



# **Networking session FP7-ICT-2013 objective 11.1 Pre-Commercial Procurement (PCP)**

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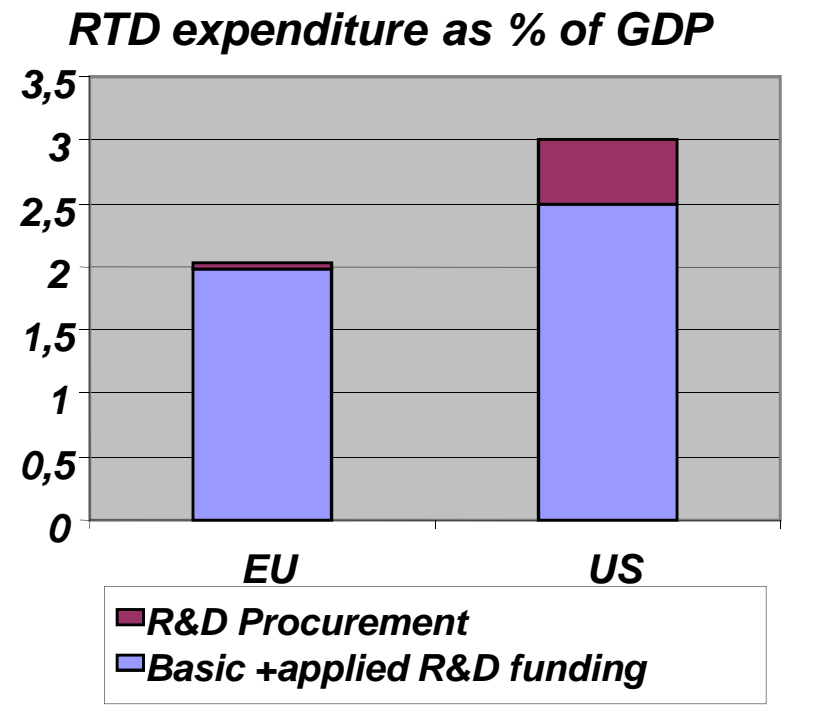
**DG CONNECT F2 unit ("Innovation")**

# Rationale



- Health care
- Climate Change
- Energy Efficiency
- Transport
- Security
- ...

- ❑ Important **societal challenges** faced by public sector
- ❑ Often **no commercially stable** solutions exist on the market yet, and forward looking public procurement strategies are needed



- ❑ However, public procurement driving innovation from demand side is **underutilised in EU**
- ❑ Public expenditure is 47% of EU-25 GDP, but **20 times less** R&D procurement in EU (~2,5Bn€) versus US (~50Bn€)

# Overcoming the barriers

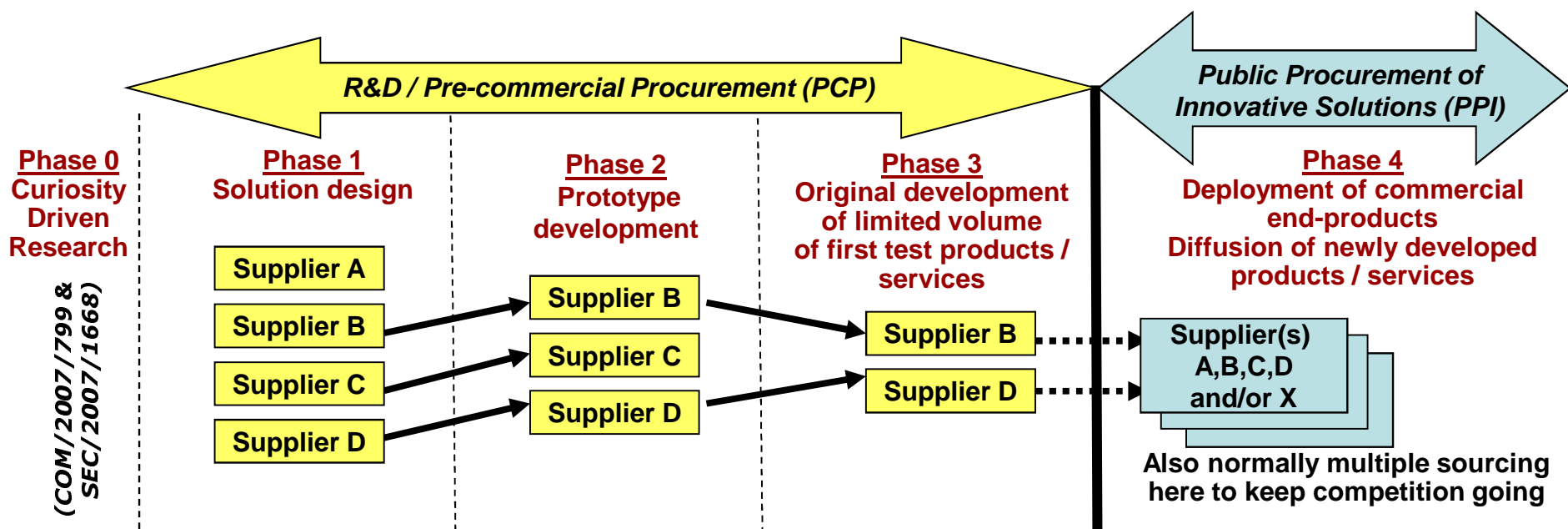


- ❑ Lack of awareness of how to optimise risk-benefit balance for procurer and supplier
- ❑ Unclear how within the legal framework for R&D procurement
- ❑ Fragmentation of demand
- ❑ Phased approach, separate procurement of R&D from procurement of commercial volumes of end-solutions, IPR sharing at market price
- ❑ Commission PCP communication COM(2007)799 & SEC(2007)1668
- ❑ Cooperation among procurers (share PCP/PPI experience/cost), EU support for cross-border PCPs/PPIs

# How does it work



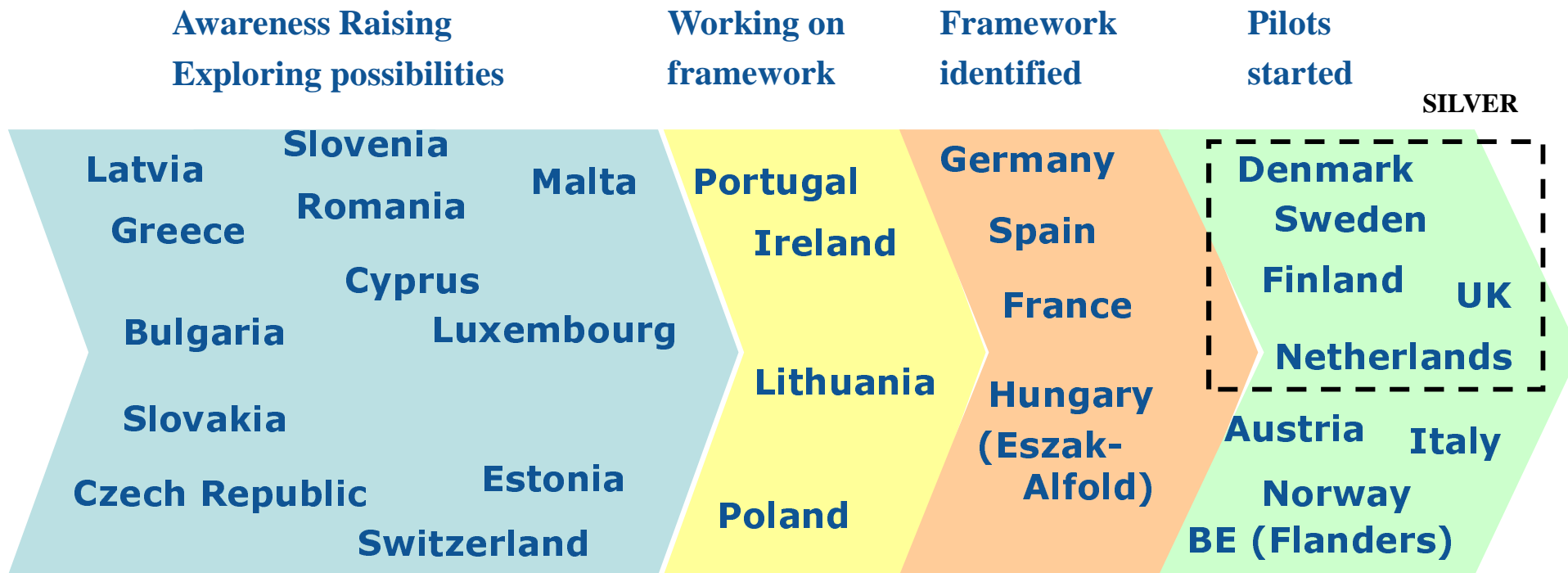
- Smart PCP/PPI combination enabling:
  - Price/quality products that better fit public sector needs
  - Earlier customer feedback for companies developing solutions
  - Better take-up/Wider commercialisation of R&D results



... in line with WTO proc. rules, EU Treaty, State aid free

# Status of PCP implementation across Europe

## Update June 2012 status



More Info about national PCP initiatives in Member States: [http://cordis.europa.eu/fp7/ict/pcp/msinitiatives\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/msinitiatives_en.html)

More info about EU funded cross border PCP projects: [http://cordis.europa.eu/fp7/ict/pcp/projects\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/projects_en.html)

- SILVER: First project from FP7-ICT-2011 calls, started January 2012 (Supporting Independent Living of Elderly through Robotics)
- Six more cross-border PCPs about to start from WP2011-12 calls (services for mobile access to patient health data, embedded ICT for fire fighter suits, cooperative traffic management centres, sustainable road infrastructure modelling, mobile ehealth services, energy efficient high performance computing)



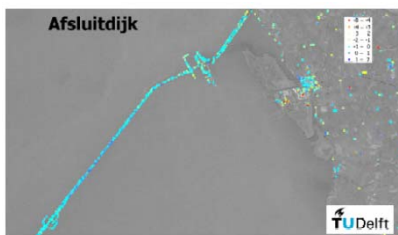
# Example PCP-like pilot Water management, Netherlands



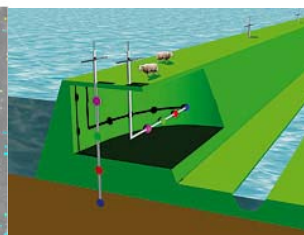
- ❑ Dike burstz in Netherlands (2003-2004) caused by **dry** period or broken water pipe **inside** the dike along canals



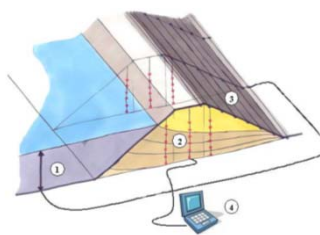
- ❑ PCP (2006): Developing/comparing possible solutions for real time dike inspection & early warning of dikes and dams



Satellite based solution approach



Chip technology based solution



Optics/sensor based solution



Camera based solution



Helicopter based solution



# Example PCP-like project in Healthcare



**Potential £19m p.a. saving**

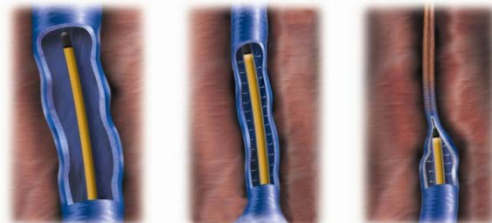
**[www.nic.nhs.uk](http://www.nic.nhs.uk)**



**Potential £160m p.a. saving**



**£4,000 per HCAI avoided**



Disposable catheter inserted into vein  
Vein heats and collapses  
Catheter withdrawn, closing vein

**Potential £17m p.a. saving**



**Potential £30m p.a. saving**

Potential Value to NHS:

- ❑ The NIC has supported the development of innovations to improve the quality of the patient experience and generate significant cost savings to the NHS (£236m).

Value to the economy:

- ❑ With the support of the NHS National Innovation Center (NIC), a number of innovations have been able to attract significant funding (£290m).

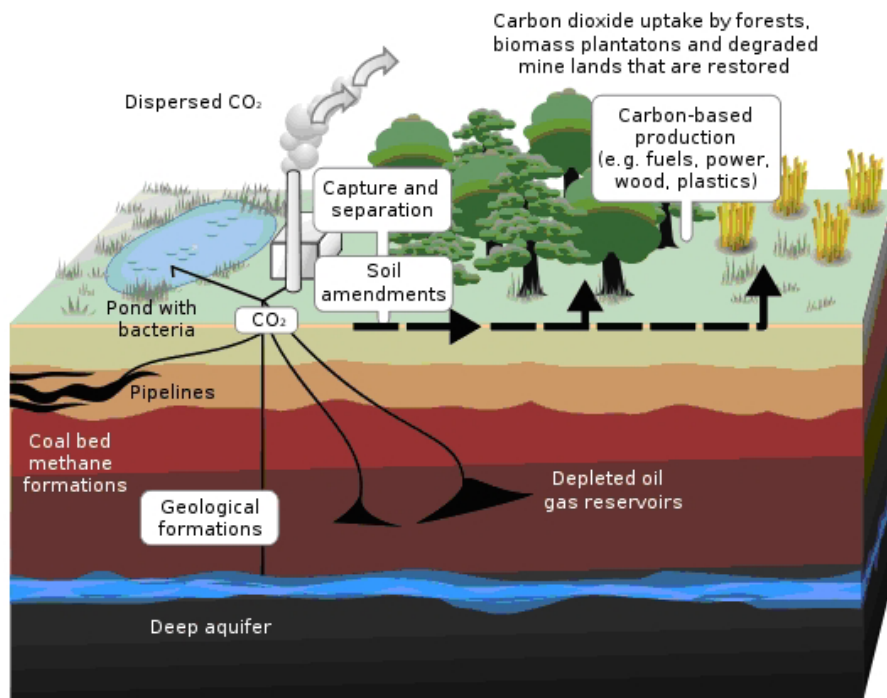




# PCP example on CO2 emissions

## Carbon capture – Norway

### Statoil/Gassnova



- ❑ Regulatory requirement to seriously reduce CO2 emissions by 2016 without negative effects on health/environment, beyond what market is able to offer
- ❑ PCP started in 2011, currently comparing solution approaches of 5 vendors, time-to-market shortened
- ❑ Follow-up procurement for deployment foreseen for 2014 (open to whole market again)





# EC support to PCP & PPI



## □ Today

- **DG CNECT and ENTR (security)** are piloting EC support to joint cross-border PCPs done by min 3 public procurers from 3# MS/AC
  - FP7 CP-CSA grant, co-financing up to 75% of the cost of the procured R&D + up to 100% of the costs for preparing/coordinating/evaluating joint PCP
- **DG ENTR and ENV** are piloting EC support to joint/coordinated cross-border PPIs. **DG CNECT** proposes similar in CIP PSP WP2013 (€10 Mio for PPIs in ICT for health/active ageing, done by min 3 public procurers from 3# MS/AC)
  - CIP grant, co-financing up to 20% of the cost of the innovative solutions procured / deployed + up to 100% of the costs for preparing/coordinating/ evaluating PPI

## □ Horizon 2020 proposal (2014...)

- PCP & PPI new funding instruments available across entire H2020 (can also be used in context of e.g. EIPs)
- EC can co-finance PCPs/PPIs carried out by grant beneficiaries
- EC or EU funding bodies (e.g. agencies) can carry out PCPs/PPIs on their own behalf or jointly with Member States





**An open call for joint PCPs addressing any area of public interest (CP-CSA for PCP grants)**  
*Objective 11.1, Call 10: Proposals for joint PCPs can relate to for example public sector needs for new ICT solutions in healthcare, inclusion, e-government, transport, energy efficiency, environment, security, education etc (€4M: 1 project)*

**Targeted calls for joint PCPs in specific areas of public interest (CP-CSA for PCP grants)**

*Objective 5.1.(d), Call 10 - Personalised Health - Active Ageing (€8M)*

*up to 1 on personalised care for co-morbid patients*

*up to 2 on mobile ehealth services*

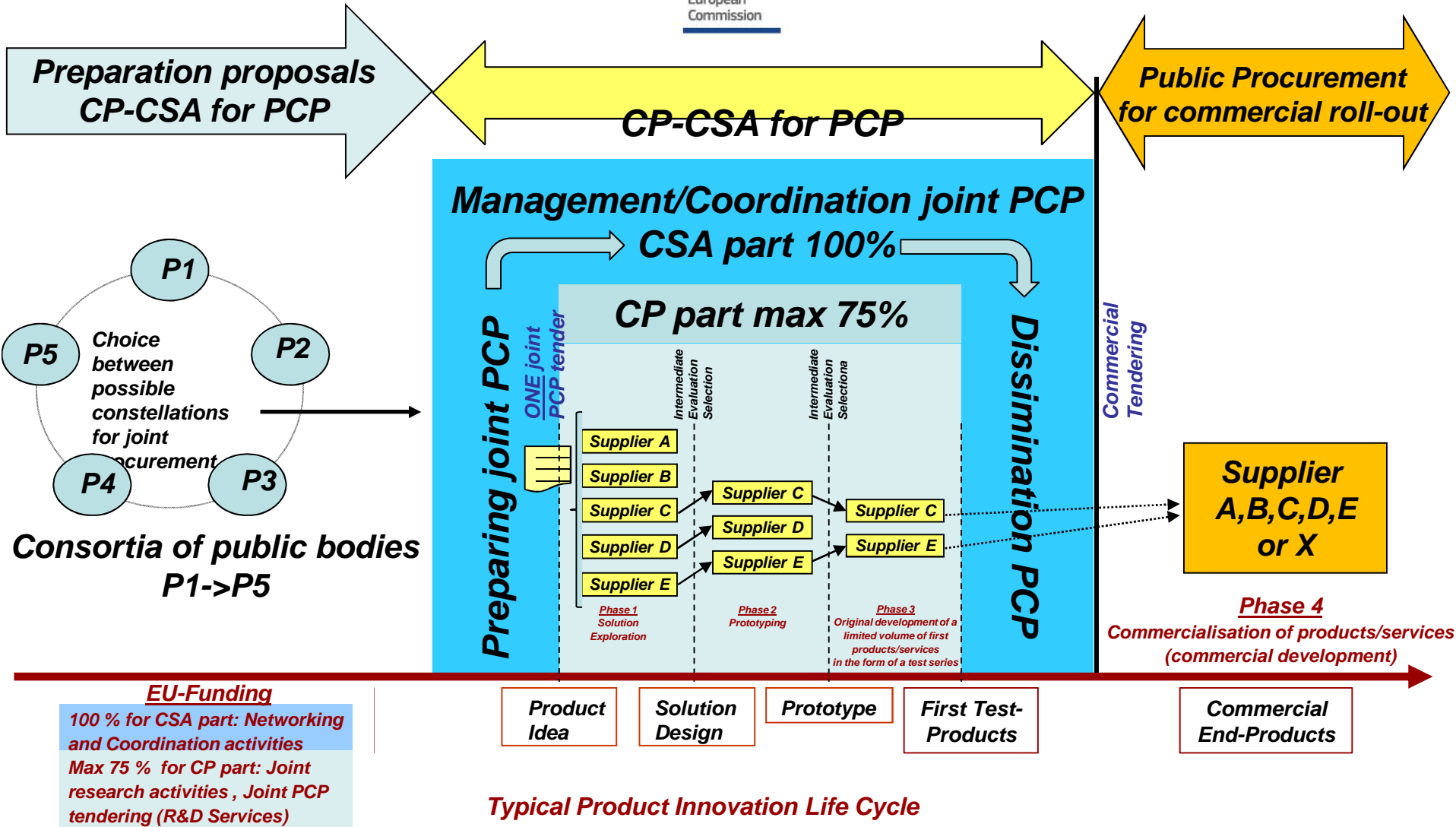
*Objective 11.3, Call 10 - High quality cloud computing for public sector needs (€10M: 1 project)*

*Objective 11.2, Call 11 - More efficient, affordable digital preservation (€5M: up to 2 projects)*

*Objective 8.2, Call 11 - Technology enhanced learning (min €5,5M)*



# What does "CP-CSA for PCP" EC financing cover





- ❑ Support for consortia of public purchasers planning joint cross-border PCP on topics of common European interest
  - Bring **radical improvements** to the **quality and efficiency of public services** with breakthrough solutions
  - ! Typical duration PCP project 3-4 years, projects WP2013 start 2<sup>nd</sup> half 2013
    - > target solutions to be deployed 2018 at earliest
  - Reduce **fragmentation public sector demand** and create **opportunities for leadership in new markets** for industry
  
- ❑ EU contribution (CP-CSA): combination of
  - CSA (max 30% of total grant): Reimbursement of eligible costs for **preparation, management and coordination** of the joint PCP call for tender (100% funded)
  - CP: Reimbursement of max 75% (75% for public contracting authorities, 50% for private contracting authorities) of the eligible costs for the **development of the new ICT solutions procured through the joint PCP** (for financing the R&D to be performed by the bidders selected via the joint PCP)

\* CP-CSA = combination of CP and CSA funding within the same EC grant agreement

# How to use EC PCP support?



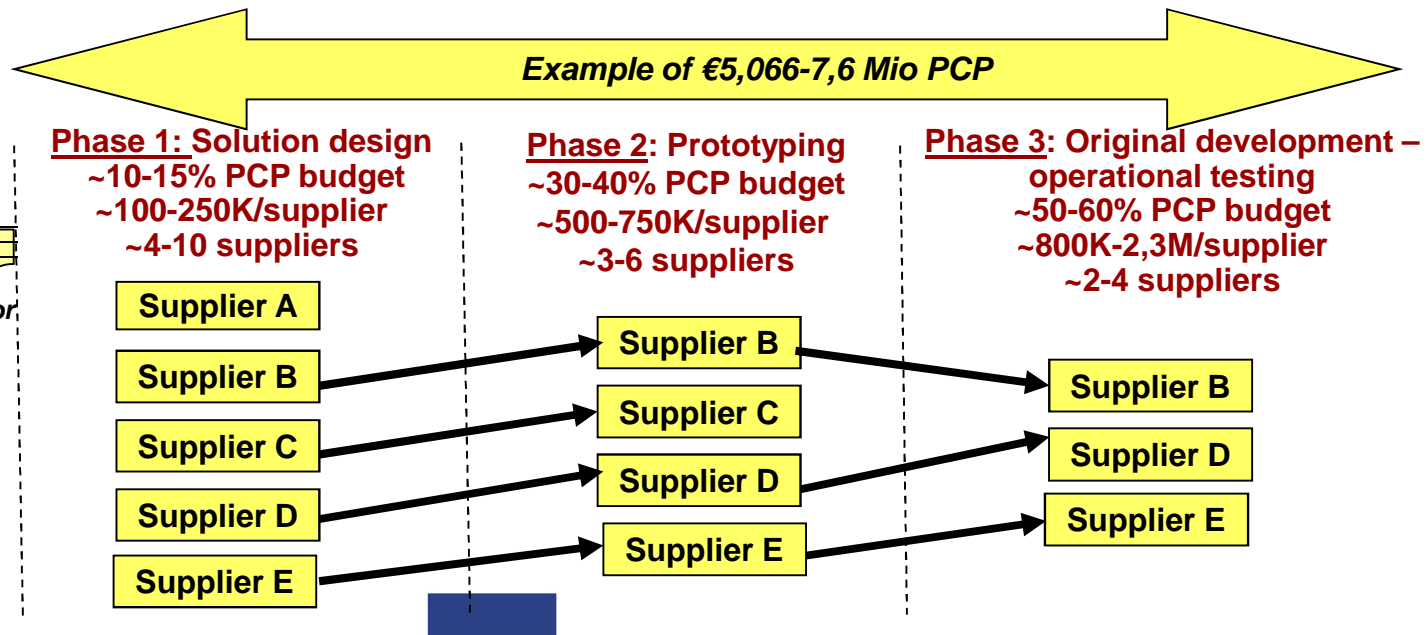
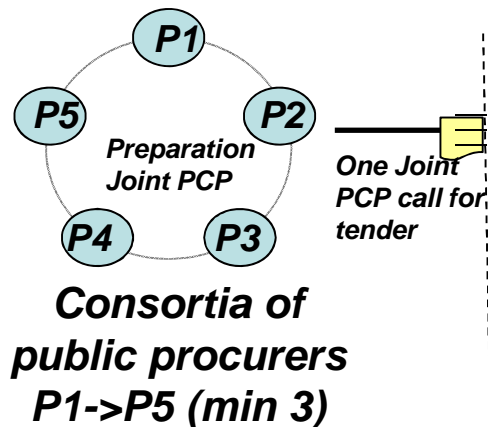
# Example CP-CSA for PCP grant

## Example: €4 Mio CP-CSA for PCP grant

- Max 30% (€1,2 Mio) for coordination costs - 100% funded
- Other €2,8 Mio = EC contribution to the ICT R&D procured through the joint PCP
  - Reimbursement rate 75% for public, 50% for private contracting authorities
  - If consortium of only public contracting authorities -> PCP of € 3,73 Mio (ex VAT)
  - If consortium of only private contracting authorities -> PCP of € 5,6 Mio (ex VAT)

## Consortium brings €0,93-2,8 Mio (+VAT) for €3,73-5,6 Mio PCP

Comparing various solution approaches from different vendors, defragmenting market to get in long run also cheaper large volume purchases, sharing R&D cost/experience with other procurers & EC: joint PCP cheaper/procurer than buying R&D from one supplier on your own



# Important docs proposal stage



- ❑ Work Programme FP7-ICT-2013, Call fiche
  - Every CP-CSA on PCP has to comply with requirements on the PCP procedure explained in Objective 11 & Appendix 6
- ❑ Guide for Applicants for CP-CSAs for PCP !
  - Guidance on how to prepare and evaluate proposals
  - This is a GfA “specifically tuned” to the needs of CP-CSAs for PCP !
- ❑ COM/2007/799, SEC/2007/1668 and FAQs on PCP website
  - Contains the basics: why and how PCP

***Expression of interest form & online networking platform  
ICT proposers day***

- ***Can help to find partners beyond traditional FP participants***

***Pre-proposal check***

- ***Provides feedback on draft pre-proposal***

***Extra info day objective 11.1 on 2 October 2012, Brussels***

## Eligibility criteria consortia



- ❑ Minimum number of participants
  - **3 mutually independent public purchasers** from 3 different Member States or FP7 Associated Countries
  - Critical mass of public **purchasers** necessary to trigger wide implementation of the public service innovation strategies and solutions that will be specified and/or developed during the PCP with clear financial commitments for undertaking the joint PCP.
  
- ❑ Public purchasers are
  - **contracting authorities** in the meaning of procurement directives (2004/18/EC & 2008/17/EC), **responsible for the acquisition strategy** of the new ICT solutions that could be developed through the joint PCP, to obtain the **required quality/efficiency improvements** in their public service offering
  - **Examples:** public hospitals / transport operators, ministries (e.g. for health, welfare, transport, environment, justice, etc), water or energy utilities, local/regional authorities, police or fire fighters





- ❑ Other stakeholders
  - e.g. user organisations, regulatory/certification bodies influencing uptake of solutions, R&I ministries/agencies incentivising national procurers to undertake PCPs
  - Whose participation well justified -> may participate, but...
- ❑ Private bodies
  - **Potential suppliers** of solutions sought for by the public bodies -> not eligible to participate as EC grant beneficiaries (to avoid conflicts of interest)
  - **Not potential suppliers** of solutions sought for by the public bodies -> may participate as EC grant beneficiaries (e.g. private contracting authorities such as private hospitals)
- ❑ Universities
  - May participate **on the buyers side** as “public purchasers” interested in procuring new development of solution xyz
  - If “for profit”, may participate **on the supply side** as bidders/contractors developing solutions in the PCP



- ❑ Defining the mid-to-long term **solution requirements** for the required public service innovation, and resulting **specifications** for a joint PCP call for tender



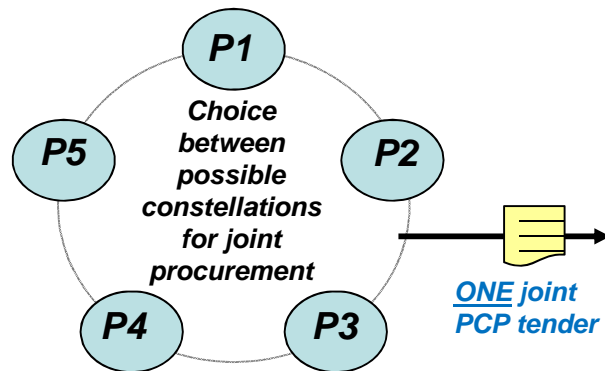
Note: In their proposal for a CP-CSAs for PCP, consortia shall have jointly identified one concrete challenge in the mid-to-long term innovation plans of the participating public purchasers that requires new R&D that is proposed to be procured in cooperation through PCP

- ❑ Establishing implementation methods for **multinational PCP evaluation and monitoring**
- ❑ Awareness Raising, experience sharing (incl training for public purchasers), **dissemination** of results, contribution to **standards/regulation** to remove obstacles for introducing PCP innovations in the market
- ❑ Cooperation agreements enabling further transnational PCP projects and projects

## Activities supported Under CP part



- ❑ Execution of a joint cross-border PCP, to explore possible alternative solution paths for the targeted improvements in public sector services, and testing of these solutions against a set of jointly defined performance criteria.



Consortia of public purchasers  
P1->P5

- **"Joint procurement" means combining the procurement actions of two or more contracting authorities into one procurement carried out jointly. The key defining characteristic is that there should be only one tender published, and only one entity awarding the resulting R&D service contracts for all PCP phases on behalf of all participating purchasers.**

- **Different constellations for joint procurement are possible, but in any case, all participating purchasers transfer their financial contribution to the PCP into one 'common pot' from which all suppliers are paid.**

## Activities supported Under CP part



- ❑ In the "**common procurement entity**" constellation all involved public purchasing authorities commonly establish or designate one external legal entity to conduct the joint procurement with a joint mandate and joint resources of all public purchasing authorities.
- ❑ In the "**lead authority**" constellation a group of public purchasing authorities collaborate through their existing purchasing departments in such a way that one public purchasing authority of the group is designated as lead authority to conduct the joint procurement, with joint mandate and joint resources of all purchasers, all in consultation with other purchasing authorities involved in the joint procurement.
- ❑ "**piggy-backing**" can be combined with above: the one public purchasing authority executing the procurement can provide access to the results of the contract to a wider range of authorities, essentially by stating in the Contract Notice that other named public purchasing authorities may also wish to may also wish to make use of the resulting contract a later date (normally during the timeframe of the original contract).

## Obj. 11.1 & App. 6: specific requirements for EC co-financed joint cross-border PCPs



- ❑ **Open dialogue with industry** in preparation phase
  - Announced widely, well in advance, at least in English
- ❑ **EU wide publication** PCP call for tender, at least in English
- ❑ All offers evaluated based on **same objective criteria**
  - regardless of company size, geographic location of head office
- ❑ Use **functional/performance based specifications**
  - not prescribing specific solution approach
- ❑ PCP covers **phase 1 to 3, multiple companies** in competition
  - one framework contract/supplier with 3 specific contracts/phase
- ❑ Tenders awarded based on **best value for money** (not just lowest price) and **market price** (no State aid)
- ❑ **IPRs shared**: ownership rights with companies, license free usage rights, right to license, call back option, right to publish PCP results with procurers
- ❑ Support Europe 2020 objectives of **growth and job creation**
  - Majority of R&D and operational activities related to PCP contract, including principle researchers working on PCP contract in Europe\*
- ❑ Avoid disproportionate **qualification/financial guarantee requirements**: alternative (commercialisation plan in evaluation criteria)



## ❑ CSA part

- Direct eligible costs CSA part: funded at 100%
- Indirect eligible costs CSA part: max 7% of direct eligible costs (excluding the direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the participant)

## ❑ CP part

- Reimbursement is limited for all participants to maximum 75% of the eligible (direct) costs for the development of the new ICT solutions procured through the joint PCP call for tender.
- No indirect costs (overheads)

# Evaluation Criteria

Combination of All funding schemes, CSA & CP evaluation criteria  
with specific connotation (detailed info in Guide for Applicants)



S/T QUALITY	IMPLEMENTATION	IMPACT
<ul style="list-style-type: none"><li>• Soundness of concept and quality of objectives.</li><li>• Progress beyond the state-of-the-art (relevant only to CP part).</li><li>• Contribution to the coordination of high quality research (relevant only to CSA part).</li><li>• Quality and effectiveness of the CSA mechanisms (mechanisms proposed to achieve the objectives of the networking and coordination CSA part), and associated work plan</li><li>• Quality and effectiveness of the S/T methodology and associated work plan (relevant only to CP part).</li></ul>	<ul style="list-style-type: none"><li>• Appropriateness of the management structure and procedures.</li><li>• Quality and relevant experience of the individual participants.</li><li>• Quality of the consortium as a whole (including complementarity, balance).</li><li>• Appropriate allocation and justification of the resources to be committed (budget, staff, equipment ...).</li></ul>	<ul style="list-style-type: none"><li>• Contribution at the European level, to the expected impacts listed in the work programme under relevant topic/activity.</li><li>• Appropriateness of measures for the exploitation of project results, dissemination of knowledge, through the engagement with stakeholders and the public at large, and the management of intellectual property and for spreading excellence.</li></ul>



# S/T Quality

Read carefully the Guide for Applicants for CP-CSAs for PCP  
Don't forget in particular the following points (non exhaustive)



S/T QUALITY	
<ul style="list-style-type: none"><li>• Soundness of concept and quality of objectives.</li></ul>	<p>Overall approach for combining networking and coordination activities with joint research activities (PCP procurement of new ICT developments) to bring the targeted quality and efficiency improvements in the area of public interest addressed by the project</p>
<ul style="list-style-type: none"><li>• Progress beyond the state-of-the-art (relevant only to CP part of the proposal).</li></ul>	<p>The degree of ambition in the R&amp;D services to be procured in the joint PCP Justification provided in proposal that the topic proposed for the joint PCP call for tender fits the scope of an R&amp;D services contract</p>
<ul style="list-style-type: none"><li>• Contribution to the coordination of high quality research (relevant only to CSA part of the proposal).</li></ul>	<p>How the proposed joint networking and coordination activities strengthen the cooperation between public bodies in Europe in the innovation of their public services through a strategy that includes PCP, in particular through the preparation, management and coordination of a joint PCP call for tender</p>
<ul style="list-style-type: none"><li>• Quality and effectiveness of the CSA mechanisms (mechanisms proposed to achieve the objectives of the networking and coordination CSA part of the project), and associated work plan</li></ul>	<p>(1) Overall methodology to achieve objectives of the CSA part (2) Work Plan, Work Packages, Deliverables, Milestones for CSA part</p>
<ul style="list-style-type: none"><li>• Quality and effectiveness of the S/T methodology and associated work plan (relevant only to CP part of proposal).</li></ul>	<p>(1) Overall methodology to achieve the objectives of the CP part incl. how the joint PCP call for tender will be implemented in line with objective 11.1 and Appendix 6 requirements (2) Work Plan, Work Packages, Deliverables, Milestones for CP part incl. joint procurement cost table</p>

# Implementation

Read carefully the Guide for Applicants for CP-CSAs for PCP  
Don't forget in particular the following points (non-exhaustive)

European  
Commission

## IMPLEMENTATION

- Appropriateness of management structure and procedures. → Organisational structure and decision-making process for overall CP-CSA and PCP part  
How this matches the complexity and scale of the project
- Quality and relevant experience of the individual participants. → Relates to the direct beneficiaries of the EC grant, not to the tenderers that will participate in the joint PCP (still unknown at time of grant signature before launch of joint PCP)
- Quality of the consortium as a whole (including complementarity, balance). → How participants collectively constitute a consortium capable of achieving project objectives:
  - (1) Complementarity between participants
  - (2) Balance in composition of the consortium in relation to the objectives of the project
  - (3) Appropriate level of representation (local / regional / national)
  - (4) Critical mass of public purchasers necessary to trigger wide implementation of the public service innovation strategies and solutions specified and/or developed during the PCP
  - (5) Justification for subcontracting (in CSA / CP part), additional partners, other countries
- Appropriate allocation and justification of the resources to be committed (staff, equipment ...). → Mobilisation of resources (staff and equipment) incl. those complementing EC contribution  
How totality of resources will be integrated in a coherent way  
How the overall financial plan for the project is adequate  
Critical mass of public purchasers with clear financial commitments to undertake a joint PCP

# Implementation

Read carefully the Guide for Applicants for CP-CSAs for PCP  
Don't forget in particular the following points (non exhaustive)



## IMPACT

- Contribution at the European level, to the expected impacts listed in the work programme under relevant topic/activity. →
- Appropriateness of measures for the exploitation of project results, dissemination of knowledge, through the engagement with stakeholders and the public at large, and the management of intellectual property and for spreading excellence. →

Contribution to impacts listed in work programme:

- (1) More forward-looking, cross-border public sector approach to societal challenges
- (2) Increasing opportunities for wide market uptake & economies of scale for supply side active in Europe (more info on slide 64)
- (3) Reducing fragmentation of public sector demand for new ICT solutions

The co-operation developed during the actions should also provide reliable indications that it could continue beyond the EU funding

Explain why this requires a European (rather than a national or local) approach

- (1) Wide publication of results of cross border PCP activities
- (2) Removal of barriers to market introduction for the developed PCP solutions through joint regulatory action or contribution to standardisation based on jointly defined public sector PCP solution requirements specifications
- (3) Division of IPR rights between public purchasers and companies participating in the PCP according to Appendix 6 of the work programme.
- (4) Appropriate consultation of stakeholders. Industrial/commercial involvement to ensure wide exploitation of the results, incl. opportunity of involving SMEs (more info on slide 65 & 66)



### **PCP website:**

Info on calls, EU funded projects, background docs, FAQs, PCP initiatives in Member States and Associated Countries etc

[http://cordis.europa.eu/fp7/ict/pcp/home\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/home_en.html)

### **Detailed info about PCP calls:**

Calls page on PCP website links to all official call docs:

[http://cordis.europa.eu/fp7/ict/pcp/calls\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/calls_en.html)

[Call 10 website](#)

[Call 11 website](#)

### **Info about PCP/PPI initiatives in MS and AC**

[http://cordis.europa.eu/fp7/ict/pcp/msinitiatives\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/msinitiatives_en.html)

