TRANSFORM Policy Brief No 2

The Role of ‘Innovation Procurement’ to help accelerate the transition towards low carbon, zero emission transport in cities

Lessons from the FP7/TRANSFORM Project
1. Introduction

TRANSFORM is a Coordination Action project that has been carried out under the ‘Research Policy’ thematic area of the 7th EU Framework Programme for R&D (FP7). It has explored the practical use of innovation procurement methodologies in the relatively complex area of low carbon, zero emission transport in cities.

The city authorities of Barcelona, Birmingham and Rotterdam have each implemented innovation procurement pilot projects with support from experts in the TRANSFORM consortium. These were aimed at identifying and implementing outcome-based procurement projects based on innovation procurement good practice. The project consortium also involved several innovation ministries and agencies, which followed the progress of the leader-led projects and participated in two procurement foresight workshops and exploratory collaborative actions. In addition, the Cambridge Institute for Sustainability Leadership carried out a focussed policy study on how innovation procurement methodologies could be applied to major outsourced service contracts.

The results and learning from the TRANSFORM project are included in a Good Practice Report, individual case studies, policy reports and workshop materials at www.transform-europe.eu

A number of policy lessons and insights have also emerged from the TRANSFORM project. This Policy Brief is therefore aimed at communicating these to other European cities, the innovation support and funding community, the European Commission, the professional bodies for procurement professionals and the European standardization organisations.

2. New Policy Insights

The first Policy Brief (Briefing Document for the October 2014 TRANSFORM Workshop in Barcelona) was aimed at creating a debate on the emerging policy issues. The [second] Policy Brief builds on the case-based evidence from the three city-led innovation procurement projects, two stakeholder workshops and exploratory collaborative actions. These have provided a variety of policy insights as discussed below.

*Importance of overarching strategies and political commitment for low emission transport in cities*

In most public sector organisations the procurement function operates in a traditional manner, buying specific goods & services at minimum cost without considering the opportunity to obtain more innovative and high impact outcomes in support of their wider social and/or environmental policy objectives. The TRANSFORM pilot project in Rotterdam demonstrated how a major tender for social transport services could be influenced by challenging prospective suppliers to offer innovative solutions that were not only cost competitive but also involved a high level of user satisfaction, high social benefits and low or zero transport emissions. The last of these were taken more seriously by the procurement department because the deputy mayor had announced that reduction in air pollution levels would be a high priority. This is a good example of the importance of securing high level buy-in, and political support, when trying to introduce the opportunity to use procurement as a strategic tool to address important policy objectives.

*Good evidence is needed to justify the application of innovation procurement in public sector organisations*

Even when there is a policy framework and targets to reduce transport emissions in cities it can still be difficult to influence traditional procurement practice in a way that will achieve the best possible outcome. This is often due to the fear of the unknown, a lack of knowledge of what the market currently has to offer or could offer in future and the need to accept a higher level of risk. The TRANSFORM coordinator from Birmingham City Council was able to intervene in a planned tender for replacement minibuses by carrying out a comparative analysis, which demonstrated that electric vehicles could offer a lower total cost of ownership solution. She also complemented the analysis by persuading a major supplier to provide an electric demonstration vehicle for the council department that operates the minibuses thus addressing concerns about the use of unfamiliar technology, which is often a major barrier.

*Importance of securing commitment from internal stakeholders*

One of the most important elements of the innovation procurement process is engagement with internal stakeholders who will be affected by the product or service that is procured. They are best placed to determine the shortcomings with existing solutions and what any new solution needs to deliver. They may also be powerful stakeholders in maintaining organisational commitment and patience in the event of any pressure to revert to conventional procurement practice. This was evident in the TRANSFORM Leader-Lead project in Barcelona where the Director of Mobility was encouraged to take ownership of the innovation procurement pilot project. Having someone who is able to champion the approach, especially at senior level in the organisation, is vital for success.

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1 Innovation Procurement is about undertaking the procurement process in a way that stimulates the supply chain to invest in developing better and more innovative goods and services to meet the unmet needs of an organisation. This includes a number of important pre-procurement actions including the identification of important unmet needs, development of an outcome-based specification and engagement with potential solution providers.
Understanding the market

A thorough understanding of the potential supply chain for an innovative, new solution is indispensable and this may go beyond the existing knowledge of procurement category managers. This is because innovation procurement will often involve new market players, require specialist products or services to be sourced and require contracts or payments to be structured in new ways. To understand the scope and willingness for this on the supply side, detailed research and pre-procurement market engagement may be needed. A wide range of stakeholders should therefore be consulted if possible to ensure a full picture (preliminary market consultation).

Mobilising the power of large companies through outcome-based service contracts

One of the consequences of public sector budget constraints is the increasing use of service contracts to outsource specific functions to private sector companies. The way that such contracts are procured can also have a significant positive or negative impact on the wider social and environmental challenges for the city.

At the 2nd TRANSFORM Stakeholder Workshop a major infrastructure management service company (Ferrovial) explained that cities need to have a good understanding of the outcomes they wish to achieve and to specify these broadly enough to encourage innovative solutions to be delivered. One of the TRANSFORM partners (University of Cambridge Institute for Sustainability Leadership) has been exploring current practice in the procurement of large transport infrastructure maintenance contracts in cities and has produced a specific policy report on this subject2.

The importance of progressive and integrated approaches towards longer term goals

The use of minimum standards in procurement specifications is not unusual. On the one hand it is a helpful way to ensure a certain standard is achieved. However, minimum standards can act as a disincentive for suppliers to innovate and exceed the standard unless there is a clear competitive advantage to do so. It is also the case that real innovation takes time and therefore buyers need to give long term signals to the market. This is particularly true in the vehicle supply chain, which has long product development cycles. The use of progressive standards is an enabler of innovation procurement as they provide a stimulus for suppliers to innovate.

One of the best examples of implementing progressive emission reduction standards was in California where the State Government announced regulatory limits for vehicle pollutant emissions five years in advance of their introduction. This sent a strong signal to the suppliers that their vehicles could not be sold in the California unless they complied with the new limits. Once these were introduced, the Air Resources Board announced the next deadline for more stringent limits and this progressive tightening of regulations continued for 20 years. In spite of initial protestations the automotive industry was able to respond and the outcome is a clear improvement in air quality. Increasingly cities are implementing ‘low emission zones’ only allowing vehicles that meet a specific standard to enter the city. Such approaches are also helping to drive market behaviour and support procurement activity.

At the 2nd TRANSFORM Workshop, a guest speaker from the London Fire Brigade explained how they had used to identify practical options for real time management systems for municipal waste services in Helsinki. The initial procurement was a pilot action, which was delivered by an SME. This provided the evidence for the specification and implementation of the full scale system that is now being delivered by a large IT service firm with the necessary delivery capacity. The SME has since capitalised on the pilot project experience by winning similar projects in other European cities.

Role of SMEs in transformational innovation procurement

One of the important policy benefits of the innovation procurement process is that it provides innovative SMEs with an opportunity to influence markets that are difficult to penetrate due to the presence of large companies. The incumbent companies have no motivation to innovate unless their market share is threatened, which is very difficult with conventional public procurement practice and frameworks that tend to favour large company suppliers with well proven products & service. By its nature, the innovation procurement process is a highly effective means of highlighting novel solutions and therefore can be quite beneficial and disruptive in terms of its influence on complacent suppliers. However, it can subsequently be very difficult for an SME to deliver the solution at the scale that may be required to truly address the societal challenge. At the 2nd TRANSFORM Workshop, delegates from Finland presented a case study of how an innovation procurement process was used to identify practical options for real time management systems for municipal waste services in Helsinki. The initial procurement was a pilot action, which was delivered by an SME. This provided the evidence for the specification and implementation of the full scale system that is now being delivered by a large IT service firm with the necessary delivery capacity. The SME has since capitalised on the pilot project experience by winning similar projects in other European cities.

2 Available at www.transform-europe.eu
example, from the same workshop, was a French SME that had developed a hydrogen-based fuel cell that could be integrated within electric vehicles to extend their driving range between charging and was carrying out demonstration trials in partnership with Renault.

**Role of innovation agencies in transformational innovation procurement**

One of the reasons the Helsinki project was successful in utilising the disruptive power of SMEs is that this has been an important policy goal in Finland. For example, the Finnish innovation agency (Tekes) introduced its ‘Smart Procurement Programme’ in 2008 to "improve market access for innovative products & services and improve the productivity & effectiveness of public services". This programme was a deliberate attempt to help and encourage innovative SMEs to participate in public procurement. Innovation agencies tend to concentrate on supporting the development of future technologies and innovations, but this is now changing to focus more on responding to the major societal challenges that exist, such as reducing the level of greenhouse gas emissions. One of the TRANSFORM partners (Innovate UK) has run a major trial of over 340 low carbon vehicles in eight locations in the UK, collecting data to better understand vehicle use. The data was then made available to the market so that vehicle manufacturers, in particular, can develop vehicles that are better aligned to user needs. Some innovation agencies are becoming more active in using their funding powers to influence the demand-side, including through pre-commercial public procurement and helping to inform procurers as to the latest developments in technology. This wider knowledge of the current and emerging technology landscape could be invaluable in helping city authorities to become more involved and demanding in shaping R&D priorities based on procurement foresight. The final TRANSFORM workshop on ‘the role of city procurers and innovation agencies’ on 29 September 2015 will explore opportunities for collaboration both within and beyond the domain of TRANSFORM.

**The role of public procurement in the development of new value chains**

SME’s are often very innovative but tend to be niche players in markets. Their products and services can contribute to the solutions for an unmet need but, as discussed above, can seldom provide the whole solution. Their enabling role can sometimes be realised as part of a consortium or they may be able to deliver their products and services to the main contractor. However, public authorities need to be more proactive in creating the conditions for new value chains to emerge including, where appropriate, the inclusion of SMEs. The national programme in the Netherlands on public procurement of innovation (PPI) focuses particularly on the process before tendering and uses the dialogue before and during tendering to optimise the involvement of SME’s and the development of consortia. This philosophy has been applied in both TRANSFORM and another project in the city of Rotterdam.
3. Key Policy Issues

The TRANSFORM project has explored the feasibility of using innovation procurement methodologies as a complementary demand side measure to help European cities achieve their sustainable transport goals. From this we can conclude that there are at least four main issues that should be of interest to policy stakeholders. These are presented and discussed below.

**Public procurement has not yet gained traction as a strategic policy instrument to address societal and environmental challenges in cities**

Sustainable development is about achieving the best possible balance between economic, environmental and societal objectives with minimum trade-off between them. Traditional public procurement practice tends to focus on minimising cost of purchase (often neglecting whole life costs) and makes the implicit assumption that the inclusion of social and/or environmental criteria will increase costs. This is not necessarily the case and the new EU Procurement Directive\(^2\) will help to encourage buyers to consider how they can achieve wider policy outcomes through procurement. For example, the TRANSFORM leader-led project in Rotterdam proved to be a highly effective intervention that changed the focus of the procurement from a logistics cost saving solution to one that will also deliver other desirable outcomes including better service quality for users, reduced air emissions and wider social benefits. This focus on societal and environmental challenges also makes it easier to position a specific procurement as part of a more systematic programme of complementary activities.

**Innovation procurement needs to be integrated within a wider package of demand side measures to maximise its impact on sustainable transport in cities**

Many city authorities have been quite proactive in using their regulatory powers to help address the air pollution problems in European cities by influencing the behaviour of others. Some are demonstrating leadership in greening their own transport fleet and building the re-fuelling infrastructure for low emission vehicles. Others are participating in R&D projects that are aimed at demonstrating low emission vehicle technologies. However, many of these initiatives seem to be fragmented projects rather than elements of a systematic framework to achieve longer term goals. One of the problems with outcome-based procurement is that a solution may not exist in the short term and so there may be a need for public co-investment in demand-led R&D with innovative suppliers. A dialogue between cities and innovation agencies can help to inform both future investment in R&D to address future need and help to better shape procurement specifications. Another is that new technical standards may be required to assess the relative merits of competing solutions. The need for technical standards that would provide a framework for the procurement of progressively lower emission vehicles, in response to technological advances, was highlighted at the 1st TRANSFORM Workshop in 2013 and a framework for these were presented at the 2nd Workshop in 2014\(^4\). These were designed to go beyond simply environmental factors and enable the full sustainability impacts of vehicle procurement to be considered both for the city authority and its service suppliers.

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\(^2\) DIRECTIVE 2014/24/EU of the EUROPEAN PARLIAMENT and of the COUNCIL of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

City authorities could amplify their impact by being more holistic and collaborative about how they influence the procurement behaviour of others

Whilst most cities have been using their regulatory powers to help reduce transport emissions from citizens and the commercial sector, and considering how to green their own vehicle fleet, most are neglecting the opportunity to use their procurement power to influence others. Their sphere of influence includes not only the direct transport impacts of the supply chains that deliver their products & services but also the replication effect on other public sector buyers. Using innovation procurement methods to communicate demand for a progressive move towards zero emission urban deliveries and services sends a clear message to the supply chain and has the potential for strong multiplier effect in the urban freight & logistics community. Using innovation procurement methods to communicate demand for a progressive move towards zero emission urban deliveries and services sends a clear message to the supply chain and has the potential for strong multiplier effect in the urban freight & logistics community. Such leadership can encourage other public sector buyers within the city and their peers in other city authorities to do likewise thus creating a strong message of aggregated demand to innovative suppliers. The Dutch partners of the TRANSFORM consortium have launched a campaign in Rotterdam aimed at achieving ‘Zero Emission Urban Deliveries by 2020’. This has led to the development of a TRANSFORM Joint Statement of Unmet Need for both zero emission delivery vehicles (to reduce pollution) and business models that will enable shared logistics (to reduce the volume of delivery miles and thus the economic cost of urban congestion).

One of the key actions being proposed is that interested cities start by developing an evidence base of the indirect urban transport emissions that are within their wider sphere of influence and could be progressively reduced through the procurement process. This could be further enabled through training of their own procurement staff and those of other key players in the city-wide urban transport market.

One city that has expressed interest in this Joint Statement of Demand include: ROTTERDAM (Coordinator), AMSTERDAM, BARCELONA, LONDON, LYON, SHEFFIELD, STOCKHOLM

Improving local air quality is a high priority for most European cities

The original mission statement for TRANSFORM was about using innovation procurement to help accelerate progress towards sustainable “zero carbon transport systems”. However, it became clear that city authorities are rightly more concerned about emission of other air pollutants from vehicles than reducing CO₂ emissions. They are legally responsible for compliance with EU air pollution regulations and there is political pressure for cleaner air in cities to mitigate local health impacts. All three cities that are participating in TRANSFORM also have specific CO₂ reduction targets but many do not. In any case, it is clear that the most ambitious cities consider the long term goal to be “low carbon, zero emission transport systems” and this is now embedded in the key messages from TRANSFORM.

4. Options to Improve Framework Conditions

The TRANSFORM project has confirmed that public procurement is not being used as a systematic policy tool to help cities accelerate the transformation towards zero emission transport systems. Even in cities that have policy targets to reduce transport emissions there is a scarcity of evidence that such policies are being embedded in procurement practice. One good example is in Rotterdam where the city council has been adopting progressive emission standards in all of its contracts since 2008.

Clearly, there is a need to improve the framework conditions that are inhibiting the more strategic use of procurement to help achieve the goal of sustainable transport in cities. Some examples would include:

The enabling role of procurement could be made explicit in Sustainable Urban Mobility Plans

The European Commission has promoted the use of Sustainable Urban Mobility Plans (SUMP) to address transport-related challenges and problems of urban areas in a more sustainable and integrative way. More and more cities are now producing such plans and these offer a framework to increase the level of innovation procurement behaviour by city authorities and others major stakeholders.
The new EU Procurement Directive offers an opportunity to change procurement practice in general and increase the impact of EU Structural Funds on societal challenges

In some European countries, the public procurement rules explicitly required contracting authorities to make procurement decisions in favour of the lowest price tender. This made it very difficult, if not impossible, to use procurement to support wider policy objectives including sustainable transport and thus get best value from EU Structural Funds. The new EU Procurement Directive (2014/24/EU) that has to be transposed into national law by April 2016 creates more favourable conditions for the wider use of innovation procurement. These are aimed at both making things simpler for procurers and providing best value for money. This means that public procurement can be better used as a strategic policy instrument, for example through using lowest life cycle costs and including environmental targets as part of the selection criteria. Of particular relevance is that the new rules include explicit options to procure more innovative solutions through a simplified competitive dialogue procedure, which is one of the ways to implement innovation procurement methodologies. Also, the new rules include the option for a new ‘innovation partnership’ procedure, which enables public purchasers to select suppliers on a competitive basis and have them develop an innovative solution in collaboration with the contracting authority.

There is an important role for standards and the purchasing professional bodies in mainstreaming outcome-based procurement

Wider application of innovation procurement is clearly a policy objective that is embedded in the new EU Procurement Directive but there are two main barriers. One is concerned with the need for procurement professionals to learn the principles and methodologies of innovation procurement including to recognise when it is appropriate, or not. The other is the need for technical standards that can be used in outcome-based procurement so that the basis for selection decisions is fully transparent and justifiable. The first should be on the agenda of those in institutions that are concerned with the education and training of procurement professionals. It may also be appropriate to consider whether the innovation management standards that are being developed for the private sector could be extended to support organisational change in critical public sector functions like procurement. This and the need for technical standards mean that the European and national standardization bodies could also play an important enabling role.

Public funding for research & innovation could be used in a more strategic way to improve the societal challenge impacts of public procurement

Whilst it is clear that there is more emphasis in Europe on improving the economic and societal impacts of public investments in R&D, there seems to be a lack of coordinated action to exploit the complementarities between public R&D and public procurement. The fundamental basis for the application of innovation procurement methodologies is to first of all identify opportunities to intervene in the planned procurement of particular goods or services in a way that will produce a better outcome. The desired outcomes (or unmet needs) are then communicated to the supply chain through a pre-procurement process known as market engagement. This is the point in the process when the buyer finds out if an innovative short term solution can be provided. If the market is unable to respond effectively to address the requirements specified, then it highlights an area where further R&D and innovation investment by the public and private sectors may be necessary to reduce the risk of investment.

As mentioned in the introduction, the TRANSFORM project was based on exploring the feasibility and potential of outcome-based procurement (innovation procurement) as a policy tool to help accelerate progress towards low carbon, zero emission transport systems in cities. In the case of Barcelona, it has also proved to be an effective means of engaging with the innovation community on more specific mobility challenges. Public procurement, due to its scale, should be making a much greater contribution to the wider policy actions to address societal challenges but the evidence from TRANSFORM and other sectors like healthcare is that it is not.

The new EU Procurement Directive, which has to be fully transposed into national law by April 2016, is an important opportunity to mainstream innovation procurement practice. Public sector budget constraints will, however, favour those who are averse to change as there are deep-seated perceptions that ‘green public procurement’ is an expensive luxury that cannot be afforded. Emerging case study evidence both from TRANSFORM and innovation procurement initiatives in other sectors like healthcare demonstrate that it is possible to achieve better environmental outcomes at lower overall cost by adopting innovation procurement methodologies. It is therefore important that influential stakeholders take advantage of this regulatory change milestone so that ‘affordable’ environmental and societal benefits can be realised from the 18% of GDP that public authorities in Europe spend on procuring goods and services. It is a big opportunity and one that could be overlooked unless influential stakeholders are aware of the potential.

The following Policy Recommendations are intended to make such influential stakeholders more aware of the role that they can play in making this a reality.

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5 A detailed overview of Innovation Procurement methodologies is included in the TRANSFORM Good Practice Report (available at www.transform-europe.eu)
6 See Barcelona case study 7 See Rotterdam case study
8 See www.ecoquip.eu for case studies from demonstration projects that were aimed at improving the efficiency, quality and sustainability of healthcare through innovation procurement
5. Policy Recommendations

There are a number of influential stakeholders that could play an important role in the transformation towards the wider use of ‘outcome-based’ procurement practice in a way that it will not only make a greater contribution to the goal of sustainable transport in cities but also to other economic and societal challenges. The new EU Procurement Directive should have removed any legal barriers to do so.

City Authorities

There appears to be a widespread gap between policy goals for sustainable transport in cities and procurement practice. City leaders could intervene by ensuring that the governance system for the procurement function is able to identify medium term opportunities for specific purchases that are ripe for innovation procurement and to encourage other public sector organisations in the city to do likewise. This could also be embedded in sustainable urban mobility plans, or equivalent. A longer-term view needs to be taken as well as a recognition that investment in more innovative solutions is likely to result in increased future impact in terms of environmental and societal benefit; and cost reduction.

A greater level of internal collaboration is therefore required between the department that is responsible for the sustainable urban mobility plan, or equivalent, and the department responsible for procurement of transport and mobility-related goods and services. Whilst the procurement department can approach this from a cost-reduction perspective it needs to be mandated to also consider how the investments can contribute to policy targets and the progressive introduction of new technologies.

Other options could include: establishing well defined economic frameworks that embed the need to use procurement as a tool to decarbonise; promoting greater engagement with other city authorities; organising centralised procurement processes to take advantage of knowledge and synergies from different public authorities that have the same needs; promoting public-private partnerships with industry; ensuring there is flexibility built into local procurement frameworks to allow for innovation; engaging citizens and non-users with the proposed solution; and adopting standardised clauses, terms & conditions, evaluation criteria and sub-contracting guidance.

Public Research & Innovation Funding Organisations

There is increasing interest amongst policy stakeholders in demand-side approaches to innovation that can realise the twin benefits of better addressing societal challenges and also driving innovation and economic growth in European supply chains. Also, at a time of severe economic constraints, public authorities should be transforming their business models to ensure that they achieve more impact with less resource. Innovation funding organisations could support the transformation towards sustainable transport in cities by working in partnership with city authorities to better understand their needs and develop integrated approaches to help realise new solutions through innovation procurement. This could include support for non-technical innovation within the public authority and also co-funding of pre-commercial procurement activities and/or the ‘innovation partnerships’ that are envisaged in the new EU Procurement Directive. For example, Birmingham City Council prepared a market sounding prospectus within the TRANSFORM project for the supply of ‘Low Carbon Minibuses for Social Transport’ but no short term solution was proposed. Rather than give up at this stage the Council organised a workshop with the leading suppliers of minibuses in Europe, which highlighted the main barriers from the perspective of the supply chain, but the scale of the market is insufficient for them to invest without some incentive. There is a need either for the development of new solutions or the demonstration of market need from a wider range of organisations increasing the opportunity to a viable level where suppliers will invest.

European Commission

Sustainable urban transport and mobility is an issue that has relevance across a broad range of Commission Services, which is also an indicator of the complexity of the subject. Clearly there is a strong EU policy commitment to sustainable transport in cities backed up by a range of instruments including research, demonstration projects, legislation and the 2011 Transport White Paper. It seems, however, that the huge procurement spend by city authorities on transport systems and infrastructure is not as supportive as it could be in complementing the other policy interventions to enable sustainable transport in cities. The Commission has many policy levers that could be used to encourage the wider use of innovation procurement practice particularly in those countries that receive a relatively large proportion of the European Structural and Investment Funds (ESIF). This would be consistent with the new EU Procurement rules and also the increased emphasis on research & innovation and low carbon economy priorities in national ESIF programming in Horizon 2020. It should be possible to make better use of the new ‘Innovation Action’ and ‘Pre-Commercial Procurement (PCP)’ instruments to encourage cities and the innovation community to collaborate. Thus they could implement truly procurement-led projects that are aimed...
at achieving better impacts with respect to the thematic social challenge of ‘smart, green and integrated transport’. This could be enabled through integrated projects that are designed to take advantage of the ‘Innovation Partnership’ approach that is allowed under the new EU Procurement rules. Such integrated projects could also support capacity building and the development of complementary standards for wider use of innovation procurement in European cities.

Professional bodies for procurement practice

It is clear from both TRANSFORM, and the experience of applying innovation procurement methodologies in other societal challenge domains like healthcare, that there is a need for widespread transformation of public procurement practice. The new EU Procurement Directive, in theory, has reduced the obstacles but there is a high risk that existing practice will prevail without leadership and capacity building both by those who are responsible for procurement activities and other stakeholders who are influential in preparing specifications. In austere times with shrinking public sector budgets there is a risk that the ‘lowest price’ criteria will prevail along with the perception that ‘Green Public Procurement’ always costs more. Innovation procurement is not simply about including environmental criteria, or requirements, within prescriptive public sector tender specification. It is more fundamental and strategic with the aim of achieving better outcomes by creating demand for innovative new solutions both in the short and longer term. One of the outputs of TRANSFORM is a Good Practice Report that is intended to communicate the lessons to other cities and stakeholders. The Commission has also established a learning platform and community on Public Procurement of Innovation (PPI)10. There also is an apparent demand for Leadership Programmes on innovation procurement based on a pilot event for the European healthcare sector organised through collaboration between the University of Cambridge and the EcoQUIP project11.

The new Procurement Directive is therefore an ideal opportunity for the national and European membership organisations for procurement professionals to take more of a lead in mainstreaming the selective use of innovation procurement through professional training and guidance materials.

European and national standardization organisations

The TRANSFORM project has also highlighted the potential role for both formal and informal standards to support the wider use of innovation procurement practice. There are two main options. The first is that technical standards are needed to support such outcome-based procurement practice so that competing solutions can be assessed in a transparent manner. This is similar to the use of standards in the new (outcome-based) approach for EU regulations. The second is that the strategic use of innovation procurement can be regarded as organisational or at least process innovation. It therefore has some synergy with the CEN Technical Committee, CEN/TC 389 ‘Innovation Management’ that was created in order to provide organisations with tools, in the form of standardization documents, to ensure a more systematic approach to innovation and optimise the planning and management of all aspects fostering their innovation capabilities.

The TRANSFORM project has explored the potential role of the standardization bodies in supporting the wider application of innovation procurement methodologies with the Research Integration Unit of CEN CENELEC. This indicates that there is an increasing openness for the participation of standardization bodies in research & innovation projects both at the national and Horizon 2020 level.

6. Closing Remarks

The TRANSFORM project has demonstrated that the domain of sustainable transport in cities is a highly complex, but potentially strategic, domain for the application of innovation procurement methodologies. However, there seems to be a need for better integration, or at least coordination, between the huge level of European public investment in research & innovation projects and the equally huge public procurement of goods & services that have a direct or indirect impact on sustainable transport and mobility in cities. The implementation of the new EU Procurement Directive and the trend towards challenge-based public R&D programming should be an opportunity to place procurement within a strategic triangle with regulations & standards and technology demonstration projects.

“As a purchasing manager it’s my goal and responsibility to help and lead my organisation into different and innovative ways to change the way we are doing business”
Cambridge Leadership Programme participant

10 www.innovation-procurement.org
11 Leadership Programme for Efficiency, Quality and Sustainability in Healthcare through Innovation Procurement, September 2015. See www.ecoquip.eu for report on the event