Innova1on Procurement?  
Gaynor Whyles, EcoQUIP Project Coordinator  
JERA Consulting  
gaynor.whyles@jeraconsulting.com
EcoQUIP?

- A European Commission funded project under lead market initiative

- AIM? To demonstrate how to improve the **efficiency, quality and environmental sustainability** of healthcare through innovation procurement.

- Creating an ‘Innovation Procurement Leaders Group’ of individuals that have competence in innovation procurement and the capacity to pioneer new approaches to procurement.
EcoQUIP?

Pilot innovation procurement projects Poland, Italy, Hungary, UK, Netherlands

**AIM?** To demonstrate and offer examples of good practice for the wider population of hospitals in Europe.

- Pilots have demonstrated that it is possible to:
  - Stimulate the supply chain to bring forward new solutions and products
  - Deliver efficiency, quality **and** sustainability using innovation procurement approaches
  - Change procurement practices for better outcomes
  - Regulatory, cultural and process barriers **can** be overcome

- **Better and more sustainable does not mean more cost!**
“Undertaking procurement in a way that stimulates the supply chain to invest in developing better and innovative goods and services to meet the unmet needs of an organisation”

This means changing the way we think about and undertake procurement.

Unlocks the creativity and innovation potential of suppliers to deliver better patient outcomes, cost effectively.

“The goods and services you need, when you need them, at a price that reflects their value.”
Can we afford not to?
Why innovation procurement?

Across Europe, healthcare systems are facing major challenges:

- Upward pressure on the costs of providing care
- Downward pressure on budgets, as public finances remain constrained
- An unresolved gap between the service on offer and the healthcare needs of populations
- Increased expectations that healthcare budgets and provision must be sustainable
- Increasing hygiene and infection control issues
- Changes in healthcare delivery, patient expectations and an aging population
- New technology creating new opportunities
- Environmental problems and targets
Innovation Procurement?

- Typical problem?
- The **Buyer – Supplier Paradox**

If there was a viable and affordable **solution** to my problem we would buy it.

If there was a demand we would invest to supply solutions.

Innovation procurement creates the missing demand and brings new **solutions** and options to the customer.
Innovation Procurement?

- Customers tend to buy what is available, rather than asking for what they need.
- Suppliers respond to customer and market demand.
- In the absence of a clear demand suppliers push ideas and products.

- It would be better for everyone if customers expressed their needs to suppliers.
Innovation Procurement?

IF YOU DON’T KNOW WHAT YOU WANT YOU CAN’T ASK

“The key to success was to begin by asking for what was needed – not what we thought was available or affordable. The results have exceeded all expectations”.

John Cartwright, Director of Estates and Facilities, Rotherham NHS Foundation Trust.
Methodology: Forward Commitment Procurement

• Helpful to think of a three-stage process:

1. Customers need an **accurate** understanding of their unmet and future needs

2. Customers need to **communicate** this **early** in an **accurate** & **convincing** way to suppliers

3. Suppliers need an **opportunity** to offer new solutions on an **equal** playing field
Methodology: Forward Commitment Procurement

1. Identification
- Recognise problems, unmet needs & opportunities
- Consult with stakeholders and set up team
- Define an outcome based requirement
- Prepare a FCP project outline/business case
- Project approval/sign off

2. Market Engagement
- Market Sounding
- Market sounding review & analysis
- Supply chain feedback
- Market consultation
- Market consultation report

3. Procurement
- Develop a pro-innovation procurement strategy
- Feedback to the supply chain and stakeholders
- Implement procurement strategy
- Negotiate Procurement Contract
Innovation Procurement?

• **Aim:** to support and enable innovation and creativity in the supply chain

• **Key features?**
  • User consultation
  • Outcome based specifications
  • Early market engagement and consultation
  • Wider market development
  • Use of non standard procurement methods:
    • Pro-innovation PQQs,
    • Competitive dialogue,
    • Technical dialogue
    • Innovation partnerships
    • Evaluation based on factors other than price
    • Price based on whole-life cost / total cost of ownership
More information, case studies and tools at:

www.ecoquip.eu