BUYING INNOVATION

The 10 Step Guide
to SMART Procurement
and SME Access to Public Contracts
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Acknowledgements

The Department of Enterprise, Trade & Employment (DETE) wishes to acknowledge the European Commission’s “Guide on Dealing with Innovative Solutions in Public Procurement – 10 Elements of Good Practice” and also “Buying Green – A handbook on environmental public procurement”. Many of the elements identified in both of these Guides have been incorporated in this publication.

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Finally we would like to acknowledge the contribution made by Enterprise Ireland who facilitated the regional focus groups at their premises in Cork, Shannon, Galway and Sligo which resulted in a significant cost saving in the delivery of the project.
Foreword

We should not underestimate the speed of change in the world economy and the need to improve the innovation ecosystem. Innovation is important in all sectors of the economy. Public procurement is a major instrument by which Government can encourage and stimulate innovation in the Irish economy. There are opportunities now to tailor our procurement practices towards promoting innovation in the enterprise sector while at the same time delivering better and more efficient public services.

The public sector can drive change and is an essential element in shaping the market for innovative solutions. By using the power of the public procurement budget, we can create powerful incentives to draw on the innovative capabilities of business.

The SME sector plays a fundamental role in contributing to economic growth and employment in Ireland. The public sector is a particularly important market for small businesses, so improving our public procurement practices by removing obstacles and boosting the involvement of SMEs is a key priority.

Developing a more SME-friendly approach to public procurement will allow SMEs to make the most of their potential for job creation, growth and innovation. An increased involvement of SMEs into public purchasing will also result in higher competition for public contracts, leading to better value for money and efficiencies for contracting authorities.

We are particularly pleased that a broad range of public sector officials across the country who are involved in day-to-day procurement have worked together to produce this document. This is a practical initiative in public sector reform, leading to tangible benefits for our economy and the citizens served by the public service. We hope that this will be the beginning of a new era, leading to smarter procurement of innovative goods and services and better value for the taxpayer.

Mary Coughlan TD
Tánaiste and Minister for Enterprise, Trade and Employment

Martin Mansergh TD
Minister of State at the Department of Finance
About the Procurement Innovation Group

The Procurement Innovation Group was established in July 2008 by the Department of Enterprise, Trade & Employment. The Group comprised representatives of industry, academia, government departments and state agencies.

The Group’s objectives were to:

1. Raise awareness of the benefits of using public procurement to stimulate research and innovation;
2. Identify obstacles or problems in the current procurement process which impede opportunities for innovation;
3. Examine the potential of the Public Procurement Directives to ensure a level playing field for all innovative companies wishing to participate in public tendering.
4. Create an environment in which the potential of innovation for public procurement can be realised; and
5. Make recommendations on how objectives may be achieved.

Methodology

This Guide is based on the findings of a number of inputs:

- A literature review of a number of current major publications from Irish and EU sources, addressing the key areas of general public procurement, using procurement to stimulate innovation and facilitating SME access to public procurement contracts;
- A series of regional focus groups with public procurement officials;
- Consultation meetings with various stakeholders; and
- A questionnaire circulated to public procurement officials on existing procurement practices.

Procurement Focus Groups

A key action agreed by the Procurement Innovation Group was to look at best-case examples of procurement of innovation in Ireland.

A series of focus groups were held to capture examples of the procurement of innovative solutions and to examine where possible the procurement practices associated with these. These sessions were held on a regional basis and comprised different sectoral interests across the public sector. A number of these examples are outlined in Appendix 1 of this Guide.

The term innovation was seen in its broadest sense by the participants and encompassed innovation in both products and services. The types of procurements examined by the Focus Groups varied across the organisations from software solutions, to quality assurance services to building works.
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Introduction

What is Innovation and what are Innovative Solutions?
Innovation is the development or delivery of a new or significantly improved product, process or service, a new marketing method, or a new organisational method in business practice. Innovation can be linked to performance and growth through improvements in efficiency, productivity, quality, faster response times, competitive positioning, market share, etc. Innovation can involve both the creation of entirely new knowledge, as well as the diffusion of existing knowledge. Innovative solutions are therefore new and better solutions.

In public procurement seeking innovative solutions can be the seeking of a new product, process or service or in the delivery of the service or in how the public procurement process is conducted. In essence it’s about purchasing new, better and more efficient solutions in a new way.

Buying Innovation
The need has never been greater to ensure greater value for money and efficiencies, without curtailing the quality of public service provision. Improved public procurement practices could result in substantial savings to taxpayers, while at the same time stimulating enterprise development.

Public procurers can secure the best available solution in the marketplace while at the same time stimulating innovation AND getting value for money. By using clear and robust output specifications, purchasers can leave companies the room to propose innovative solutions. This gives firms strong incentives to maximise the efficiency and performance of the products and services they offer, which in the end will benefit the public by providing a better service or product and by being more cost effective.

The potential for innovation lies in better quality preparation well ahead of a planned procurement. True value for money and cost savings can be gained by routinely seeking out novel solutions to public sector needs. By being more open to new approaches, procurers can stimulate the market for innovative products and services and encourage the growth of innovative and dynamic businesses.

This publication sets out the range of actions that should be considered at each step of the procurement process with the aim of stimulating innovation in our economy and better solutions to public service needs.

Who is this guide for?
This guide is for all officials in all public sector organisations involved in public procurement. It provides general guidance with clearly identified steps on how to apply the procurement process in a way that enables the procurement of innovation.
The Procurement Process

Procurement is a complex process and begins before the request for tender (RFT) is drafted. A flow diagram of the procurement process is given below.

1. Identify Need
2. Define & Refine User Requirements
3. Ascertaining the Budget Available
4. Find out what the market can provide
5. Decide the best process for procurement
6. Design the Tender
7. Tender Exercise
8. Contract Award
9. Contract Management/Review and Closure

*All steps must be conducted under the procurement principles of transparency and fairness and meet all required Directives.

*Figure 1. The Procurement Process (adapted Davis, 2008)*

As can be seen from the diagram above, the use of the EU procurement rules will generally come into effect at the stage when the procurer is deciding on the best process for procurement (Step 5). **However, Steps 1 – 4 are still subject to the principles of transparency and fairness.**

The type of procurement process can vary depending on the size and characteristics of the contract to be awarded and the nature of the contracting authority. The procurement threshold levels are revised biannually and the latest version is available on the eTenders website in the Public Procurement Guidelines1.

To encourage innovation, actions may be taken at several steps within the procurement process.

1 http://www.etenders.gov.ie/guides/
Identify the Need – act as an “intelligent customer”

Communicating long-term procurement plans to the market, to both existing and potential suppliers, gives the market time to react and develop solutions to the defined need. Timely communication of plans to the marketplace can take many forms, including organising open days for potential bidders, publishing annual public procurement plans and providing information directly via government websites. For reasons of transparency and competition, any information given to stakeholders would naturally have to be made equally available to all interested parties.

Handling the public procurement of innovative solutions requires intelligent organisation, and well-trained staff with a range of skills such as procurement, project and contract management skills. A purchaser needs access to technological knowledge to draw up specifications, evaluate proposals and follow through and learn from the purchasing process.

Internationally recognised technical standards are useful in public procurement specifications as they are clear, non-discriminatory and developed on a consensus basis. Under the Europe INNOVA initiative, the STEPPIN project explores how this referencing of standards in public procurement can foster innovative business solutions among bidding companies. A Good Practice Handbook has been produced to showcase the methodology of finding and using standards in public procurement in order to obtain innovative outcomes while staying in compliance with European regulations.

Public procurement can play a major role in promoting changes in business activity in favour of, for example, climate-friendly products and services. To address climate change, many Governments are looking beyond the emissions from their own operations and looking closely into the products and services they procure and the suppliers they work with. Many want to know how their prime suppliers and contractors are reducing their carbon emissions.

http://standards.eu-innova.org/Pages/Steppin/Tools.aspx
Adapting to these requirements and adopting carbon-reporting standards is beginning to be a core business issue for any company wishing to win public contracts, rather than purely an environmental concern. Carbon footprint data requests from across the European public sector could represent the single largest push for firms to disclose their carbon emissions. For those companies that develop innovative products and services and build business resilience, there are significant opportunities to be explored that have the potential to increase their profits and market share.

KEY STEPS TO TAKE:

1.1 Adopt a “Buying Innovation” Policy as part of your Corporate Procurement Plan.

1.2 Identify in the tender or in the heading that an Innovative Solution is being sought. This facilitates reporting annually on the % budget spent on buying innovation. This will also be tracked and measured by the eTenders website.

1.3 Understand the market – Become a knowledgeable and demanding customer. Collect information routinely from the market on emerging innovations and technological solutions for your organisation’s needs. Be aware of trends in technology and identify areas where new and improved solutions exist.

1.4 Be open to new ideas proposed by the market.

1.5 Keep your procurement knowledge and skills up to date. Obtain appropriate training from a recognised/accredited training provider.
Define and Refine User Requirements – Involve key stakeholders throughout the process

It is important to ensure the active participation of all internal key stakeholders throughout the procurement lifecycle. In particular, the users of the service, technical experts and legal advisors should be involved. An early dialogue between these stakeholders is essential.

Involving the users in the procurement process helps to get a clear definition of requirements. It may be too late when you go to tender to make changes and it can be very expensive post tender to make changes.

Involving current suppliers to examine alternative solutions can also help in refining user requirements.

**KEY STEPS TO TAKE:**

2.1 Identify key internal stakeholders and users of the product or service.
2.2 Secure their involvement and participation.
2.3 Dialogue with current suppliers can help redefine user requirements.
Step 3

Ascertain the Budget Available

All organisations pre-plan their expenditure. It is critical at this stage that an organisation has conducted an initial market analysis and determined initial costings for the project they are embarking on. Budget approval needs to be obtained if there is a capital expenditure, or if there is no prior approval for the product / services being sought. Budget approval may have been obtained, but the initial market analysis and costings should be compared with the budget to ensure they are aligned.
Engage with the Market prior to Tendering – Find out what the market can provide

This is a critical step in the procurement process as it enables the procurer understand and identify what is available on the market and whether alternative solutions are available. While procurers are sensitive to the issues of transparency and fairness, engagement with the market prior to tendering can be carried out if it takes place in a structured and open manner.

4.1 Consult the market before tendering

Consulting the market before tendering makes it possible to obtain the views of the market before starting the tendering process. If contracting authorities want to achieve broad market coverage, they could formally publish the market consultation. This gives the market the opportunity to better understand the problem to be addressed and to offer optimum solutions. To ensure transparency, any information provided by the contracting authority during this process would need to be circulated to any potential bidder. To allay any concerns of suppliers that sensitive information might be disclosed to other parties, procurers can provide an assurance of confidentiality, stating that this kind of information will not be disclosed.

It should be noted, however, that the initial consultation of the market would have to be done under the condition that the seeking or accepting of advice does not have the effect of precluding or distorting competition.

How can I find out what the market can provide?

Enterprise Ireland is the government agency responsible for the development and promotion of the indigenous business sector. Enterprise Ireland offers a key national asset of more than 250 market experts across all industrial sectors. They will act as a technical & market resource to assist buyers in their pre-tender research and help identify value for money solutions. They can assist in finding out about new innovative products or service solutions that are being developed and what companies have to offer in your specific area of interest.

Trade Associations representing the relevant industry sectors will also be more than happy to assist with queries about what the market can provide.
KEY STEPS TO TAKE:

4.1.1 Communicate your long term plans to the market as early as possible – by publishing Prior Information Notices (PINs) on the eTenders website. If a formal tender process is the first indication that a supplier gets of a complex requirement, the timescale may be too short for innovative solutions to be developed.

4.1.2 Include a “Doing business with us” section on your website.

4.1.3 Provide an indication of your organisation’s future needs for the coming year if feasible. This is particularly important in the case of large and complex contracts, where SMEs might need time to find partners for joint bidding.

4.1.4 Consult with Enterprise Ireland about current market trends and innovative products and services that are being developed. Telephone 01-7272132 or email value4money@enterprise-ireland.com

4.1.5 Consult with suppliers and supplier bodies. Trade associations and SME organisations may also be able to help you better understand any existing or potential solutions, or inform you of upcoming supplier conferences which you could attend.

4.2 Let the market propose creative solutions

Buying Innovation is achieved by specifying the functional requirements and/or desired outcomes, not prescribing the solution. This provides the supplier with the opportunity to propose new or alternative products, processes or services.

In most instances, the market is best placed to identify the most appropriate solution. Public procurement officials should make use of the full range of permitted tendering procedures. One such procedure is the design contest, which can be a powerful means of developing and testing new ideas. Contracting authorities can award the contract directly to whoever comes up with the best idea. This makes it attractive for companies to bring their innovative ideas forward.

Another such procedure is the Competitive Dialogue which is a dynamic way of conducting a large and complex tender process because it allows contracting authorities to discuss all aspects of the proposed contract with tenderers. This process can secure greater value for money, as tenderers have a better understanding of the buyer’s culture and requirements, allowing for future problems to be solved more efficiently.

In conducting the dialogue, contracting authorities must ensure equality of treatment and respect for the intellectual property rights of all candidates. When satisfied about the best means of meeting its requirements, the contracting authority must specify them and invite at least three candidates to submit tenders. The most economically advantageous tender (MEAT) will then be selected. Aspects of tenders may be clarified or fine-tuned provided that there is no distortion of competition or discrimination against any tenderer.

KEY STEPS TO TAKE:

4.2.1 Ask suppliers to propose ideas and be open to alternatives.

4.2.2 Ask for a solution, do not prescribe it. (See also Step 6)
Decide the best process for procurement

There are a number of different options open to public sector bodies when procuring supplies, works and services. Under the EU Directives and the Irish legislation there are different types of “procedures” operated by public bodies in awarding contracts. These are known as the “open”, “restricted” and “negotiated” and “competitive dialogue”. If the budget is below threshold other procedures may apply. See www.e-tenders.gov.ie for further details.

Involve SMEs

A large part of the creative ideas for new technologies comes from small and medium enterprises (SMEs). Given the importance of SMEs to the Irish economy, a level playing field is needed for all economic operators wishing to participate in public tendering. It is essential to ensure that the Request for Tender (RFT) is structured in a way that establishes effective competition, with appropriate qualifying criteria that does not discourage young companies from participating. This may involve greater use of methods such as split tendering or encouraging the use of sub-contractors or joint tendering. Large suppliers can be encouraged to form alliances with smaller, creative partners. To small enterprises, a public sector contract may be the signal to take the bold step to grow and recruit more employees.

The “European Code of Best Practice Facilitating Access by SMEs to Public Procurement Contracts” is a very useful document as it contains practical examples and guidelines to enable Member States and public authorities make their public procurement rules and practices more friendly for small and medium enterprises. This Code of Best Practice highlights national rules and practices in other Member States that have been introduced (within the rules of the Procurement Directives) to enhance SMEs’ access to public contracts.

When designing the tender and the evaluation criteria in the RFT the procurer should consider the following:

- Is it really a good idea to place all the work with one supplier – for example, would there be advantages in dividing it into lots?
- If new work may subsequently fall within the scope of the contract, is it practical to reserve the right to source this separately?
- Does it matter that it is a very young company if it has the right solution to your needs?

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Does it matter if it is a small company, if it has sufficient skilled staff to meet your requirements without becoming overstretched?

Does it matter if the company’s experience is all in the private rather than public sector?

Time-consuming paperwork is among the most common complaints voiced by SMEs.

Innovative SMEs may be relatively young and may not therefore have an extensive track record. Selection criteria such as years in business and audited accounts, turnover etc. should not exclude young, innovative enterprises. Under direct tendering procedures, ensure that recently established firms, or firms with no previous experience of public contracts, are not excluded from invitations to tender. Encourage these firms by allowing them to tender for smaller contracts initially and then, subject to satisfactory performance, progressing to larger or more complex contracts.

Also, bear in mind that SMEs typically have little, if any, specific administrative capacity to deal with the preparation of tender documents.

Revenue provides an online verification facility to allow third party access to the applicant’s tax clearance status. This secure facility can only be accessed with the permission of the applicant, who will quote the customer number and tax clearance number, which appear on the certificate. Access to the online verification can be located at www.revenue.ie “What can I do online”, “Tax Clearance”. There is no need for the applicant to produce the original certificate to confirm his/her tax-cleared status.

**KEY STEPS TO TAKE:**

5.1 **Involve SMEs.** Where SMEs are not in a position to be a prime contractor, there are opportunities for them to be sub-contractors, particularly where they can provide specialist or innovative products or services. Allow for tender submissions where sub-contracting is proposed.

5.2 **Be open to consortia bids from SMEs** as this is one way in which small businesses can tackle large procurements.

5.3 **Split tenders into lots** where appropriate, to encourage SMEs and to stimulate innovation and competition. The purpose of this is not to lower the contract to below threshold levels, as the Directives will still apply where the total requirement exceeds the relevant threshold, but to subdivide the supply into lots and eliminate the risk of no supply.

5.4 Encourage the use of sub-contractors and make subcontracting opportunities more visible.

5.5 Use the eTenders website to advertise small contracts, where the anticipated response would not be disproportionate.

5.6 Keep administrative requirements to a minimum, as SMEs normally do not have large and specialised administrative capacities.

5.7 Use the online verification service for tax clearance certificates at www.revenue.ie “What can I do online”, “Tax Clearance” rather than requesting the original from the company.
Design the tender

Designing the tender is another critical aspect in the procurement of innovation process as it encompasses a number of different steps each of which are individually important in their own right. These are as follows:

6.1 The Specification

“Stop looking for the right answer – look for many right answers”

The way in which the specification is drawn up determines the variety and quality of the offers. The foundation of a good specification is laid in the planning and research undertaken before writing begins [Steps 1 – 4 in this Guide]. Allow sufficient time to create the specification as the quality of the tender will also determine the volume of questions that you are likely to receive.

The specification should be written in “performance” terms, which focus on the function of the product or service required. It builds the specification around a description of what is to be achieved rather than a fixed description of exactly how it should be done. This encourages innovation in the market place, thereby allowing and encouraging tenderers to propose modern (including environmentally preferable) solutions.

Standards should be selected carefully, as inappropriate standards can limit an innovation-friendly approach. A common complaint from suppliers is that overly prescriptive requirements can stifle their ability to offer innovation.
KEY STEPS TO TAKE:

6.1.1 Ensure the requirements (minimum levels of turnover, insurance cover, staffing levels, years of trading, financial standing of the company) are appropriate to the size and complexity of the contract. Do not over- or under-specify your requirements.

6.1.2 Be sure that all of the elements included in your selection and award criteria are clearly explained and set out e.g. if “ability to meet timeframes” is a requirement, ensure that the timeframes are clear.

6.1.3 Do not exclude young SMEs with highly qualified individuals. In the qualification criteria relating to the required experience of the tenderer, refer to the experience of the tenderer’s staff rather than of the company.

6.1.4 Do not exclude young companies by requiring that they have previous experience of public contracts.

6.1.5 Specify standards where they are necessary, rather than including a standard list as routine.

6.1.6 Consider environmental performances, such as the use of raw materials, sustainable production methods (where relevant for the end product or service), energy efficiency, renewable energies, emissions, water usage efficiencies, waste, “recyclability”, dangerous chemicals etc.

6.1.7 Reflect your needs, not your wants.

6.1.8 Specific materials and environmental production methods may be specified, if relevant.

6.1.9 Ensure that the specification is as output-based as possible – that is, it states the desired output/outcome but does not prescribe how a supplier should meet this.

6.2 Seek value for money, not just the lowest price

When purchasing for the State it is imperative to ensure that value for money is achieved, while also delivering cost savings and more efficient services. Public procurement of innovative solutions provides the ideal mechanism through the Most Economically Advantageous Tender (MEAT) as the first choice for selection and awarding criteria. It should be preferred over lowest cost criteria. In the framework of MEAT, the awarding criteria should take into account not the current but the whole life-cycle costs.
Whole life cycle costs comprise all costs including acquiring, owning, maintaining and disposing of goods, services or works. These life-cycle costs are also influenced by such conditions as maintenance patterns, including potential downtime; reliability; lifetime maintenance costs; and of course, timeliness of provision. The product with the lowest purchase price will therefore not always prove to be the cheapest, the most advantageous, or the most innovative, when all these conditions are taken into account.

Innovation can lead to lower cost and may provide better quality. When using qualitative award criteria to foster innovation, it is important to be clear on how to evaluate proposals against these criteria. A fair comparison of bids requires a skilful evaluation committee. New innovative solutions are especially difficult to compare. In most cases this will require a mix of experts, including lawyers and technical specialists. The tender evaluators should be trained in how to assess complete compliance especially with the innovative tender requirements, and how to give marks or points in a fair, objective and predetermined way.

**KEY STEPS TO TAKE:**

6.2.1 Adopt the Most Economically Advantageous Tender (MEAT) over lowest price criteria.

6.2.2 Remember the MEAT criteria include Whole Life Cycle Costs.

6.2.3 Decide which costs and quality criteria to include. Remember that disposal costs can be significant so should be considered.

6.3 Intellectual Property

Where innovative goods are developed, intellectual property rights (IPR) may arise and an IPR policy becomes essential. It is therefore necessary to decide how best to handle IPR. If Government decides to keep the IPR, it will have to pay the price for exclusive development, as the supplier cannot re-use IPR. A supplier who can keep the IPR may consider it to be an investment, a building block for other projects. This would normally be reflected in a lower price for the public procurer. Another consideration where IP is developed during the contract is co-ownership, with the Exchequer receiving a share of the royalties from future contracts elsewhere.

For overall economic development it is preferable that the IPR stay with the supplier so that the results of procurement (i.e. innovative solutions) can be diffused into the market.

Ideally intellectual property rights should ultimately rest with the party who is best able to exploit it.
KEY STEPS TO TAKE:

6.3.1 Intellectual Property Rights should be examined on a case-by-case basis.
6.3.2 Establish a policy on how to handle intellectual property rights.
6.3.3 Consider the possibility of co-ownership so that the Exchequer can benefit from royalty payments for future use of the IP.

6.4 Decide how to manage risks

Risk is inherent when buying something innovative. Public procurement of an innovative product process or service will usually promise a higher return but it may also entail higher risk than buying off the shelf. Risks can differ in scale and impact, e.g. failure may be total, if a supplier is simply unable to deliver; or partial if performance falls below expectations, or delivery is late. Failure can also come from practical difficulties in applying a new solution and integrating it within the organisation. It is therefore necessary to have a clear policy on how to deal with these risks.

Where an innovative solution is considered, it is especially important to:

- Identify the risks involved;
- Assess their potential impact on the project; and
- Assign ownership for the management of these risks in the Terms and Conditions in the Contract.

These steps need to be clearly identified in the decision making process and made part of the evaluation. Purchasers can ask bidders to include an analysis of the risks in their proposals and how these could be mitigated, with a view to making it easier to judge whether the risks are acceptable. It is particularly important to decide who is best placed to bear and to mitigate a specific risk and to allocate responsibility accordingly. Innovation can involve a higher degree of risk, but the right response to this is for public procurers to become better at assessing and managing risk, not avoiding it.

KEY STEPS TO TAKE:

6.4.1 Identify and plan for risks.
6.4.2 Assess the risk impact.
6.4.3 Designate the risk owner and use the Contract to manage risks.
6.4.4 Shift the culture from Risk AVOIDANCE to Risk MANAGEMENT.
Step 7

Tender Exercise

This step in the process includes all the steps from the point of publishing the Request for Tender (RFT), to receiving and evaluating the tenders and notifying the successful and unsuccessful tenderers. If the preceding steps have been designed and effectively managed this part of the process is simple. The key to success is to have defined the award criteria that deliver upon the functional outcomes.

Electronic means can greatly support and strengthen the processes identified throughout this guide. Using electronic means to disseminate, collect and process information including electronic submission of offers can reduce transaction and communication costs.

KEY STEPS TO TAKE:

7.1 Use your website. It is an ideal way of making information available at low cost particularly if you have a ‘Doing Business with Us…’ guide giving potential suppliers the information they need to bid effectively.

7.2 Use electronic means to inform and be informed and enhance efficiency.

7.3 Ensure the electronic means you use are well adapted to your needs.

7.4 Encourage and accept electronic tenders. This will ease the administrative burden on firms, particularly small firms.
Contract Award

Contracts can yield substantial savings and improvements and are therefore important for innovation. They set the scene for the delivery of whatever goods, services or works are being procured. It is therefore essential that the contract specifies how conditions influencing the price – such as liability and warranties – will be handled.

8.1 Use contractual arrangements to encourage innovation

Incentives can be stipulated in a contract to provide the contracting authority with further innovative improvements as long as they are stipulated in advance in the invitation to tender, and are equal to all potential bidders.

**KEY STEPS TO TAKE:**

8.1.1 Include incentives in the contract for further innovative solutions.

8.2 Publication of Contract Award

The contract award stage is the final stage of the tender process. For contracts not requiring publication of contract award under the EU Directives it is, however, best practice to publish the award of contract on www.etenders.gov.ie.

**KEY STEPS TO TAKE:**

8.2.1 Publish Contract Award Notices – for all contracts large and small.
Contract Management, Review and Evaluation

Even when the contract has been signed, the process has not finished. Time and resources need to be allocated to managing the contract. It is therefore essential to have a robust contract management regime planned as early as possible in the procurement process, so that both parties understand their respective obligations.

Maintaining dialogue with the supplier is important for ensuring continued innovation during performance.

Managing contract delivery involves monitoring and evaluation – the results of which can be used to draw lessons for future public procurement procedures, contracts, projects, and policies. Managing a contract well is of pivotal importance when purchasing something innovative.

KEY STEPS TO TAKE:

9.1 Allocate adequate resources to Manage the Contract.

9.2 Establish evaluation and review procedures to improve knowledge of innovation in the procurement procedure.

9.3 Monitor and learn from implementation.
Step 10

Lessons for the Future

It is important to draw lessons for the future from the procurement process. It is essential that lessons learned be well documented and shared among public procurement professionals and managers.

Examine the questions that were asked throughout the process by interested companies, and consider if time spent dealing with the questions and clarifying details could have been prevented by providing the information in the Request for Tender.

Use the knowledge of other organisations. The examples in this guide show that many organisations are finding new approaches in the procurement activities that are encouraging innovative solutions from firms.

The National Public Procurement Operations Unit in the OPW is available also to offer support and guidance.

Giving feedback to companies who have participated in a tenders exercise is also essential. In order to prepare for future bids, it is very helpful for a tenderer to see which aspects of its bid were considered strong by the contracting authority and what the weaknesses were. As an application of the principle of transparency, the obligation to give feedback to tenderers is also ensured by the Public Procurement Directives.

**KEY STEPS TO TAKE:**

10.1 Build upon the “best practices” of other contracting authorities.

10.2 Use networking as a way of obtaining and spreading information.

10.3 Ask for feedback from your suppliers.

10.4 Examine the questions that were asked, and clarifications that were sought. Use this to improve future RFTs.

10.5 Provide constructive feedback to all tenderers.
Appendix 1: Irish Examples of Innovative Solutions

Cork University Maternity Hospital
The Health Service Executive at Cork University Maternity Hospital (CUMH) commissioned a robotic surgical system, the first of its kind in Ireland, in 2007. The new da Vinci Surgical System enables physicians to perform keyhole surgery. The instruments are attached to the robotic arms and controlled remotely by the surgeon who sits at a computer console, manipulating the controls while viewing an enlarged 3D image of the surgical site. Minimally invasive procedures performed with the da Vinci Surgical System offer numerous potential benefits over open surgery from both a patient comfort, health and recovery perspective and a reduced cost to the state, through shorter hospital stays.

Beaumont Hospital
Beaumont Hospital has been using Drug Eluting stents for a number of years, which were procured and held in stock. However at a cost of €800 per stent, and a range of 36 different sizes, and a shelf life of 3 months, there was always a risk of stock loss due to overrun on shelf life. An opportunity was identified to reduce stock holding, and therefore reduce the risk of stock loss. The hospital initiated through a tender procedure a consignment stock holding policy with a single supplier, reducing down from two suppliers and cost per unit to €647. This removed stock holding at the hospital and increased stock turn at the suppliers, thereby decreasing costs for both parties.

HSE
Traditionally waste bins are a low-key light engineering / metal fabrication unit, with poor quality control, and with a corresponding low price. A problem arose with the safety of the metal lid. An improvement in bin quality was therefore required. The procurer took this opportunity to explore if the issue of lids shutting noisily could also be addressed. The providers of such bins to the healthcare institutions were contacted and asked to submit proposed innovative solutions.

Liaising with the hospital’s infection control department and key stakeholders, the materials management department developed a new hospital silent closing bin specification, which included finish quality, ergonomic features, 24 month warranty, and year / month manufacture identification to name but a few.

While the unit cost of a silent closing bin is higher, savings were anticipated because the new bin would be less vulnerable to “shake and rattle” or “lid slamming” issues with nuts and bolts falling off etc., and coupled with the warranty, the units would last longer and therefore yield greater value for money. Furthermore, the silent closing element was a patient care issue, in that it did not interfere with sleep patterns of patients, particularly babies, following procedures or surgery.
Department of Justice, Equality & Law Reform

The Central Procurement resource in the Department of Justice, Equality & Law Reform identified the need to develop a shared database of all existing supply agreements, the purpose of which was to minimise the risk of delinquent purchasing practices and duplication of procurement effort. The database will be made available to all users including a wider set of agencies across the Justice sector. This has been an in-house innovation, and the future challenge is to web-enable the database with the potential for supplier engagement.

Limerick Institute of Technology

Limerick Institute of Technology, in conjunction with a supplier, developed an online diary function for students. This was developed after the contract award, during a review phase. The development allowed students to log in, identify and describe competences achieved during their 3rd year industrial placement. The company supplying the solution was a small Irish software company.

Waterford VEC

Co. Waterford VEC engaged with a small Irish based growing company at the pre-tendering stage and at the pilot stage of a new internet management information system. The purpose of the software was to provide educational services with information on tutor banks, student identification and previous qualifications, automated texting and the facility for reporting to the Department of Education & Science. As an early adopter of this system, Co. Waterford VEC were in a position to influence future design and the roll out of new features. This system has now been rolled out to 25 of the 33 VECs.

Coillte

Coillte identified the need for an integrated electronic timber stock-control system along the entire production chain. In addition to being able to capture roadside stocks of timber electronically, they also wanted the system to improve security. The project was initiated by identifying and contacting potential suppliers, both software and telecoms, prior to tendering. The project ultimately involved utilising the measurement of timber production by harvesting machines and the relaying of this information via a software programme loaded onto a smartphone device. This information was linked to an automated weighbridge system measuring the volume of timber being delivered into sawmills, which meant that roadside stocks could automatically be updated on Coillte’s management information systems. Overall there was an improvement in the calculation of roadside stocks via an integrated reporting system. The companies that won the rights to develop both the smartphone and weighbridge software were small indigenous enterprises who were developing their capabilities in this sector.
Department of Finance

In February 2005 the electricity market was deregulated, meaning that all electricity customers, regardless of consumption levels, were free to choose their electricity supplier. The Department of Finance led a public service initiative, covering central government departments and offices, the health sector and other public sector bodies, to test this newly deregulated market. The aims of this initiative were to secure savings on the price paid for electricity and also to procure some electricity from sustainable sources. Before the tender process was started consultations took place between the Department of Finance and all registered suppliers, as well as the Commission on Energy Regulation (CER) and the Meter Registration System Operator (MRSO). Once this market analysis was completed, a tender document was issued. Contracts were awarded to a number of independent suppliers and the aims of the initiative, i.e. savings and the procurement of green electricity, were met.

Irish Rail

Irish Rail wished to outsource their catering aboard trains. This was a new requirement and involved engaging with supply organisations prior to tender to discuss feasibility, again at the tendering stage and post contract award. This was piloted in 2006 and went live in 2007.

Mayo County Council

Mayo County Council will introduce fuel cards throughout the county for its fleet of over 100 vehicles. A pilot will be carried out in the summer of 2009, with roll out due later in ‘09 for all vehicles. The introduction of these cards is expected to realise savings of at least €60,000 annually. The innovation of fuel cards is new for Mayo County Council and will be piloted at the pre-tender stage to ensure it will work.
Appendix 2: Useful Websites

Ireland’s Innovation Policy Statement

Catching the Wave – A Services Strategy for Ireland

Guide on Dealing with Innovative Solutions in Public Procurement 10 elements of good practice
http://www.proinno-europe.eu/doc/procurement_manuscript.pdf

Innova
http://www.europe-innova.org/index.jsp

STEPPIN Project
(STandards in European Public Procurement lead to Innovation)
http://standards.eu-innova.org/Pages/Steppin/default.aspx

PEPPOL
(Pan-European Public Procurement Online)
http://peppol.eu/

European Code of Best Practices Facilitating Access by SMEs to Public Procurement Contracts

Carbon Disclosure Project
www.cdproject.net

Buying Green Handbook

Environmental Considerations in Public Procurement