



# Innovation Procurement

## Innovation Procurement Workshop for Security Practitioners

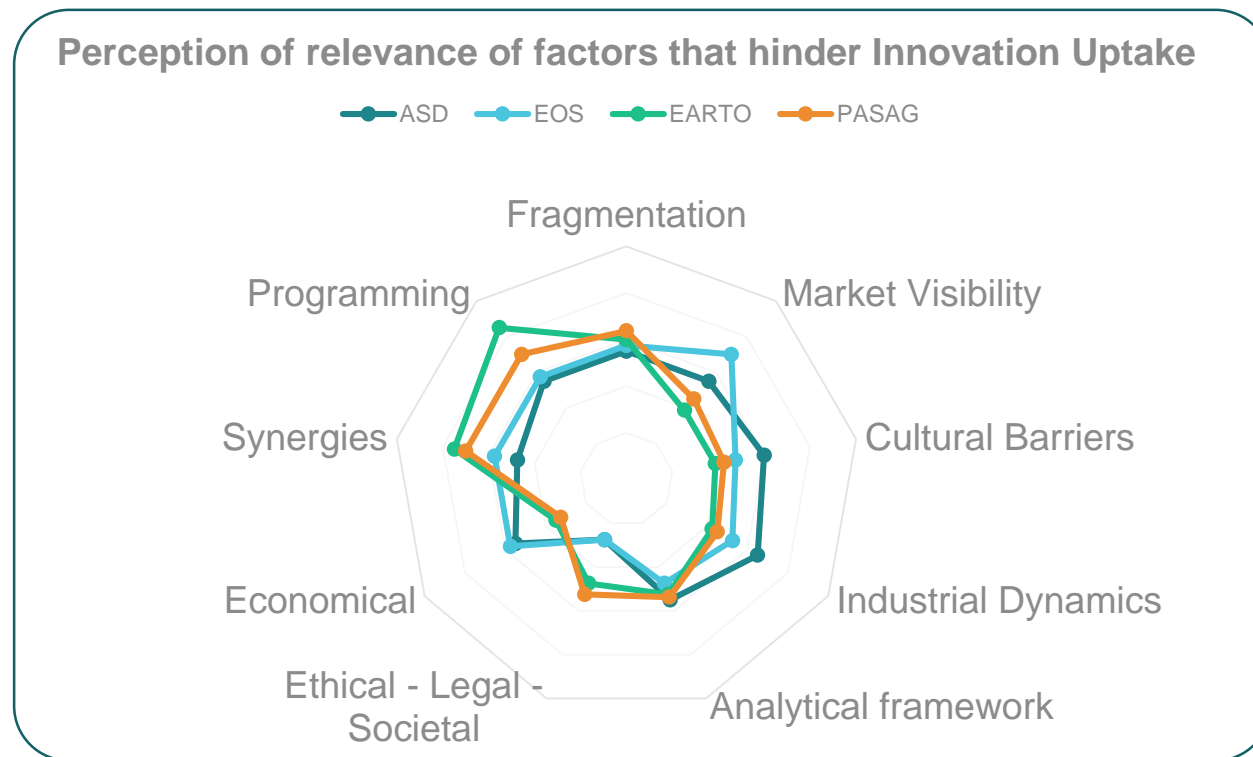
30 March 2021



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*Policy Officer*  
*Innovation and Industry for Security*  
*European Commission – DG HOME*

# A more impactful Security R&I investment

- **EU investment for the development of capabilities in support to Policy priorities**
  - Innovation can be decisive: modernisation / effectiveness / efficiency
  - Uptake of innovation remains a challenge



# Road to Innovation Uptake

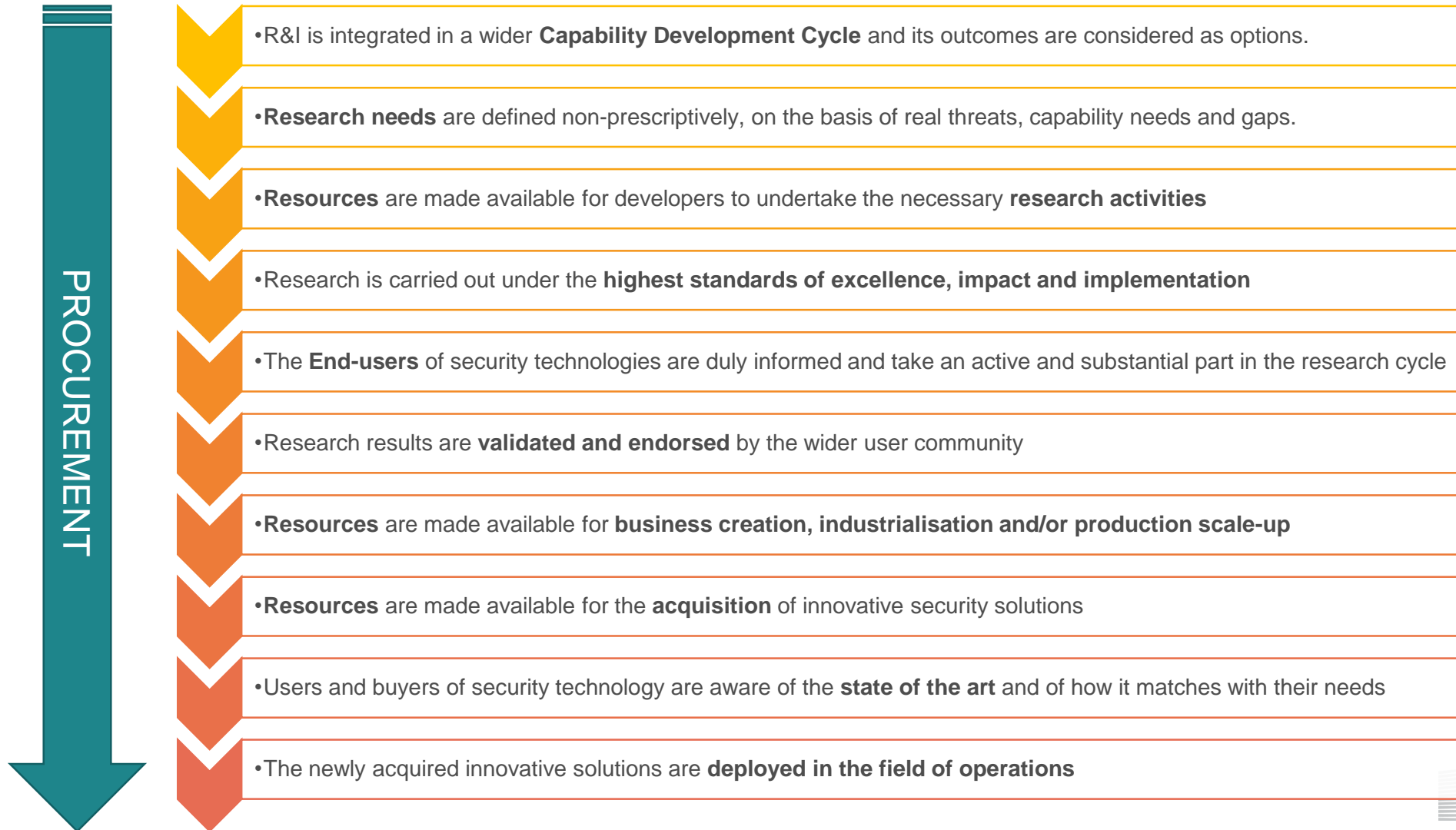


- Users and buyers of security technology are aware of the **state of the art** and of how it matches with their needs



- The newly acquired innovative solutions are **deployed in the field of operations**

# Road to Innovation Uptake



# Innovation procurement: PCP + PPI

EU the public sector spends over **EUR 2 406 billion** on goods, services and works ~ **19.7% of EU GDP**

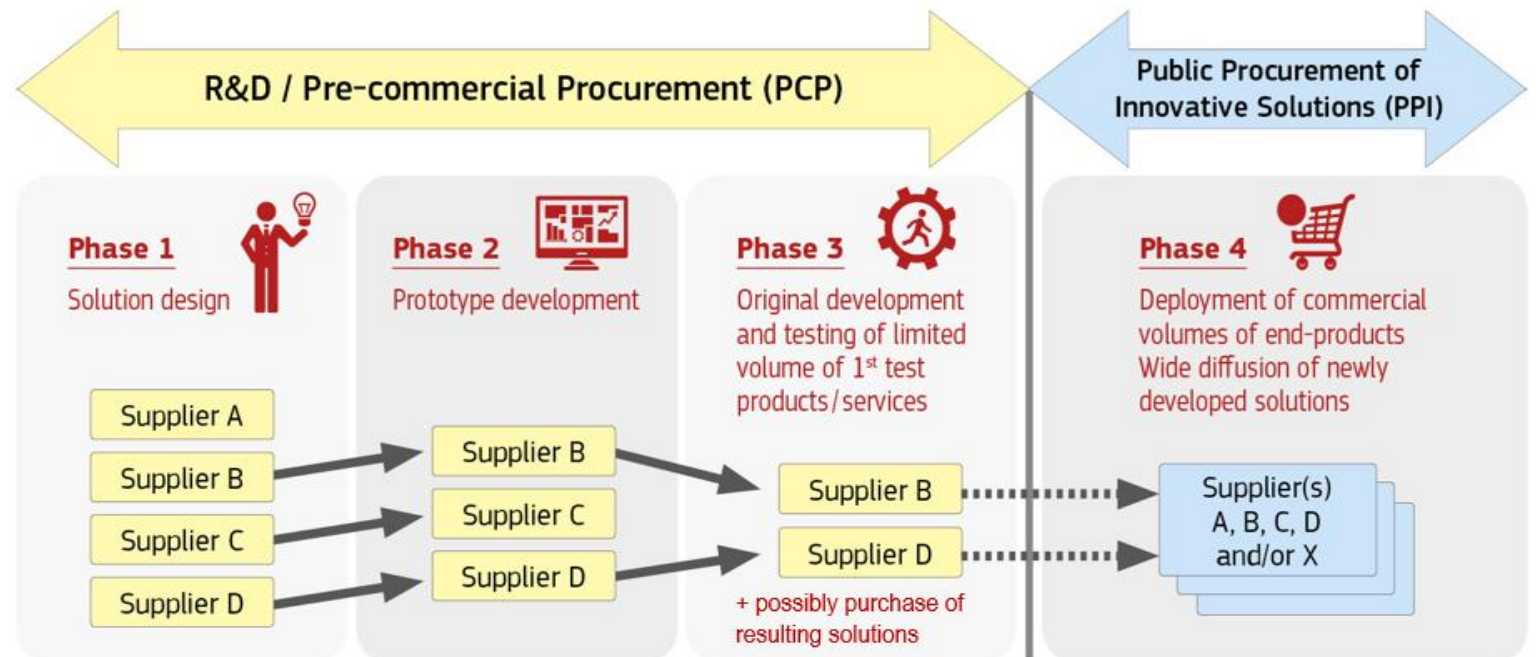
## A powerful instrument:

*"Public procurement is at the centre of recent innovation policy initiatives.*

*Because of its large purchasing power the public sector can pull demand for innovation and can also create a signalling effect as lead user and influence diffusion of innovations more broadly".*

DEMAND-SIDE INNOVATION POLICIES – © OECD 2019

- **PCP** to steer the development of solutions towards concrete public sector needs, whilst comparing/validating alternative solution approaches from various vendors
- **PPI** to act as launching customer / early adopter / first buyer of innovative commercial end-solutions newly arriving on the market



# What's in it for the supply and demand side?

## Suppliers

- **Access to new/small players**
- Shorter Time to market
- Faster company growth
- Economies of scale
- Wider market / cross-border

- New lead markets
- Increase export
- Global competitiveness

## Policy makers

- Implement political priorities
- **Modernize public services**
- Improve innovation ecosystems
- Attract foreign investment
- Create growth and jobs

-First customers

-**Shared risks & benefits**

**Win-win 4 all !!**

- **Cheaper / better products**
- Lower risk of modernization

- **Shape product development to public needs**
- Increase technology knowledge
- Reduce risk in commercial tendering
- **Reduce supplier lock-in** and open up market to smaller players

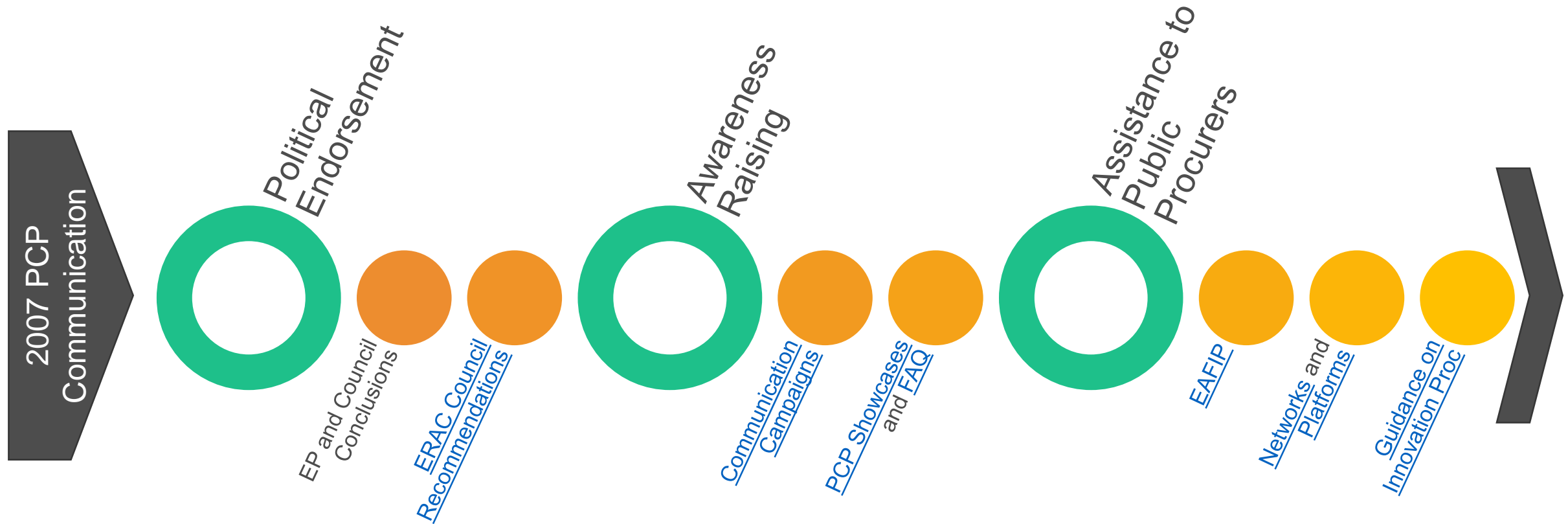
- **Economies of scale**
- Usage / Licensing rights
- 'First time right' product
- **'EU interoperable'**
- Attractive to venture capitalists
- Reduce unforeseen expenditure

**Get the 'Best Product'...**

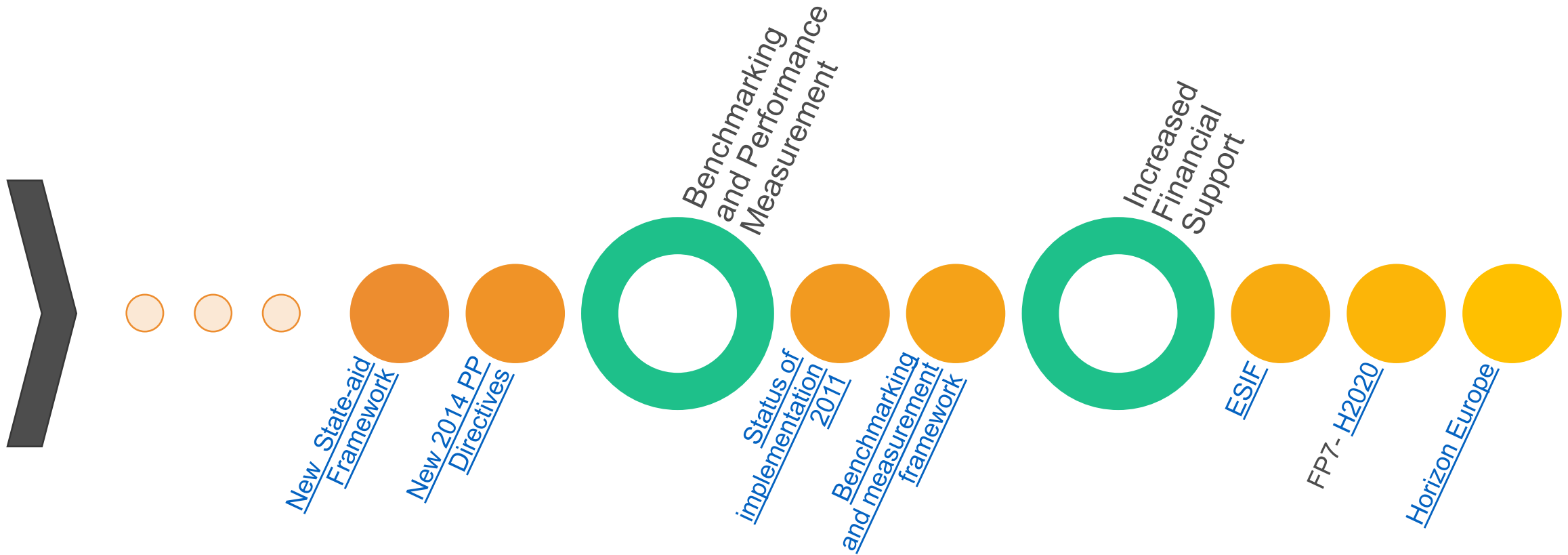
**Procurers**

**... at the 'Lowest Price'**

# Growing impact at European level



# Growing impact at European level





# What are countries/regions doing?

## Political Encouragement

- ☐ Modernising public sector 'a priority'  
Quality-efficiency improvement targets
- ☐ Action plan, target % proc budgets  
to innovation, monitoring framework

## Demand meet Supply

- ☐ Early notification of innovation  
procurement needs
- ☐ Open market consultations  
Meet the buyers events

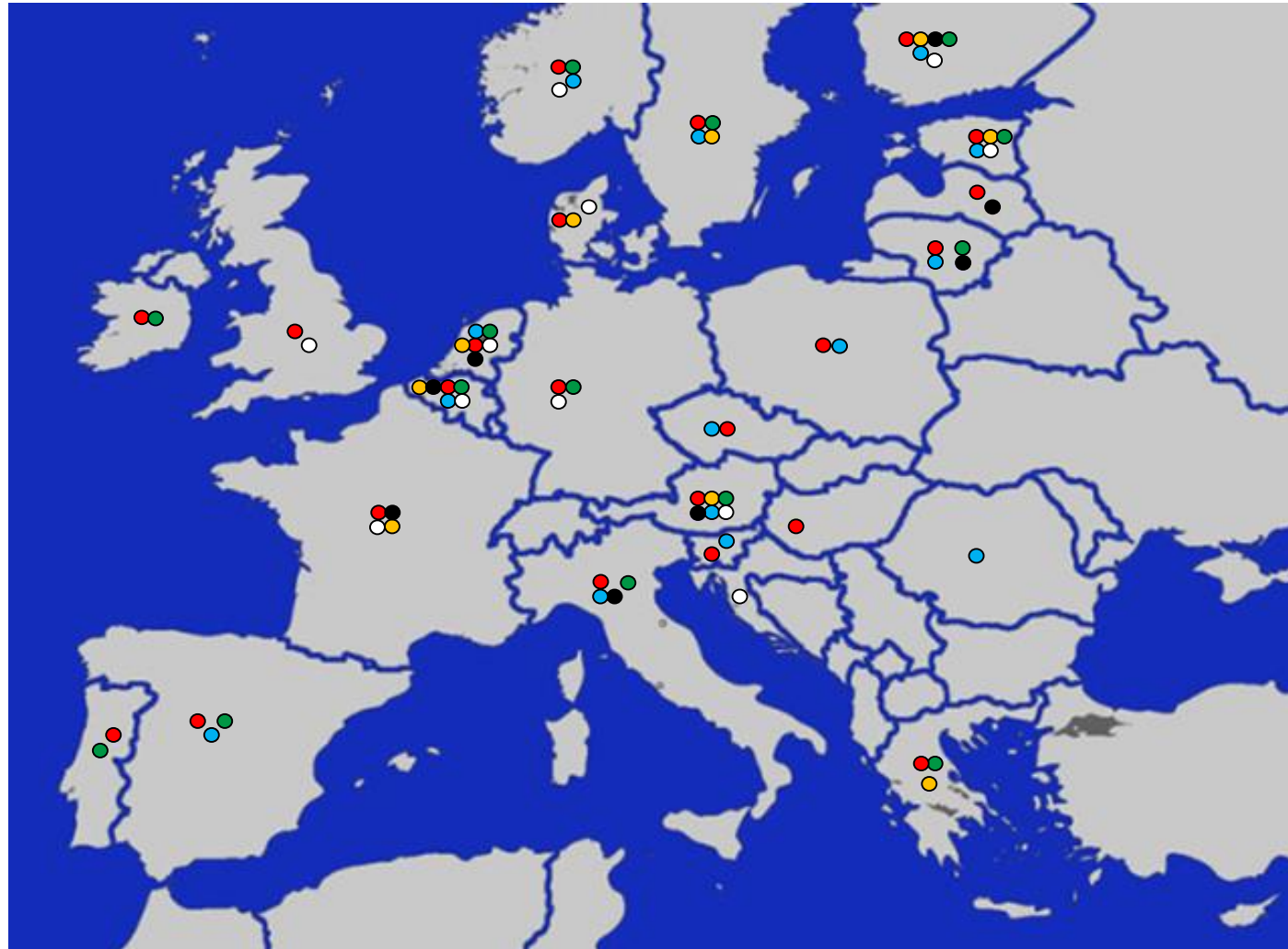
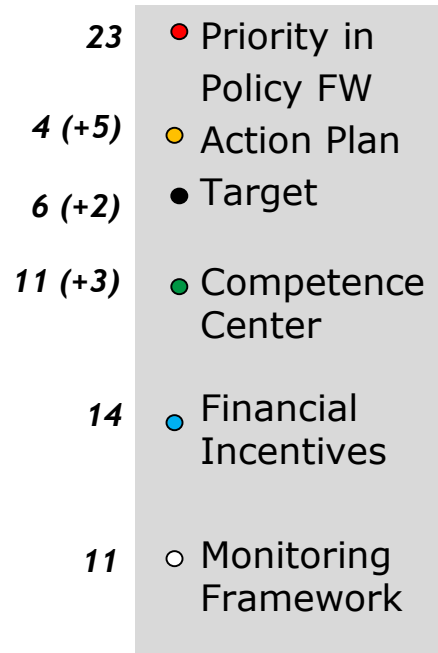
## Implementation

- ☐ Innov. Proc. Competence center  
Training / assisting procurers
- ☐ Innov. Proc. financial support program

## Leverage EU support

- ☐ Horizon 2020, ESIF, EIB loans  
Increased financial support
- ☐ Assistance for innovation procurement

# National innovation procurement policy initiatives



Benchmarking of innovation procurement policy frameworks across 30 countries around Europe:

<https://ec.europa.eu/digital-single-market/en/news/benchmarking-national-innovation-procurement-policy-frameworks-across-europe>

# EU-funded Security PCP projects



# What do we know so far?

- PCP projects contribute to overcoming barriers to innovation uptake in civil security

Perception of relevance of factors that hinder Innovation Uptake



# Assessment of EU-funded PCP projects

- Assessment report available online: [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/industry-for-security/assessment\\_report\\_innovation\\_procurement\\_dg\\_home\\_final.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/industry-for-security/assessment_report_innovation_procurement_dg_home_final.pdf)
- Questionnaire submitted to 5 projects through EU Survey (CLOSEYE, EWISA, EUCISE2020, BROADWAY, SHUTTLE)
- Commission notice Guidance on Innovation Procurement [C\(2018\) 3051](#)
- To offer practical guidance on innovation public procurement. Not legally binding.
  - **Attracting innovators**
    - to measure how the tender for R&D services launched by the projects opened the door to small innovators, in particular high-tech start-ups and innovative SME's
  - **Attracting innovation**
    - to measure how the buyers attracted innovation within the procurement procedure by using innovation friendly tools and procedures

# Assessment of EU-funded PCP projects

## INNOVATORS

- Bureaucratic burden for tenderers
- Selection criteria
- Division into lots
- Use of standards, open data, open interfaces and open source software
- Payment schemes for main contractors
- Payment schemes for subcontractors
- Mobilisation of innovation brokers

## INNOVATION

- How was the need expressed?
- How were the possible solutions to the problem explored?
- How were the tender requirements expressed?
- Did the tender allow variants?
- What was the award criteria?
- How were IPR managed?
- How was contract performance managed?

## TENDER RESULTS

- SMEs acting alone or as lead bidder
- SMEs in consortia with large companies
- SMEs as subcontractors
- Bidders that are not from the country of the lead procurer
- Bidders that are not from a country of any project partner
- Subcontractors that are not from the country of the lead procurer
- Subcontractors that are not from a country of any project partner

## OBSTACLES

- Obstacles and hurdles for the implementation of the project



Blue : Best option  
Orange : Second best option  
Grey : Least good option

# Assessment of EU-funded PCP projects



## Procurement Approach - Innovators

Blue : Best option  
 Orange : Second best option  
 Grey : Least good option

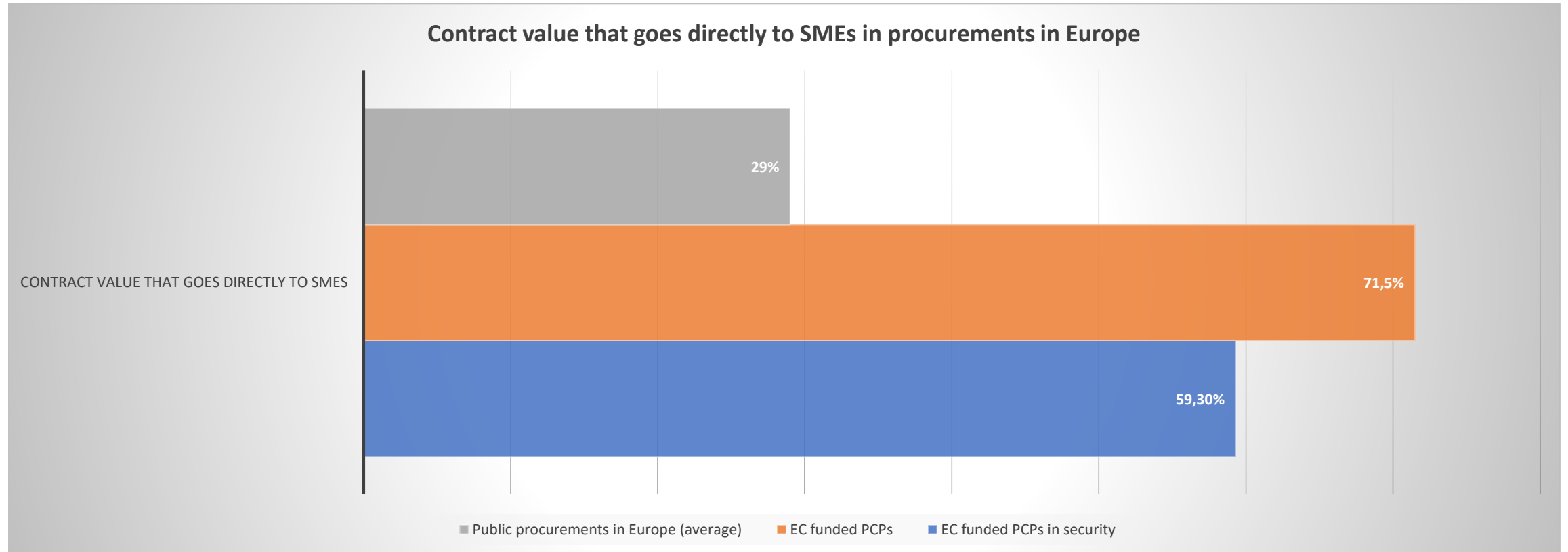
# Assessment of EU-funded PCP projects



## Procurement Approach - Innovation

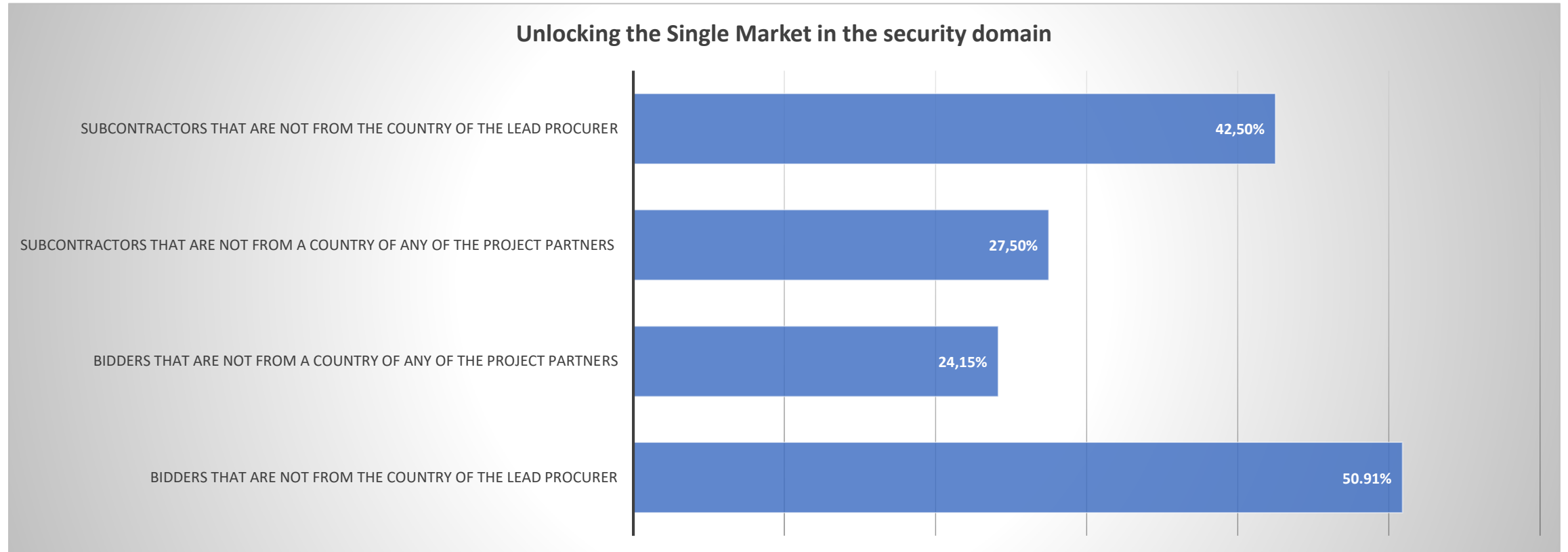


# Assessment of EU-funded PCP projects



*“These projects have an impact in the EU public security market and economy, especially in terms of **enabling access to smaller innovators** (such as SMEs)...”*

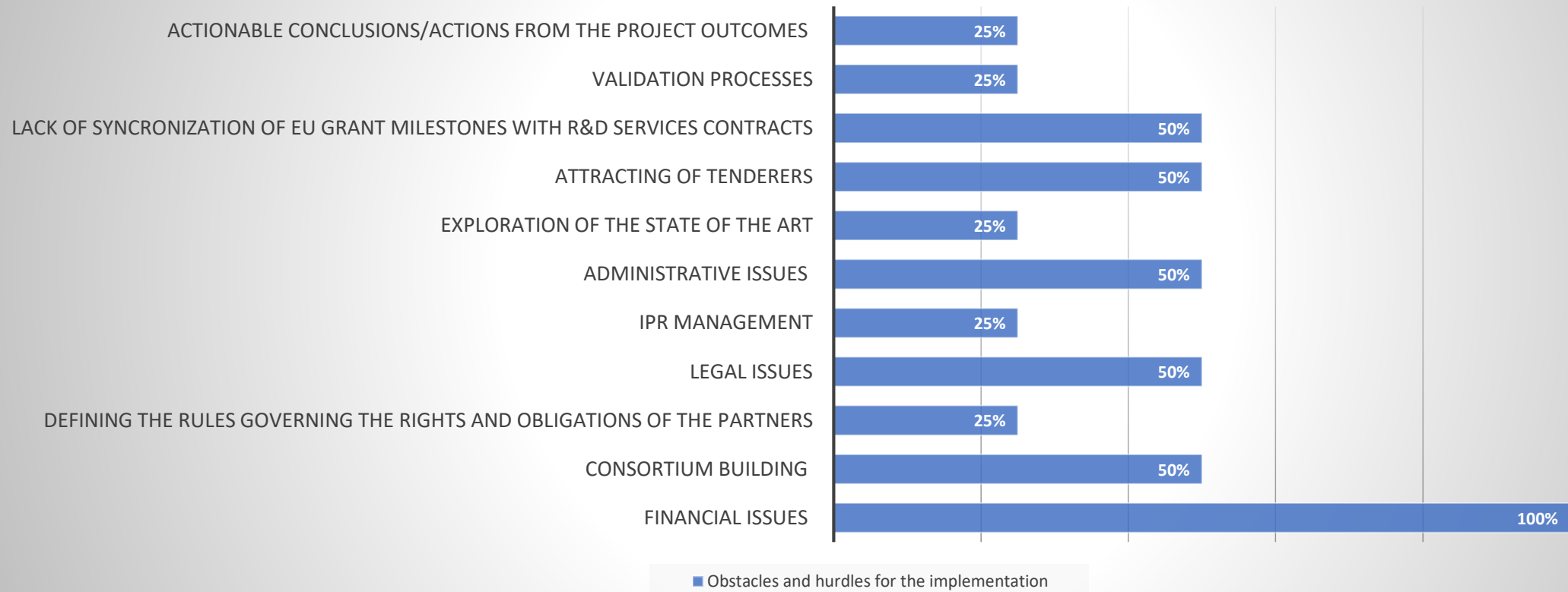
# Assessment of EU-funded PCP projects



“... and of contributing to the unlocking the European Single Market in security.”

# Assessment of EU-funded PCP projects

## Obstacles and hurdles for the implementation



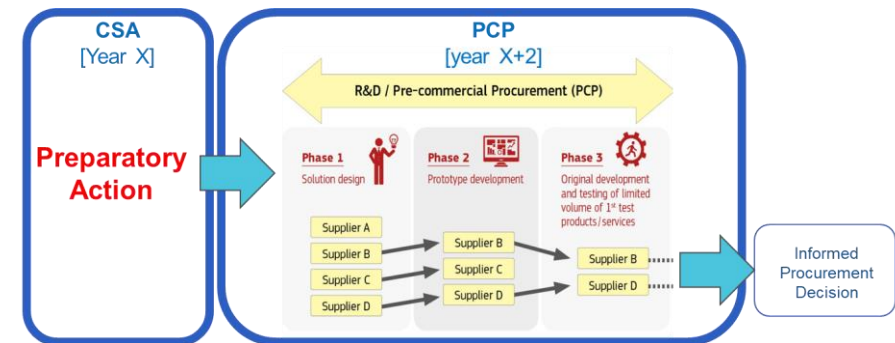
# Way ahead at EU level

- Still few experiences in FP7 & H2020
  - Public procurers not yet aware of the opportunities;
  - The risk perceived is still high;
  - The capacity of public procurers to launch PCP/PPI needs to be further developed;
- There is margin for improvement at EU and Member State level:
  - Sustain an adequate level of funding for Innovation Procurement Actions;
  - Facilitate procurement process;
  - Awareness raising among public buyers and suppliers;
  - Foster the debate and increase the knowledge base;

# Sustain funding and facilitate process

- PCP in future calls
  - 2 steps process: CSA + PCP → Reduced risk and improved credibility by ensuring:

- A structured demand
- A variety of options to address the need
- PCP tender duly planned
- Commitment to pursue the exploitation of results beyond the end of the project



- Clearer indications but not prescriptive – Bottom up PCPs (procurers need to get together, come up with ideas and show commitment)
- General simplifications helping also less experienced procurers: Less red tape, more guidance on practical implementation issues (AGA, template tender docs), simpler IT supported reporting and payment flows

# Rise awareness & identify opportunities

- Networks of practitioners
  - 14 Security Networks → The voice of the practitioners (What?)
    - Find common capability needs and, based on what is already available, the corresponding capability gaps;
    - Express common user/functional requirements for innovative solutions addressing the identified capability gaps;
    - Monitor state of the art technologies as well as research and innovation projects with a view to assessing the technological alternatives that match the requirements and recommending the uptake;
    - Indicate priorities as regards domains requiring more standardization.
  - iProcureNet → The voice of the procurers (How?)
    - Share investment plans;
    - Compare procurement techniques and rules;
    - plan for common procurements of research services as well as of innovative, off-the-shelf products

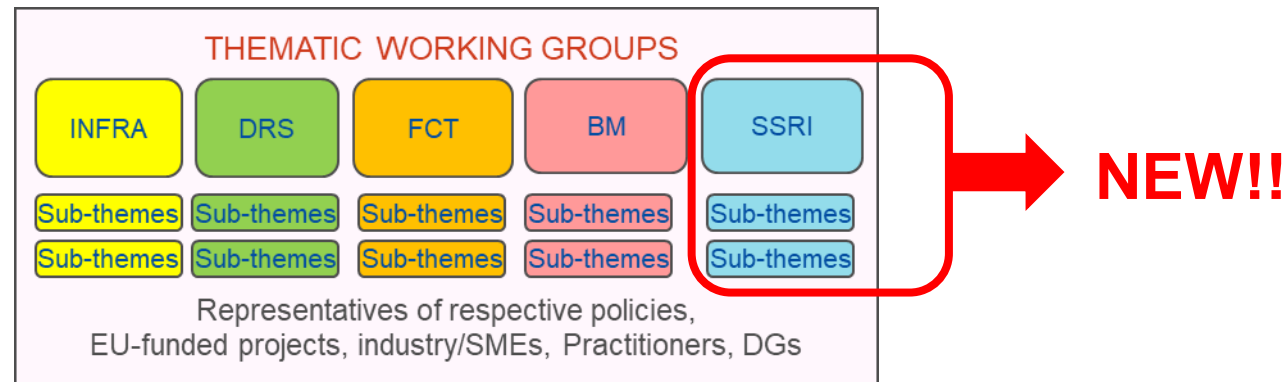
# Foster debate and increase knowledge base

<https://www.securityresearch-cou.eu/>

The screenshot displays the homepage of the SecurityResearch Community of Users (COU). At the top left is the European Commission logo. The main header features the 'SecurityResearch Community of Users' logo and a navigation menu with links: HOME, ABOUT, POLICY THEMES, PROJECT EXPLORER, EVENTS, DOCUMENTS, CONTACT US, and a green 'BECOME A MEMBER' button. The main banner area has a dark background with a cityscape and the text: 'A COMMUNITY OF USERS FOR SECURE, SAFE AND RESILIENT SOCIETIES'. Below this, a smaller text line reads: 'In a world facing growing risks from man-made and natural disasters, the security of citizens, infrastructure, and assets is a high priority for the European Union.' The lower portion of the image shows a collage of four illustrative graphics: 1) A landscape with a burning tree and industrial smokestacks. 2) A hand holding a passport. 3) A network diagram with a central red node being touched by a finger, surrounded by various user icons. 4) A silhouette of a person next to a height chart, with a circular diagram below it containing labels for 'Policy makers', 'Scientists', 'Industry', 'Practitioners', and 'Civil society'.

# Foster debate and increase knowledge base

- CoU evolves into Community of European Research & Innovation for Security (CERIS)



- Improve knowledge base
- Structured dialogue among stakeholders
- Raise awareness
- **Policy feedback!**



# Foster debate and increase knowledge base

- Three SSRI sub-areas

## Industrial matters



- ☐ Characterisation of security market
- ☐ SMEs and Start-ups
- ☐ Strategic autonomy (incl. FDI and other trade instruments)
- ☐ Valorisation of IP
- ☐ Business creation
- ☐ Buyer-supplier relationship

## Catalysts of uptake



- ☒ Innovative Procurement
- ☐ Stds. & Certification
- ☐ Synergies between funds (V/H)

## Cross-cutting R&I



- ☐ Foresight
- ☐ Testing and Validation
- ☐ Technology assessment frameworks
- ☐ ELSE dimension
- ☐ Cross-cutting tech. R&I (e.g. Data, interoperability, AI, etc.)

# Thank you



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