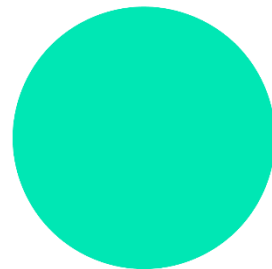



GET PRACTICAL SESSIONS

Commissioning of Innovation Procurement

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Global Partnerships Officer





The Connected Places Catapult
accelerates smarter living and travelling
in and between the places of tomorrow.

We focus on growing businesses with
innovations in mobility services and the
built environment that enable **new**
levels of physical, digital and social
connectedness.



Commissioning of Innovation Procurement

An introduction to the procurement of innovation and an overview of best practice for city commissioners, procurement professionals, and policymakers.

Introduction

By the end of the module, you will:

- Understand what innovative procurement entails, what are the benefits and why it is important
- Have a road map of how to practice innovation procurement; be equipped with a step-by-step process around challenge-based innovation and how to best prepare for it

This module
comprises of
three sections

I

Innovation Benefits and Barriers

2

Challenge-Led Procurement

3

Market Engagement

1. The Benefits of Innovation

- Ensures improved services are delivered while securing better value for money
- The growth of innovative industries
- Increasing supply chain resilience
- Social value impacts such as:
 - Tackling economic inequality
 - Fighting climate change
 - Reducing waste
 - Driving equal opportunity
 - Improving health and wellbeing of citizens

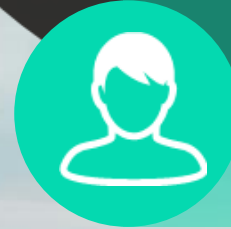
Did you know...

On average public procurement represents approximately 12% of the GDP in OECD countries?

Why is Innovation Important to the Public Sector?

- To continue to serve our communities efficiently and effectively
- Innovative procurement can boost innovative capabilities

Public procurement of innovation is best when it is:



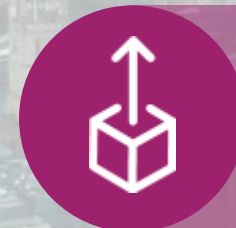
User-Centred



Design-Led



Data-Driven



Open

Reflection

Think About:

- 1) Efficiency and value for money
- 2) Growth of local industries and suppliers
- 3) Resilience of supply chains, for example when unexpected crises emerge
- 4) Social benefits, such as equality of opportunity for citizens, or climate change

Barriers to Innovation

- Difficulty engaging innovators and translating ideas
- Legislation often cited as an inhibitor of good innovative practice
- Close collaboration between commissioners, procurement and legal professionals is required

1

Fear of Change

Requires strong leadership to overcome and recognise the deficiencies of current products, services and practices.

2

Organisational Culture and Risk Perception

Positive engagement and support from senior management is often required to drive innovation procurement.

3

Complexities of Buying and Selling in Public Sector Markets

Reports are available which showcase the range of possibilities open to innovative procurement teams.

Reflection

Think About:

- 1) Understanding user needs
- 2) Organisational culture and appetite for change
- 3) Regulatory or legal issues
- 4) Organisational risk aversion

Innovation Procurement

- Can involve many different approaches
- Commissioners should consider whether user needs can be met through in-house provision
- Where outsourcing is best, there are different methods that can encourage innovation

I

Specification Based Procurement

- Codify and standardise the critical features
- Ensure a baseline level of provision
- Drive cost-efficiency
- Can be restrictive

2

Challenge-Led Procurement

- Can provide a better driver of innovation
- Poses the challenge as an open question
- Solutions are developed and trialled to demonstrate their real-world impact

2. The Challenge-Led Approach



Reducing bias towards existing or well-known products or suppliers



Creation of products and services that better address the needs of users



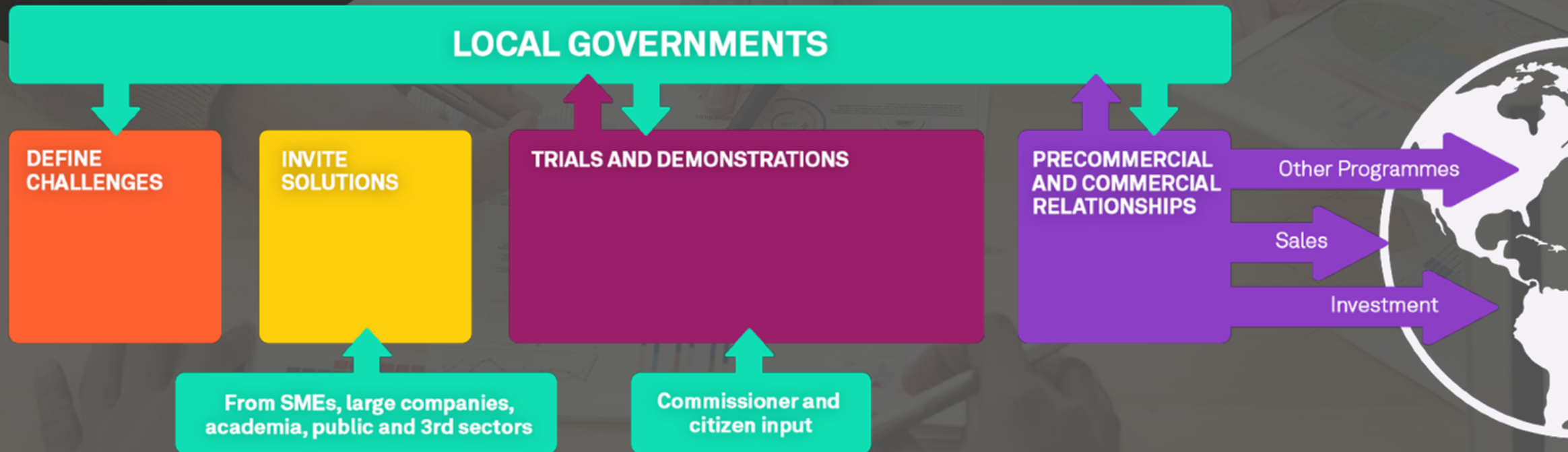
Encourages flexibility with suppliers during the delivery of trials and solutions



Challenges can include impacts on wider social, environmental and economic factors

Can improve collaboration between commissioners, users, and suppliers.

Challenge-led Process



Understanding User Needs



Understand who your users
are and their needs



Identify the problem you are
aiming to solve

Users are the people
expected to use the
product or service

Determining User Needs



Allows testing of any assumptions you made about your users



User research is about finding what people are really trying to achieve

How to **gather** user needs:

1

Interviews or focus groups to discuss how people use a product or service.

2

Observation, where users are watched as they conduct a given task.

3

Analysis of existing data or commissioning of research on a sample of users.

Defining Outcomes



Outcomes = things that matter and should be specific and measurable



Think about your **user needs activities** and what they have identified



Consider the **strategic outcomes** your organisation is looking to deliver

What impact
would you like your
procurement
activity to have?

Reflection: Challenge Statement

At the start of the statement:

- What is the challenge you need addressing?
- Why does this challenge matter?
- Who is currently affected by the lack of provision?
- What are the negative impacts of current practices?

Throughout the statement:

- Avoid using jargon

To end the statement:

- Essential characteristics of solutions to the challenge
- Anything else you would like the solution to provide

3. Market Engagement

- Assess the appetite, capacity and capability
- Respond to the challenge
- Early warning of tenders
- Never used to assess or evaluate suppliers

Do this early helps:

- Shapes planning the next steps
- Refines challenge statement
- Determines the best procurement strategy

Pre-Market Engagement:

1

Checks understanding of what is currently available

2

Creates change throughout the procurement process

3

Influences supplier attitudes

4

Gains an understanding of the maturity of the options on the market

Market Engagement

- Industry days and supplier workshops
- Questionnaires
- Direct approaches to individual market players
- Consulting experts
- Informal engagement with existing client

Pre-market
engagement allows
you to actively seek
supplier views

Choosing the Approach

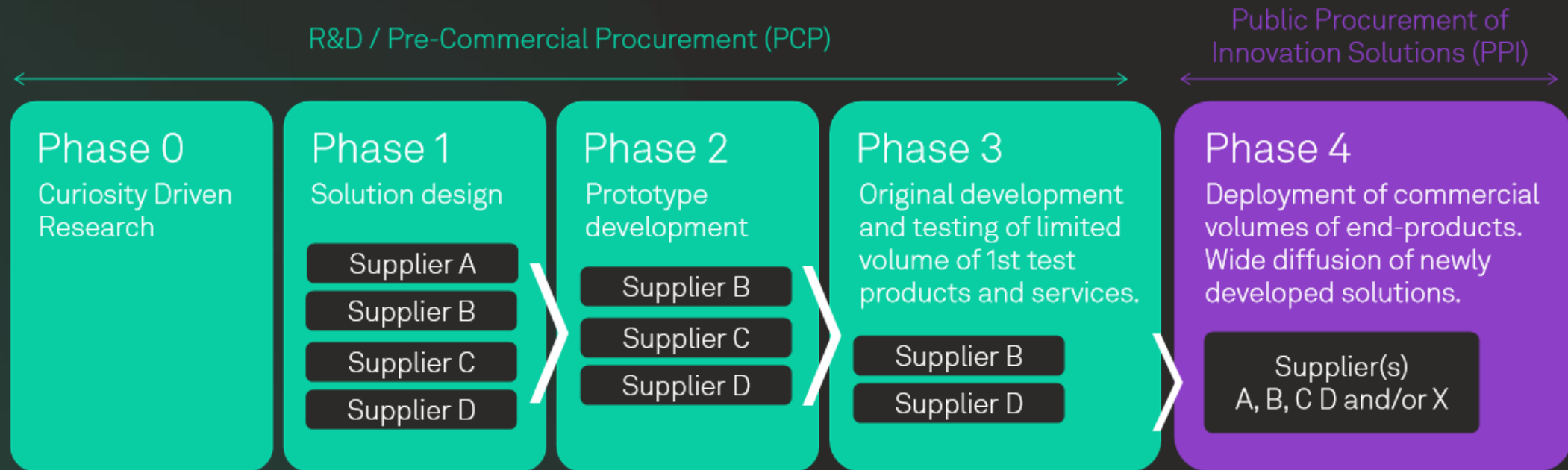
Have you identified one or more potential solutions to your challenge?

Are these solutions established, or do they need further development?

Have you considered what a trial might look like?

What would you like to happen at the end of a trial if it is successful?

Choosing the Approach



[Pre-Commercial Procurement \(PCP\)](#)

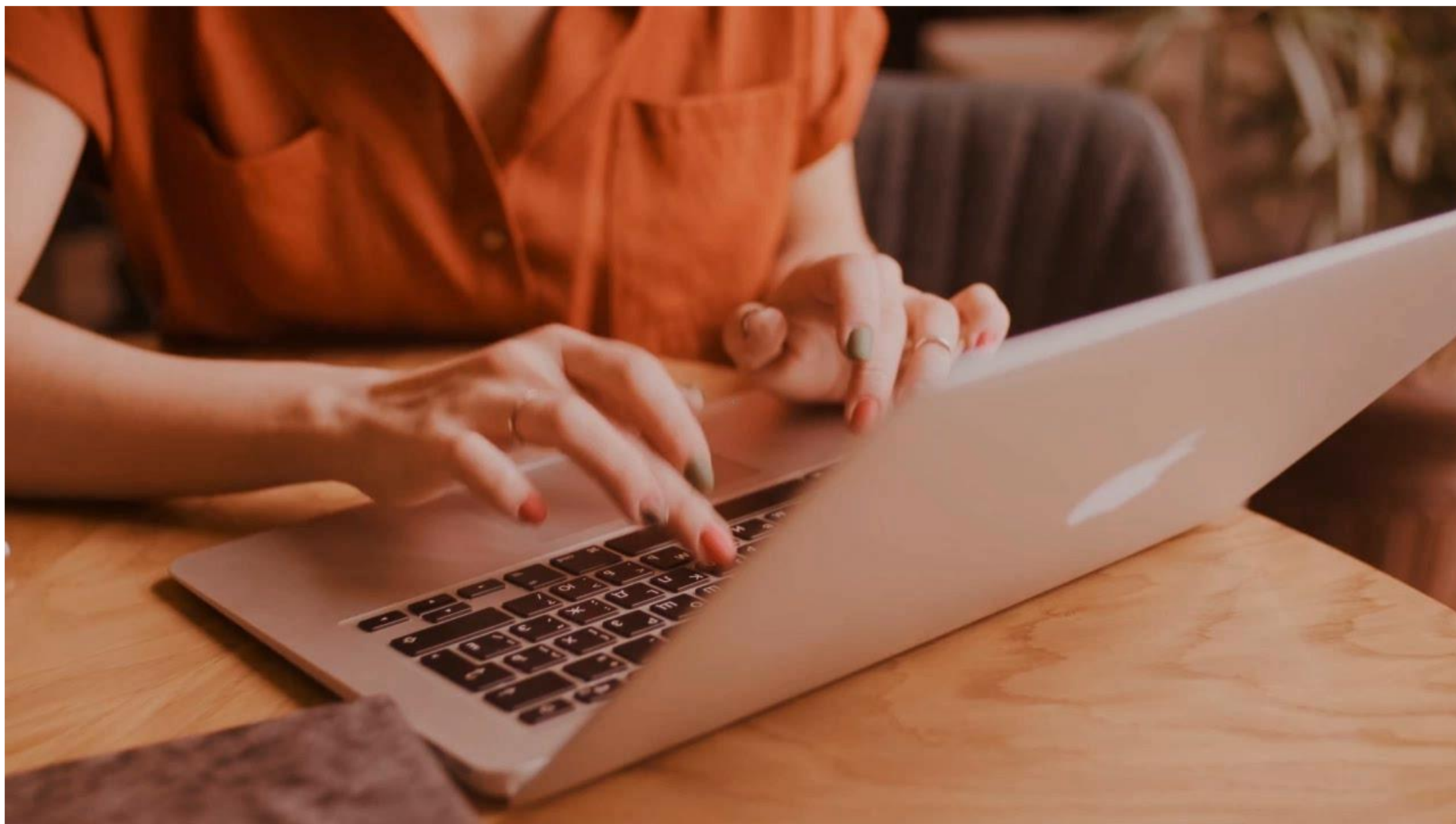
[Public Procurement of Innovation Solutions \(PPI\)](#)



Case Study: Belfast City Council

How innovation
procurement has
been used in Belfast





Thank you for attending!

Further Reading:

- [Brazil, Public Procurement for Innovation, Sharing the UK experience and best practices](#)
- [Belfast, Smart Belfast](#)
- [Amsterdam, Social Innovation Exchange](#)
- [Flanders, Programme for Innovation Procurement](#)
- [PIANOo, the Dutch Public Procurement Expertise Centre](#)
- [EU Innovation Procurement Platform, principles of best practice](#)
- [EU Innovation Procurement Platform, Case Studies](#)

[Take the full course on the Commissioning of Innovation Procurement](#)

[Discover our Challenging Innovation Programme](#)

[Contact CPC's Global Business Growth Team](#)

Thank you

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