

# 1. Introduction

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## Market engagement

Market sounding

Supply chain communication

Analysis of supply chain response

Market consultation workshop

Market engagement report

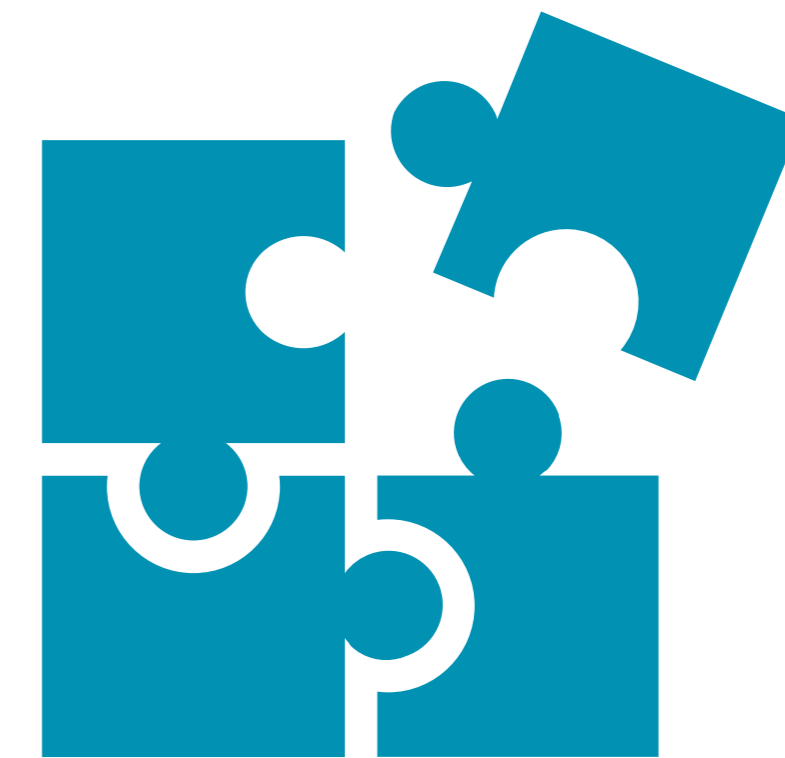


# Innovation procurement

## Innovation procurement ?

(AKA 'Public procurement of Innovation') (PPI)

- Procurement of goods and services **in a way that stimulates** supplier innovation for the public good and find solutions to 'unmet needs'
- Supports **early or first adoption** of innovative solutions
- Delivers **better outcomes** for customers
- Creates **opportunities** for innovating suppliers

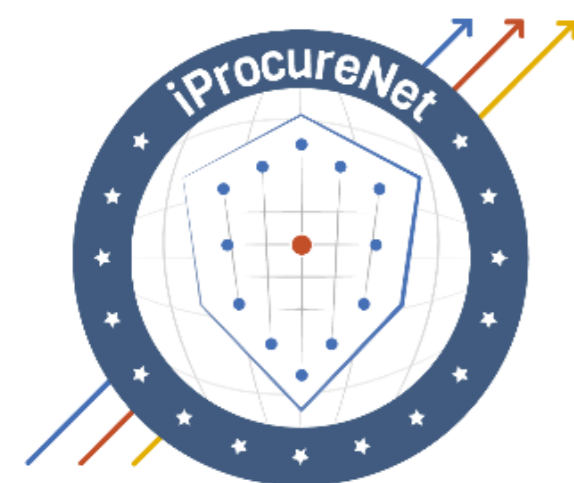


# Market Engagement in Innovation Procurement

## Tools and techniques

Gaynor Whyles, JERA Consulting

26 April 2022



Innovation by developing a European Procurer  
Networking for security research services



# Innovation procurement



- “The use of innovation procurement must accommodate the raison d’être of procurement, which is that a public organisation **purchases goods and services that it needs to perform its function**” Georghiou, Edler et al.

- *Not* about innovation for the sake of innovation

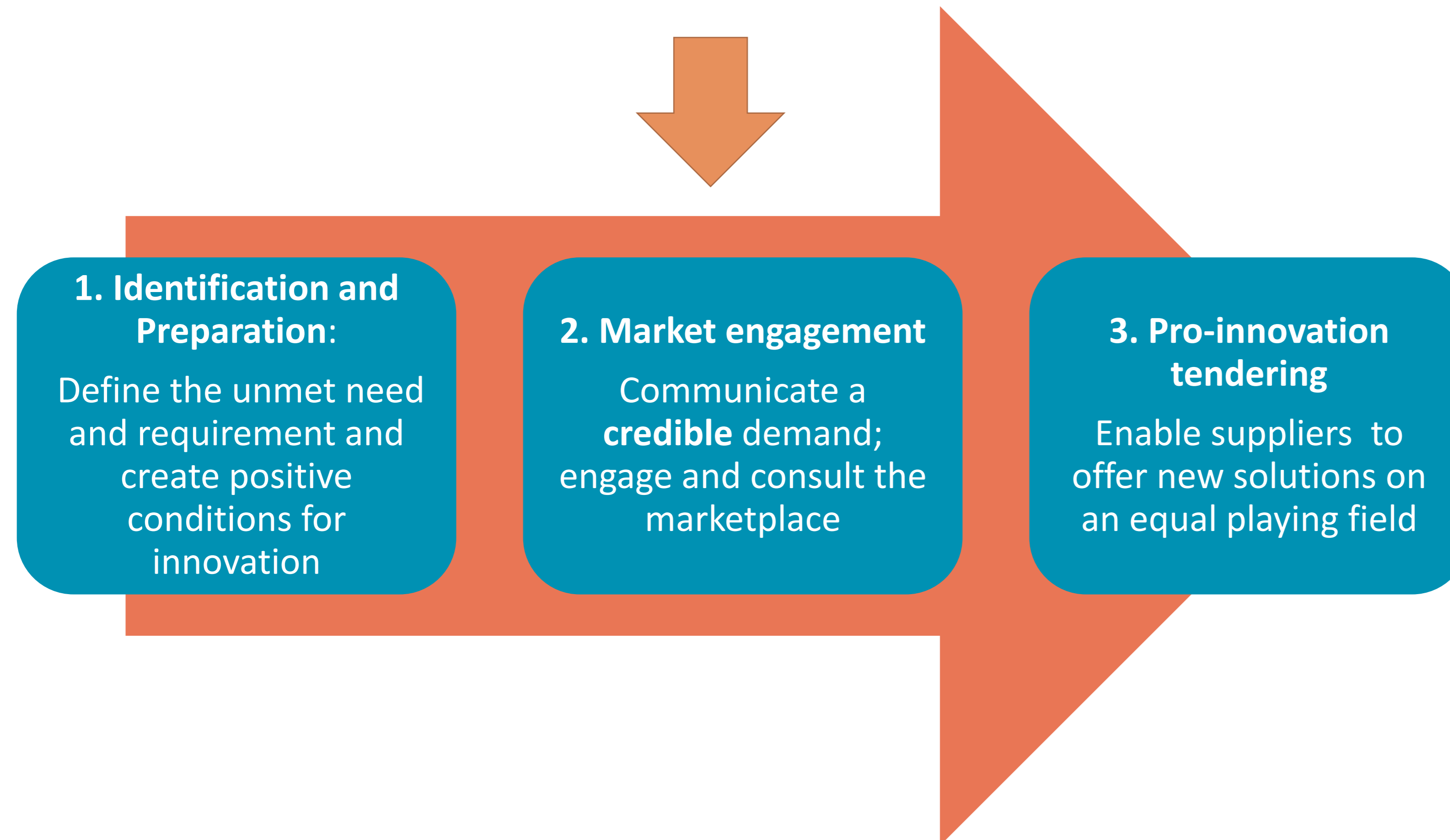


- Innovation to:
  - Meet **genuine unmet needs** of an organisation
  - Enable an organisation to perform its function effectively and efficiently into the future

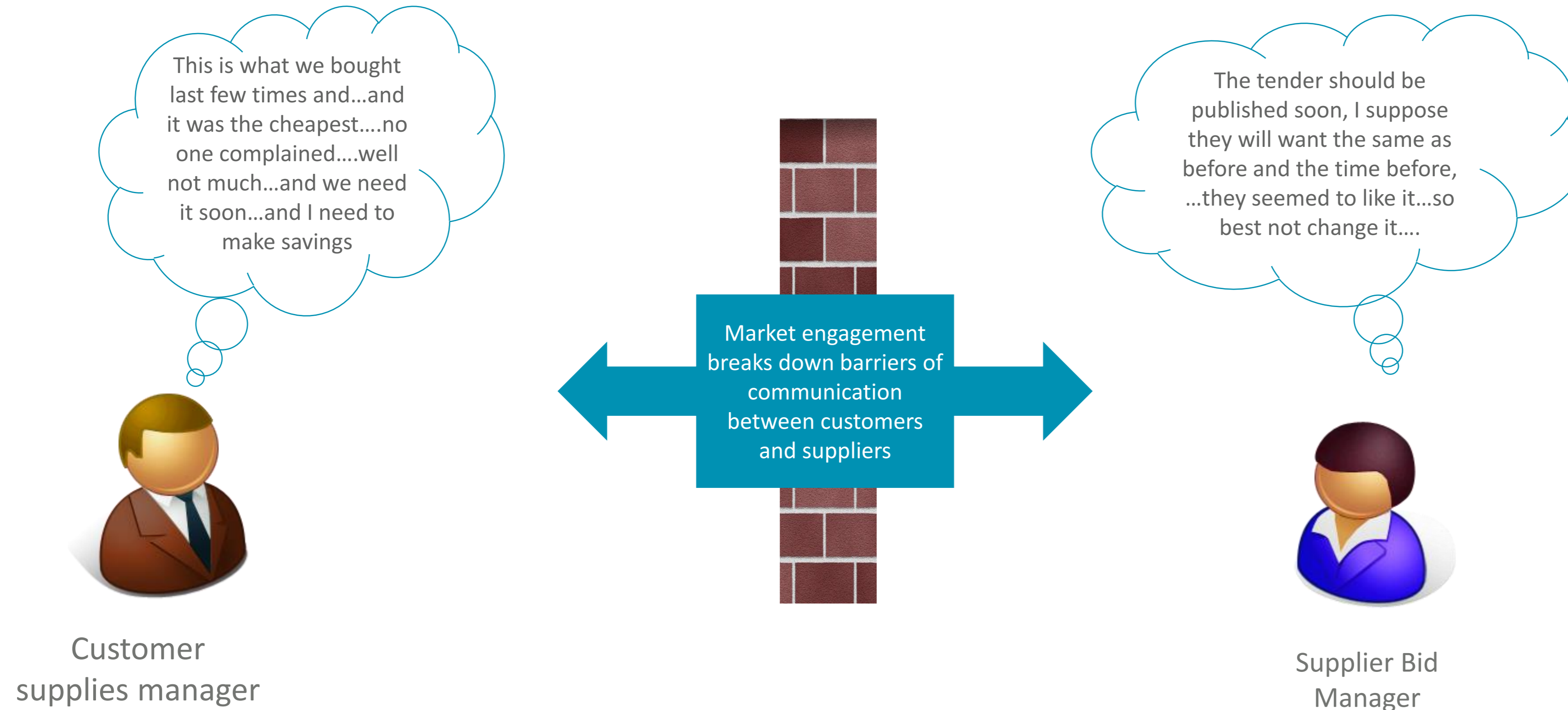


- Innovation procurement
  - To create **solutions for society** and **opportunities** for innovating companies

# Innovation procurement can be seen as a three step process



# Market Engagement and Communication



# Market engagement



- What it is:
  - Pre-tender **communication, engagement and consultation** with the supply chain as a whole



- What it isn't:
  - An assessment or evaluation of individual suppliers



- Communication of a buyers 'credible demand'



- Customer assessment of the:
  - Capacity,
  - Capability and
  - Appetite

of the market to deliver what is needed, when it is needed at a price that reflects the value placed on these outcomes by the customer

## Credibility =

- The quality of being:
  - Trusted and believed in
  - Convincing or believable.

Market engagement actions are the customers' opportunity to present a credible demand to the supply-chain and convince them that they

are a serious customer

# Market engagement



- **What does it achieve?**

- Helps you to understand the state of the market and design an **effective pro-innovation tendering** approach



- Tests the **reaction of the market** to a proposed requirement
- Brings the **supply-side perspectives** to a procurement process
- Gives the supply chain **advance** notice about forthcoming procurements (suppliers need time to innovate)



- Provides *invaluable* insights to potential suppliers
  - Helps them to differentiate their offering on factors other than price

“This is gold dust for a supplier”

**This is what we suppliers need;** information on our customers needs today, and even more helpfully their future needs. We can then plan and manage our supply chain so we are ready to respond”.

*Director of Design, Skanska*

**Speak to suppliers before tendering.** This enables providers of innovation to make themselves known and ensures that customers are aware of innovative solutions and the benefits before tendering begins.

*InTouch Smart Drains*

What is **great** about this process is that it gives us time to plan, build consortia, and bring new solutions forward

*Director, IMI*



# Market engagement



- By the end of the market engagement the team will
  - Understand the state of the market
  - Have insights that will help refine and develop the final specification
  - Understand the market conditions that will favour delivery of the outcomes



- This will help to design the tendering strategy

Successful market engagement not only provides advance notice to suppliers of a customer's needs, it also serves to break down barriers between customers and suppliers, and helps to determine the tendering strategy that will deliver the desired outcomes.

It is a two way process

"The purpose of this market engagement is to seek feedback from all parts of the supply chain on the different options that are, or could be, available given the right market conditions, that will enable the Trust to meet its requirements, unmet needs and deliver progressive improvements over the life of the contract"

John Cartwright,  
Director, Estates and Facilities.

"This market sounding exercise provided a platform to enable the supply chain to inform and shape the procurement strategy, design and specification of a new catering contract for The Rotherham NHS Foundation Trust. It is also an opportunity to shape new approaches for the NHS and our partners across Europe".

Sue Grundy, Assistant Head of Procurement

# Market Engagement

We engage with suppliers to find out....

Is it allowed?

Do we have time?

How should we do this?

It is clear that we need new and better solutions to fulfil our role effectively.

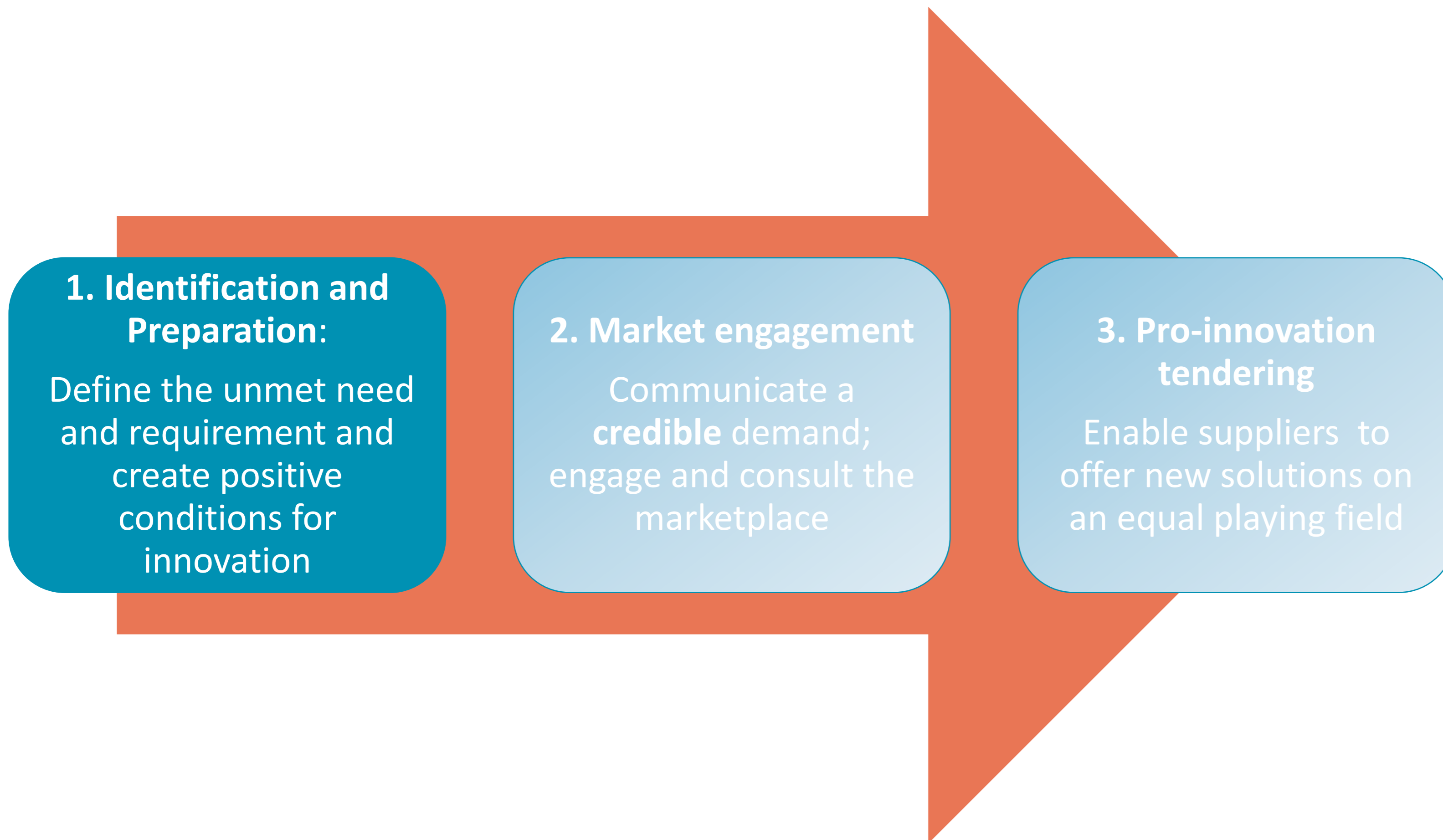
We need to understand what the market could to offer.....



What are the tools and techniques that can help customers feel comfortable and confident about communicating with suppliers?

# Market engagement in the context of innovation procurement

Step 1: Preparation.....



- Understand current situation?
- Genuine unmet need defined?
- Outcomes and requirements defined?
- Stakeholders known, consulted and on board?
- Key discussion makers involved – project board established?
- Leadership backing confirmed?
- In line with policy and direction of travel?
- Financing?
- Endorsement and wider demand?



# Market engagement in the context of innovation procurement

## Step 2: Market engagement, communication and dialogue

### 1. Identification and Preparation:

Define the unmet need and requirement and create positive conditions for innovation

### 2. Market engagement

Communicate a **credible** demand; engage and consult the marketplace

### 3. Pro-innovation tendering

Enable suppliers to offer new solutions on an equal playing field

- Understand current situation?
- Genuine unmet need defined?
- Outcomes and requirements defined?
- Stakeholders known, consulted and on board?
- Key discussion makers involved – project board established?
- Leadership backing confirmed?
- In line with policy and direction of travel?
- Financing?
- Endorsement and wider demand?



# Market engagement as a process



Key principles of market engagement:

- Communication of a genuine unmet need
- Maintaining transparency and an equal playing field
- Respecting confidentiality
- Allow time for innovation – start early
- Show that you **understand the supplier perspective** and keep channels open
- *Two-way* exchange of information



# Tools of Market Sounding



- Tools to support communication and engagement



- **Market Sounding Prospectus**

- Main communication vehicle – internally agreed document



- **Response Form**

- A means to collect the supply chain response



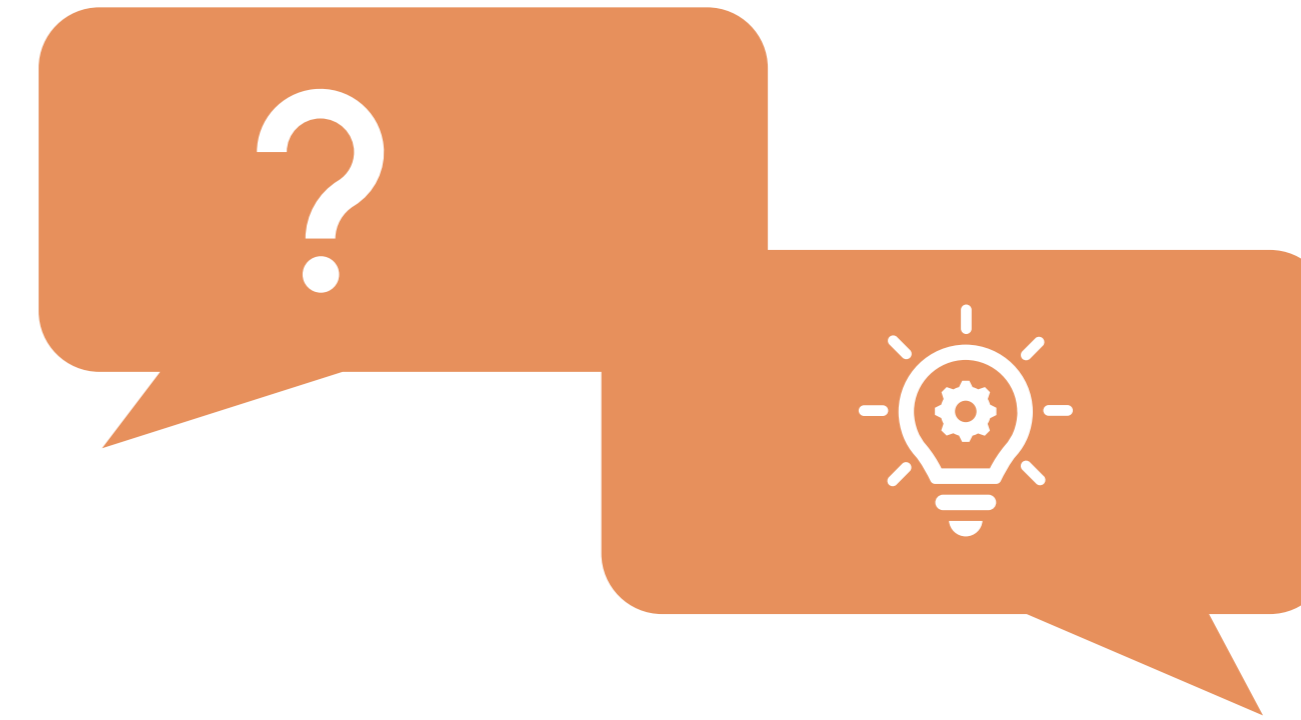
- **Web-page**

- Landing site for suppliers



- **Prior Information Notice (PIN)**

- Launches the market sounding



Market sounding is the process of assessing the reaction of the market to a proposed requirement. It should begin at the earliest possible stage in the procurement process.

Office of Government Commerce (OGC)

# Tools of Market Sounding



- Inside a Market Sounding Prospectus (MSP)



- ‘Credible articulated requirement’

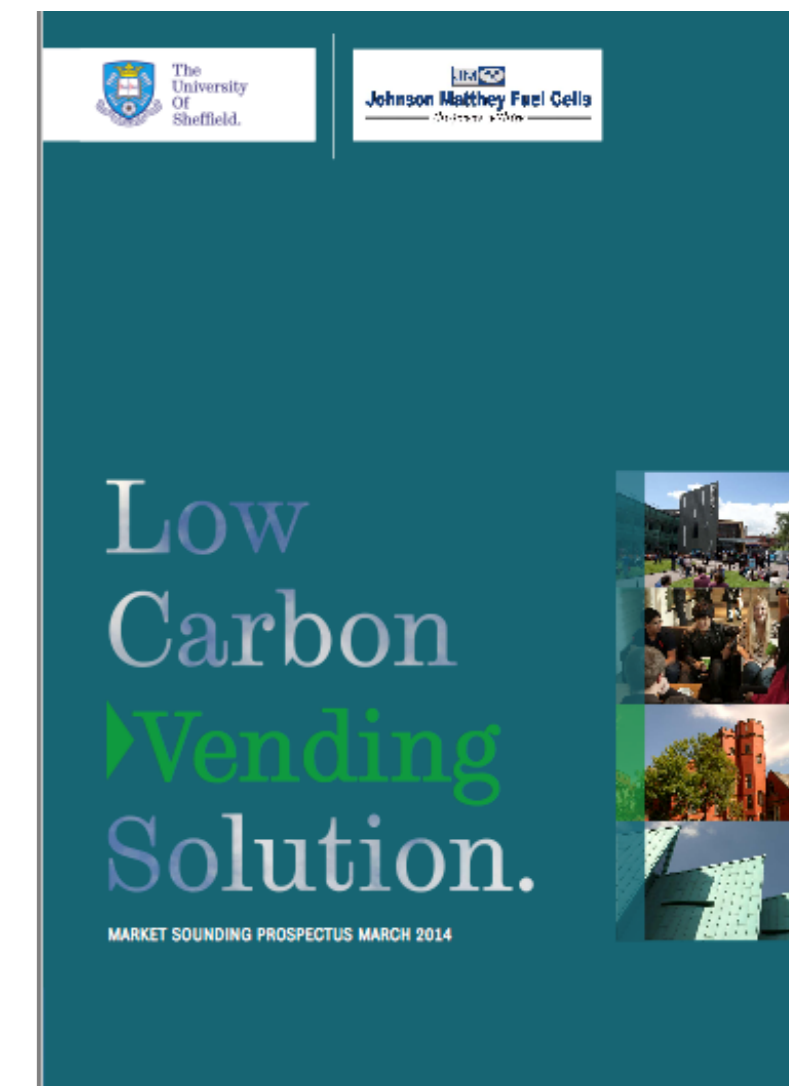
- Unmet need (the problem or issue you are addressing)
- Requirement (in outcome terms)
- Context (current situation, why innovation, drivers)
- Process (scale and timeframe)
- Wider market (who else has this unmet need)
- Supporters (who thinks this is a good idea)



- Clear message on direction of travel



- The development of the MSP forces clarity and consensus in the team



This is not a call for tenders or a pre-qualification exercise. It is a market sounding exercise to provide advance information of requirements and open a dialogue with the supply chain. The results will be used to inform our procurement specification and strategy.

# Tools of Market Sounding

## Inside a Market Sounding Prospectus (MSP)



**Zero Emission Range Targets**

The objective is that by 2030 vehicles will be capable of providing the transport requirements demanded by Birmingham City Council with zero tailpipe emissions. In the interim continuously improving emissions are planned and new vehicles will be able to cover a progressively growing and significant proportion of miles with zero emissions.

### What is a Market Sounding Prospectus (MSP)?

The purpose of the MSP is to communicate an unmet need to the market in a clear, credible and accurate manner.

This MSP is supported by evidence of wider demand and unmet need backed up by policy and leadership commitment. The ambition raised within this document is for a market sounding with mini bus vehicle manufacturers and associated supply chains to enable the design and specification requirements for low carbon/zero carbon mini buses to be met through near future production, enabling Local Authority Adult and Community services and other public service organisations to reduce their CO<sub>2</sub>, NO<sub>x</sub> and Particulate Matter emissions where mini buses are the main vehicle in the safe transporting of children, young people and adults to and from the services that they receive.



### What an MSP is not

This is not a call for tenders or a pre-qualification exercise. It is a market sounding to provide advance information regarding an unmet need and open a dialogue with the supply chain.

The results will be used to inform procurement, vehicle specification and strategy.

This process has been enabled through an EU funded programme, TRANSFORM (<http://www.transform-europe.eu/>), which sets out to support the development and implementation of innovation practice within vehicle procurement processes that will ensure the reduction of CO<sub>2</sub> emissions.

### Aims of the Market Sounding Prospectus

We are requesting feedback from all parts of the supply chain regarding the requirement and the capability and the capacity of the market to offer a progressively lower carbon, lower emission cost efficient solution over the next 15 years.

We are interested in ideas and innovation that could:

- Contribute to achieving improvements in one or more aspects of the requirement
- Deliver progressive improvements or a step change in the short, medium and long term.
- Contribute to a total solution

Interested parties will be invited to a Market Consultation Workshop which will be held in Birmingham on 6 July 2015. This will give all parties the opportunity to explore the need and issues further and contribute to the debate. Further details on this event are available on page 8.

- Branding should be that of the buyer organisation or lead buyer



# Tools of Market Sounding



- **Prior Information Notice (PIN)**
  - Launches the market sounding
  - Published on TED (usually)
  - Aids credibility and communicates serious intent - official
  - Holds all the information about how to access information (MSP) and how respond to the call (Response Form)
  - CPV (common procurement vocabulary) codes are important
    - May be broader in scope than usual.

OJ/S S105  
02/06/2021  
276503-2021-EN 1 / 4

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This notice in TED website: <https://ted.europa.eu/udl?uri=TED:NOTICE:276503-2021:TEXT:EN:HTML>

**Spain-Sabadell: Design-modelling services  
2021/S 105-276503**

**Prior information notice**

**This notice is for prior information only**

**Services**

**Legal Basis:**  
Directive 2014/24/EU

**Section I: Contracting authority**

1.1) **Name and addresses**  
Official name: Consorci Corporació Sanitària Parc Taulí de Sabadell  
National registration number: Q58500051  
Postal address: C/ Parc del Taulí, 1, Edificio La Salut, Secretaria Técnica de Asuntos Jurídicos y de Contratación.  
Town: Sabadell  
NUTS code: ES511 Barcelona  
Postal code: 08208  
Country: Spain  
Contact person: Unidad de Contratación Pública  
E-mail: [contractaciopublica@tauli.cat](mailto:contractaciopublica@tauli.cat)  
Telephone: +34 937458403  
Fax: +34 937239842  
**Internet address(es):**  
Main address: [www.tauli.cat](http://www.tauli.cat)  
Address of the buyer profile: [https://contractaciopublica.gencat.cat/ecofin\\_pscp/AppJava/cap.pscp?department=17000&reqCode=viewDetail&keyword=&idCap=206894&ambit=1&](https://contractaciopublica.gencat.cat/ecofin_pscp/AppJava/cap.pscp?department=17000&reqCode=viewDetail&keyword=&idCap=206894&ambit=1&)

1.3) **Communication**  
The procurement documents are available for unrestricted and full direct access, free of charge, at: <https://contractaciopublica.gencat.cat/perfil/CSPT>  
Additional information can be obtained from another address:  
Official name: ECOQUIP  
Town: Sabadell  
NUTS code: ES511 Barcelona  
Country: Spain  
E-mail: [contractaciopublica@tauli.cat](mailto:contractaciopublica@tauli.cat)  
**Internet address(es):**  
Main address: <https://www.ecoquip.eu/procurement-projects.html>

1.4) **Type of the contracting authority**  
Body governed by public law

1.5) **Main activity**  
Health

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02/06/2021 S105 1 / 4  
<https://ted.europa.eu/TED>

# Tools of Market Sounding



- **Response Form**

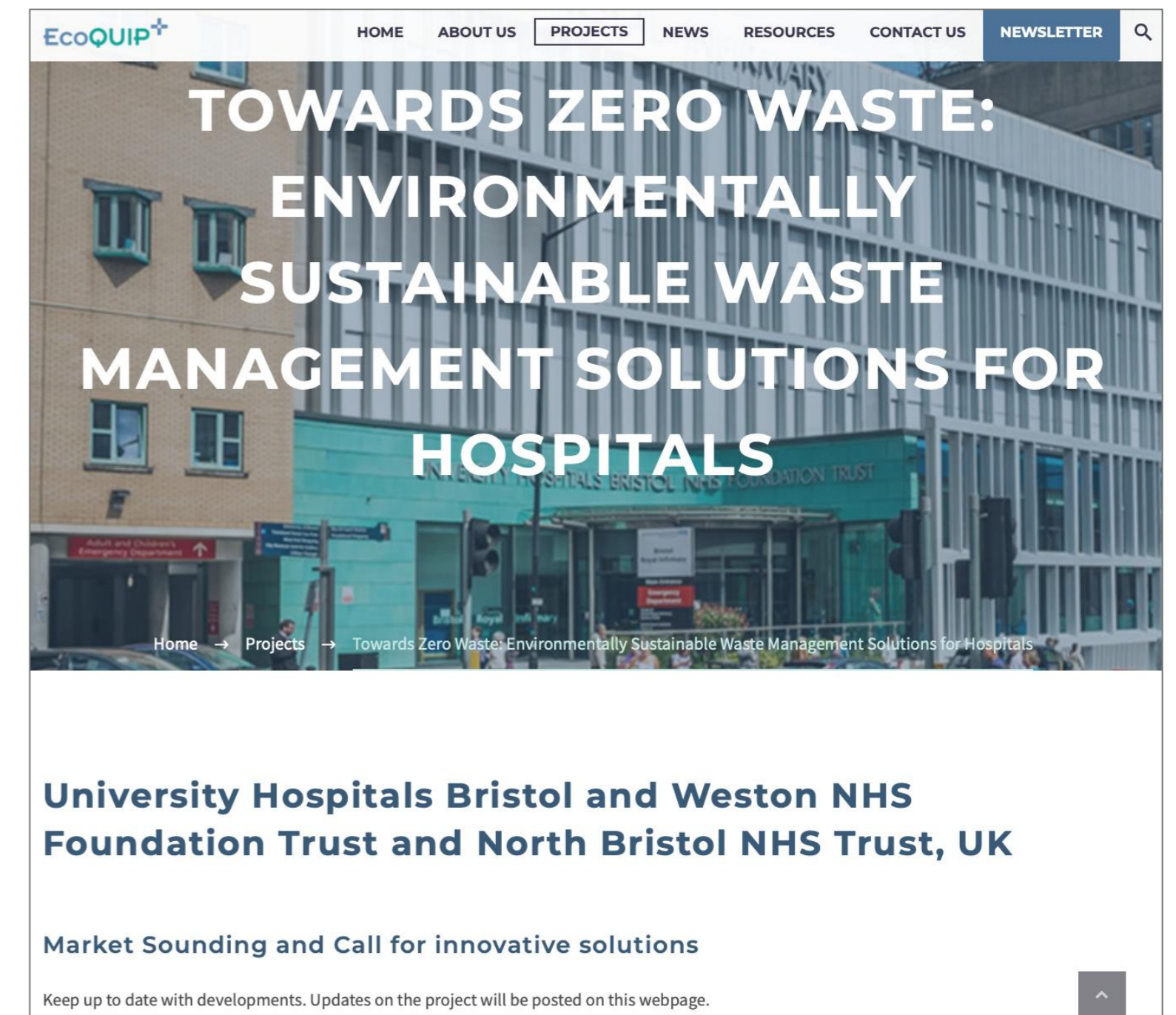
- A means to collect the supply chain response
- It is not necessary to use a response form , but it is helpful
- It makes you think carefully about the information you need from the supply-chain
- It easier to analyse the results of the sounding when they are in a common format
- Many formats possible, google forms, survey monkey etc.
- **Includes opportunity to to register for the consultation event**

1.What is your company's or organisations area of expertise or interest?
2.What solutions, goods or services are <b>currently</b> available that would contribute to delivering the required outcomes?
3.What <b>innovative</b> solutions, goods or services could be <b>early adopted or trialed</b> or become <b>available in the near future</b> given the right market conditions?
4.What innovative financing could be made available?
5.How could the need to maintain a fully operational service be enabled throughout the refurbishment?
6.Are there cost effective alternatives to the envisaged refurbishment programme that are available?
7.What barriers or issues will need to be overcome to deliver the outcome?
8.How can we as a customer support innovation?
9.You are invited to add here any questions, information or comments you would like to pose regarding the outcome requirements.
10.You can supply any additional information or comments about the solutions, goods or services you are proposing here.

# Tools of Market Sounding



- **Web-page**
  - Landing site for suppliers
  - Holds all the information a supplier needs to understand the process and respond to the market sounding
  - Ideally the buyers website
  - Keep it up to date
  - Include FAQs
  - Always takes longer to set up that you think.....



The screenshot shows a web page from EcoQUIP+ with a navigation menu (HOME, ABOUT US, PROJECTS, NEWS, RESOURCES, CONTACT US, NEWSLETTER) and a search icon. The main heading reads: "TOWARDS ZERO WASTE: ENVIRONMENTALLY SUSTAINABLE WASTE MANAGEMENT SOLUTIONS FOR HOSPITALS". Below the heading is a breadcrumb trail: "Home → Projects → Towards Zero Waste: Environmentally Sustainable Waste Management Solutions for Hospitals". The text below the heading identifies the client as "University Hospitals Bristol and Weston NHS Foundation Trust and North Bristol NHS Trust, UK" and describes the project as "Market Sounding and Call for innovative solutions". A footer note states: "Keep up to date with developments. Updates on the project will be posted on this webpage." with an upward arrow icon.

# Market Sounding



- **Proactive communication**

- Incumbent suppliers (prior to PIN publication)
- Create a data-base of contacts



- Supply-chain
  - Scope for AI searches
- Intermediaries, e.g.
  - Innovation networks
  - Business networks
  - SME networks
  - Trade organisations



- Advertise and use social media
- Write articles for trade organisations to publish

Communication



Think of this as a marketing exercise

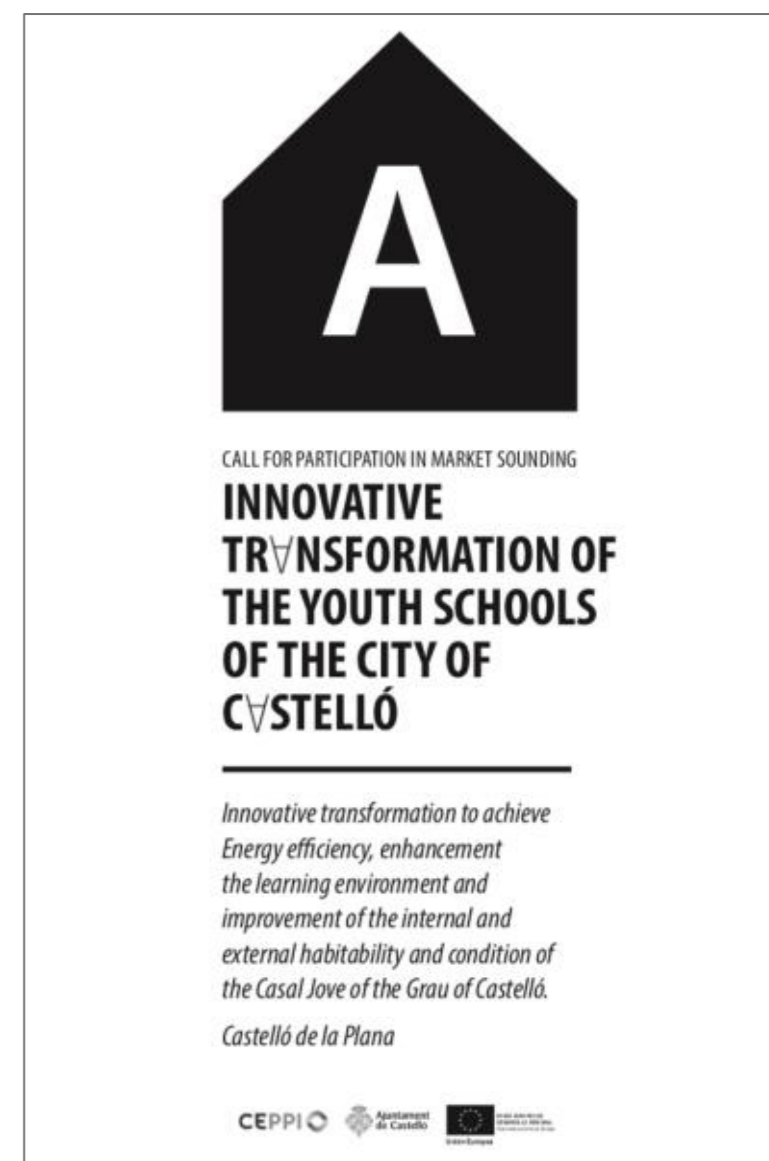
# Market consultation events

- Online, on site, or hybrid events
- **For suppliers...**
  - Networking within the supply-chain enables cross-fertilisation
  - Meeting stakeholders, the procurement team and other interested buyers helps to build the projects credibility
  - The opportunity to ask questions directly
    - (make a note of questions and answers)
- **For customers.....**
  - Understand the range of views present in the supply chain
  - Identify perceived barriers and find out what motivates suppliers
  - Assess first-hand the appetite of the market to deliver
  - Explore perspectives on the tendering strategy
  - Opportunity to involve other stakeholders and buyers



## BOX 10: Market sounding communications in Castellón

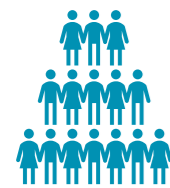
A market sounding regarding the innovative transformation of the youth schools of Castellón attracted interested from more than 20 suppliers, 14 of whom attended a launch event and site visit. A local facilitator stated: "We were really pleased with the response and ideas generated during the site visit and the suppliers appreciated the opportunity to ask questions and get first hand insights into the problems we are facing."



# Market consultation events



## Planning and Preparation is important



### Who attends?

- Buyer side.....
  - Senior manager to launch
  - DMU members
  - Other buyers (use the event to attract new interest)
  - Influencers
- Supply-chain side
  - Potential suppliers
  - Interest groups
  - Innovation / SME network bodies
  - Trade organisations
- **ALWAYS**
  - Follow up email and summary of main findings
  - Up-dated tendering timeline
  - Keep website up to date

Market consultation workshops and / or site meetings provide an opportunity for a **valuable exchange** between the supply chain and the customer

# Market engagement as a process



- **By the end of the market engagement the team will**
  - Understand the state of the market
  - Have insights that will help refine and develop the final specification
  - Understand the market conditions that will favour delivery of the outcomes
- This will help to design an effective tendering strategy

Do we have sufficient information to proceed to procurement? Is the market ready?

## Inside a Market Report

- Introduction
- Overall findings
  - Appetite? Capacity and Capability?
  - Type of suppliers
  - Main barriers
  - Enablers of innovation
  - Technology options
- Timelines and technology readiness
  - Further development and prototyping?
  - Co-creation?
  - Progressive innovation over time?
- Conclusions
  - Route to mobilising a solution
  - Is one solution clearly the way forward?
  - Is additional information required? (by buyer or suppliers)
  - Is further consultation required
- Recommendations:
  - Specification
  - Tendering strategy

# Market engagement in the context of innovation procurement

## Step 3: Pro-innovation tendering

### 1. Identification and Preparation:

Define the unmet need and requirement and create positive conditions for innovation

### 2. Market engagement

Communicate a **credible** demand; engage and consult the marketplace

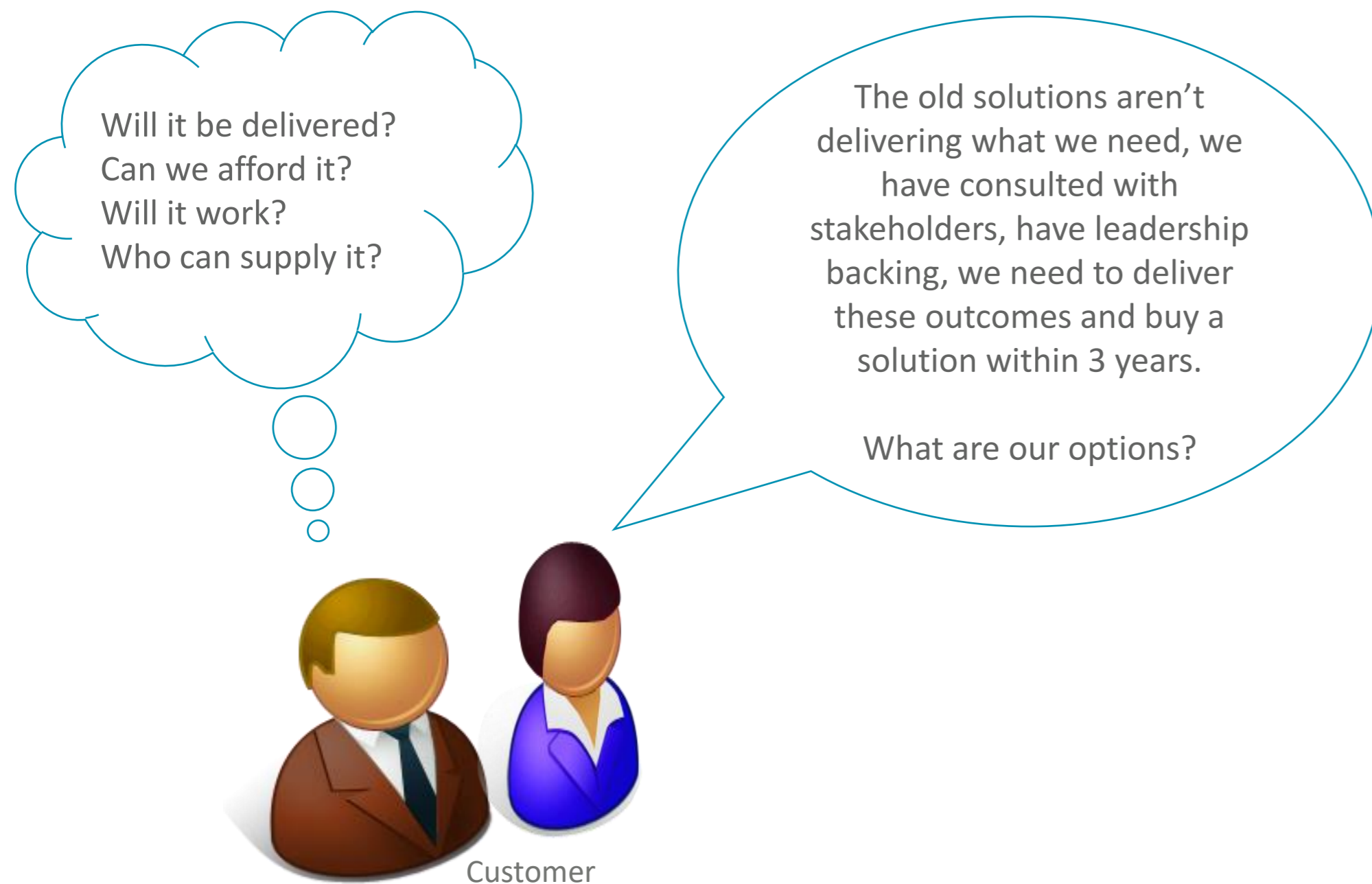
### 3. Pro-innovation tendering

Enable suppliers to offer new solutions on an equal playing field

What is the tendering strategy that will enable suppliers to deliver what we need, when we need it at a price that reflects the value that we place on it”?



# Market Engagement: a summary



For the customer

It is all about confidence that a solution will be provided, work and be affordable



For suppliers

It is all about the credibility of the customer

# Questions, comments

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# Stay in Touch!

[www.iprocuren.net.eu](http://www.iprocuren.net.eu)

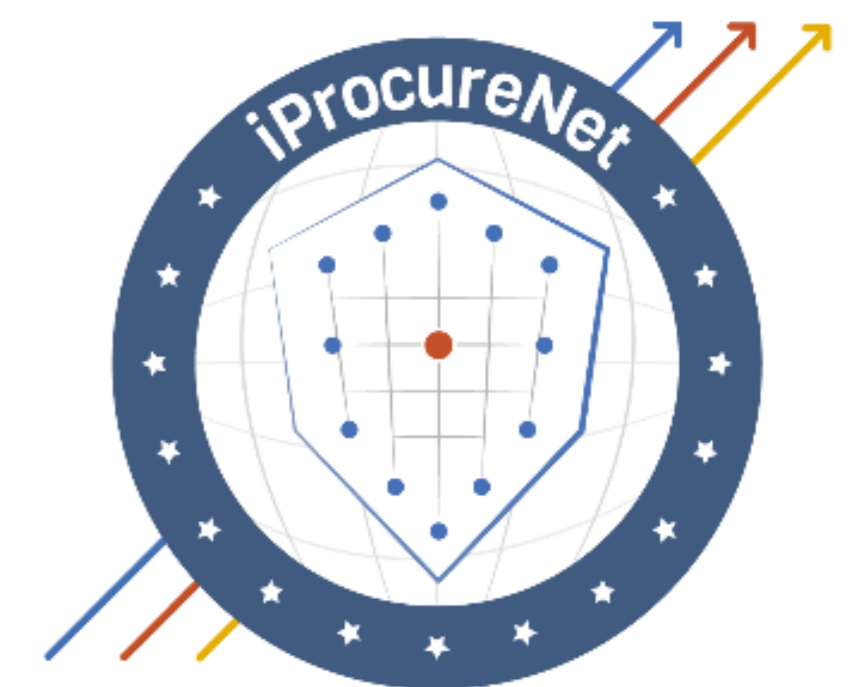


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This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 32875.



Innovation by developing a European Procurer  
Networking for security research services

