ct} + \textit{monitoring} \\ & \textit{system}_{ct} + \textit{incentives}_{ct} + \textit{capacity building and} \\ & \textit{assistance}_{ct} + \textit{innovation friendly legal} \\ & \textit{framework}_{ct} \end{aligned}}{\quad}$$

9

Benchmarking of national policy frameworks – Ind. 2

Indicator

2) Innovation Procurement As a priority in strategic horizontal enabling policies that define the surrounding ecosystem mainstreaming innovation procurement

Sub indicator

I. R&D policy	Does the R&D policy embed with strategic importance - in addition to the classical supply side R&D policy - also a demand side R&D policy, which actively encourages public procurement of R&D, including PCP?
II. Innovation policy	Does the R&D policy embed with strategic importance - in addition to the classical supply side R&D policy - also a demand side R&D policy, which actively encourages public procurement of R&D, including PCP?
III. Public procurement policy	Does the public procurement policy explicitly recognize the strategic importance of innovation procurement to improve the quality and efficiency of public services, and actively encourage public procurers to implement R&D procurements (including PCP) and public procurement of innovative solutions?
IV. Competition policy	Is there a specific strategy for innovation procurement defined in the competition policy to ensure a transparent, non-discriminatory level playing field for all economic operators on the market?
V. ICT policy	As ICT is a catalyzer for public sector modernization across all areas of public interest in today's digital economy, is innovation procurement embedded as a strategic priority in the ICT policy?
VI. Economic policy	Does the economic policy explicitly recognize the strategic importance of innovation procurement for economic growth (to reinforce industrial competitiveness, public sector efficiency, job creation), and actively encourage innovation procurement (e.g. in economic reforms, in export / trade strategy

*Data Source: National reports and National experts

Benchmarking of national policy frameworks – Ind. 2

Indicator

2) Innovation Procurement As a priority in strategic horizontal enabling policies that define the surrounding ecosystem mainstreaming innovation procurement

Sub indicator

VII. Entrepreneurship policy	Does the entrepreneurship policy explicitly recognize the strategic importance of innovation procurement to create business opportunities for entrepreneurs and boost the scaling-up of small companies, and does it actively support entrepreneurs that target public sector customers (e.g. provide training to entrepreneurs/start-ups/SMEs on how to successfully apply for innovation procurements, encourage financial investors to invest in entrepreneurs/start-ups/SMEs involved in innovation procurements)?
VIII. Education policy	Are there strategic measures in the financial policy to facilitate innovation procurement (e.g. tax/VAT incentives for public procurers and companies that are involved in R&D procurements and/or public procurements of innovative solutions)?
IX. Financial policy	: Are there strategic measures in the financial policy to facilitate innovation procurement (e.g. tax/VAT incentives for public procurers and companies that are involved in R&D procurements and/or public procurements of innovative solutions)?
X. Regional / Urban policy	Does the regional/urban policy recognize the strategic importance of innovation procurement for regional/urban development, and does it foresee strategic measures to increase the use of R&D procurement (including PCP) and public procurement of innovative solutions?

*Data Source: National reports and National experts

Benchmarking of national policy frameworks Ind 3

Indicator

3) Innovation Procurement embedded as a strategic priority in policy frameworks and action plans across the different sectors of public sector activity defined in the EU public procurement directives

Sub indicators

I. Healthcare and social services sector

II. Public transport sector

III. General public services, public administration, economic and financial affairs sector

IV. Construction sector

V. Energy sector

VI. Environment sector

VII. Water sector

VIII. Postal sector

IX. Public order, safety, security and defence sector

X. Education, recreation, culture and religion sector

**Data Source: National reports and National experts*

Benchmarking of national policy frameworks

<i>Indicator</i>	<i>Sub indicator</i>
4) Dedicated action plan for innovation procurement	I. Is there a specific action plan for innovation procurement?
	II. Does the action plan commit to concrete actions to be implemented?
	III. Does the action plan define which specific resources (material and budgets) will be used to implement each action?
	IV. Does the action plan clearly define expected results (possibly broken down in final results and intermediate milestones) for each action?
	V. Does the action plan define a clear timeline for implementation of the different actions?
	VI. Does the action plan define concrete actors to implement each action?
	VII. Have the relevant key procurement organisations in the country committed and been mobilised to implement the action plan?
	VIII. Does the action plan define clear, lightweight decision-making structures for innovation procurements that need approval from procurers / policy makers from different levels of government / sectors?
	IX. Does the action plan define concrete measures to pool demand among procurers in the country?
	X. Does the action plan define concrete measures to pool demand with ¹ procurers from other countries?

**Data Source: National reports and National experts*

Benchmarking of national policy frameworks

Indicator

5) Spending target for innovation procurement

6) Monitoring system

Sub indicator

I. Is there a spending target for innovation procurement?

III. Has the spending target been operationalized?

I. Is there a system for measuring innovation procurement expenditure?

II. Is there a system for evaluating the impacts of innovation procurements?

****Data Source: National reports and National experts***

Benchmarking of national policy frameworks

Indicator and Sub-Indicators

7) Financial and other Incentives for innovation procurement

Sub indicators

- I. Are there incentives to reduce the financial risk for public procurers to undertake innovation procurements?
- II. Are synergies exploited between incentives in the country and at EU level to reduce the financial for public procurers to undertake innovation procurements?
- III. Are there personal incentives for public procurers to undertake innovation procurements?

**Data Source: National reports and National experts*

Benchmarking of national policy frameworks

Indicator

8) Capacity building and assistance measures

Indicator

Does the government offer:

- I. Central website on policy rational for innovation procurement?
- II. Central website with good practice examples?
- III. An official implementation handbook/guidelines?
- IV. Training/workshops?
- V. Case specific implementation assistance?
- VI. Template tender documents?
- VII. Case specific assistance to obtain hierarchical support and financial assistance?
- VIII. Pre-approval or coordination of the implementation of innovation procurements?
- IX. Facilitating experience sharing and networking between procurers nationally?
- X. Above type measures via a one-stop-shop / competence center on innovation procurement?

*Data Source: National reports and National experts

Benchmarking of national policy frameworks

Indicator

9) An innovation friendly legal framework

Sub Indicator

9.1) The use of specific techniques to foster innovation in public procurement:

- a) IPR ownership left by default with contractors?
- b) Use of 'open' preliminary market consultations
- c) Use of functional / performance based specifications
- d) Allowance of variance offers
- e) Use of value for money versus lowest price award criteria
- f) Evaluation of offers based on long term instead of only immediate quality/cost benefits

**Data Source: National reports and National experts*

Benchmarking of national policy frameworks

Indicator

9) An innovation friendly legal framework

Sub Indicator

9.2) The overall openness of the national public procurement market, based on existing data from the Single Market Scoreboard:

- a) Competition
- b) Transparency
- c) International procurement

**Data Source: National reports and National experts*

Measuring of expenditure

Measuring of
expenditure



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Quantitative data gathered on the above indicators will be broken down as follows:

- by area of public sector activity and sub sectors
- by type / level of contracting authority / entity (e.g. international, national, regional, local etc.)
- by type of contract (services, supplies, works)
- by type/ radius of publication (e.g. above threshold reported in TED, below threshold reported in national database, not reported in TED or national database)
- by ICT categories: Core ICT, ICT+ (ICT embedded in other products) and Media



How you can contribute to the Study

- ▶ Tell us about national existing methodology and give us feedback on the presented methodology for the study

- ▶ Share data on innovation procurement with us

- ▶ Remain engaged with us throughout the study

- ▶ Need for support by national contact points in charge of promoting the setup of national initiatives in Member States

Study Contacts

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