

# THE LEAD MARKET INITIATIVE



## What is a lead market?

A lead market is the market of a product or service in a given geographical area, where a successful innovation (technological or non-technological) first took off and is sustained and expanded internationally through a wide range of activities.

The “lead markets” with a sustainable potential can not be artificially created. They can, however, be facilitated by offering best possible conditions for transforming ideas into new products and services.

Moreover, facilitating the growth of ‘lead markets’ can bridge the gap between the generation of new products, technologies and services and the market success of these innovations.

## What is demand-side innovation policy?

The lack of innovation-friendly markets in Europe holds Europe back as an innovation location. Post-regulatory fragmentation, complex standardisation procedures and disjointed public procurement lead to a lack of market scale. This can reduce the rate of return on introductions in, and sales growth of, innovative goods and services in the market. This may discourage companies to invest in research and innovation in Europe.

Policy measures related to innovation in public procurement, legislation and standardisation are generally seen as ‘demand-side innovation policy’. Funding instruments (such as R&D and innovation subsidies and grants) are seen as ‘supply-side innovation policy’.

Member States and regions within and outside the EU are now focusing on demand-side innovation policy in their innovation strategies.

Want to know more:

[www.ec.europa.eu/enterprise/policies/innovation/policy](http://www.ec.europa.eu/enterprise/policies/innovation/policy)

## What is the Lead Market Initiative?

The Lead Market Initiative (LMI), launched in 2008, is an innovation policy initiative where European Member States, companies, NGOs, public organisations, other stakeholders, and the European Commission work together to reduce time-to-market of new products and services.

The Lead Market Initiative focuses on six key innovative sectors of high societal and economic value: sustainable construction, technical textiles for intelligent personal protective clothing and equipment, bio-based products, recycling, eHealth, and renewable energy.

These activities bring in new actors in innovation policies, such as public procurers, professional public procurement expertise centres, standardisation organisations and professional bodies.

## Examples of demand-side policy measures

### • Public procurement:

Public organisations have a substantial purchasing power. It is only recently that public procurement as a stimulator of innovation has been recognised. Public authorities could be technologically demanding first buyers of innovations thus driving innovation from the demand-side.

### • Standards, labeling

The development and improvement of standards can facilitate the growth of the market. Interoperability helps overcome fragmented markets. Communication about standards should be improved in order to drive the demand of informed buyers and users.

### • Regulation

Reliable, lean and well designed legislative and jurisdictional environments are essential for businesses to invest, and for consumers to take up, new products and services. An important measure of the LMI is improving the coordination of regulations across different policy areas that affect markets for innovative products and services.

### • Complementary activities

These range from bringing together actors in the supply chain, clusters, market studies and some funding for demonstration-type projects.

# EUROPEAN PUBLIC PROCUREMENT NETWORKS

*A tool to accelerate the uptake of innovations*

## Public procurement and innovation:

Public procurement represents around 16% of the EU's GDP or about € 1,800 billion. This means that public organisations have a substantial purchasing power. It is only recently that its potential as a stimulator of innovation has been recognised. Public authorities could be technologically demanding first buyers of new innovations thus driving innovation from the demand-side. Public procurement covers a wide range of supplies, services and works (e.g. in construction, transport, education and healthcare) required by governments, local authorities and public organisations, utilities and agencies.

*Public procurement is "the process used by governments, regional and local public authorities or bodies governed by public law (financed, supervised or managed for more than 50% by public authorities) to obtain goods and services with taxpayer money."*

## Why European public procurement networks?

In practice, there are a number of barriers for public organisations to buy innovations. Three new trans-national specialised networks of public procurers have been launched under the European Union's Lead Market Initiative to address these barriers. They will serve the needs of public procurers at all levels – national, regional, metropolitan and local. A common thread to all networks will be to increase their market-specific knowledge of the innovative solutions in some of the lead market sectors. This could lead to developing joint or coordinated public procurement actions. Moreover, all networks have planned actions to disseminate information about progress made to their sectors' stakeholder communities.

The public procurement networks became operational in September 2009. This is the first time that the Commission funds specialised procurement networks dedicated to innovation. Each receives about €1 million in funding.

### **ENPROTEX:** *Firebuy (UK), Belgian Ministry of the Interior IBZ (BE), Dutch national Disaster Response Agency LFR (NL)*

ENPROTEX seeks to spark innovation through public procurement to meet future needs of fire services using a number of methodologies including; establishing and sustaining a specialised platform of European Network of Public Procurement Organisations; developing cooperation among public procurers; providing an interface with both end-users and manufacturers. In particular, the project will aim to provide industry with forward commitments for the procurement of protective textiles products so as to encourage innovation in the sector.

### **SCI-Network:** *European Secretariat ICLEI (DE), Transport for London TFL (UK), City of Torino (IT), Department for Environment, Food and Rural Affairs (UK), Dutch National Procurer Association PIANOo (NL), Culminatum, Helsinki Region Centre of Expertise (FI), University of Klagenfurt (AT), Motiva, National Agency for Energy Efficiency and Renewable Energy (FI)*

The Sustainable Construction and Innovation Network (SCI-Network) will help public authorities exploit and drive sustainable innovations in public construction and regeneration projects across Europe by bringing a large group of public authorities together with other key stakeholders in the construction sector with the aim to help combat the cross-border fragmentation of the sector. Specific working groups focus on 3 topics: renovation of existing building stock, innovative building materials, and the use of life-cycle analysis (LCA) and life-cycle costing (LCC).

### **LCB-HealthCare:** *Department for Business, Innovation and Skills BIS (UK), Netherlands Organisation for Applied Scientific Research TNO (NL), Norwegian Directorate for Health Affairs (NO), Cracow Rydygier Hospital (PL), Department of Health DH (UK), European Health Property Network EuHPN (NL)*

The Low Carbon Building (LCB) - Healthcare network seeks to stimulate innovative low-carbon building solutions for the healthcare sector. A platform for a network of public procurement stakeholders that wish to be proactive in stimulating innovative low-carbon building solutions for the healthcare sector will be created. Demonstration pilots will be done in all consortium countries aiming at collating, testing and developing further the tools created and enabling the spread of best practices.