

Public Procurement of Innovative solutions

Public procurement of innovative solutions (PPI) facilitates wide diffusion of innovative solutions on the market.



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PPI provides a large enough demand to incentivise industry to invest in wide commercialisation to bring innovative solutions to the market with the quality and price needed for mass market deployment. This enables the public sector to modernize public services with better value for money solutions and provides growth opportunities for companies.

What is Public procurement of innovative solutions?

Public procurement of innovative solutions (PPI) happens when the public sector uses its purchasing power to act as early adopter of innovative solutions which are not yet available on large scale commercial basis.

How does PPI work?

The first step is to form a critical mass of purchasing power on the demand side (one large enough buyers or several smaller buyers in a buyers group). One that can incentivise industry to scale up the production to bring solutions to the market with the price and quality requirements for large scale deployment.

For the second step, the procurer(s) make an early announcement of the innovation needs (with the required functionality/performance and possibly also price requirements). They express the intention to buy a critical mass of innovative products if industry can bring them to the market with the predefined price/quality requirements by a specific date. The procurers may wish to perform conformance testing of solutions of suppliers that have come forward with potential solutions by the target date. This is done to verify that there are indeed solutions that can meet their needs, before actually procuring the innovative solutions.

The third step is the actual public procurement of the innovative solutions through one of the existing public procurement procedures (e.g. open/negotiated procedure, competitive dialogue etc).

PPI is thus complementary with Pre-Commercial Procurement (PCP), as PPI can enable larger scale deployment of solutions that were developed in small quantity in a preceding PCP. PPI can also be used independently, to bring to the market innovative solutions that do not result from R&D but for example from organisational or process innovation.

Why we are supporting PPI?

Creating a strong and stable demand for innovative solutions through government procurement has significant advantages:

- Modernising public services with higher quality and more cost efficient solutions
- Boosting a particular new market for innovative solutions, helping innovative companies reach economies of scale to grow their business

Have a look at the list of EU funded PPIs (archived content). Check out testimonies from procurers that have implemented PPIs.

The European Assistance For Innovation Procurement Initiative provides free of charge technical and legal assistance to individual procurers to implement PCPs and PPIs.

Follow the latest progress and learn more about getting involved.

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