



# Pre-commercial procurement

*“Public sector needs as a driver of innovation”*



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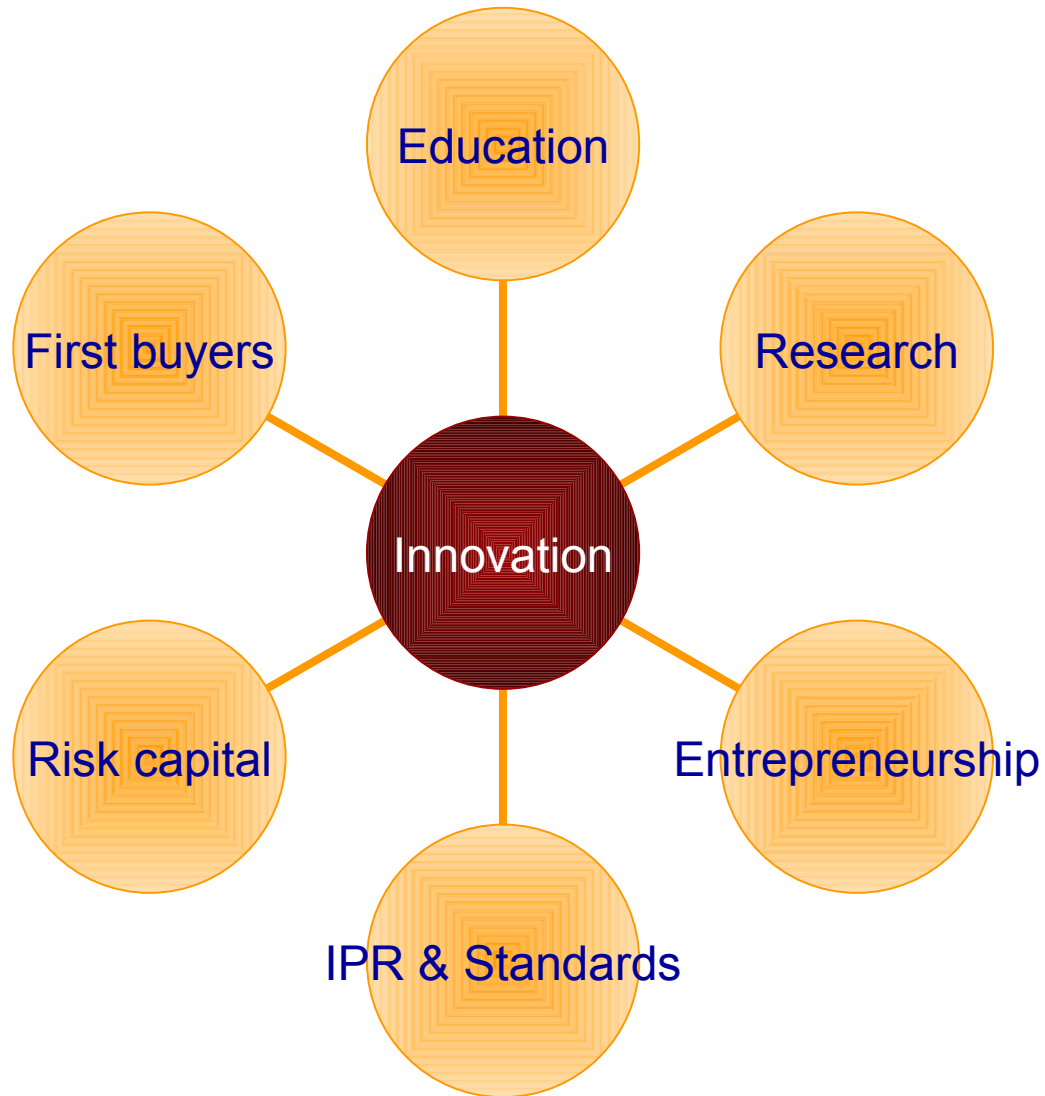
# Issues at stake for Europe

- **Huge societal challenges for Europe**
  - Health, inclusion, security, government, transport
  - Transformation through innovation is a must
- **Europe behind US & Asia in innovation**
  - Also in ICT!
    - ICT, a 'constitutive' technology shaping innovation



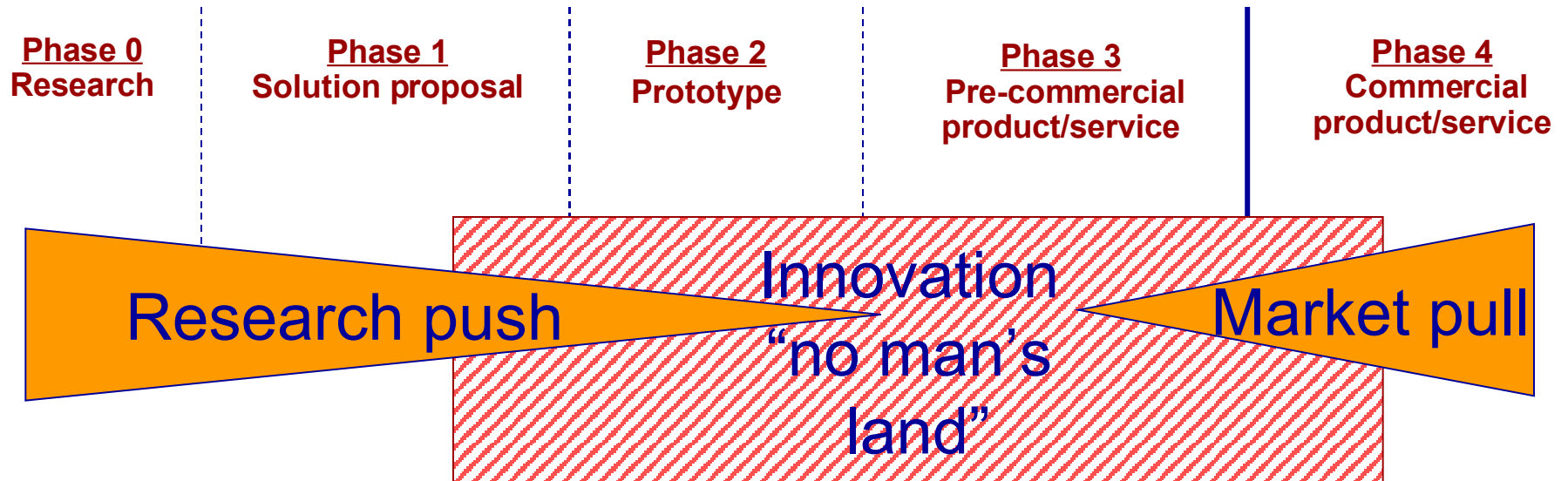


# Growth through innovation



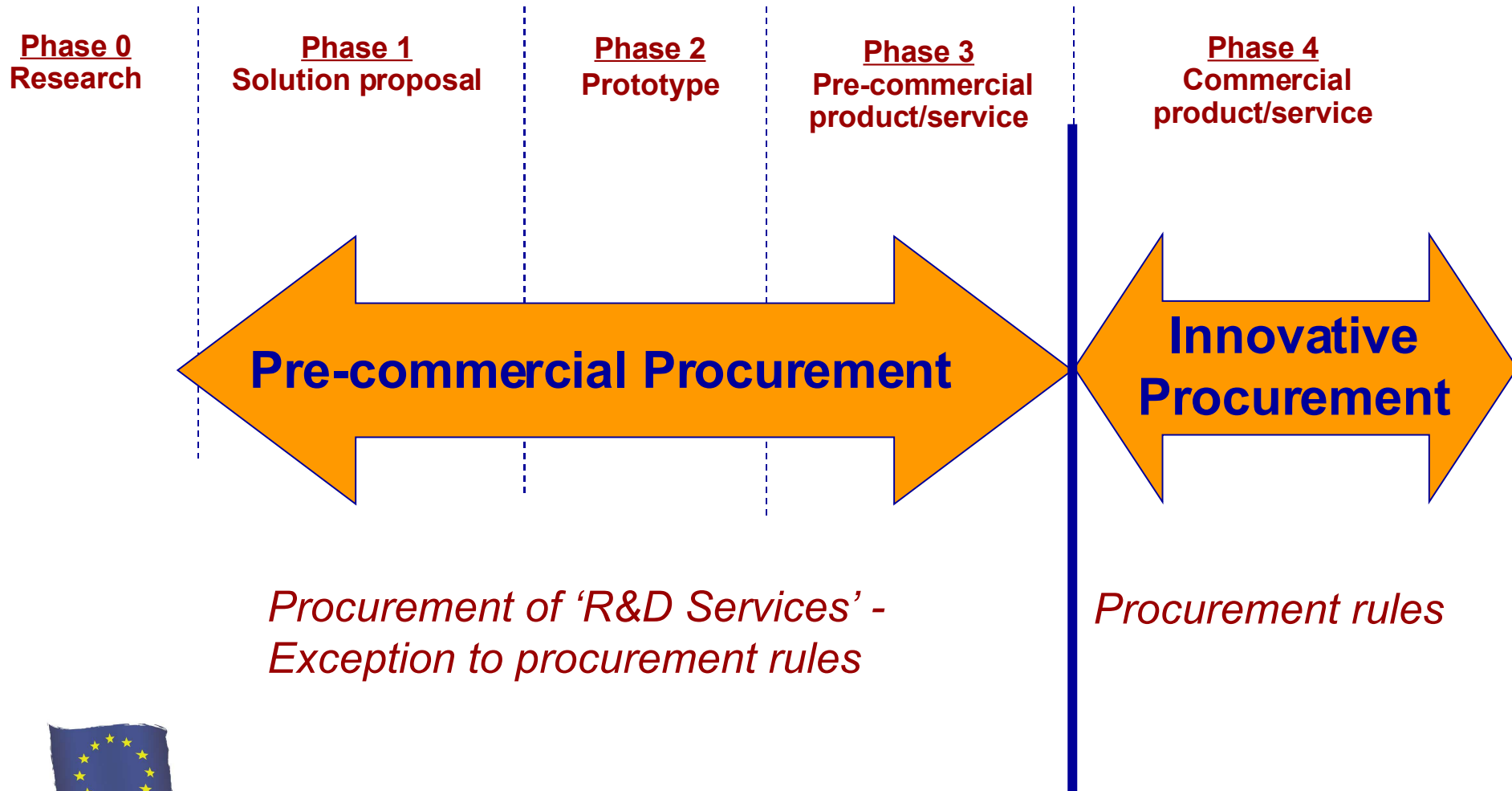


# A missing link in innovation





# Leveraging procurement power





# Proposed framework



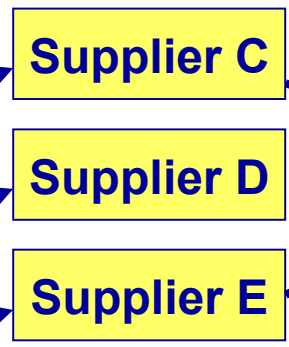
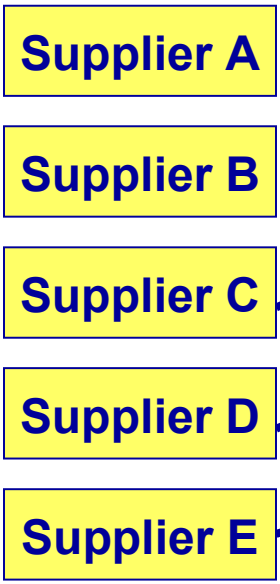
**Phase 0**  
Research

**Phase 1**  
Solution proposal

**Phase 2**  
Prototype

**Phase 3**  
Pre-commercial product/service

**Phase 4**  
Commercial product/service



*Tendering (WTO GPA not applicable)*

*Tendering (WTO GPA applicable)*





## **Public service contract for procurement of R&D services**

**in which public authority does not keep all R&D  
benefits exclusively to itself for internal usage  
in the conduct of its own affairs but shares  
them with external stakeholders and industry  
(publication, standardisation)**





# Pre-commercial procurement of R&D services

- **Excluded from WTO GPA**
- **Excluded from Public procurement directives**
- **Compliant with European Union Treaty principles**
  - Non-discrimination, transparency, objectivity
- **Compliant with New State Aids rules**
  - Procurement at market conditions







# Procurement of R&D services

- **Restriction** to companies willing to perform significant part of R&D in EEA
- **Risk-benefit sharing** between procurers and suppliers
- **Incentives** from innovation policy agencies to public procurers

**‘according to market conditions’**





# Win-win for all

- **Solves public sector innovation dilemma**
  - Gets technologically innovative solutions that really address public sector needs at best price
    - 'First time' right solution
    - Shared costs, risks and benefits
    - Economies of scale
  - Increases public sector effectiveness
- **Creates opportunities for local & regional suppliers**





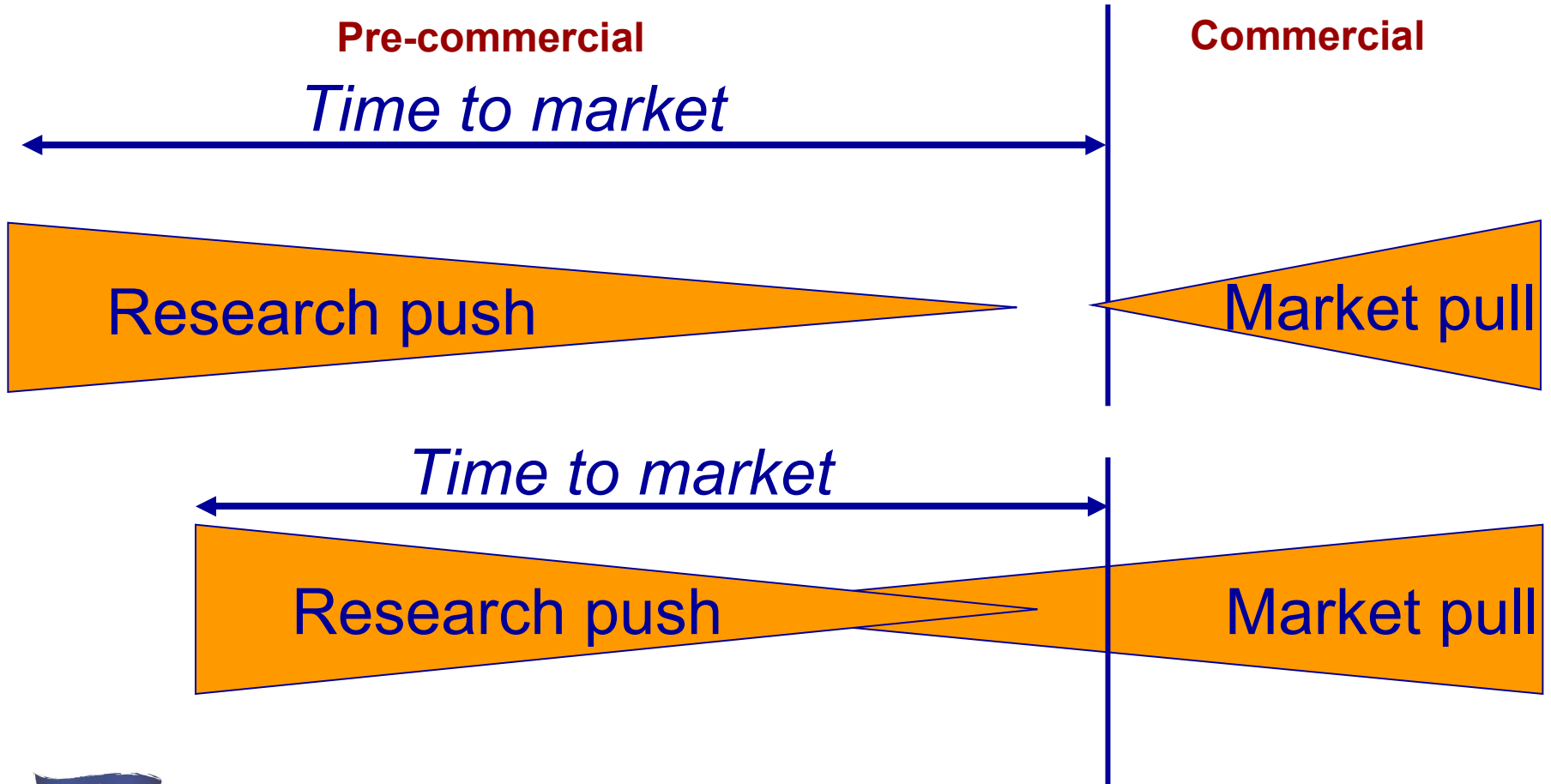
# Win-win for all

- **Increases European up take of R&D**
  - Addresses the 'missing link in Innovation'
- **Creates a European home market**
  - Addresses market fragmentation
- **Shortens the 'time to market'**
  - Key in global markets such as ICT!



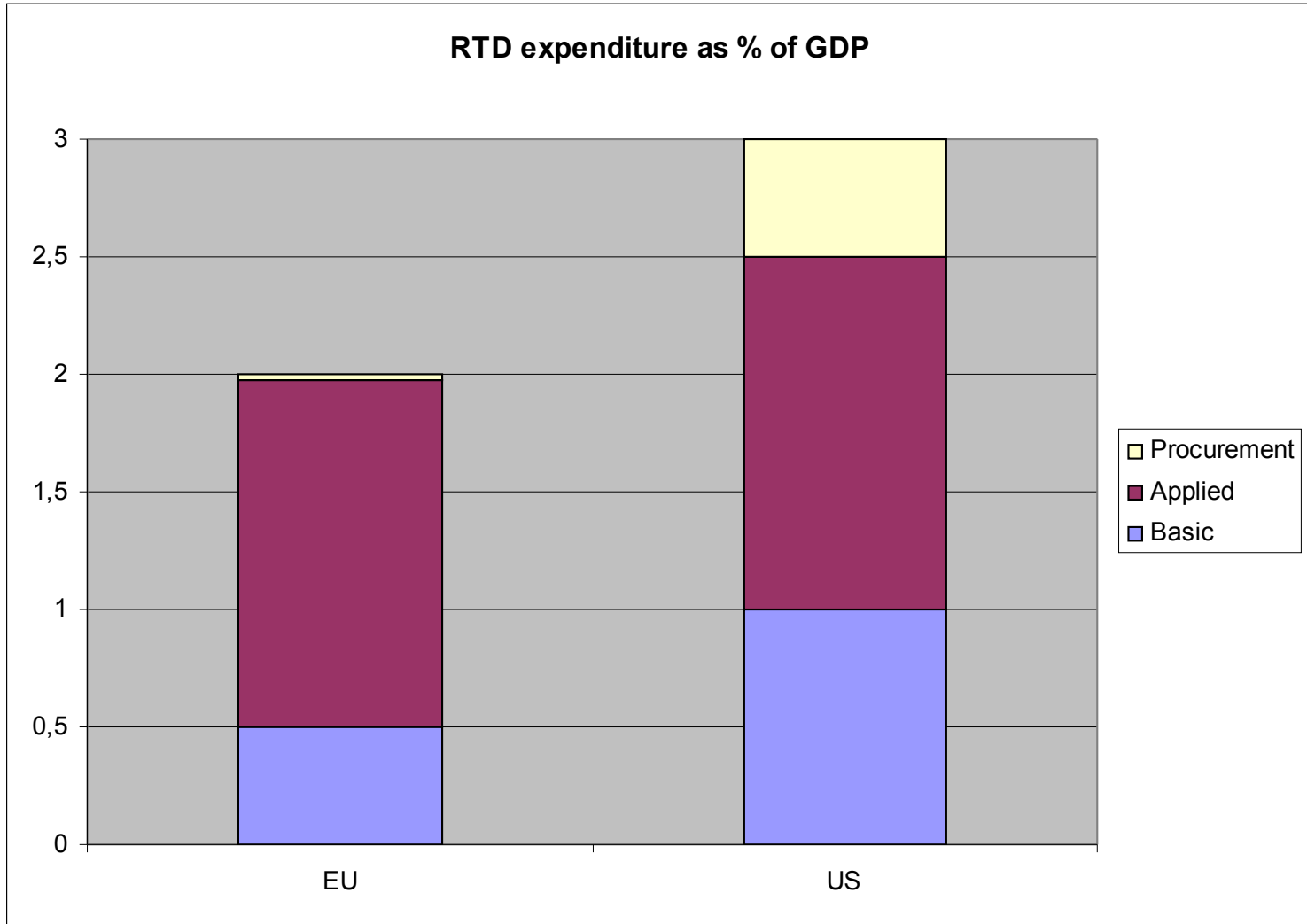


# Reduced time to market





# Pre-commercial procurement can fill half of EU-US R&D gap





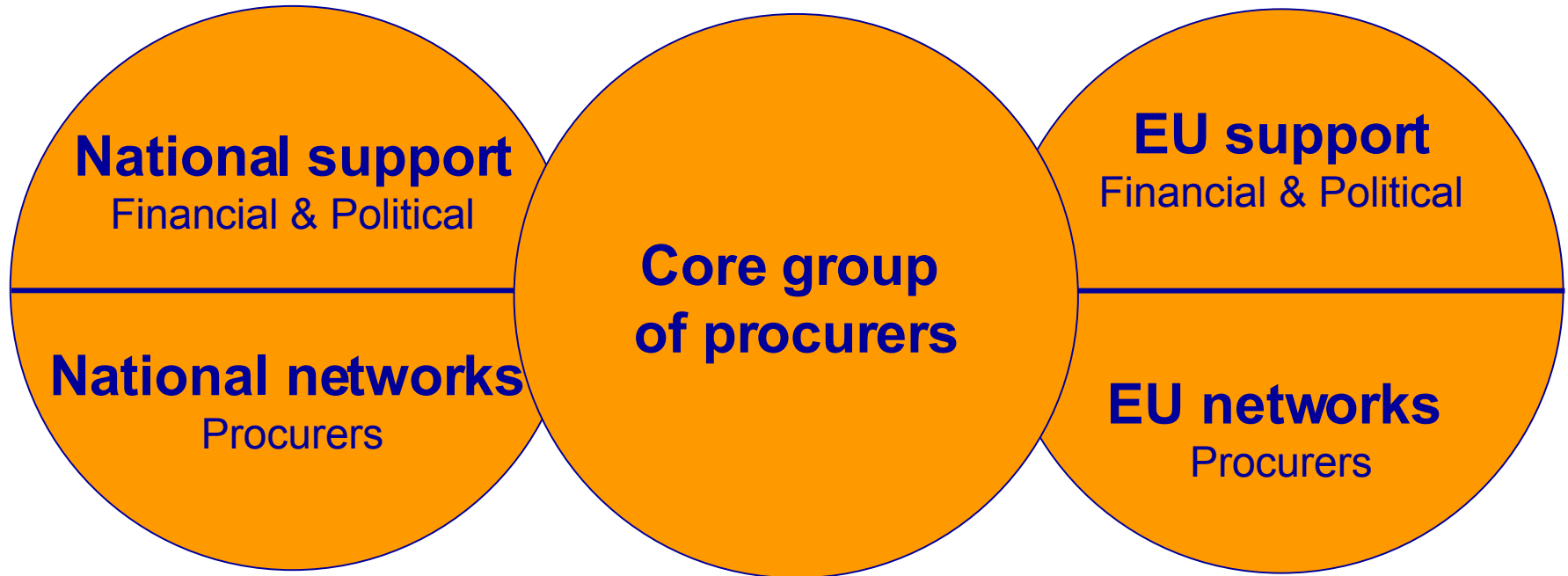
# Lessons learned (from the US mainly)

- **Right vision, right needs!**
  - Anticipate future needs
- **Get the 'true' buyers on board!**
  - Involve procurers from start
- **Don't stop on the way!**
  - Go up to deployment of large scale test series (phase 3)
- **Combine with venture capital for SMEs**
- **Remember: Innovation is a non linear process**





# Steering pre-commercial procurement





# Ideas for pre-commercial procurement

- **Defence, security & civil protection**
  - Communication systems
- **ICT for health, inclusion, government, transport**
  - Health grids, ICT for ageing population, eArchiving, Integrated traffic information system,...
- **Research infrastructures**
  - HPC – European petaflop supercomputer
  - Grid infrastructures
  - etc







## Next steps

- FW Communication on Innovation (Sept 2006)
- Handbook on dealing with innovative solutions in (commercial) public procurement (Feb 2007)
- Communication on pre-commercial procurement
- 'Incentive' scheme
  - Competitiveness and Innovation Programme (CIP)
- Mobilising stakeholders

### More information:

[http://europa.eu.int/information\\_society/research/pre\\_commercial\\_procurement/index\\_en.htm](http://europa.eu.int/information_society/research/pre_commercial_procurement/index_en.htm)

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