

Procurement of Innovation in the Northern Ostrobothnia Hospital District

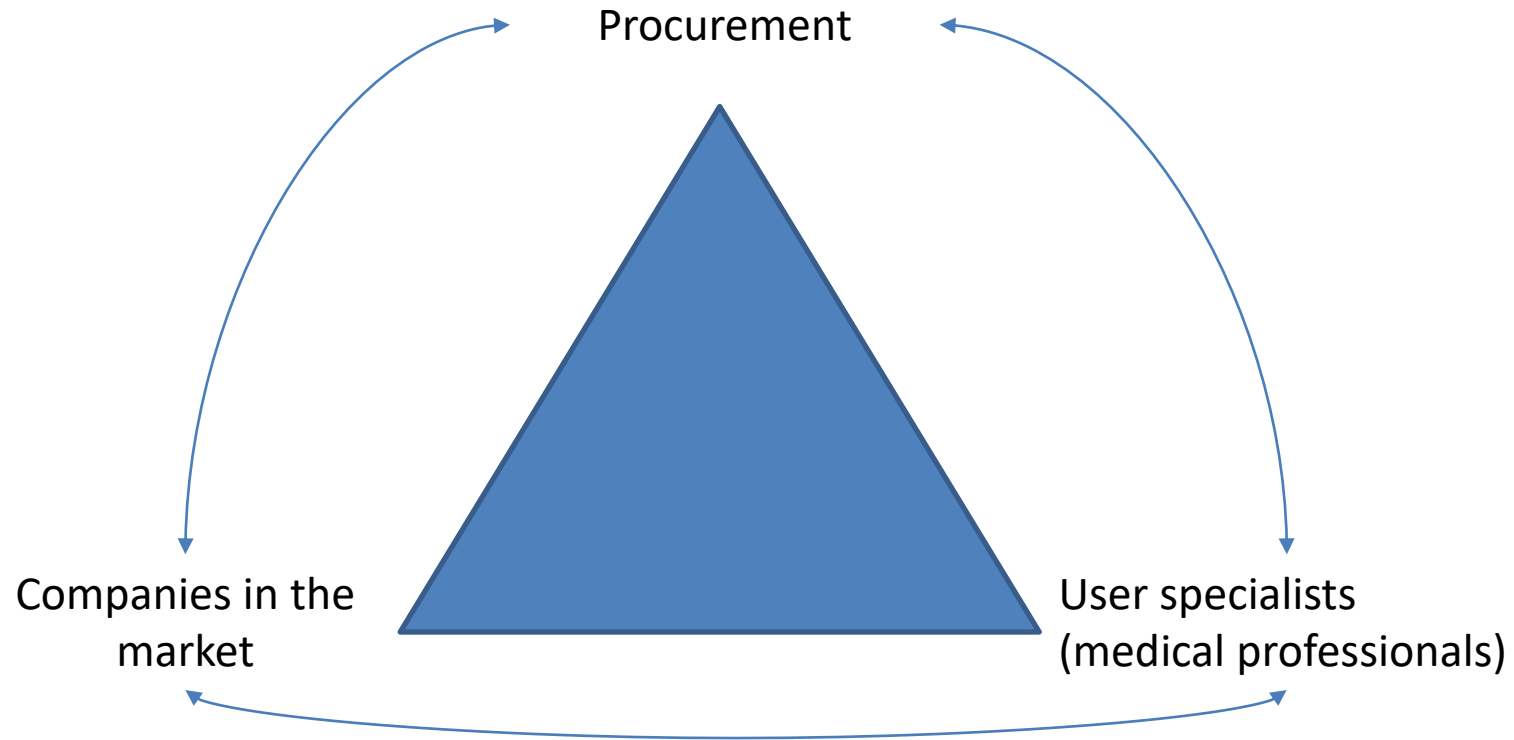
Samuli Kauppinen

samuli.kauppinen@ppshp.fi

Procurement of Innovation?

- Are we overthinking this? Are we making this more difficult and/or scary than it needs to be? 🤔
- Who or what initiates procurement of innovation? external & internal initiative
- Innovative procurement vs. procurement of innovation?
- Claim: Communication is the answer
 - Importance of continuous market dialogue AND internal dialogue
 - No procurement is successful without functioning communication!
 - Often surprisingly difficult for the public sector to accept
 - Triangle of co-operation

Triangle of co-operation in NOHD procurement



How NOHD procures innovation (1/2)

- External initiative: Companies' product development, both brand new and updated
 - Promotion of new products or services, success not guaranteed
 - Usually procured via Open Procedure or Negotiated Procedure without Prior Publication
 - The word 'innovation' is rarely used here. Rather, the innovation often becomes the new standard
- Internal initiative: problems or challenges recognised within the organisation (Oulu University Hospital Testlab, InDemand)
 - Can the problem be solved with existing products or services?
 - Innovative procurement vs. procurement of innovation
 - Does the ultimately procured solution necessarily qualify as an innovation at all?

How NOHD currently procures innovation (2/2)

- External or internal, communication is key
 - Presenting problems, finding solutions, adapting
 - Good dialogue helps to find the proper locker for a given problem...
 - ...one just needs to find the partners to talk to. Existing contacts & calls for information
 - Often the problem is not all that unique or impossible -> ready solutions, minor modifications, simple to tender out
- But what if the solution requires co-creation?

NOHD's new model for procuring co-created innovative solutions (1/3)

- Challenge identified and deemed as worth pursuing, no existing solutions
 - Market dialogue shows promise, potential partners emerge
 - Determination of estimated value important, yet problematic
- Estimated value exceeds EU threshold (214 000 euros) -> Innovative partnership procedure to find the partner and procure the co-created solution
 - Invitation to participate in negotiations; negotiations; final call for tenders; choosing the partner; development and testing; procurement
- Estimated value exceeds the national threshold (60 000 euros) -> self-devised procedure following the process and principles of innovative partnership
 - National procedures less regulated -> allows for more imagination when adapting the process to the subject of procurement
 - Expectation: Most NOHD's innovative co-creation procurement projects fall under this category
- Estimated value remains under the national threshold -> small procurement, should be easier to maneuver. Another self-devised procedure

NOHD's new model for procuring co-created innovative solutions (2/3)

- None of this works without
 - Continuous dialogue
 - Fair and equal treatment of tenderers, transparent communication throughout the process
 - Clear understanding of what is to be procured and what is acceptable...
 - ...Well-documented mandatory requirements and scoring criteria, well-justified decisions during every stage

NOHD's new model for procuring co-created innovative solutions (3/3)

- Future challenges identified for this model
 - Appealing a decision often too... appealing in the Finnish system, procuring organisations do not always convey their message clearly enough
 - Developing a culture of market dialogue for innovation procurement might prove to be challenging
 - The planning stage of innovation procurement is immensely more demanding than with traditional procedures
 - End product rights, IPR, distribution of development costs

We shall see

THANK YOU!

