



Horizon 2020 support for Pre-Commercial Procurement

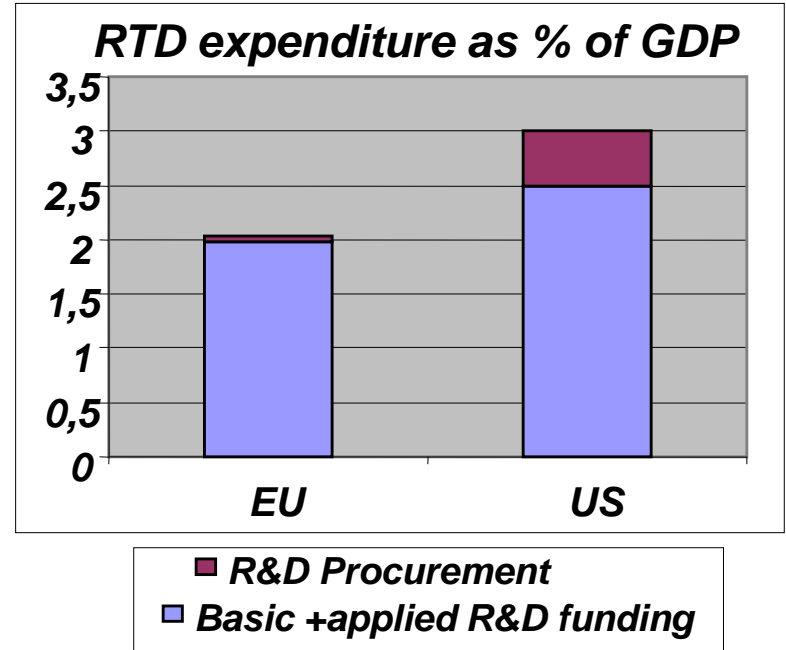


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Europe underinvests in innovation procurement



... but ...



**Many public sector challenges unsolvable via public procurement of existing solutions
R&D /innovation procurement strategy needed**

Public expenditure is 47% of EU-25 GDP, but ~5 times less is spent on R&D procurement in EU (~10Bn€) versus US (~50Bn€). Half of the 10Bn€ in Europe happens in defence

Underinvestment in R&D procurement is responsible for half of the EU-US R&D investment gap. Need to step up our game.

Linked to lack of early adopters to procure first innovative solutions in Europe (e.g. 5% in e-gov compared to 15-20% in healthy market)

What / How innovation procurement



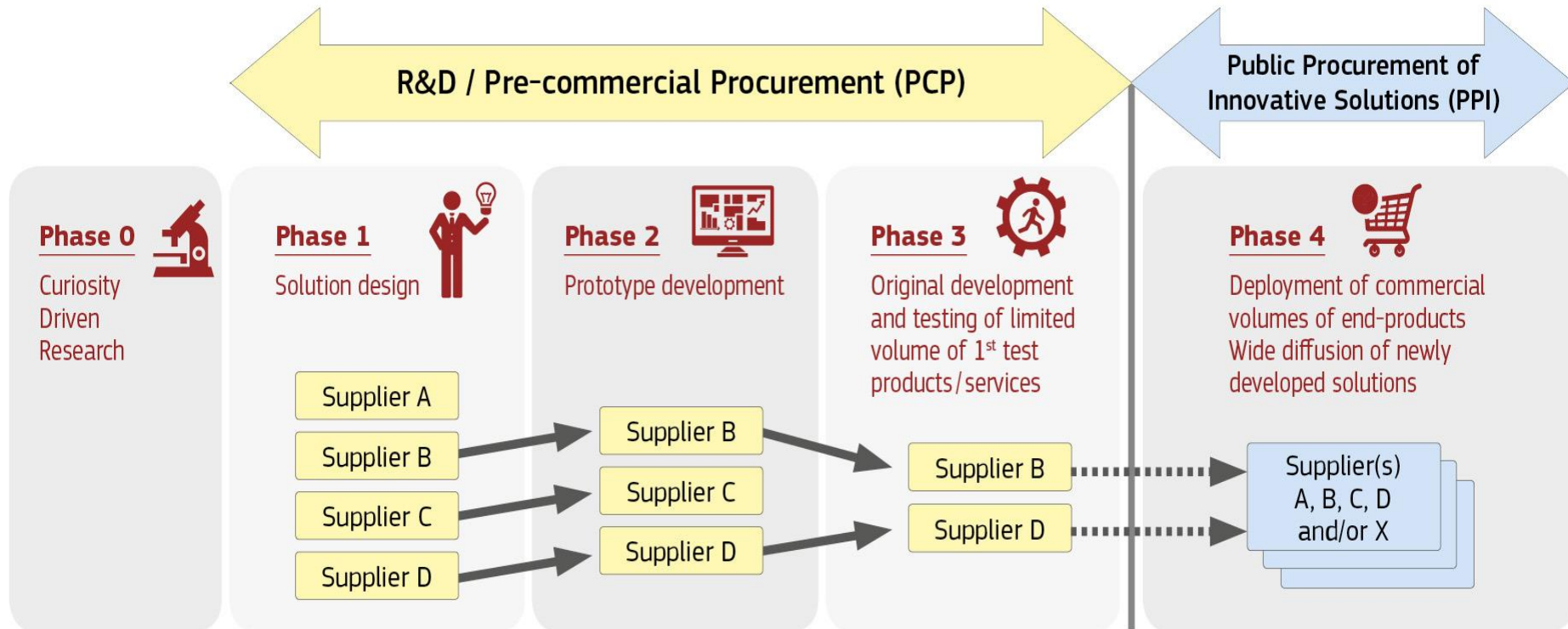
Tackling public sector challenges often requires public sector transformation

- *In many cases, solutions are close to the market and would be provided if clear requirements/sufficient demand expressed by the market. R&D is not required and the Public Sector acts as launching customer/early adopter that **deploys the innovative solutions as early adopter through Public Procurement of Innovative solutions (PPI)***
- *In other cases, the solution sought lies beyond the state of the art, no available solution on the market yet. R&D is still needed to de-risk technology, still competing solution approaches to compare and still too risky to commit to go for large scale deployment or tie your hands to specific solutions / suppliers. **The Public Sector procures R&D to get new solutions developed and tested through Pre-Commercial Procurement (PCP)***

Complementarity PCP and PPI



- **PCP** to steer the development of solutions to concrete public sector needs, while comparing/validating alternative solution approaches from various vendors + possibly first deployment (non-commercial volumes)
- **PPI** to act as early adopter / first buyer of commercial volumes of innovative end-solutions newly arriving on the market



How does supply / demand side benefit



European
Commission

Suppliers

- *Shorter Time to market*
- *Faster company growth*
- *Economies of scale*
- *Wider market*

- *New lead markets*
- *Increase export*
- *Global competitiveness*

Politicians

- *Implement political priorities*
- *Modernize public services*
- *Improve innovation climate*
- *Attract foreign investment*
- *Create growth and jobs*

- *First customers*
- *Shared risks & benefits*

- *Cheaper / better products*
- *Lower risk of modernization*

**Win-win
for all**

Get the 'Best Product'...

- *Shape product development to public needs*
 - *Increase technology knowledge*
 - *Reduce risk in commercial tendering*
 - *Reduce supplier lock-in*
- open up market to smaller players*

... at the 'Lowest Price'

- *Economies of scale*
- *Usage / Licensing rights*
- *'First time right' product*
- *'EU interoperable'*
- *Attractive to venture capitalists*
- *Reduce unforeseen expenditure*

Procurers

Energy Efficient High Performance Computing

EU funded example



9 M€



23 M€



73 M€



1 B€



PCP: procured the R&D, tested and started using the prototypes

PPIs: procurements ongoing. Vendors from PRACE 3IP PCP have already won contracts.

July 2014 -> February 2018

5 suppliers (ph 1) -> 3 suppliers (ph 3)

Today

Buyers PCP: CINECA (IT), Juelich Supercomputing Center (DE), Genci (FR), EPCC (UK), CSC (FI)

Buyers PPI4HPC PPI: CINECA (IT), Juelich Supercomputing Center (DE), Genci (FR), CEA (FR), BSC (ES)

Buyers FENIX/ICEI PPI: Juelich Supercomp. Center (DE), ETHZ/CSCS (CH), BSC (ES), CEA (FR), CINECA (IT)

Companies: FR, IT, UK

Benefits for procurers and other HPC end-users:

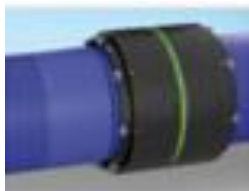
- ❑ The PCP accelerated key R&D activities on high energy efficiency supercomputing and delivered three pilot solutions that use different technology approaches that improve the state-of-the art of energy efficient high performance computing: Bull/Atos (FR), E4 Engineering (IT), Maxeler (UK)
- ❑ The results have clear potential for a real impact on future HPC procurements (e.g. PPI4HPC, ICEI/FENIX, the new EUROHPC Joint Undertaking) and on the larger European HPC community
- ❑ The PCP enabled supercomputing centers to pilot for the first time joint procurement and joint ownership of innovative HPC prototypes. This paved the way for the creation of a Joint Undertaking (EUROHPC) that will invest over 1 Bn EURO on joint HPC procurement in coming years

Non-EU funded National Example



Impact on SME Example

Reduced leaks in water pipes



More info [here](#)

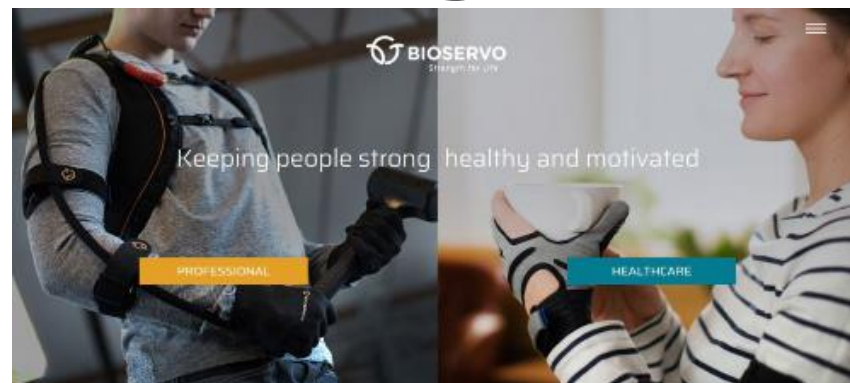
Procurers: Nordic water companies (SE, NO, DK)
Companies: TK, DE, UK, AT

Joint PCP that developed new couplers that can join two water pipes in a safer way with less leakage.

Benefits for the procurers: faster (1 year time to Market), cheaper operations (3 times faster installation than before), reduced supplier lock in.

Benefits of the companies: solutions have been successfully commercialized and deployed.

Cyborg super- strength



More info [here](#)

Procurers: Elderly care orgs, cities (UK, NL, SE, FI, DK)
Companies: NL, ES, FR, SE

Bioservo: Swedish startup that participated in SILVER PCP prototyped the world's first soft robotic muscle strengthening system for elderly care.

Since then Bioservo has raised over 9M € in 3 equity rounds and an IPO on Nasdaq First North. It is successfully expanding its business worldwide in partnership with several Fortune 500 companies (working with Airbus, GM, GE, Eiffage, NASA).

Why European cooperation on PCP-PPI?



- **Speed up public sector modernisation** – improve quality and efficiency of public services with breakthrough solutions
- **Get better value for money through cooperation** - enable public sector around Europe to share cost + experience to buy new solutions that can respond to concrete public needs
- **Address issues of common interest together** – e.g. where interoperability and coherence of solutions across borders, pooling of resources or market defragmentation is required
- **Create growth and jobs in Europe** – help innovators bring European R&D to the market (the majority of R&D in H2020 funded PCPs must take place in Europe, 1st set of first test products can be bought in the PPI from companies in the PCP)

Ongoing and completed EU funded PCPs



- 12 PCPs have completed (phase 3 finished)

- [SILVER](#) (Robotics for elderly care)
- [THALEA](#) (Telemedicine for intensive care unit patients at increased risk)
- [SMART@FIRE](#) (Smart protective equipment for fire fighters)
- [Human Brain Project](#) (High Performance Computing for brain simulation)
- [DECIPHER](#) (Cross-border mobile health services)
- [V-CON](#) (Virtual construction of road infrastructure)
- [CHARM](#) (Advanced Traffic management and prediction)
- [PRACE 3IP](#) (Energy efficient supercomputing)
- [PREFORMA](#) (Long term digital preservation)
- [IMALE](#) (Personalised e-learning solutions)
- [NYMPHA-MD](#) (Mental care for bipolar disorders)
- [HNSciCloud](#) (Science cloud platform for research community)

finished
PCP

- 10 PCPs are ongoing (are procuring)

- [QUACO](#) (Quadrupole magnets for large hadron collider)
- [MAGIC](#) (Post stroke recovery)

ongoing
PCP

HBP PCP doesn't result from a PCP call. HBP decided itself to implement a PCP in the HBP research project.
[Cloud for Europe](#) (Cloud computing for govts) was only partially implemented (up to mid phase 2)

- [SELECT4Cities](#) (Internet of Everything platform for Cities)
- [RELIEF](#) (Pain self-management)
- [NIGHTINGALE](#) (Wearable sensors for safer patient monitoring/care)
- [PROEMPOWER](#) (Diabetes patient empowerment)
- [LIVE INCITE](#) (Lifestyle interventions in perioperative medicine)
- [MARINE-EO](#) (Marine earth observation)
- [FABULOS](#) (Automated bus lanes)
- [SMART.MET](#) (Smart water metering)

*PCP in
ongoing*

- 8 buyers groups are in open market consultation (preparing the PCP) or in the tendering phase of the PCP

- [ANTISUPERBUGS](#) (detection/reduction of superbugs and other infections)
- [STARS](#) (Health stress reduction)
- [POSIDON](#) (Polluted site decontamination)
- [BROADWAY](#) (Interoperable mobile broadband for public safety)
- [SHUTTLE](#) (Toolkit for trace analysis by forensic laboratories)
- [CIVILnEXT](#) (Next gen information systems for EU external policies)
- [ARCHIVER](#) (Archiving and preservation for research environments)
- eCare (Frailty prevention in old adults)

*PCP in
Preparation*

Achieved market engagement (ongoing + completed PCPs)



- **Open Market Consultations**

- Involving between 70 to 300 companies and researchers per PCP
- Broaching the views of companies and researchers from all over Europe and beyond in preparation of the upcoming PCP procurement

- **Call for Tenders**

- Tender docs downloaded typically between 50 to 300 times
- Nr of offers received typically between 10-50 (4-7 for specialised/low budget PCPs)
- Offers received from all over Europe and beyond

- **Contract award**

- 110 procurers cooperating/buying jointly across the different buyers groups
- 151 contracts awarded in total
- Winning bidders involving 312 companies and 56 universities/research centra
- Total value of the PCP procurements: between € 450.000 and € 9.000.000
 - Contract values for phase 1: between € 15.000 and € 180.000 (per contractor)
 - Contract values for phase 2: between € 20.000 and € 900.000 (per contractor)
 - Contract values for phase 3: between € 65.000 and € 2.700.000 (per contractor)

Immediate impacts of EU funded PCPs (ongoing + completed PCPs)



- **Opening a route-to-market for new players/SMEs**
 - 61,5% of the total value of all PCP contracts goes directly to SMEs
 - Compared to 29% average in public procurements across Europe

Mostly small young SMEs: 31% below 10 people, 48% below 50 people, 60% less than 10 years old
- **Helping also larger market players bring products to the market**
 - 16% of PCP contracts won by large companies as single bidder
 - 19% of PCP contracts won by consortia of larger companies plus SMEs
 - 73,5% of the PCP contracts won by SMEs (SMEs alone, or as lead bidder)
- **Relevance to universities & bringing scientific results to market**
 - 30% of winning contracts have also a university/R&D center partner in consortium
 - Winning SMEs are also often university start-ups
- **Stimulating cross-border company growth**
 - 33,1% of contracts are won by bidders that are not from a country of any of the procurers in the buyers group (e.g. DE company working for UK+NL procurers)
 - Compared to 1,7% average in public procurements across Europe
- **Creating growth and jobs in Europe**
 - 99,5% of contractors do 100% of R&D activities for the PCP in Europe
(2 have committed to do minimum 68% resp. 85% of R&D in Europe)

Longer term impacts of completed PCPs 'so far'

Impacts for procurers



- Improving the quality and efficiency of public services
 - All completed PCPs delivered solutions that improve quality and / or efficiency
 - 60% of procurers use PCP also to obtain more open, interoperable solutions
- Deployment of solutions by procurers in the project
 - Procurers from 55% of completed FP7 PCPs have already deployed solutions developed during the PCP (SILVER, PRACE3IP, HBP, PREFORMA, THALEA, IMAILE)
 - Open source solutions deployed without needing procurement: PREFORMA, HBP (part open source)
 - Solutions procured as part of the PCP: PRACE3IP, THALEA, IMAILE
 - Solutions procured after the PCP: SILVER, HBP
 - Procurers from 45% of completed FP7 PCPs have *not procured yet*
 - Delay in other deployments that need to be finished first before buying the PCP solutions: CHARM
 - Slow standardisation is delaying deployment: V-CON
 - Product commercialisation/certification/clinical trials not finished yet: SMART@FIRE, NYMPHA-MD
 - Market situation / deployment EPSOS interoperable health records delayed: DECIPHER
- Wider deployment of solutions by other procurers on the market
 - Procurers from 27% of completed FP7 PCPs are already preparing additional larger scale procurements with enlarged buyer groups (THALEA, PRACE3IP, IMAILE)

Typical hurdles to scale up further in some areas: slow standardisation, certification, regulation, unclear health insurance/reimbursement rules, fragmented market in EU

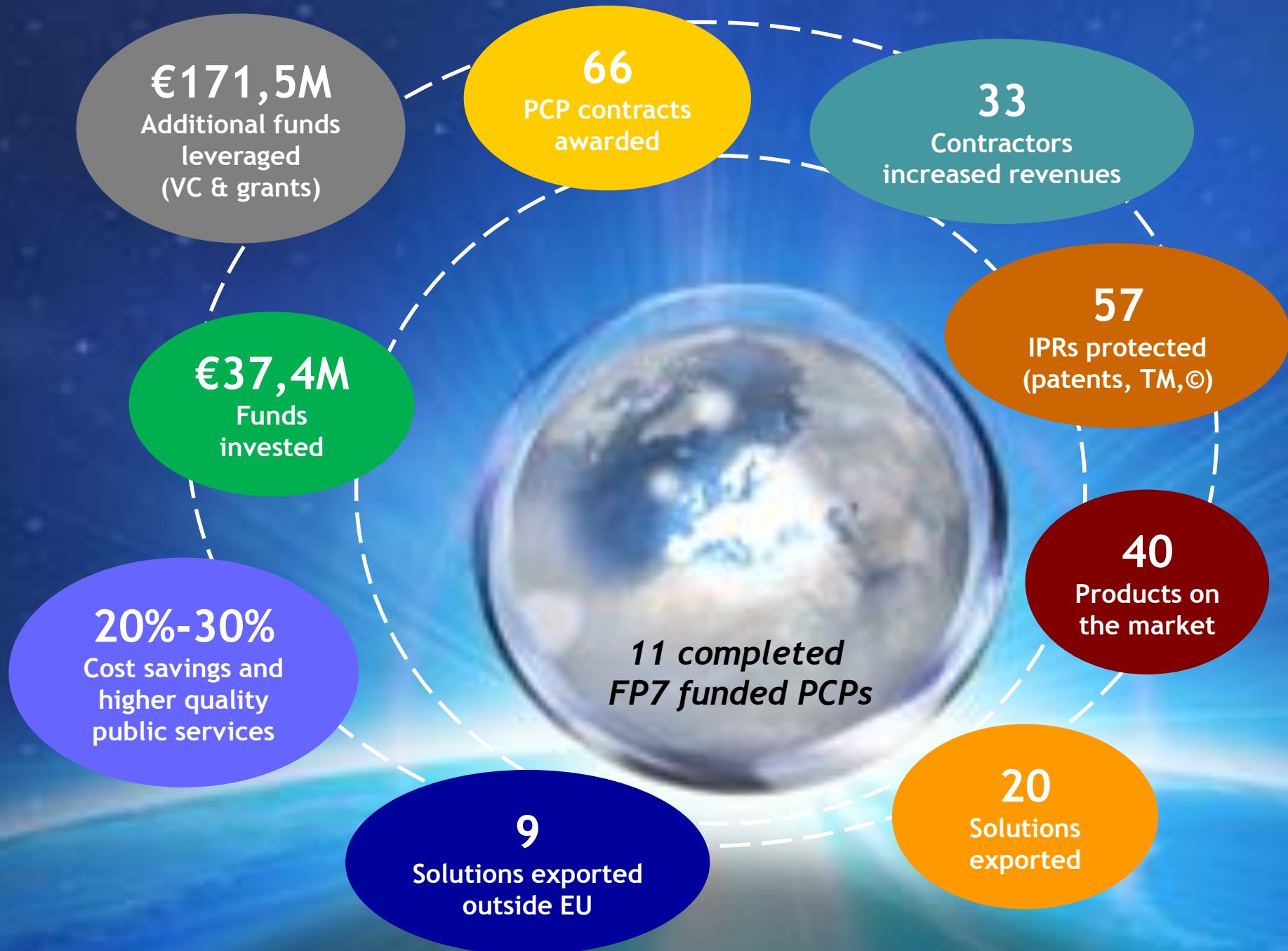
Longer term impacts of completed PCPs 'so far'

Impacts for companies



- **Commercialisation of solutions (product available on the market)**
 - 86% of Ph3 contractors, 75% of Ph2 contractors and 30% of Ph1 contractors have already commercialised (part of) their solutions
 - 11% of contractors (across Ph1/2/3) still expect to commercialise within 2 years
 - 17% of contractors do not plan commercialisation of solutions
- **Business growth**
 - 50% of contractors already increased their revenues thanks to the PCP solution
 - 24,2% of start-ups have secured equity investment since the PCP
 - 18% of start-ups concluded partnerships with large corporates
 - ~1 SME per PCP attracted additional financing from the EU SME instrument
 - Either before the PCP to verify the feasibility of their idea and setup their business for the PCP
 - Or during/after the PCP, for wider marketing activities and/or to diversify also into other markets
- **Exit strategy (62,8% of companies in the PCPs are Start-Ups)**
 - 12,1% of start-ups have undergone a merger or acquisition
 - 3% of start-ups have done an IPO since end of the PCP (1 on NASDAQ)

Typical additional support that SMEs/start-ups are looking for, to scale up further:
Introduction to investors, corporates, international distributors, budget for more trials/
demonstrations with new customers and marketing of solutions (e.g. specialised fairs)



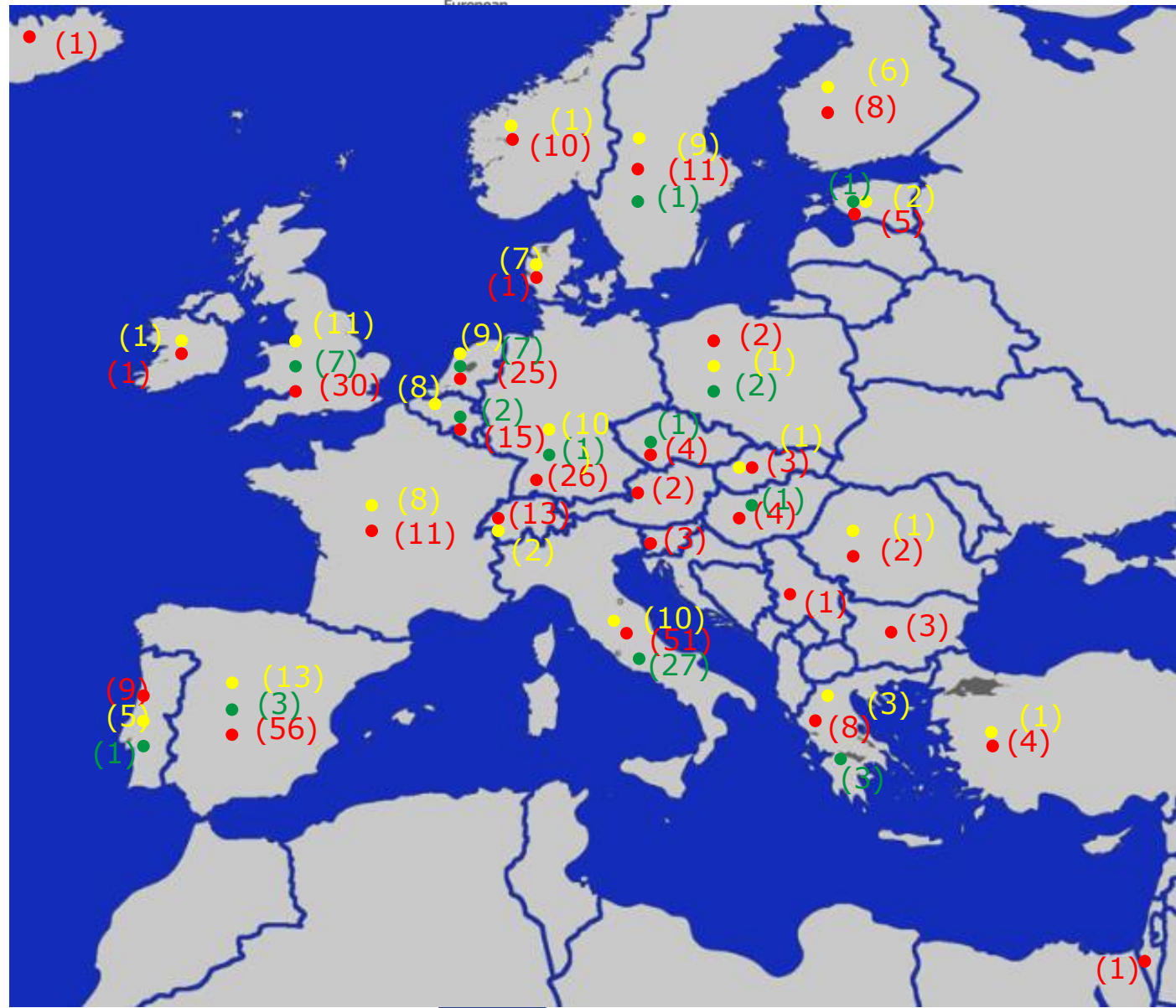
Lessons learnt (ongoing + completed PCPs)



- Separating PCP (R&D) from PPI (commercial volume deployment) and using a phased PCP approach
 - Opens the market for small players/SMEs (smaller gradually growing contract sizes)
 - Enables procurers to steer industry R&D to meet their needs, achieve desired quality and efficiency improvements in public services and reduce vendor lock-in
 - Stimulates cooperation with universities and larger companies
 - Enables use of place of performance clauses that create growth/jobs in Europe
- Joint cross-border PCP procurement
 - Stimulates cross-border company growth
 - Facilitates the creation of more open standards based interoperable solutions
- Leaving IPR ownership rights with contractors
 - Reduces the cost / the R&D risk for procurers with 50%
 - Encourages wider commercialisation of solutions by vendors
- Using a place of performance condition in PCPs
 - Can effectively stimulate growth and job creation in Europe

Geographic location winning bidders & procurers (completed + ongoing PCPs)

- Companies in winning bids (nr/country)
- Universities/ research centra in winning bids (nr/country)
- Procurers (nr/country)





- ❖ Coordination and Support Actions (**100%** funding rate):
 - Support only coordination activities e.g. preparation of a PCP or PPI by a group of procurers (investigating feasibility to start PCP/PPI, open market consultation with industry before initiating a concrete PCP or PPI etc)
 - CSAs do not provide EU co-financing for an actual PCP or PPI procurement
- ❖ PCP Actions (maximum **90%** funding rate):
 - Provide EU co-financing for an actual PCP procurement (one joint PCP procurement per PCP action) + for related coordination and networking activities (e.g. to prepare, manage and follow-up the PCP procurement)
- ❖ PPI Actions (**35%** funding rate):
 - Provide EU co-financing for the actual PPI procurement(s) (one joint procurement or several separate but coordinated PPI procurements per PPI action) + for related coordination and networking activities (e.g. to prepare, manage and follow-up the PPI procurement(s))

PCP and PPI actions – participation requirement



Minimum 3 independent participants from 3 different MS or AC, of which minimum 2 public procurers (buyers group) from 2 different MS or AC

In addition, other entities can also participate

- In buyers group: also private/NGO procurers providing services of public interest
- In coordination/networking activities: any private/public type of entity (e.g. experts, end-users, certification bodies that assist procurers) that has no conflict of interest (no potential suppliers of solutions for the PCP/PPI)

Sole participants can be also eligible if the minimum conditions are met by the legal entities forming the sole participant (e.g. central purchasing bodies, European Research Infrastructure Consortia, European Groupings of Territorial Cooperation)

Public procurers are contracting authorities or contracting entities as defined by the EU public procurement directives

MS = Member States, AC = Countries Associated to Horizon 2020

PCP and PPI actions - Role of different actors



❑ **Beneficiaries and third parties**

- Action involves beneficiaries that undertake together the PCP procurement or PPI procurement(s), i.e. the buyers group & the lead procurer
- Action can include third parties that can make in-kind contributions (make available resources / equipment to the beneficiaries to carry out the PCP or PPI(s)). E.g. end-users (fire brigades) as 3rd party associated to procurer/beneficiary (min. of interior)

❑ **Buyers group**

- Procurers in the action that provide the financial commitments for the PCP or PPI(s)
- Min 2 public procurers from 2 different Member States or associated countries
- Representing the demand side (responsible for acquisition and/or regulatory strategy, or having a mandate from one of more of such procurers to act on their behalf in the procurement e.g. central purchasing bodies)
- Seeking ambitious quality and/or efficiency improvements in services of public interest

❑ **Lead procurer**

- Procurer appointed by buyers group to lead and coordinate the PCP or PPI(s). Can be one of the procurers in the buyers group or another procurer.

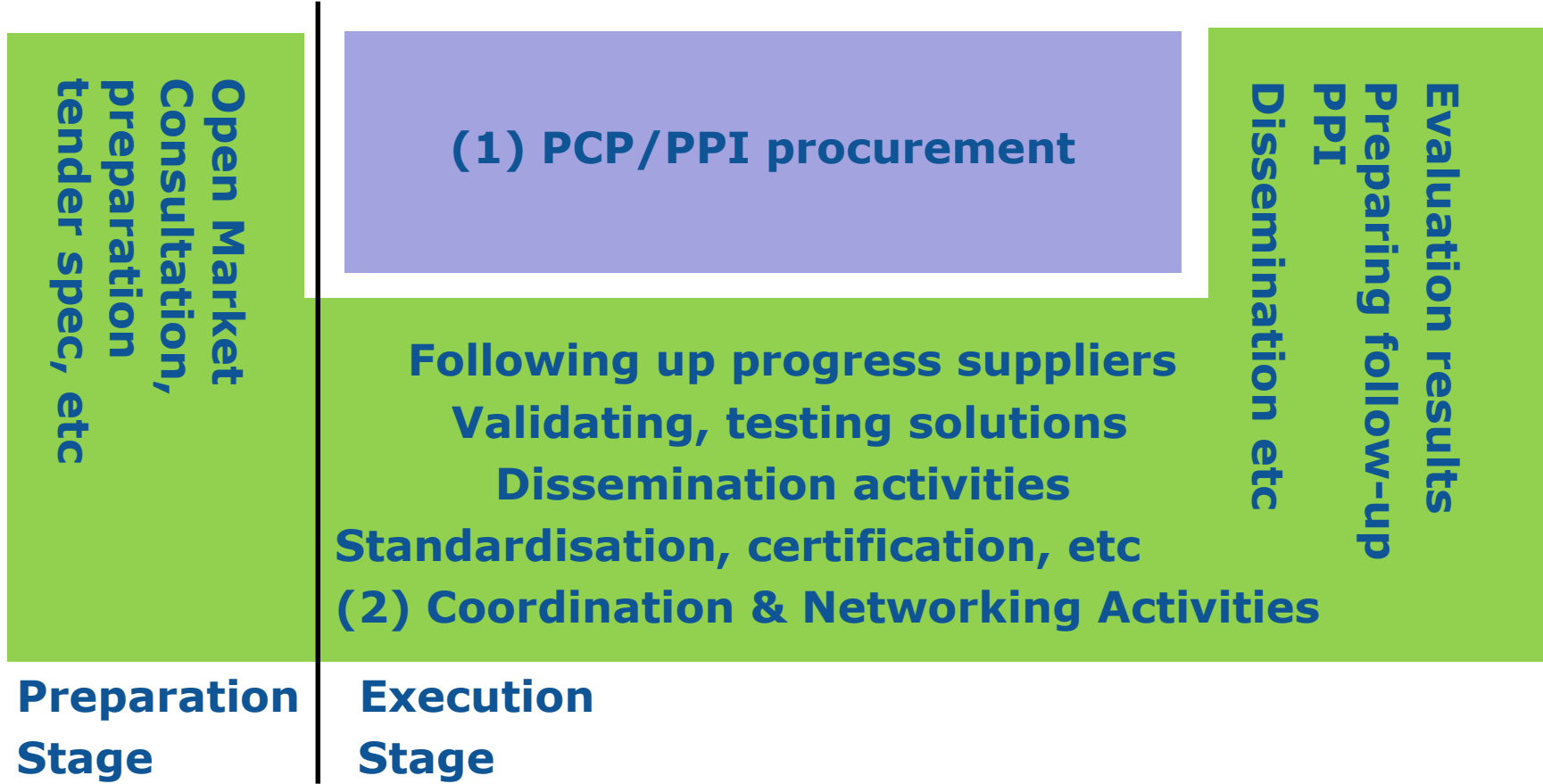
❑ **Subcontractors**

- Successful tenderers, selected by the buyers group & lead procurer as result of the PCP or PPI call for tender, to provide the R&D services (PCP) or innovative solutions (PPI). They do 'NOT' enter the grant agreement with the EC and are not paid by the EC

PCP and PPI actions – What is covered



PCP/PPI actions co-finance (1) + (2)



Every project goes through a preparation stage and an execution stage

PCP and PPI actions – EU contribution



- ❑ **Reimbursement rate direct costs: Max 90% respectively 35% of eligible costs for PCP actions respectively PPI actions**
 - Eligible direct costs to carry out eligible activities defined in WP include:
 - Price of the R&D services (PCP) or innovative solutions (PPI) procured (if procurement conducted in compliance with requirements in Annex E WP)
 - Eligible coordination and networking activities
 - May include in-kind contributions (e.g. third parties putting resources at disposal of beneficiaries e.g. for testing of solutions)
 - VAT is an eligible cost unless for beneficiaries that can deduct it
 - Requested reimbursement for coordination and networking activities can comprise max 30% (for PCP) / max 50% (for PPI) of total requested grant
- ❑ **Plus 25% for indirect costs.** But, no indirect costs on the price of the PCP/PPI procurement or on 3rd party resources not used at the beneficiary premises
- ❑ **Pre-financing:** Yes, 1st pre-financing at start project for costs for preparation stage, 2nd pre-financing before execution stage for rest of costs (incl. call for tender)

One joint PCP coordinated by the lead procurer



- In their proposal, consortium shall have already identified one concrete procurement need as proposed focus for the PCP that is identified as a **common challenge** in the innovation plans of the buyers group and requires R&D!
- One joint call for tender published EU wide
 - One joint evaluation of offers based on common tender specs
 - One lead procurer awarding all contracts in the name and on behalf of all procurers in buyers group
 - Each winning tenderer gets: 1 framework agreement to participate in the PCP + one specific contract per PCP phase (solution design, prototyping, testing)
 - One joint total budget (grouping financial commitments of all procurers in buyers group) from which all R&D providers are paid
- But, actual payments can be carried out centralised or distributed
 - Either all R&D providers paid by the lead procurer
 - Or each R&D provider paid pro rata by each procurer in the buyers group according to the share of each procurer's contribution to the common pot
 - Also supervising suppliers and testing of solutions can be centralised or distributed
 - Choice between testing all solutions of all R&D providers in 1 procurers site or on several sites procurers sites etc

2018-2020 calls in support of PCP and PPI



2018 (53,7 M€)

PCP actions

- ICT based solutions for any area of public interest: 6 M€ ([ICT-34](#))
- Digital health & care: 22 M€ ([DTH-10](#))
- Security: 9,7 M€ ([SU-GM03](#))

CSA actions

- Integrated healthcare / diagnosis: 2 M€ ([HCO-12](#))
- Digital health & care: 3 M€ ([HCC-04](#))
- Security: 5 M€ ([SU-GM01](#)) + 6 M€ ([SU-GM02](#))

2019 (69,5 M€)

PCP actions

- ICT based solutions for any area of public interest: 6 M€ ([ICT-34](#))
- Next gen. sequencing for routine diagnosis: 30 M€ ([BHC-10](#))
- Wave energy: 20 M€ ([LC-SC3-JA-3-2019](#)) 27/08/19

PPI actions

- Digital health & care solutions for an ageing society: 10 M€ ([DTH-05](#))

CSA actions

- Security: 3,5 M€ ([SU-GM01](#)) 22/08/19

2020 (89,5 M€)

PCP actions

- Digital health & care: 9 M€ ([DTH-14](#))
- 100% renewable energy: 15 M€ ([LC-SC3-RES-10](#))
- Satellite: 3 M€ ([EGNSS-5](#))
- Security: 24 M€ ([SU-GM02](#))
- Integrated care: ([BHC-20A](#))*
- Research infra: 30 M€ ([INFRAINN-4](#), here the PCP is part of an R&I action)

PPI actions

- * Diagnostics ([BHC-20B](#))
BHC-20A&B together: 25 M€

CSA actions

- Security: 7 M€ ([SU-GM01](#))
- Transport: 1,5 M€ ([MG-3-8](#)) + 4 M€ ([LC-MG-1-12](#))

PCP actions: co-finance (max 90%) actual procurement cost for joint PCPs + coordination costs

PPI actions: co-finance (max 35%) actual procurement cost for joint or coordinated PPIs + coordination costs

CSA actions: co-finance (max 100%) only coord/netw costs e.g. procurer networks preparing future PCP/PPIs

Open & Forthcoming calls for PCP actions**

Click on a topic identifier (e.g. DTH-14)

for more detailed information



Call deadlines in red

- **Health Work program**

- [DTH-14](#): Digital health and care (€ 9M; **22 April 2020**)
- [BHC-20A](#): Integrated care solutions (€ 25M*; **7 April 2020**)

* Note that this is the total budget for BHC-20A (PCP actions) and BHC-20B (PPI actions)

- **Energy Work program**

- [LC-SC3-JA-3-2019](#): Wave energy (€ 20M; **27 Aug 2019**)
- [LC-SC3-RES-10-2020](#): 100% renewable energy (€ 15M; **26 March 2020**)

- **Satellite Work Program**

- [EGNSS-5](#): EGNSS applications for public authorities (€ 3M; **5 March 2020**)

- **Security Work Program**

- [SU-GM02](#): Innovative advanced solutions to enhance security (€ 24M; **27 Aug 2020**)

- **Research Infrastructure Work Program**

- [INFRAINNOV-4](#)** : Lightsources, detector, accelerator technologies (€ 30M; **17 March 2020**)

** Note that this is not a call for PCP actions, but for R&I actions as a part of which PCPs can be implemented

Open and forthcoming calls for PPI and CSA actions

Click on a topic identifier (e.g. BHC-20B)

for more detailed information



Call deadlines in red

PPI actions

- **Health Work Program**

- [BHC-20B](#): Infection and integrated care (€ 25M*; **7 April 2020**)

* Note that this is the total budget for BHC-20A (PCP actions) and BHC-20B (PPI actions)

CSA actions

- **Security Work Program**

- [SU-GM01](#): Pan-European networks of practitioners in security (€ 7M; **27 Aug 2020**)

- **Transport Work Program**

- [MG-3-8](#): 'First of a kind' solutions for transport and sustainable mobility (€ 1,5M; **21 April 2020**)
- [LC-MG-1-12](#): Cities as climate-resilient, connected multimodal nodes for smart and clean mobility (€ 4M; **21 April 2020**)
 - Fast-track and mainstream the replication of innovative, urban, peri-urban and rural mobility solutions
 - Prepare for the deployment of Urban Air Mobility in urban and peri-urban areas

Testimonies



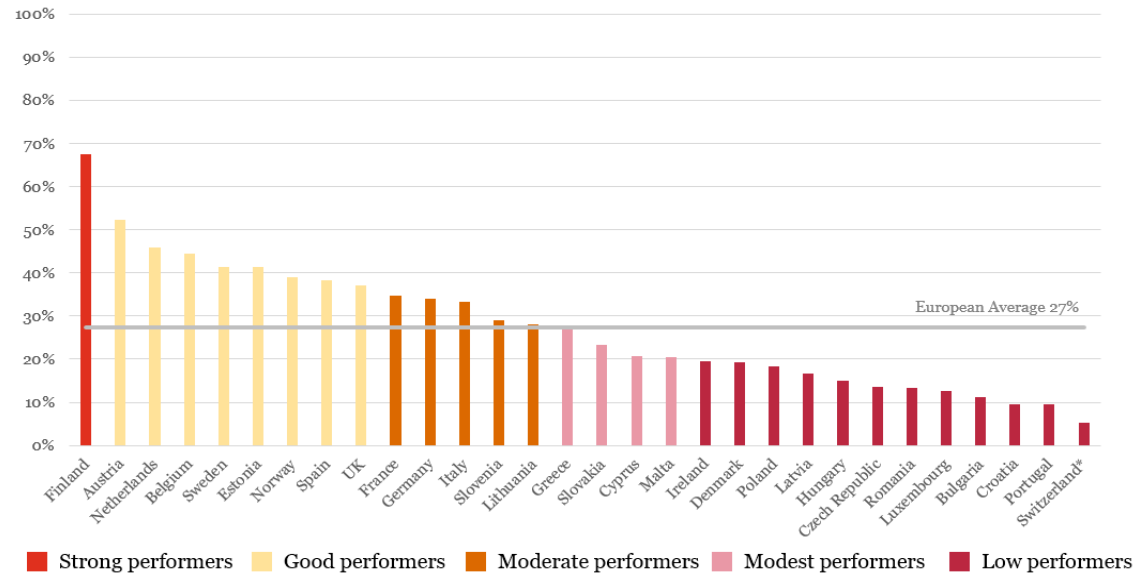
- 12 companies & procurers talk openly about their experience and lessons learnt in PCPs and PPIs <http://eafip.eu/resources/videos/>



Related initiatives



www.eafip.eu



*European Network of national competence centers
for innovation procurement*

More info - Overview EU funded innovation procurements
<https://ec.europa.eu/digital-single-market/en/innovation-procurement>
<http://ec.europa.eu/digital-agenda/en/eu-funded-projects>

Interesting links



- ❑ **More detailed ppt** on how PCP/PPI action instrument works, how to prepare a proposal, **FAQs** and **template tender docs** for PCP/PPI procurements:
<https://ec.europa.eu/digital-single-market/en/news/calls-eu-funding-opportunities-pre-commercial-procurement-and-public-procurement-innovative>
- ❑ Info about scope of each call topic, **online drafting and submission of proposals** on H2020 participants portal (search per topic e.g. ICT-34):
http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/search/search_topics.html
- ❑ Overview **ongoing EU funded PCP/PPI projects** in ICT and other domains:
<https://ec.europa.eu/digital-single-market/en/eu-funded-projects>
- ❑ More info about **results of completed and ongoing PCPs**:
<https://ec.europa.eu/digital-single-market/en/eu-funded-projects>
- ❑ **Background info** on Innovation Procurement (news, events, case examples):
<http://ec.europa.eu/digital-agenda/en/innovation-procurement>
- ❑ Section in **Horizon 2020 online manual about innovation procurement**:
http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/innovation-procurement_en.htm
- ❑ **Finding partners**: [EU procurement forum](#), [PCP-PPI Linkedin group](#), [National Contact Points for Horizon 2020](#), [EU network of National Competence centers for innovation procurement](#)

Background slides

PCP and PPI: legal framework



PCP and PPI are NOT new public procurement procedures. They are approaches to use existing public tendering mechanisms in such a way - to optimise the innovation outcome (best value for money for procurer) - to optimise growth opportunities for suppliers

PCP

- ***Open*** tendering
- ***R&D services*** procurement (possibility to buy also end-product)
- ***IPR sharing*** between supplier (keeps IPR ownership) and procurer (right to use/license)
- ***Multiple sourcing*** (# suppliers)
- ***Phases*** (FW contract for the PCP + specific contracts/phase)
- ***Job creation*** (majority R&D done in EU MS or associated countries)

Exempted from EU public procurement directives, WTO

PPI

- ***Early announcement (via PIN) of the 'intention' to buy*** a critical mass of solutions 'if' the market can deliver solutions that match predefined specific requirements by a set date
- ***Conformance testing (optional)*** to verify if market can meet needs
- ***Tendering:*** different procedures possible e.g. open, negotiated procedure, competitive dialogue

Subject to applicable provisions EU public proc. directives, WTO

Complementarity / split between PCP and PPI and phased approach enables to...



- Get 20% better value for money products(US defense data)
- Use PPI also if no(more) R&D needed for procurement need
- Use a small budget PCP to de-risk a large budget PPI
 - PPI spec can be 'completely rephrased' benefiting from PCP lessons learnt
- Use conditions that encourage job creation 'in Europe'
 - Because PCP falls outside WTO rules
- Prevent foreclosing of competition & crowding out of private investment in R&D
 - Companies that are not financing their R&D via procurement/PCP (e.g. via grants, own company resources) can still bid for deployment contracts/PPIs
- Facilitates access to procurement market for SMEs*
 - Gradually increasing contract sizes, tasks, required manpower
 - Stringent financial guarantee/qualification requirements:'no' in PCP,'ltd' in PPI

All the above is not the case if R&D is procured as part of a deployment contract (e.g. innovation partnerships)

(more on differences PCP-PPI/innovation partnerships: [eafip toolkit](#))