

# *Innovation Procurement ...WHAT?*

**Innovation Procurements: benefit and opportunities  
for citizens, enterprises and public authorities.  
The experience of PROMINENTMED Project**

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# Workshop structure

- Participant presentation
- Objective of the workshop
- Main topic presentation
- Open Discussion
- Conclusion

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# What do we mean by innovation procurement?

Undertaking the procurement process **in a way** that:

- stimulates the supply chain to invest in developing better and more innovative goods and services to meet the **unmet needs**
- unlocks or exploits the creativity and innovation potential of suppliers to deliver better outcomes, cost effectively

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This means **changing** the way to think about and undertake procurement - changing the way we do things.

# WHEN

Challenge requires solution which is almost on the market or already on the market in small quantity but not meeting public sector requirements for large scale deployment yet.

No R&D involved (R&D already done, or no R&D needed to solve problem)





# WHAT

Public sector acts as launching customer / early adopter / first buyer for innovative products and services that are newly arriving on the market (not widely commercially available yet)



# HOW

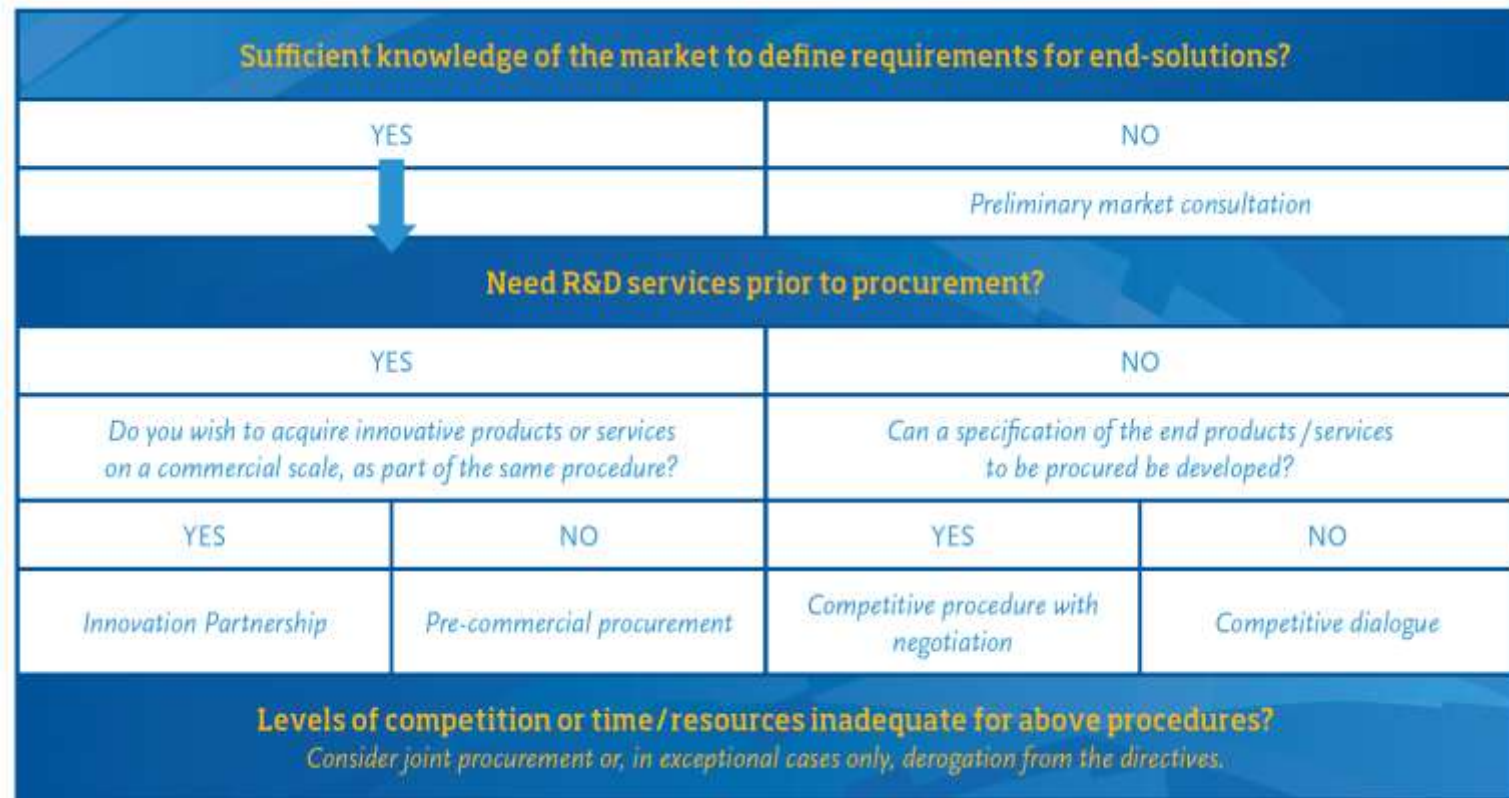
Public sector acts as facilitator establishing a buyers group with critical mass that triggers industry to scale up its production chain to bring products on the market with desired quality / price ratio within a specific time.



After potentially a test and/or certification, the buyers group purchases a significant volume of products.

# CHOISE OF PROCEDURE

5



# An innovation procurement process needs three things.....

1. Customers need an **accurate** understanding of their unmet and future needs

2. Customers need to communicate this early in an accurate & convincing way to suppliers

3. Suppliers need an opportunity to offer new solutions on an equal playing field

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1.  
Identification

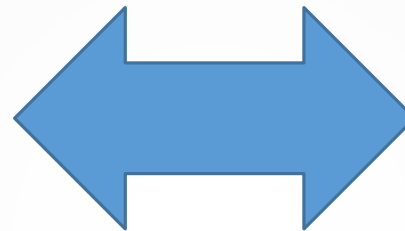
2. Market  
engagement

3. Pro-  
innovation  
procurement



# The buyer supplier paradox

If there was a viable  
and affordable  
solution to my  
problem we would  
buy it



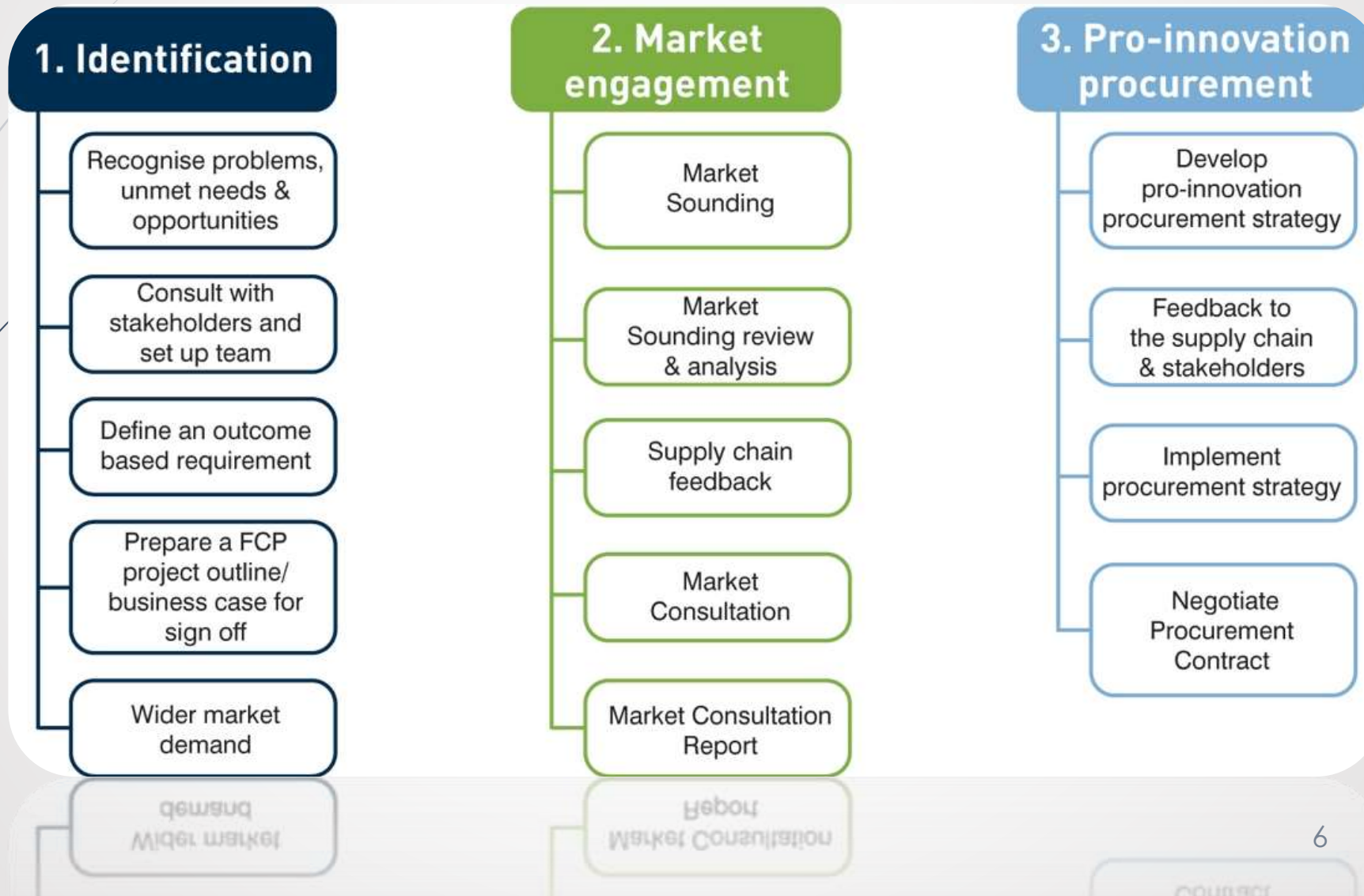
**Market  
engagement**

If there was a  
demand we would  
invest to supply  
solutions

**Customer ...**

**Supplier ...**

# The Process



# Prominent MED at a glance



Prominent MED focuses on the use of Public Procurement of Innovation (PPI) to stimulate the adoption of innovative products that can improve the quality of the services for citizens.

PPI in PROMINENT MED is applied to innovative energy efficient solutions and processes for public building energy refurbishment.

# Where





# Which interventions



Kindergarten



School



Historical  
Building



Former  
Factory



# FOCUS 1: Italian Pilot



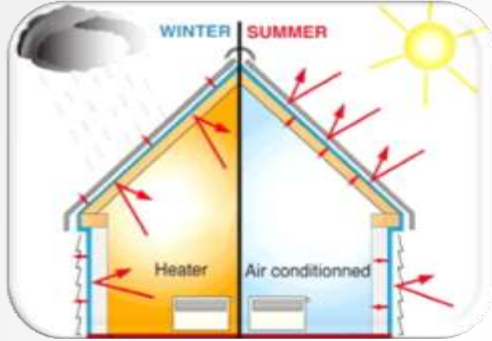
The Kindergarten “Gianni Rodari” located in Narni hosts about 200 people (children, teachers and assistants).

The building is all at ground floor (net floor area 1248.83 m<sup>2</sup>), built with a structure in reinforced concrete

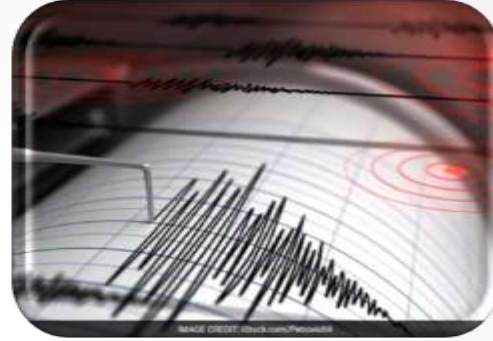
The kindergarten operates 11 months per year and due to the limited thermal insulation the building cannot ensure adequate conditions for the hosted children (6-36 months)



# Needs Analysis Results



**Thermal Insulation**



**Seismic resilience**



**Sensory Learning**



**Acoustic insulation**

# What we are going to do?

STEP ①



## Open Market Consultation

**Why:** in order to discuss with the market possible technical solutions their feasibility, as well as, possible award criteria for the tender i.e. LCA

**How:**

- 1) PIN Publication on TED,
- 2) Web page for informing procurers
- 3) Questionnaire for gathering Mkt input
- 4) Mid term event to verify the first input

**Period:** 60 days

# What we are going to do?

## STEP ②



## Business Case

- **Why:** to support investment decisions before, during and after the project
- **How:**
  - 1) Outline alternatives
  - 2) Define potential cost savings, benefits, etc
  - 3) Better Mkt knowledge
  - 4) Define Technical specifications
  - 5) Identify KPI

**Period:** 30 days



# What next

## STEP ③



### Identification and launching of the tender

The procedure will be selected according with different criteria: tender specification, scale of investments, possible contractors characteristics, etc

## STEP ④

### Contract signing and investment realization

Within October 2019 the offer will be selected and the works assigned and realized.





## FOCUS 2: CROATIAN Pilot



### Why this building?

Near lifetime end; Local authorities want to extend the lifetime by simultaneous improvement of building, processes and services.

Kindergarten (1000 m<sup>2</sup>) –  
PPI pilot by retrofitting of  
35 years old  
prefabricated building



### Why this type of building?

To gain applicable experience in retrofitting of prefabricated buildings

# Needs Analysis Results



Focus groups carried out (employees, parents) → some ideas

- Max 2 months for interventions
- Open interior spaces
- Bring more light inside
- Cost effective and competitive solution
- Scalable and replicable solution
- Incorporate didactical elements in solution
- Architectural and child-care development consulting carried out → improvement proposals in the interior & exterior, innovative recommendations (didactical, child-care)

# What we are going to do?



We use Forward Commitment Procedure (FCP):

- Identify communication channels with suppliers
- Create Outcome Based Requirements
- Create MSP - Market Sounding Prospectus
- Open Market Consultation

Why: in order to discuss with the market possible technical solutions their feasibility, as well as, possible award criteria for the tender i.e. LCA

How: 1) PIN Publication with MSP

2) Web page for informing procurers

3) questionnaire for gathering Mkt input

4) site visits to meet with suppliers and gather ideas

Period: 80 days

# First lessons learnt

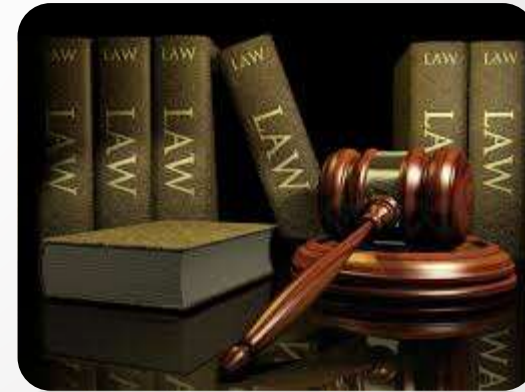


## **Lack of knowledge and technical expertise:**

Small Municipalities have lack of knowledge both in legal and technical matters and need specific support attuned to their needs

## **Uncertain legislative framework**

In particular in Med Countries the complex regulatory framework jeopardizes the possibility to use innovation procurement



# First lessons learnt



## Attract the Market

The small scale of investment implies the weak interest of the market

## Scalability of the solution

Only demonstrating the scalability of the proposed investment the market can be attracted







## DIEGO MATTIOLI PROJECT MANAGER



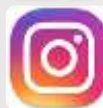
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