



Federal Ministry
for Economic Affairs
and Energy

KOINNO
EU CONTACT POINT
INNOVATIVE PROCUREMENT

Methodologies/Instruments: Pre-commercial procurement (PCP) Public Procurement of Innovative Solutions (PPI)

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New Procurement Concept in the EU

- Solutions for societal challenges
- Development of strategies for the public sectors, like:
 - Health care
 - Climate change
 - Energy consumption
 - Transport
 - Security
 - etc.



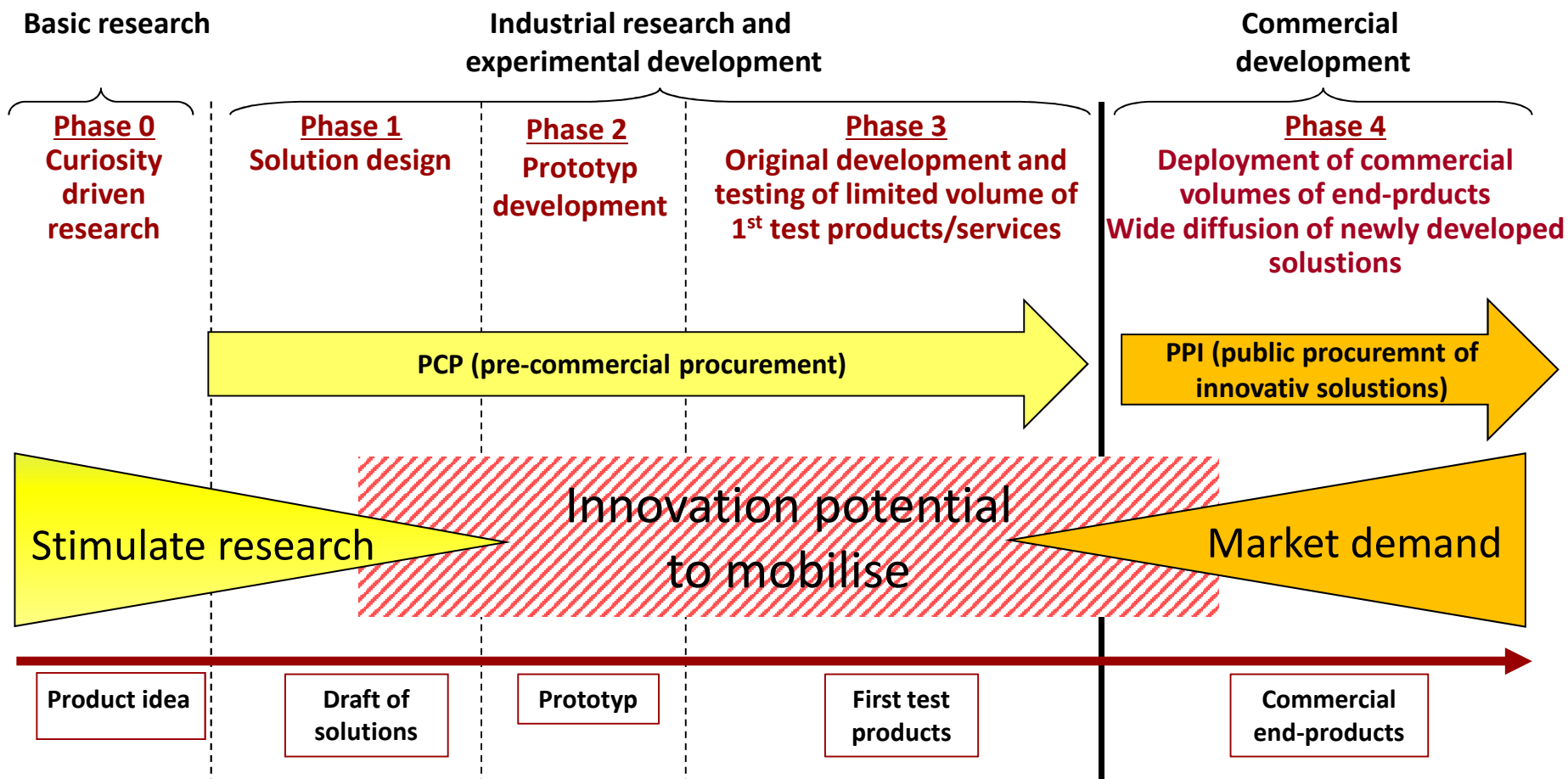
New Procurement Concept in the EU

FP 7 / HORIZON 2020

- Development of a joint EU strategy to foster research and innovation, e.g. by developing strategies in the public sector
- New participation rules for innovative public procurement (Innovation Procurement)
- Introduction of two funding instruments:
 - Pre-commercial procurement (PCP)
 - Public procurement of innovative solutions (PPI)

EU Funding for Public Procurement of Innovation

Stimulation of innovation through public procurement



Typical product innovation cycle

Definition

Pre-commercial Procurement (PCP) and Public Procurement of Innovative Solutions (PPI) are NOT new public procurement procedures. They are approaches to use existing public tendering mechanisms in such a way to optimise innovative outcome (best value for money for procurer) and to create optimal growth opportunities for suppliers.

Definition*

Pre-commercial Procurement (PCP)

- **Open tendering**
- **R&D service** procurement
- **IPR sharing** between supplier (keeps IPR ownership) and procurer (right to use/license)
- **Multiple sourcing** (multiple supplier in parallel)
- **Phases** (FW contract for the PCP and specific contracts/phase)

Exempted from EU public procurement directives, WTO

* Source: Lieve Bos, DG CNECT „PCP and PPI in WP 2018-2020 update (<https://ec.europa.eu/digital-single-market/en/news/calls-eu-funding-opportunities-pre-commercial-procurement-and-public-procurement-innovative>)

Definition*

Public Procurement of Innovative Solutions (PPI)

- Early announcement(via PIN) of the **“intention” to buy** a critical mass of solutions “if” market can deliver solutions matching specific requirements by a set date
- **Conformance testing (optional)** to verify if market can meet needs
- **Tendering:** e.g. open, negotiated procedure, competitive dialogue

Subject to applicable provisions EU public procurement directives, WTO

* Source: Lieve Bos, DG CNECT „PCP and PPI in WP 2018-2020 update (<https://ec.europa.eu/digital-single-market/en/news/calls-eu-funding-opportunities-pre-commercial-procurement-and-public-procurement-innovative>)

Definition of PCP from Project Teams

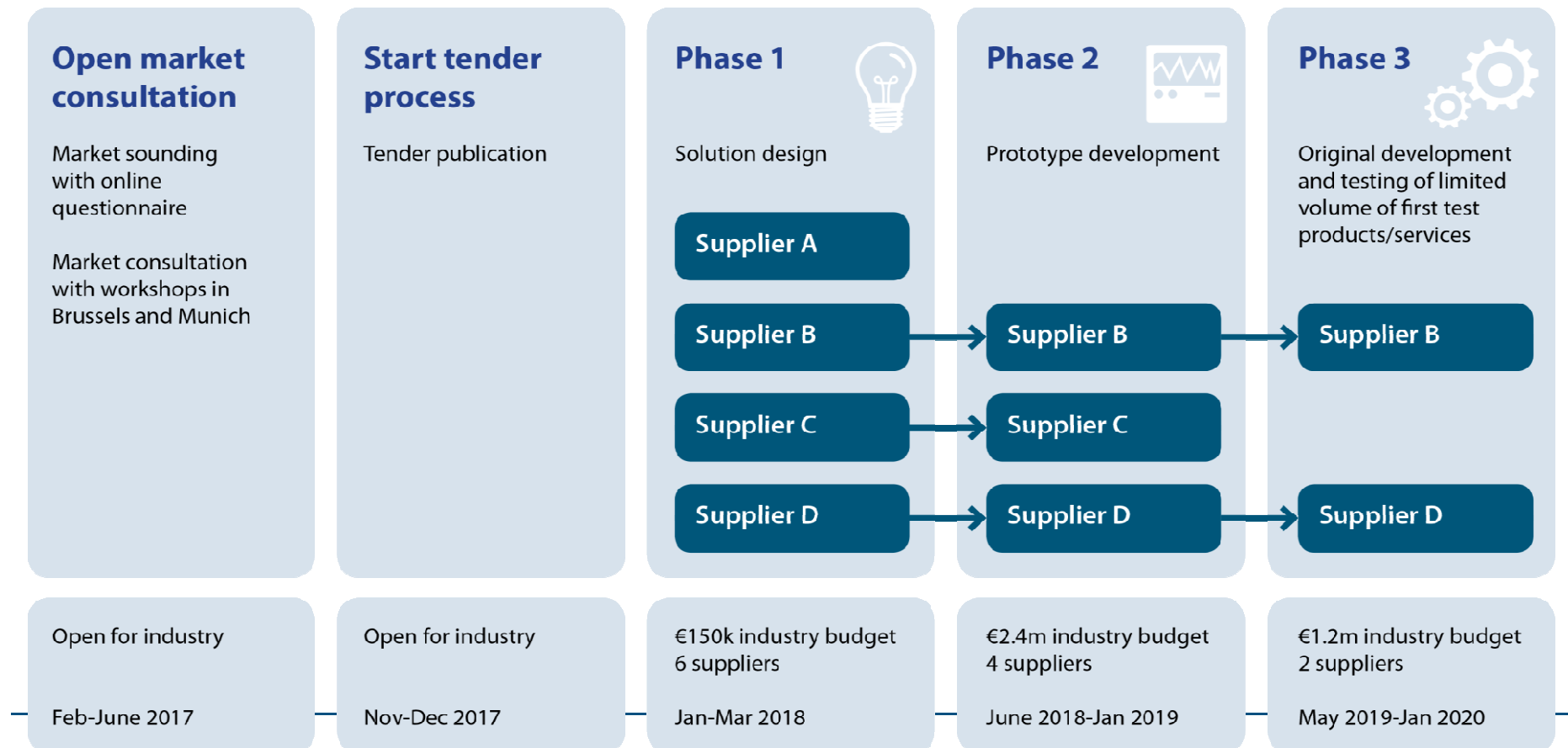


PCP involves different suppliers competing through different phases of development. The risks and benefits are shared between the procurers and the suppliers under market conditions.



PRE-COMMERCIAL PROCUREMENT (PCP) challenges industry from the demand side to develop innovative solutions for public sector needs and it provides a first customer reference that enables companies to create competitive advantage on the market. PCP enables public procurers to compare alternative potential solution approaches and filter out the best possible solutions that the market can deliver to address the public need.

The **PCP process** will start with an extensive preparation (phase zero) and is followed by three development phases:



Funding Rates in Horizon 2020

Pre-commercial Procurement (PCP)

- For the joint public procurement of R&D services the buyer group will get an incentive up to 90% of the costs
- Max. 30% of the EU funding can be calculated for coordination and network activities

Participation rules in HORIZON 2020

- Minimum: 3 independent participants from 3 different MS or AC
- Minimum: 2 public buyer from 2 different MS or AC

In addition, other entities can also participate

- In buyers group: also private/NGO procurers providing services of public interest
- In coordination/networking activities: any private/public type of entity (e.g. experts, end-users, certification bodies that assist procurers) that has no conflict of interest (no potential suppliers of solutions for the PCP/PPI)



Understanding the Roles in the Project by the EC

Lead Procurer :

Procurer in the buyer group who coordinates the PCP/PPI procurement process and leads as coordinator in the sense of 2004/18/EC und 2004/17/EC.

Project Consortia

Buyers Group:

Procurer who obligate oneself to a financial contribution in the PCP/PPI measure. Min. 2 public procurer from to different Member States of associated countries

EU Project



Subcontractors

R&D service provider and supplier of innovative solutions who will be contractor of the lead procurer/the buyer group selected and instructed in the PCP or PPI procurement

Contractor

Definition of PPI from Project Teams

Thalea 2)))

Public procurement of innovative solutions (PPI) shortens the route to market, sets free the potential of early adopters to implement an innovation and enables public procurers to efficiently answer market demands of innovative products.



PUBLIC PROCUREMENT OF INNOVATION (PPI) facilitates wide diffusion of innovative solutions on the market. PPI provides a large enough demand to incentivise industry to invest in wide commercialisation to bring innovative solutions to the market with the quality and price needed for mass market deployment. This enables the public sector to modernize public services with better value for money solutions and provides growth opportunities for companies.



STEP 1: Mapping of Stakeholders & Market Survey	STEP 2: Market Analysis	STEP 3: Joint Procurement
<ul style="list-style-type: none"> • Studies: <ul style="list-style-type: none"> • Innovative SMEs • Main procurer • Public grants for SMEs • Deployment of HAPPY webplatform • Infodays (London, Paris, Turin, ...) • Registration of supplier and procurer on webplatform 	<ul style="list-style-type: none"> • Sorting out submission forms • Expert Committees and individual interviews • Need assesment and definition of joint specifications 	<ul style="list-style-type: none"> • Call for tender • Tender analysis • Contract execution <p>The call for tender brings together 5 potential buyers, possibly joint by other contracting authorities across Europe!</p>
Oct. 2012 – Oct. 2013	Oct. 2013 – Feb. 2014	June 2014 – Dec. 2014

Funding rates in Horizon 2020

Public Procurement of Innovative Solutions (PPI)

- For the joint public procurement of R&D services the buyer group will get an incentive up to 35% of the costs
- Max. 50% of the EU funding can be calculated for coordination and network activities



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Example: PCP Project

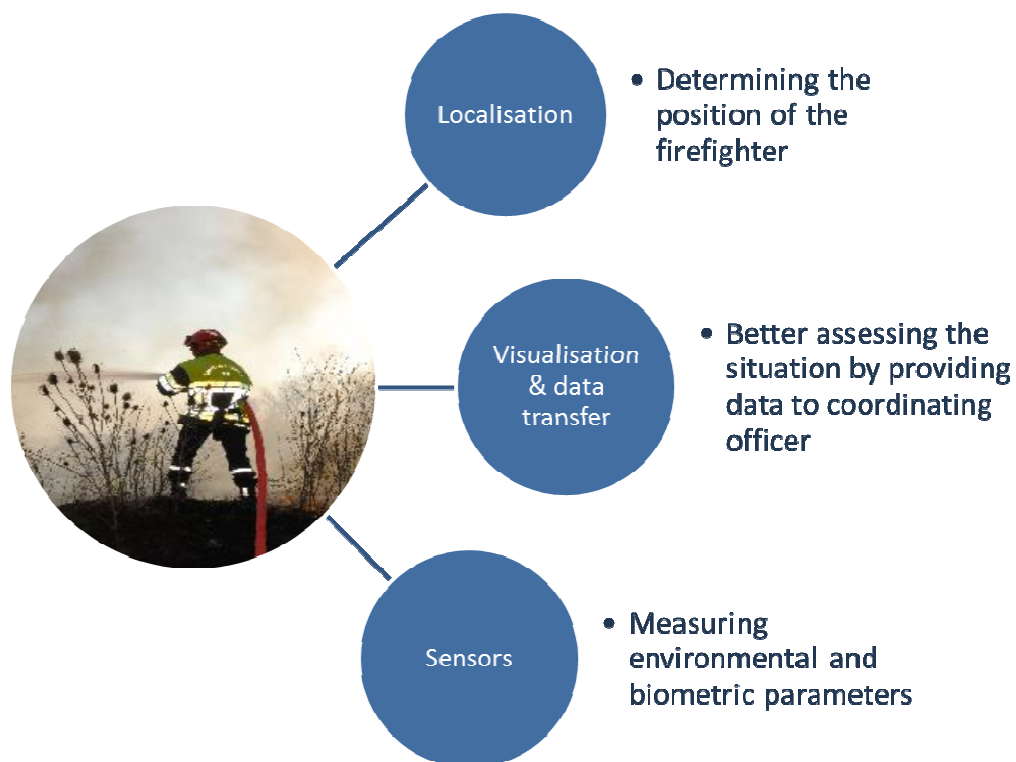


Purpose of the project

- Implications of PCP from a legal, methodological and European perspective (and in terms of innovation support) **(pilot project)**
- To address a very **real need**: increase the safety of fire fighters and first responders by making their protective equipment “smarter”
- ➔ Using a concrete case allowed us to get down to the nitty-gritty of using PCP: what works, and what doesn't?



The Product



Integration in a
smart, durable and
affordable suit

Steps within the PCP process



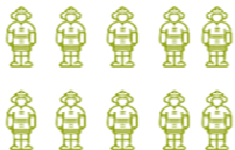
Step 1: Solution Design

- Detailed Solution Design
- Report



Step 2: Development and demonstration prototype

- Functional specification of prototype
- Prototype demonstration
- Report



Step 3: First Batch & Field Testing

- First batch of 10 products
- Functional specification of prototype
- Description of commercialisation approach
- Report



Result:

GoodPRO®
good protection

vochoc®

Parts of smart system

smart PRO suit
with both integrated and removable sensors, with active light system and integrated antenna and alarm

various sensors and red acoustic alarm
detect temperature, humidity and toxic gases attached to various parts of a suit

suit control unit – SCU
ensures communication, control and assessment inserted inside of the suit

HR monitor belt
HR belt monitors the heart rate of a firefighter compatible with smart system

commander control unit – CCU
provides the intervention coordinating officer with the latest data ensures control

DUNE localization system
easy installable on different types of boots equipped with motion sensors enables localization also inside of the buildings where GPS signal is missing compatible with smart system

smart glove
with integrated sensors to measure the temperature compatible with smart system

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