

Encouraging innovation-friendly procurement in eHealth

Introduction

An important success factor for meeting the challenges of health and social care in a sustainable, cost-effective way is to address these through mid- to long-term strategic approaches that not only make use of the latest inventions and innovations but that also help steer the development of new solutions.

Significant and sustainable improvements in the quality and efficiency of health and social care can also be obtained through the procurement of Research & Development (R&D) services that can lead to solutions and technologies that do not yet exist and that will outperform the solutions available on the market. This will help accelerate the market uptake of innovations and open up new market and business opportunities for innovative companies, and could help lower the costs of care.

In addition, the eHealth market in Europe, like several other markets of innovations, suffers also from the fragmentation of public demand which in turn leads to a lack of exchangeability of products and services. The setting of different requirements by individual buyers at local, regional and national levels, the limited cooperation between procurers and between procurers and suppliers¹ to develop solutions applicable across different Member States (MS) are major barriers for the deployment of interoperable eHealth solutions across the Union. These are also barriers for the development of markets of sufficient scale to enable the quick uptake of innovations for the benefits of citizens and businesses.

Actions are needed to improve and coordinate procurement practices with regard to innovation so that industry does not provide only customer-individualised solutions resulting in technological delay and lack of economy of scale.

Actions

The Lead Market Initiative's (LMI) eHealth² task force identified two main areas of actions:

- **Promote networking and cooperation among public procurers in the development process of new solutions**
- **Associate procurers in consultation process for Competitiveness and Innovation Framework Programme (CIP) and 7th Framework Programme (FP7) calls for proposals**

Where procurement for innovation is inherently a risky enterprise and most public bodies in their capacity as contracting authorities are by nature risk-averse, there is a need to raise awareness that these risks can be managed such that the benefits of the solution outweigh the risks. This would improve the chances of having procurement of products and services which are better fit for purpose. This covers both the procurement of innovative products and services that are already commercially available and procurement of R&D services providing solutions that outperform those available on the market, i.e. pre-commercial procurement. (See Commission Position below)

Networking and cooperation between public procurers in the development process of new solutions could lead to better interoperability and exchangeability in the public sector and thereby better productivity and lower costs for the procurers, on one hand, and economies of scale incentivising companies to compete on the other hand. An ideal platform for such cooperation is provided by the eProcurement Forum and eHealth Procurers Community³ at ePractice.eu. This is an initiative sponsored by the European Commission to help all the practitioners in public electronic procurement ("eProcurement") in Europe to meet and share their experiences and knowledge, to ask and provide support. The communities are open to practitioners from European administrations, from public and private organisations, from academia and research centres. The Forum is an open space to express opinions and exchange knowledge and where members are encouraged to provide contributions and participate in the discussions and events.

The prospect of **setting up a dedicated thematic network of procurers as a Pilot B project in a future call under the CIP⁴** is being explored. These could build on existing cooperation in procurement, see examples below.

The Commission plans to **invite relevant stakeholders to further consider the possibilities to create and support networks that foster cooperation and sharing of best practices among procurers in specific areas of common interest.** An effort will also be made to encourage involvement of eHealth authorities in CIP and FP7⁵ calls for proposals.

1 consideration 8 of directive 2004/18/EC states that contracting authorities may seek or accept advice which may be used in the preparation of the specifications provided, however, that such advice does not have the effect of precluding competition.

2 http://ec.europa.eu/information_society/activities/health/docs/publications/lmi-report-final-2007dec.pdf

3 <http://www.epractice.eu/community/ehealthprocurers>

4 <http://ec.europa.eu/cip/>

5 http://cordis.europa.eu/fp7/home_en.html

The Report "*Accelerating the development of the eHealth market in Europe*"⁶ underlined the need for the introduction of **eHealth Innovation scorecards** to monitor eHealth performance in Member States and facilitate learnings. An appropriate methodology should be established based on an external study. The study will include a survey of current status of support to innovative eHealth solutions in 27 MS and the European Economic Area (EEA) countries; proposal for metrics to measure rate and development of innovative solutions, including details of procurement, financing, support to entrepreneurs; proposals for future activities for support to eHealth innovation; analysis of recent Commission-funded research in ICT for Health solutions and deployment of results in individual MS; analysis of procurement from an industry point-of-view. This study should provide useful input for supporting innovation-friendly procurement.

Latest Commission Position

The Commission issued a Guide in early 2007 on dealing with innovative solutions in procurement⁷ that provides examples of how the procurement of commercially available innovative solutions can be done.

More recently The Commission has published a Communication on Pre-commercial procurement⁸, which aims to draw attention to the benefits of pre-commercial procurement⁹, as it enables public procurers to:

- share the risks and benefits of designing, prototyping and testing new products and services with the suppliers, without involving State aid;
- create the optimum conditions for wide commercialisation and take-up of R&D results through standardisation and/or publication;
- pool the efforts of several procurers.

As the Communication's press release¹⁰ states: "By acting as technologically demanding first buyers of new R&D, public procurers can drive innovation from the demand side. This enables European public authorities to innovate the provision of public services faster and creates opportunities for companies in Europe to take international leadership in new markets. Reducing time to market by developing a strong European home market for innovative products and services is key for Europe to create growth and jobs in quickly evolving markets such as ICT."

Examples of Existing Cooperation in Procurement

- An example of cooperation between public procurers is found in the SI-Øresund initiative¹¹. In early 2006, a partly EU funded cooperation project on hospital procurement was initiated between Region Skåne in southern Sweden and the Capital Region of Denmark. The aim of the project is to break down barriers between public hospital procurement organisations on either side of the Øresund Strait and establish improved conditions for durable and formalised cooperation to optimise hospital procurement and be able to meet suppliers on more equal and up-to-date terms. On a joint platform the Swedish-Danish partners are better equipped to meet challenges and exploit synergies in meeting suppliers at the international level. In addition, the intention is to activate both the educational and the private sectors as a source of inspiration for developing future oriented hospital procurement organisation in the Øresund region. Furthermore, the project partners work together with partners from an equivalent network of procurement organisations in Northern Germany, towards the development of a broader EU project aimed at the establishment of a broader EU network in this field.

- The Danish Health Ministry has recently established a network in cooperation with NHS England, Scotland, Wales and Northern Ireland, and the Swedish and German Healthcare authorities. This will aim to set up benchmarking of prices and general networking amongst its member to enable more efficient procurement.

- The Association of European Regions has launched a new eHealth network, bringing together both regions that are active in this area and regions that want to develop eHealth policies, as well as experts, companies and organisations working on eHealth.

6 http://ec.europa.eu/information_society/activities/health/docs/publications/lmi-report-final-2007dec.pdf

7 SEC(2007) 280, 23.2.2007, Commission Staff Working Document, Guide on dealing with innovative solutions in public procurement – 10 elements of good practice

8 http://ec.europa.eu/information_society/research/priv_invest/pcp/documents/commcp.pdf

9 http://ec.europa.eu/information_society/research/priv_invest/pcp/index_en.htm

10 <http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1931&format=HTML&aged=0&language=EN&guiLanguage=en>

11 http://www.si-oresund.org/in_english.6

