

# Procurement Meets Innovation: The Power of Innovation Partnerships

# **Summary**



EU Clusters Talks 13 November 2024, 8:30 – 9:45 CET





# Procurement Meets Innovation: The Power of Innovation Partnerships

The European Cluster Collaboration Platform, on behalf of the European Commission, organised the EU Clusters Talk "Procurement Meets Innovation: The Power of Innovation Partnerships" on 13 November, 8:30 – 9:45 CET, to explore how the procurement procedure of Innovation Partnership can be a strategic catalyst for innovation, driving competitiveness and resilience across European industries.

#### Agenda of the meeting

Moderation: Jennifer Baker

- News from the European Cluster Collaboration Platform
   Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform
- 2. Introduction to Innovation Partnerships

  Anita Poort, Innovation Procurement Policy Officer, DG GROW, European Commission
- 3. Innovation Partnership used by the city of Amsterdam for the Quay Wall Renewal *Tim van de Laar, Senior Project Manager, Gemeente Amsterdam*
- 4. Panel debate
  - Corien Struijk, Advisor Cluster Policy and Innovation Procurement, VLAIO
    Joan Juul, Project Manager, Clean The Danish Water and Environmental Cluster
    Joan Escudero, Digital Health Director, Evidenze Group
    Luis Noguera Coll, Public Sector & Legal Director, Science & Innovation Link Office (SILO),
    Smart City Cluster
- 5. Funding opportunities

  Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform

#### **Key messages**

- Clusters act as a bridge between public authorities and market players, facilitating
  collaboration and reducing uncertainty in innovation procurement. They contribute to
  facilitating training of SMEs on complex procurement processes, making innovation
  partnerships more accessible and transparent.
- Clusters **enable cross-border and cross-sectoral collaboration**, helping companies scale solutions beyond local markets.
- Innovation partnerships, as established in Article 31 of Directive 2014/24/EU, allow public authorities to co-create tailor-made solutions with the market, integrating R&D and deployment into a single process.
- Innovation partnerships strengthen European competitiveness by driving demand for cutting-edge solutions.
- Supporting SMEs in accessing public procurement is crucial for enhancing market diversity and fostering innovation.





# 1. News from the European Cluster Collaboration Platform

#### Ángela Negrete, team member, European Cluster Collaboration Platform

After the introduction by moderator Jennifer Baker, the following news items were presented:

- 1. Apply for the <u>Call for Expression of Interest</u> to organise a European workshop 'Clusters Meet Regions'.
- 2. Save the date for the upcoming missions from the EU Business Hub in Tokyo, on 9 13 December 2024 and 17-21 February 2025 and in Korea, on 17-21 March 2025.

# 2. Introduction to Innovation Partnerships

### Anita Poort, Innovation Procurement Policy Officer, DG GROW, European Commission

Anita Poort began by defining innovation partnerships as a type of public procurement procedure established in <u>Article 31 of Directive 2014/24/EU on public procurement</u>. This process enables public administrations to collaborate with the market to develop and implement **tailor-made solutions** without the need to initiate a new procurement process after the R&D phase. It provides a structured pathway for addressing specific unmet needs through innovation.

The procedure consists of three main phases. The first is the **tendering phase**, conducted similarly to other public procurement processes. The second phase involves **pilot testing**, where the selected supplier works collaboratively with the public authority to develop and test the solution. If this phase proves successful, the final phase allows the public authority to **deploy the product on the market directly**. This approach ensures a seamless transition from development to commercialisation.

One of the **key advantages** of innovation partnerships is their ability to promote innovation by integrating the R&D and deployment phases into a single process. This makes them particularly suited for addressing unmet needs in rapidly evolving areas such as digital technologies. The partnerships also **reduce market risk for suppliers** by ensuring continuous support from public authorities. Moreover, the procedure encourages competition among consortia, enabling the identification of optimal solutions and, in some cases, allowing multiple solutions to be implemented simultaneously.

Anita Poort shared <u>data</u> on the use of **innovation partnerships** within the EU, highlighting that contracts worth **over €1.5 billion were awarded between 2016 and 2023**. The countries leading the application of this procedure vary annually, reflecting its growing adoption. However, its potential remains underutilised, and greater awareness among public buyers and suppliers could significantly expand its impact.

From a strategic perspective, innovation partnerships offer public authorities an effective way to modernise services and address major challenges, such as digital and green transitions. They also enable **better procurement practices** by fostering collaboration with the supply side and leveraging demand to drive innovation across Europe.





To support wider adoption, Anita Poort encouraged participants to explore resources available in the EU's <u>Public Buyers' Community</u>. These include studies, promotional materials, and best practices that demonstrate the value and practical implementation of innovation partnerships. The European Commission is also developing additional tools, such as valuation methodologies and case studies, to help public authorities maximise the benefits of this procedure.

In the end, she talked about the **creation of an account on the cluster platform** to be able to share their news in a more efficient way with the participants in this cluster and they are also working on a promotional package on the innovation partnership, including more best practices

# 3. Innovation Partnership used by the city of Amsterdam for the Quay Wall Renewal

#### Tim van de Laar, Senior Project Manager, Gemeente Amsterdam

Tim van de Laar delivered a presentation on the use of innovation partnerships for the renewal of quay walls in Amsterdam. The talk outlined the challenges posed by the deteriorating state of the city's historic canal infrastructure and how innovation partnerships were **employed as a solution** to address these complex issues. He also shared insights into the framework, execution, and results of the project, offering valuable lessons for other cities facing similar challenges.

The presentation began by describing the critical state of Amsterdam's UNESCO World Heritage canal belt, with many quay walls and bridges suffering from decades of neglect and inadequate maintenance budgets. The structures, originally designed for lighter traffic centuries ago, were increasingly burdened by modern heavy vehicles and construction equipment, leading to frequent collapses and the installation of temporary safety measures. The scale of the problem was immense, with 200 kilometres of quay walls requiring renewal, far exceeding the city's previous annual renewal rate of 500 metres. To meet this challenge, the city needed an **innovative approach** that went beyond traditional construction techniques, which were invasive, environmentally disruptive, and unsuitable for scaling up.

Innovation partnerships were chosen as the preferred procurement method due to their ability to combine research and development with implementation, fostering collaboration between public authorities and private companies. The process involved several phases, including preparation, tendering, research and development, and commercialisation. During the tender phase, market parties were invited to propose innovative solutions, with six shortlisted candidates evaluated based on scalability, environmental impact, future value, and collaboration. Also, fixed pricing was used to ensure cost-effectiveness while incentivising innovation.

Three selected market parties progressed to the **pilot phase**, where their solutions were tested in real-world conditions. The results demonstrated significant advancements, including faster renewal processes, reduced environmental impact, and the preservation of trees. One particularly notable innovation involved a fully electric machine that renewed quay walls step by step without vibrations or noise, a development that was well-received by residents and aligned with the city's environmental goals. The **commercial phase**, supported by long-term framework agreements,





enabled the upscaling of these solutions, ensuring continuous improvement and cost-efficiency through a learning curve.

The project achieved remarkable outcomes. Renewal costs were comparable to traditional methods, but the process was **50% faster**, with a 90% reduction in nuisance factors such as noise and vibrations. The preservation of 59 trees further highlighted the **environmental benefits** of the new techniques. However, the presentation also acknowledged challenges, such as the high upfront investment required from market participants, which led to an increase in development fees to ensure fair compensation.

Finally, Tim van de Laar mentioned another successful example of an Innovation Partnership (IPS) undertaken by the City of Amsterdam, focusing on a large-scale project for a collection of school buildings. This IPS addressed significant challenges related to the construction, renovation, or modernisation of educational infrastructure. The project demonstrated how the IPS methodology can be applied to areas beyond infrastructure, such as educational facilities, which often require tailored, scalable, and future-proofed solutions. He highlighted that this approach ensures higher quality outcomes over time, fosters long-term collaboration with contractors, and creates opportunities for cost efficiencies and environmental benefits, similar to the outcomes observed in the quay wall renewal project.

## 4. Panel debate

The panellists explored how innovation partnerships can bridge the gap between public procurement and market-driven innovation while fostering competitiveness, sustainability, and collaboration.

Corien Struijk highlighted the vital role of clusters as a **bridge between the market and public authorities**. She explained that clusters help governments understand market dynamics and connect with the right players to develop solutions. Clusters also play an educational role, informing companies about the complexities of innovation partnerships, which are relatively new and often perceived as uncertain. Furthermore, she stressed that clusters are instrumental in fostering collaboration, both within their networks and with external partners, which is critical for innovation. The speaker also noted the close connection between **procurement for innovation and long-term competitiveness**, arguing that partnerships allow public authorities to co-create solutions that address societal challenges, such as sustainability, from the outset.

Joan Juul built on these points, emphasising the role of clusters in facilitating collaboration and connecting public authorities with the market. She argued that clusters help public authorities gain a better understanding of what solutions already exist and what can be developed through innovation partnerships. Joan also underlined the importance of cross-border collaboration, facilitated by clusters, which expands opportunities for companies to engage with international markets. She acknowledged that public authorities often lack full knowledge of market capabilities and suggested that clusters are well-placed to address this gap, particularly in terms of setting ambitious sustainability goals.

Joan Escudero shifted the focus to the **healthcare sector**, pointing out significant challenges in aligning innovation efforts with procurement realities. He described how many innovations developed within public health organisations fail to transition into procurement due to a **lack of** 





**coordination** between innovation departments and purchasing processes. Joan emphasised the importance of filling this "valley of death" by using innovation procurement tools to ensure that cocreated solutions are adopted and used in practice. He also stressed the **role of clusters** in guiding SMEs through complex procurement processes and helping them build partnerships to maximise their potential in innovation partnerships.

Luis Noguera emphasised the role of clusters in **reducing market entry barriers**, particularly for SMEs and startups. He argued that clusters facilitate collaboration between smaller players and larger companies, **creating an environment** where innovation can thrive. He highlighted the importance of effective governance models and transparent communication in building strong partnerships between public and private stakeholders. Additionally, he called for simplified procurement processes to make innovation partnerships more accessible to SMEs, pointing out that current frameworks are often too complex for smaller businesses. It was also underscored the importance of knowledge sharing, with clusters playing a central role in disseminating best practices and promoting collaboration across sectors.

Despite their diverse perspectives, the panellists agreed on several key points. All acknowledged that clusters play a vital role as connectors, bridging gaps between the market and public authorities while fostering collaboration and guiding stakeholders. They also recognised the importance of supporting SMEs by helping them navigate complex procurement processes, reducing barriers, and connecting them with suitable partners. Furthermore, they agreed that flexibility in governance and procurement models is essential for the success of innovation partnerships. Sustainability and competitiveness emerged as central themes, with the panellists emphasising the need for public authorities to set ambitious goals and engage the market in co-creating solutions that address long-term societal challenges.

On the other hand, there were areas of divergence. Joan Escudero focused on **internal alignment** within public institutions, particularly the disconnect between innovation and procurement departments in the healthcare sector, while other panellists concentrated on external collaboration and market engagement. Luis Noguera strongly advocated for **simplifying EU procurement** frameworks to better accommodate SMEs, whereas others prioritised clusters' role in guiding SMEs through existing processes rather than simplifying them. Additionally, Corien Struijk cautioned against clusters being involved in both the demand and supply sides of tendering processes, citing **legal and ethical concerns**.

The panel addressed several audience questions, including how clusters can align the goals of public institutions and private companies. They also emphasised the need for **clear political support** and strategic direction from public authorities to ensure innovation partnerships succeed. Discussions on flexibility and partnership evolution led to calls for more adaptable governance models and cluster-facilitated workshops to align stakeholder expectations.

Finally, the panellists called for stronger collaboration between clusters, SMEs, and public authorities to ensure these partnerships thrive. **Key recommendations** included:

- Improving SME access to procurement opportunities.
- Enhancing the knowledge-sharing role of clusters.
- Developing EU-level tools to streamline innovation procurement.





# 5. Funding opportunities

### Ángela Negrete, team member, European Cluster Collaboration Platform

Closing the EU Clusters Talk, Ángela Negrete shared the following examples of funding opportunities:

- 1. <u>Demand-led innovation through public procurement</u>; deadline 20 November 2024.
- 2. <u>Accelerating uptake through open proposals for advanced SME innovation</u>; deadline 20 November 2024.
- 3. <u>Innovative tools and business models</u>; deadline 16 January 2025.
- 4. Joint Cluster Initiatives (EUROCLUSTERS) for Europe's recovery; deadline 5 February 2025.
- 5. Opportunities for SMEs: Calls from Euroclusters; published on <u>European Cluster</u> Collaboration Platform.

