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EU PreCo-project

Innovative Pre-Commercial
Public Procurement in the
field of eHealth





- 1. PRECO –Project and it´s aim.**
- 2. Can PCP be used for creating markets for eHealth service innovations?**
- 3. Issues to be tackled in order to make use of the potential of PCP in eHealth**





1. WHAT IS PRECO

**A European Commission program aiming at
"Enhancing Innovation in Pre-commercial
Public Purchasing Processes"
Thematic focus on EU Lead Market initiative
eHealth**

Consists of ten partners from seven EU countries, leadpartner and coordinator Cuminatum Innovation Ltd Oy (Finland).





PreCo actions:

Benchmark: Collecting and analysing best practices

Facilitate discussion between procurers and suppliers.

Establish a thematic network of experts on PCP.

Identify common ground for guidelines, policy recommendations and PCP strategies. Delivered to the Commission by the end of 2011.

Joint events and public PreCo website

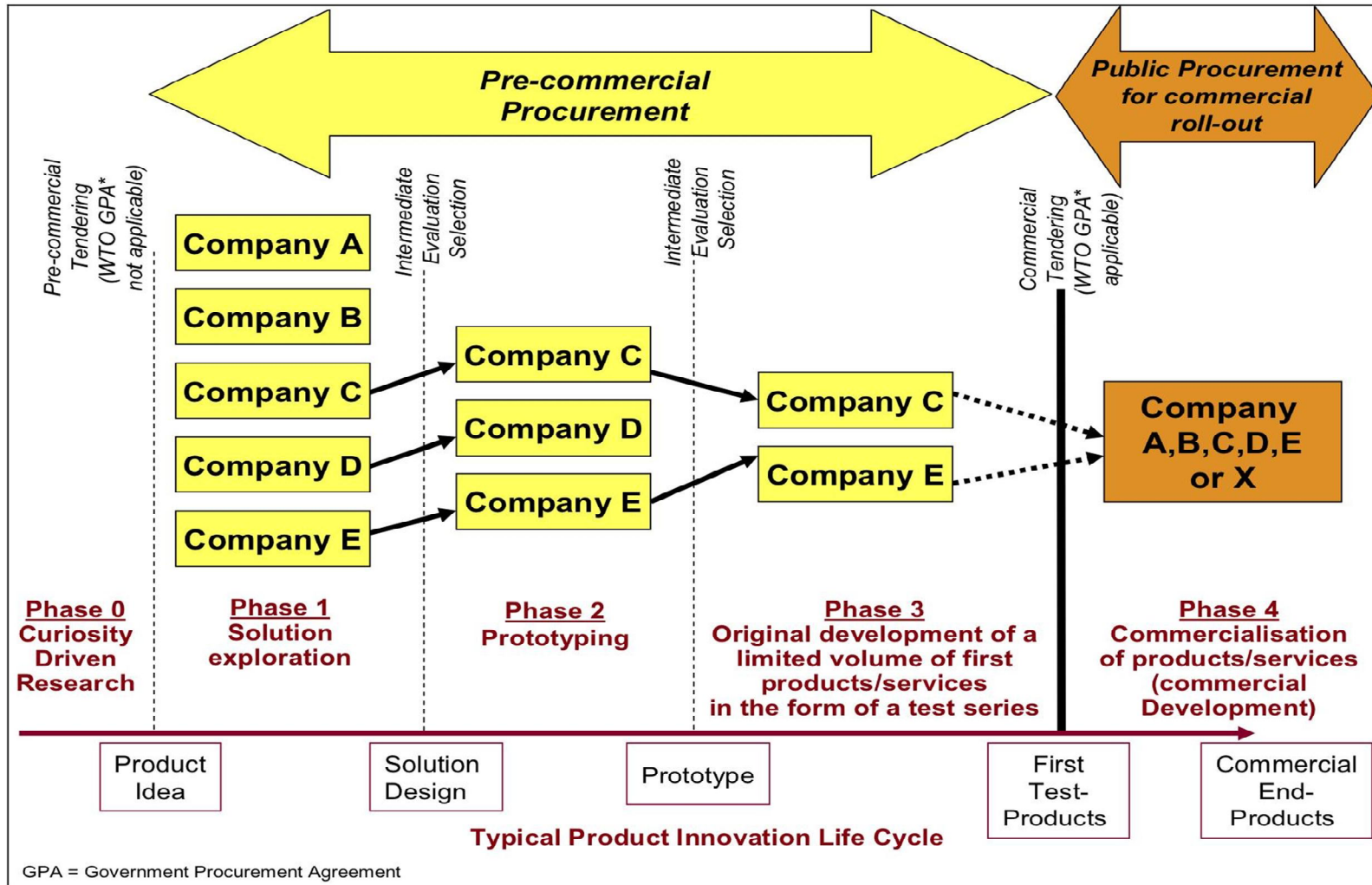
www.preco.share2solve.org



PreCo -project aim: ESTABLISH and FACILITATE:

How public authorities (as important market players/procurers) can achieve innovative eHealth solutions through greater market engagement using pre-commercial procurement.

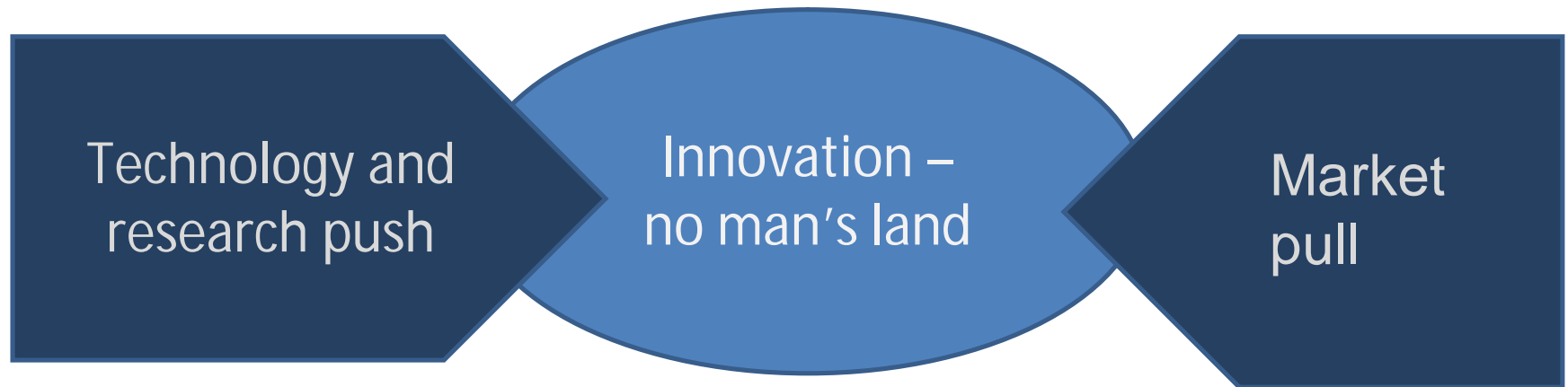
- In cases where all the aspects of the procured item are not known initially, but can only be established by a collaborative R&D process .





The missing link in the EU innovation cycle?

- in order to deliver, change management must engage all involved actors



(Public) demand and user driven open innovation (procurers, suppliers and users) to ensure integrated eHealth services and market entry.



2. Can PCP be used for successful creation and deployment of eHealth product / service innovations?



Yes ! - PCP PRACTICES CAN:

**Support and boost sustainable and innovative investment
in R&D&I in the domain of eHealth**

Create public demand and user-driven eHealth innovations

Ensure their market deployment

**How? - CHANGE THE MINDSET OF THE PUBLIC
PROCURER FIRST by PROVIDING THEM WITH POLICY
SUPPORT, TRAINING AND INCENTIVES !**



WHY?

Studies show that demand driven public procurement has a greater impact on innovations than traditional public aid in R&D activities.

- More effort should therefore be put to activate the public administration/ procurers to make use of their potential as market players!



Pre Commercial Procurement could be used to address previously identified shortfalls in public procurement.

PCP should be seen as an interactive collaborative learning process; buyers (all levels) , vendors and end-users.

Public procurers should demand and procure interoperable solutions and favor open standards



European practices for innovative eHealth procurement vary from one member state to another and do not really compare to the US.

PCP projects are still rare in Europe as text book cases – **promising developments e.g. in the UK, Ireland, Holland**, including tools for collecting ideas and solutions ..

Attempts to make use of Demand – and User Driven Innovation practices in connexion to PCP type models e.g in Denmark, Finland, UK and Sweden. - often in more complex health services requiring complete solutions.



3. Issues to be tackled in order to make use of the potential of PCP in eHealth



WHAT IS HINDERING?

- * Limited view of the potential of eHealth by healthcare professionals, managers and politicians**
- * Lack of resources: Long term strategic perspective and thorough cost/benefit and impact analysis needed**
- * Lack of knowledge and willingness to deal with eHealth requirements and a fear of legal constraints**
- * In some countries a monopoly like situation as to the vendor side , making market entry for SMEs idifficult**
- * Patient / end–user involvement lacking in the R&D&I processes**



Helsinki Reagon Hospital District case:

New hospital building with new processes and new technology

Negotiated tendering process with the aim to create an ICT based patient-information system including:

1. Pre-operation patient information gathering + appointment system
2. A (post-operation) interactive consultative connection (patient-doctor)
3. Chronic diseases follow-up and support, including laboratory test results

In spite of the obvious need and clinician support THE PROJECT WAS PUT ON HOLD – what was lacking? - a thorough cost/benefit and end-user analysis, managerial and political level understanding of the long term strategic fit of new ICT based solution – or a PCP process involving all actors from the beginning ?



HEALTHY HELSINKI - eHEALTH LIVING LAB EXPERIENCE

Opportunities:

- Innovation potential, All key players involved
- Increased demand for innovations due to aging society and lack of personnel
- Potential to increase understanding of demand and supply and operational environment
- Potential for large cuts in costs with innovations

Challenges

- Co-operation difficult, Different cultures, and perspective in time
- Need to change the mindset in public sector –
- Technical challenges: no interfacing to the existing systems, closed city network -Reluctancy to changes



Issues to be dealt with while developing eHealth PCP processes:

- Legal , (procurement and Healthcare regulations)
- Interoperability and market fragmentation
- How to make the interface of purely market driven and strictly publicly regulated health services to work smoothly together?
- Economic and financial costs and benefits, incl. IPR
- Risks sharing/awareness,



- Timescales for sustainable eHealth investment
- Public-private interaction / co-generation
- Knowledge level of the public procurer / how to create public organizations able to demand and deploy innovations?
- End-user involvement, including living labs securing cost-effective deployable solutions



Appropriate financial (and tax?) incentives required:

- to encourage procurers to embark together (joint procurements) in pre-commercial procurements
- to support the procurers to consolidate their needs and bundle their purchasing power
- To favor market cohesion and scalable solutions taken in to use.



TEKES FUNDING INSTRUMENT FOR INNOVATIVE PUBLIC PROCUREMENT

DESIGN OF PROCUREMENT

1st STAGE:

Planning of procurement e.g.

- Analysis of the long term needs for services
- Dialogue with potential service providers on service specifications
- Comparison of options

Funding

- Typically 75 % of project's total expenses

IMPLEMENTATION

2nd STAGE:

Implementation of procurement e.g.

- Putting the new solutions into use
- Creation of new operational models

Funding

- Typically 75% of (procurer's and supplier's) R&D&I expenses

- Option funding max. 50% of other expenses due to the innovative nature of the procurement (max. 1milj. €)

Tekes shares the possible risk caused by the innovative nature of the procurement.



Required :

- High level policy support (incl. political) for PCP / "Green light" and Financial instruments
- Training and consultation services for the public sector civil servants involved in the strategic procurement planning.
- Cultural change allowing the end-users / patients to take the lead in eHealth service design.
- New solutions integrated into the existing systems, interoperability, scalability and deployment in order to ensure sustainable business models



4. WHAT NEXT?

- *PreCo: Policy recommendations and future roadmap for the EU Commission on PCP
- *Create coherent and transparent European models for pre-commercial procurement
- *Pilot eHealth PCP projects needed to show evidence
- *Commission ICT work programme 2011-12 envisages and supports these actions



1. Do you have any experiences of PCP like development processes in the field of eHealth, including user driven co-generation and Living Labs?
2. If yes – what have been the main lessons learnt and main benefits/gains?
3. Can you define obstacles/key issues for using PCP type approaches as:
 - a) preparatory R&D phase for commercial procurement in eHealth sector?
 - b) Policy instrument for deployment of connected health solutions in EU member states?



CHANGE OF MINDSET NEEDED?



THANK YOU !

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