Wragge Lawrence Graham &Co

# Innovative procurement

Christopher Brennan

Wragge Lawrence Graham & Co LLP

#### Wragge Lawrence Graham &Co

## The importance of procuring innovatively

- Public procurement accounts for 20% of EU GDP
- Horizon 2020: importance of innovation
- Economics and demography require innovation
- People are living longer
- Alternatives to hospital care need to be found
- Technology is rapidly evolving
- Not all procurement requires competitive tendering
- New EU law will open up new opportunities



#### How is it possible?

- Pre-commercial research & development
- Pilot projects
- Pre-procurement consultation and industry events
- Sharing the results between purchasers
- Non-exclusivity
- Funding opportunities
- Now\*, the EU's "innovation partnership" procedure
- (\*Available in member states on implementation)



### What are the challenges?

- Fear of the unknown
- General dislike of competitive tender processes
- Not knowing how to unlock the flexibilities of EU rules
- Cost of organising a procurement, and resource needed
- Cost to suppliers (especially SMEs) of bidding
- The time factor



### Addressing the challenges

- November 2013: new EU procurement rules, promoting innovation
- Option of pre-commercial R&D retained
- New procedure: "innovation partnership" "innovate, then buy"
- For use where we need to develop innovative products/services not yet available on the market
- Enables innovative R&D, then purchase, in a single process

### Innovation Partnership procedure



- Identify the need
- Specify the minimum requirements
- One partner or more?
- Perform the qualitative selection
- Identify and follow steps from R&D to purchase
- Procure the partnership: negotiate, improve tenders, agree performance levels and maximum costs. Award criteria: price/quality mix
- Should generate better innovation, faster



www.wragge-law.com