



Innovation procurement: methodologies, benefits and best practices

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Agenda

- 1. Introduction to Innovation Procurement**
- 2. Pre-Commercial Procurement (PCP)**
- 3. The EAFIP step-by-step methodology**
- 4. Prevent PCP**





1. Introduction to Innovation Procurement





A couple of questions to break the ice!

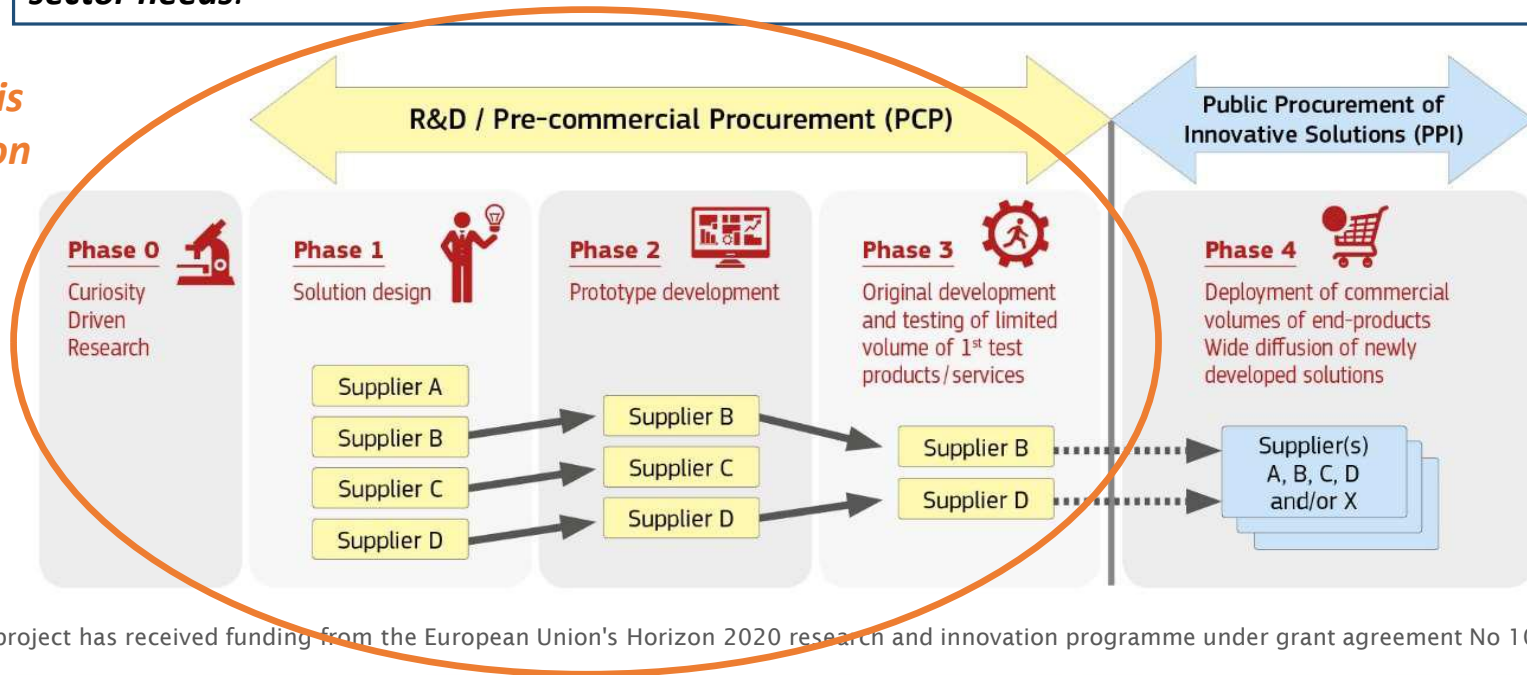
- 1) Are you familiar with the concept of innovation procurement?
- 2) Have you participated in an innovation procurement action?



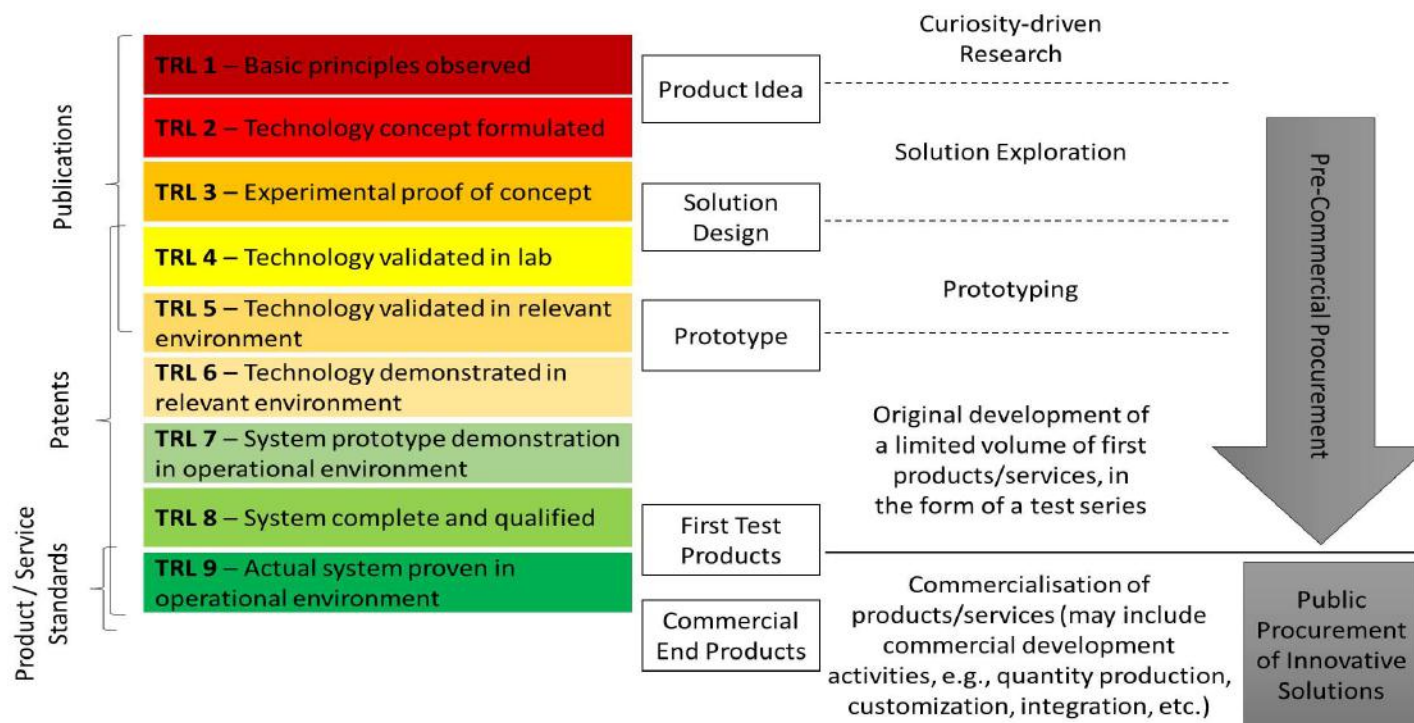
What is Innovation Procurement?

*Innovation Procurement happens when **public buyers** acquire the **development or deployment of pioneering innovative solutions** to address **specific mid-to-long term public sector needs**.*

Focus of this presentation



Technical Readiness Level (TRL)





2. Pre-Commercial Procurement (PCP)



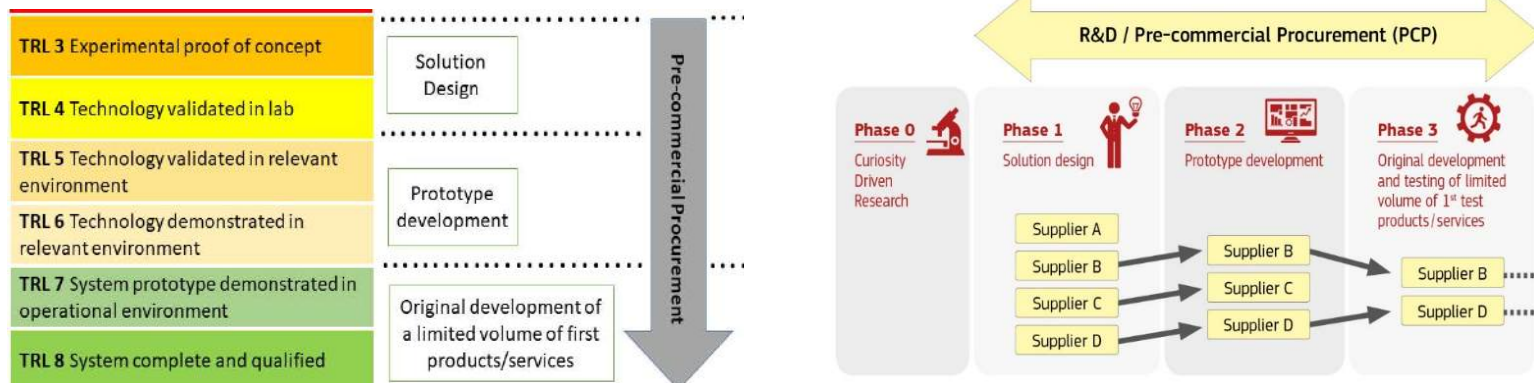
Pre-Commercial Procurement (PCP)

- *R&D is needed to identify an innovative solution* to satisfy public procurers' needs.
- *No solutions exist yet on the market* that meet public procurers' needs and, based on a search conducted by the procurers, it does not seem that such a solution will be available on a short-term notice.



- (1) Improvements are needed but don't require new and significant R&D (only integration, incremental adaptations and improvement, customization...), so authority can act as early adopter of innovative commercial end-solutions newly arriving on the market
- (2) There isn't any solution or the problem is so technologically demanding that a radical and breakthrough new solution and significant R&D is needed.

Pre-Commercial Procurement (PCP)



PCP is a public procurement of Research and Development (**R&D**) **services** characterized by:

- ✓ **competitive** development in **phases**
- ✓ **risk-benefit sharing** under market conditions Public procurer does not pay the full cost of the R&D performed under the contract
- ✓ a clear **separation** between the procurement of the R&D from the deployment of **commercial volumes of end-products**

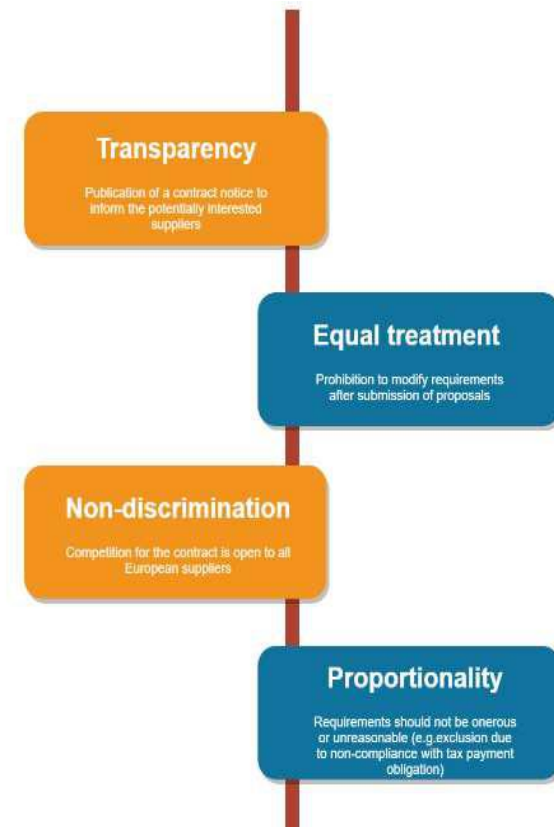
Legal Framework of PCP

- **PCP falls outside the scope of the European Public Procurement Directives**

Article 14 D. 2014/24/EU, Article 32 D. 2014/25/EU and Article 25 D. 2014/23/EU

“this Directive shall only apply to public service contracts for research and development services [...] provided that both of the following conditions are fulfilled: (i) the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs, and (ii) the service provided is wholly remunerated by the contracting authority”.

- The **general principles of the TFEU** are applicable.
- Communication from the Commission, “**Pre-commercial procurement: driving innovation to ensure sustainable high quality public services in Europe**”, COM(2007) 799 final, 14.12.2007
- Commission Staff Working Document, Example of a possible approach for procuring R&D services SEC(2007) 1668
- 2014 Framework for state aid for R&D&I





QUESTION!

1) In your opinion, what are the main benefits of conducting a PCP?





QUESTION!

- 1) In your opinion, what are the main benefits of conducting a PCP?**
- 2) Usually we think about the benefits for the public sector...
But what about the technology vendors / providers?**

Advantages of PCP



1. Improves the quality and/or efficiency of public services.
2. Allows obtaining better quality products at lower price.
3. Reduces risk of failure in follow-up PPI procurements.



1. Accelerates the process of bringing scientific results to market.
2. Shortens time-to-market for innovative products and services
3. Facilitates the access of new innovative players to the market.
4. Stimulates company growth and attract private investment.

1. Better use of public resources.
2. Helps tackling environmental and social challenges.
3. Creates high added-value jobs in Europe and contributes to sustainable economic growth.



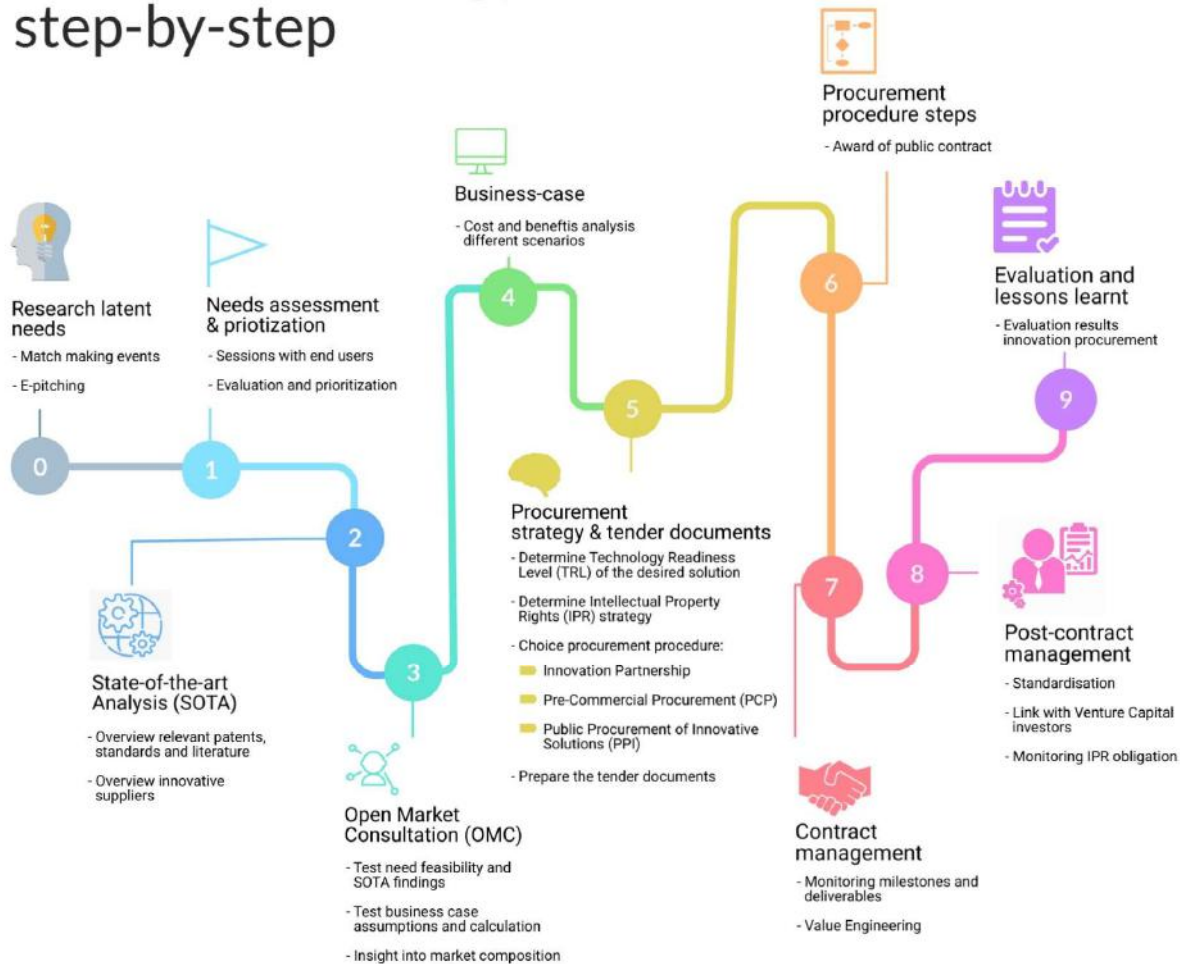
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3. The EAFIP step-by-step methodology



EAFIP methodology step-by-step



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4. PREVENT PCP





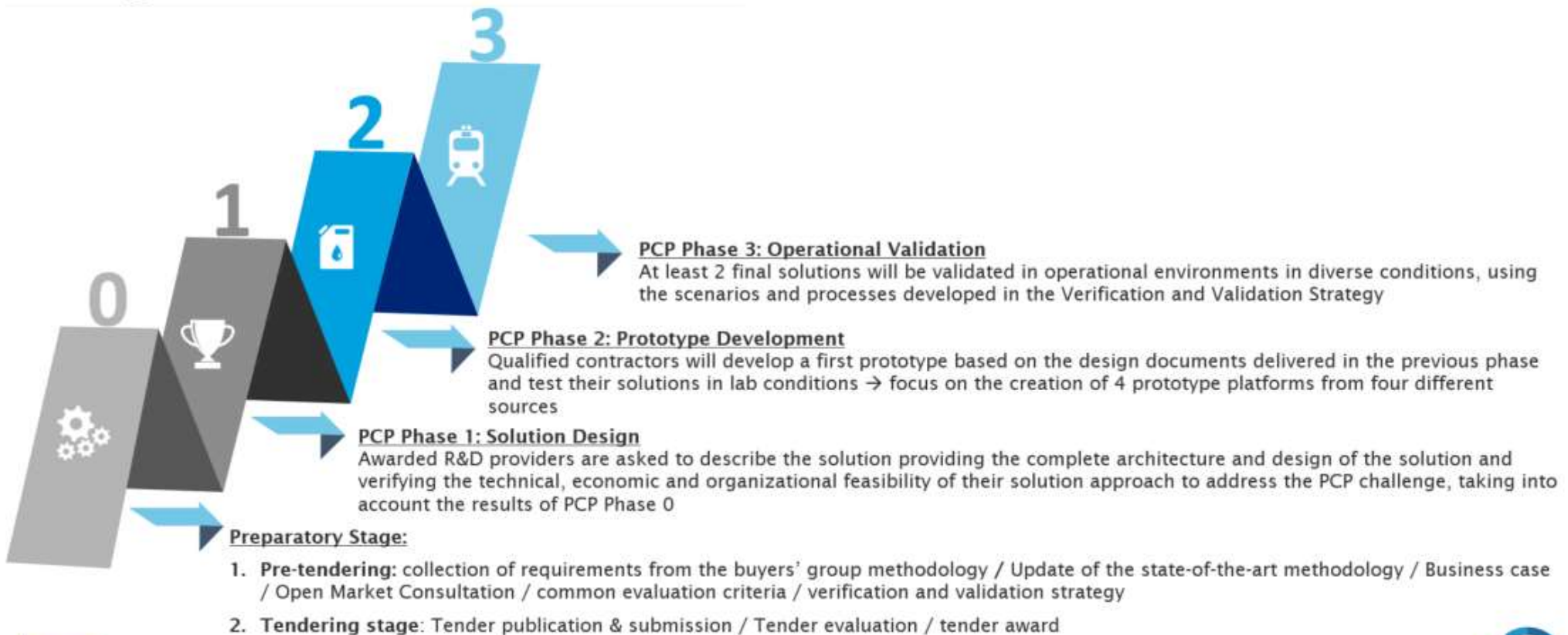
Goal of PREVENT PCP

*The Project is a **joint cross-border procurement** which aims to deliver and equip Public Transport Operators with solutions enhancing security situational awareness through:*

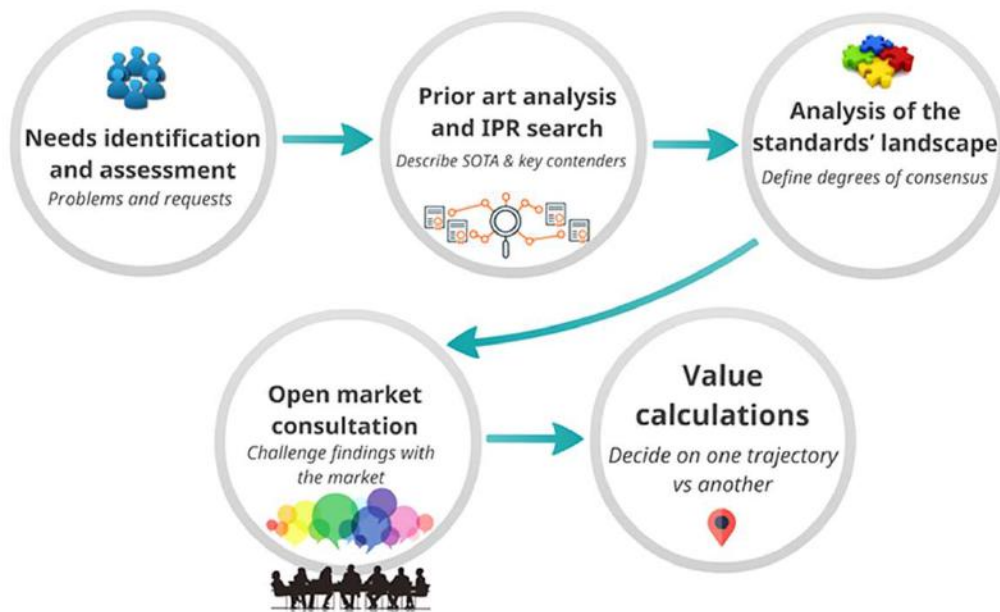
- 1 Timely automatic detection of potentially dangerous unattended items in Public Transport Infrastructure and in public areas in the vicinity.
- 2 Identification and tracking of perpetrators.
- 3 Advanced crisis management system.



Project Phases



Preparatory Phase in PREVENT PCP



Procurement and testing strategy



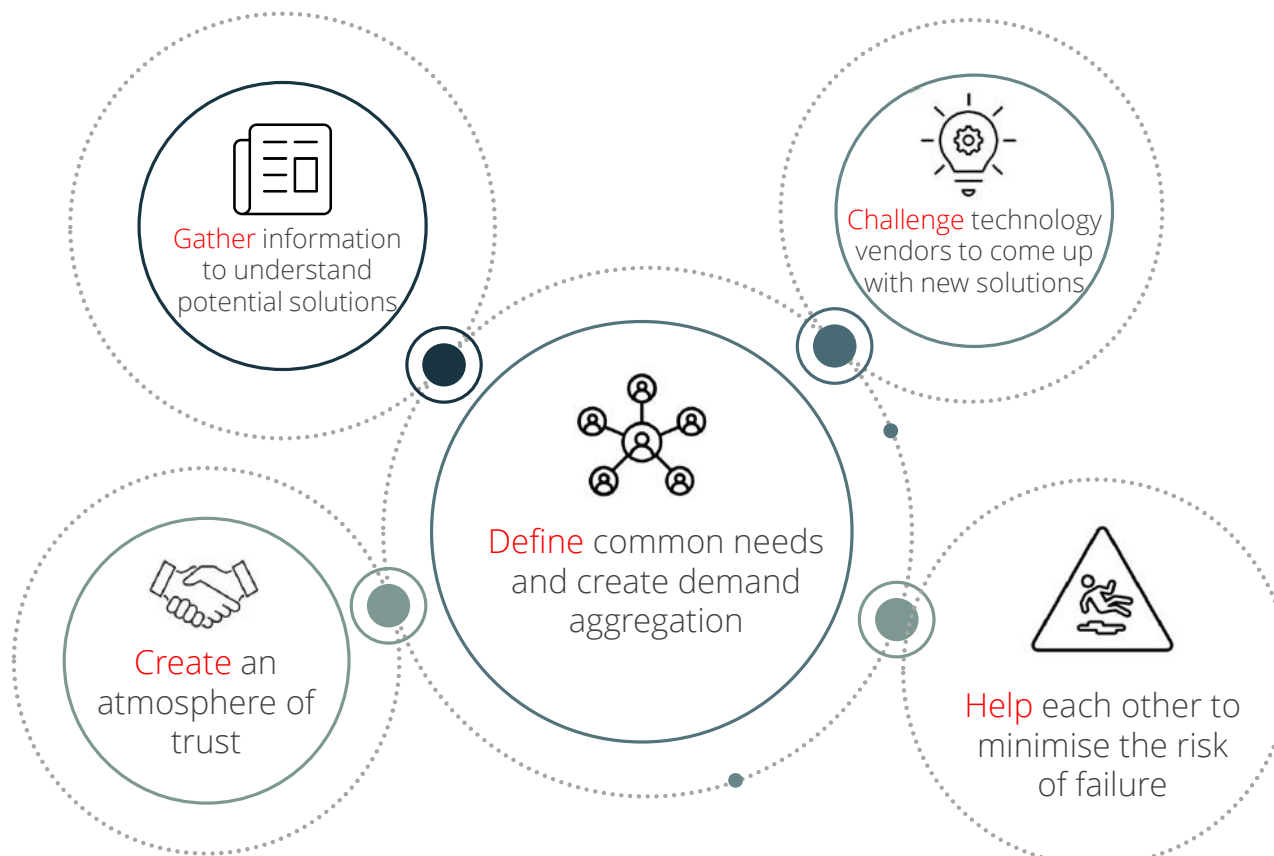
Preparation and publication of the tender documents



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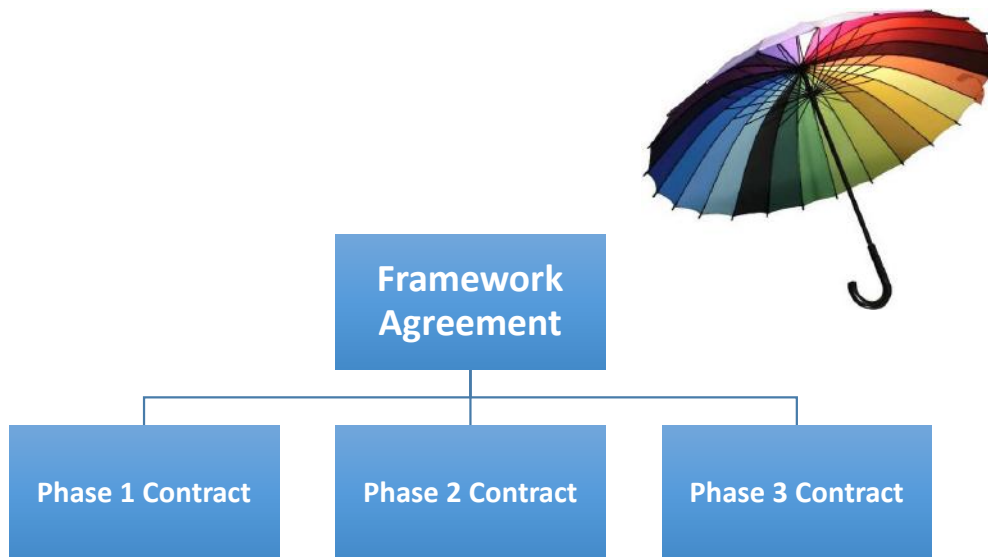


Advantages of PREVENT PCP



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Set up of the contracts



PCP Phase	Months	N. contractors
Phase 1 – Solution Design	5	6
Phase 2 – Prototype Development	9	4
Phase 3 – Operational Validation	6	Min. 2

Tenderers that are awarded a Framework Agreement will also be awarded a specific Contract for Phase 1 (evaluation of tenders for the Framework Agreement and Phase 1 are combined).



Artificial Intelligence Requirements

Annex 4 of the Request for Tenders – Compliance with the AI Act

Applications should contain at least the following information as applicable to the relevant AI system:

- 1) A general description of the AI system (purpose, interaction, relevant software, etc.)
- 2) A detailed description of the elements of the AI system and the process for its development.
- 3) A detailed information about the monitoring, functioning and control of the AI system.
- 4) A detailed description of the risk management system.
- 5) A description of any change made to the system through its lifecycle.
- 6) A list of the harmonised standards applied in full or in part, and a copy of the EU declaration of conformity.
- 7) A detailed description of the system in place to evaluate the AI system performance in the post-market phase.





Thank you for your attention!



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