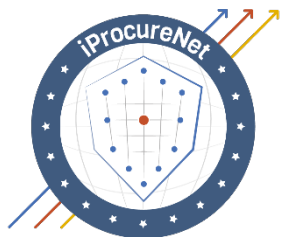


FIGHTING AGAINST ORGANIZED CRIME IN THE DIGITAL ERA: PUBLIC PROCUREMENT AS A TOOL

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Innovation by developing a European Procurer
Networking for security research services



IS PUBLIC PROCUREMENT BARRIER IN THE UPTAKE OF INNOVATION?

- End-users in the security sector often perceive public procurement as hindering innovation uptake
- Suppliers struggle to understand or find the needs of end-users
- Both sides perceive bureaucratic rigidity of PP

IS PUBLIC PROCUREMENT BARRIER IN THE UPTAKE OF INNOVATION?

Question to audience:

- Is public procurement more of an enabler or barrier to the uptake of innovation?

Answer:

- Public procurement presents a barrier to innovation
- Public procurement enables innovation

iProcureNet

H2020 project starting **1 May 2019**...

...and lasting **5 years**

15 partners from **11 member states** out
of which **10 are procurement agencies**

1,5M€ budget

THE IPROCURENET CONSORTIUM



IPROCURENET AT THE HEART OF SECURITY INNOVATION

iProcureNet aims to create an ecosystem of procurers, prescribers, legal advisors and other key stakeholders of security procurement, to

- share and analyse procurement trends and needs;
- develop common and standardised practices from the technical, legal and financial perspectives, and

PROCUREMENT INSTRUMENTS TO PROMOTE INNOVATION

There are already well-established mechanisms to promote innovation in the case of solutions that are not yet on the market or not commercially available

- pre-commercial procurement (PCP)
- and public procurement of innovative solutions (PPI)

PROCUREMENT INSTRUMENTS TO PROMOTE INNOVATION

Other public procurement instruments that can promote innovation even in the case of procurement of COTS?

- Joint cross border public procurement
- Preliminary market consultation as a legal and flexible way to communicate with suppliers
- Functional specification vs. descriptive requirements
- Promoting innovation by value engineering

JOINT CROSS BORDER PUBLIC PROCUREMENT

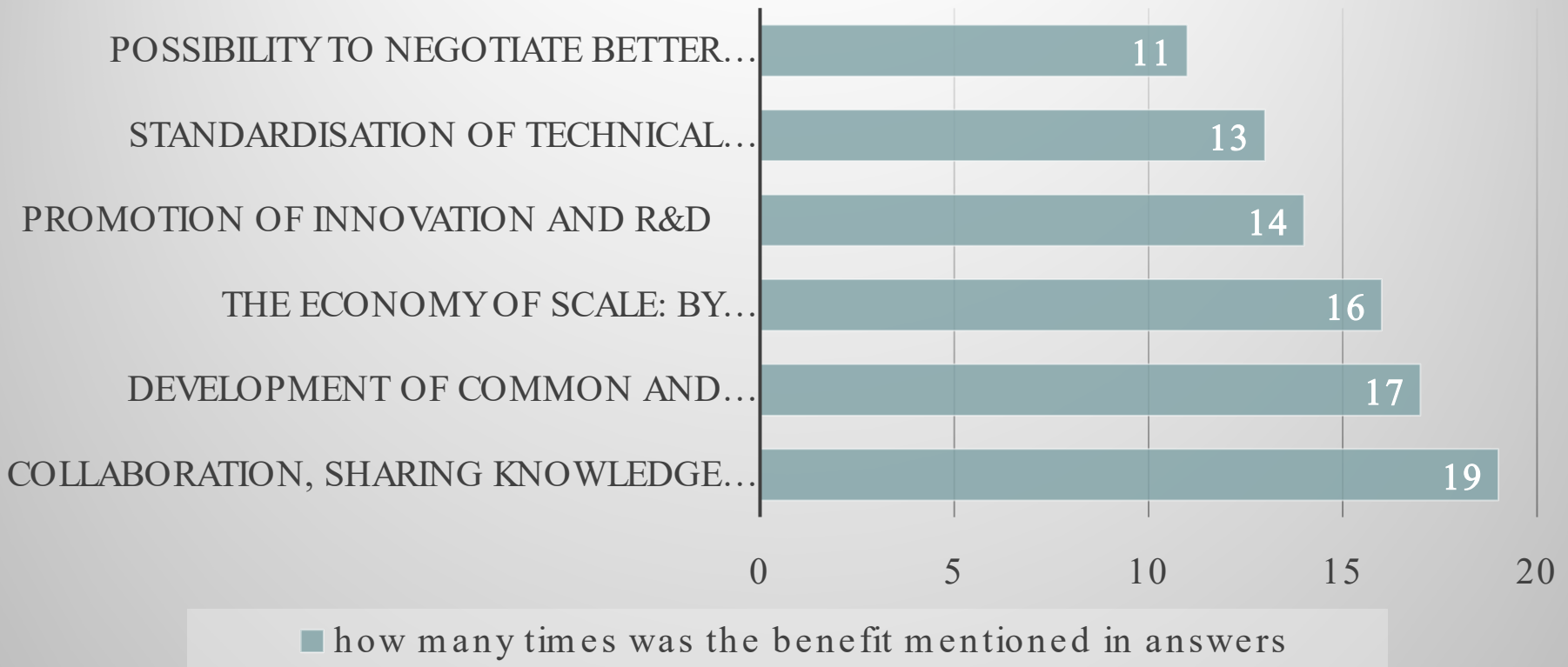
The JCBPP is an **innovative mechanism** of how several contracting authorities from different member states can jointly procure goods or solutions.

And also, it can serve as an **instrument for procuring innovation** – as it allows to share of the risks, pool demand of several authorities and share expenses for the process.



BENEFITS OF JCBPP

Benefits of Joint cross border public procurement



PRELIMINARY MARKET CONSULTATIONS

- One of the effective ways to promote innovation and learn about new innovative solutions is to conduct open market consultation or preliminary market consultation (art. 40 of the directive 2014/24/EU)
- PMC can be described as a formalised dialogue between the contracting authority and other entities (economic operators, suppliers or independent experts), aiming to obtain answers to how the contracting authority's problems can be solved.

PRELIMINARY MARKET CONSULTATIONS

Why to conduct PMC?

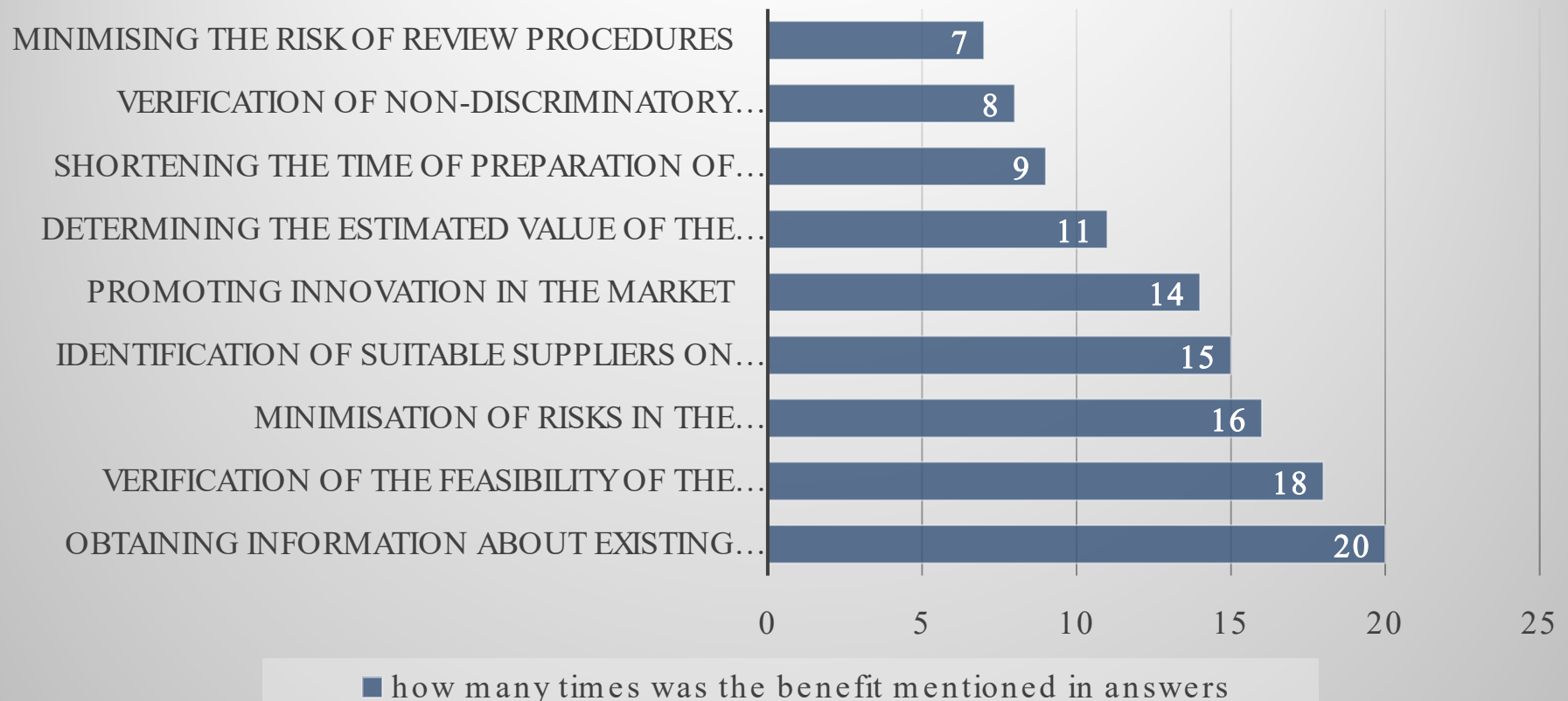
- Public buyer does not know how it would be possible to ensure the **realisation of its unmet need**;
- Minimisation of **imminent risks in the implementation and operation** of the subject of tender;
- Priming the **market for new needs and demands** of the buyer;
- Promoting **innovation in the market** by giving **innovative suppliers** the possibility to present public buyers with their innovative solutions

PRELIMINARY MARKET CONSULTATIONS

- **Suppliers can benefit from PMC:**
 - **A better understanding of the situation and problems of the CA** and better understand the need of CA for the innovation;
 - **A legal way how to “influence” the preparation of the tender;**
 - **The opportunity to present innovations, ideas, thoughts;**
 - **Faster decision-making** whether the given supplier is interested in the given tender

PRELIMINARY MARKET CONSULTATIONS

Benefits of conducting preliminary market consultation



FUNCTIONAL SPECIFICATION VS. DESCRIPTIVE REQUIREMENTS

According to the EC notice – Guidance on Innovation procurement,

- with **descriptive technical specifications**, the public buyer prescribes the detailed solution and bears full responsibility for its quality and performance levels

when it comes to **functional specifications**,

- **shift the responsibility** for achieving better results to the market. The public buyer sets **minimum requirements** to avoid an abnormally low-performing tender, but is **not overly prescriptive** regarding the means of achieving a desired outcome

PROMOTING INNOVATION BY VALUE ENGINEERING

Value engineering consists of

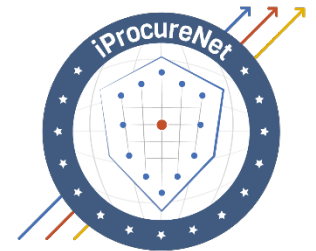
- activities and actions that can be used during contract implementation to improve or preserve the functions of the innovative solution while reducing the costs

Value engineering clauses typically

- incentivize vendors to continue improving the quality/cost ratio of their solution by awarding part of the additional cost savings/quality improvements achieved after the contract signature to the vendor.

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