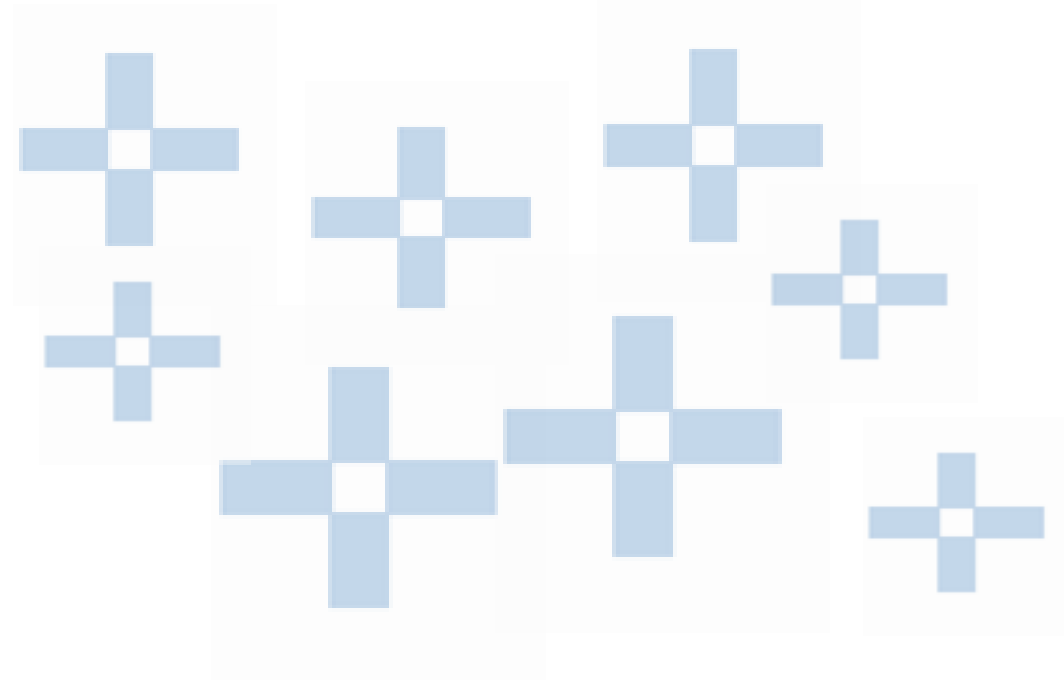


## Procurement: Response to COVID-19

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**Director**  
**JERA Consulting**



# About JERA Consulting

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## *Practical pathways to innovation*

Working across Europe to improve public services through the adoption of innovation procurement

- Delivering action learning programmes, training, coaching
- Developing and sharing knowledge and know-how
- Participating in policy development
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**EcoQUIP<sup>+</sup>**

Delivering Efficiency, Quality and Sustainability in Healthcare



This project has received funding from the European Union COSME Programme under grant agreement no 857790

# About JERA Consulting

## EcoQUIP+

Delivering Efficiency, Quality and Sustainability in Healthcare



## EPP eHealth

## EcoQUIP

Delivering Efficiency, Quality and Sustainability in Healthcare

## LCB-HEALTHCARE

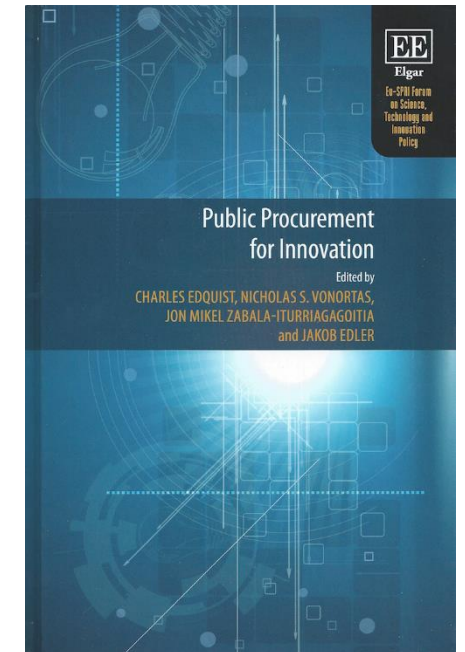
Procuring better building solutions

## EcoQUIP

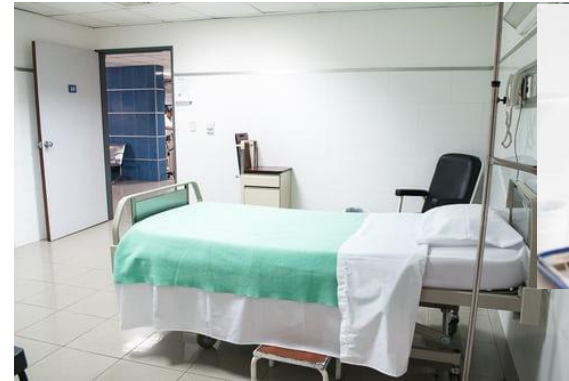
Delivering efficiency,  
quality and sustainability  
in healthcare through  
innovation procurement

Case Study Based Report

Supported by



# Procurement



# Procurement: Responding to COVID-19

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## The potential of innovation procurement in the response to COVID-19

- Innovation and Innovation procurement
- What does innovation procurement it look like in practice?
- How might it be harnessed in the COVID-19 response?



# Innovation in response to Covid-19

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## What do I mean by innovation in this context?

- The process of developing **new good and services** to meet the unmet needs of an organisation or society.
- Innovation translates knowledge into goods and services for which people will pay, i.e., that have value
- Innovation operates best when it is targeted on **genuine customer needs**

“My product development team has created a very innovative solution, but we are still looking for a problem to go with it”

In the absence of a **clear demand**, suppliers are forced to guess your needs and ‘push’ solutions.

This wastes time and resources

And HCPs risk getting sub-optimal solutions

This need not be the case



“My team has created a very innovative solution, but we’re still looking for a problem to go with it.”

# Innovation procurement

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- **The way** in which we buy things can hinder innovation, or it can instead provoke innovation, unlocking the (considerable) creativity and innovation potential of suppliers.
- Sometimes, simply **removing barriers** allows new innovative solutions to enter the market (e.g. eHealth)
- More powerful is **Innovation Procurement**
- Procurement **in a way that** stimulates the supply chain to invest in developing innovative goods and services to meet the **unmet needs** of organisations and society

# Innovation procurement for the public good

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“Innovation procurement opens the door to higher quality and more efficient solutions that value environmental and social benefits, better cost-effectiveness; and new business opportunities for enterprises.”

*European Commission (2018)<sup>12</sup>*

# Innovation procurement and COVID-19

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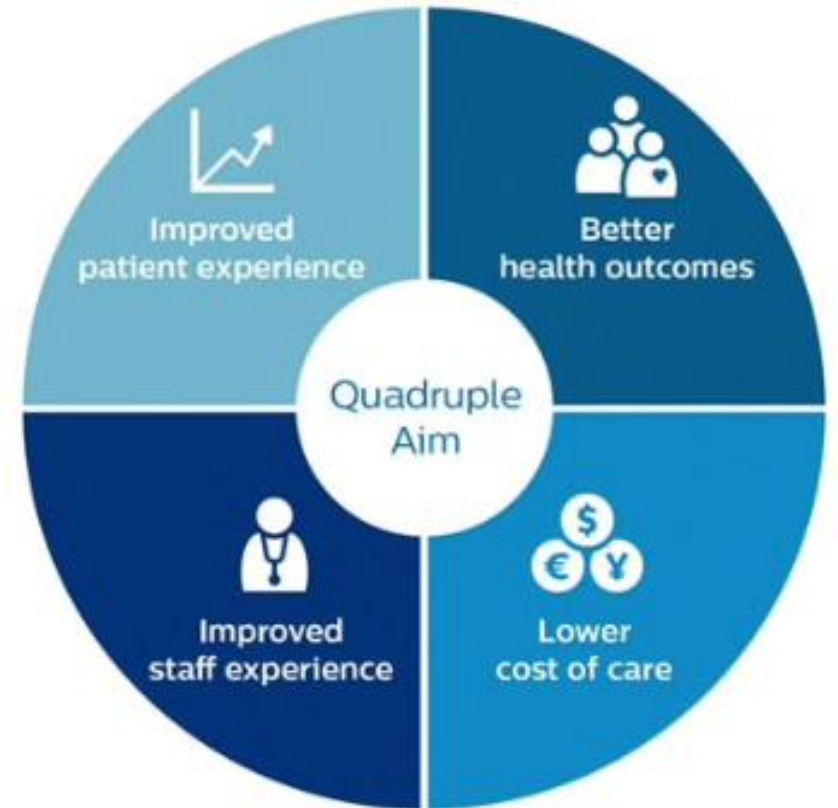
- **COVID-19 has highlighted new needs that current solutions can't meet**
- The healthcare system has new COVID-19 related '**unmet needs**' along the whole care pathway
- **Innovation procurement** always starts with the recognition of a **credible unmet need**
- Innovation procurement mechanisms provides a means to clarify and communicate these needs to suppliers and enable solutions to be delivered
- **Suppliers** can then focus effort where it is needed & **HCPs** get solutions they need. (And suppliers will want to engage).

Innovation procurement is a mechanism that can deliver

the goods and services you need

when you need them (if you anticipate them)

at a price that reflects the value that the organisation (and society) places on them.

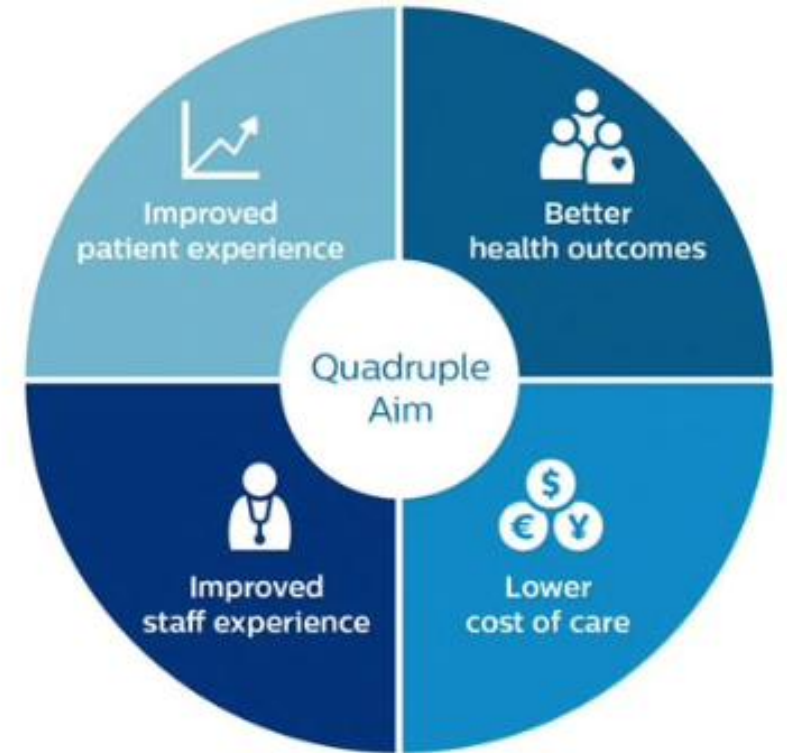


However

Procurement is rarely seen and used as a strategic tool to deliver innovation

End users are rarely consulted

Suppliers are not informed or engaged



Innovation procurement projects demonstrate what is possible when you do....

# Case Example

# The problem

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- **The Ministry of Justice had a problem**
- 40,000 waste foam mattresses sent to landfill every year.
- In conflict with the organisations sustainability policy and targets
- Landfill taxes were making this more and more expensive
- Many disposed through clinical waste – very expensive



**Policy required a solution**

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# The investigation

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## Talking to stakeholders and looking at the data.....

- Current mattress was an innovation to increase safety and reduce fire risk
- The highly specified mattress had been bought from the same supplier for 20+ years
- The mattress was popular with the security and safety team, not with guards or prisoners
- The specification was 36 pages long.....
- The mattresses were difficult to clean, so they got thrown away, piled up in the yards
- An increasing number were being sent to clinical waste disposal (this cost almost the same as the replacement mattress)
- Solutions had been tried, all focussing on the **disposal at the end of the life-cycle**

# Procurement as the route to a solution

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- New **Forward Commitment Procurement (FCP)** approach being developed by Dept. Business. (EIAG)
- Rather than focussing on the environmental team and the end of the products life, a new approach engaged the **Head of Procurement**.
- An assessment of the **full and (hidden costs)** of the mattress life cycle including disposal was carried out (total cost of ownership - TCO)
- A cross-departmental project team came together and concluded the **unmet need** was for the supply of a '**zero waste mattress**'

# Early market engagement and consultation

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- An **out-come based** requirement was drafted
- A **market sounding** exercise communicated this need to the market
- A **Prior Information Notice (PIN)** was published in the OJEU, 2 years before the solution was needed. (Innovation needs time).
- 45 suppliers and agencies responded. Innovation agency organised a workshop.
- A 'Concept Viability' **market consultation workshop** was held with 45 suppliers.

# Early market engagement and consultation

Two key messages from the supply-chain:

- Stop buying mattresses
- Buy a 'whole-life', 'cradle to cradle' managed service



# Pro-innovation tendering approach

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- **A pro-innovation tendering approach was adopted**
- **Outcome-based specification:**
  - A whole life managed service for the timely and safe supply and end-of-life management of zero waste prison mattresses within three years, auditable trail, easy to clean, meets security requirements.
- **Cost** to the customer was to be calculated on **whole-life costs** i.e. the total cost of ownership

The total cost of ownership looks at the cost of owning an asset long-term by assessing both its purchase price and the costs of operation including end-of-life management.

# The Result?

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## A Zero Waste Managed Service was provided from the start of the contract

- Innovations in the manufacturing and distribution system, new easy clean materials
- No mattresses sent to landfill (recycled as carpet underlay)
- Reduction in clinical waste
- Cost saving €5 million based on whole life costs

**The same supplier won the new contract**

- Won the Guardian Sustainable Procurement Award.



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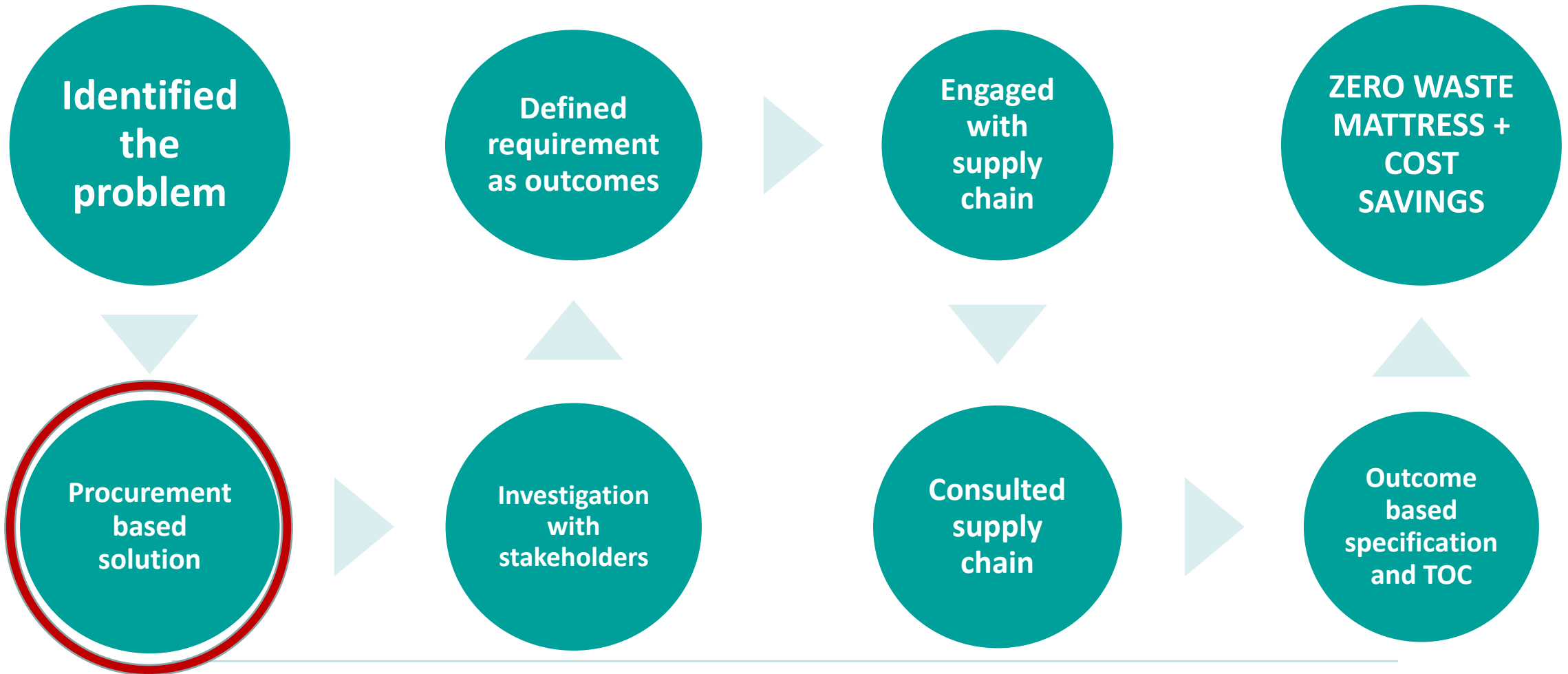
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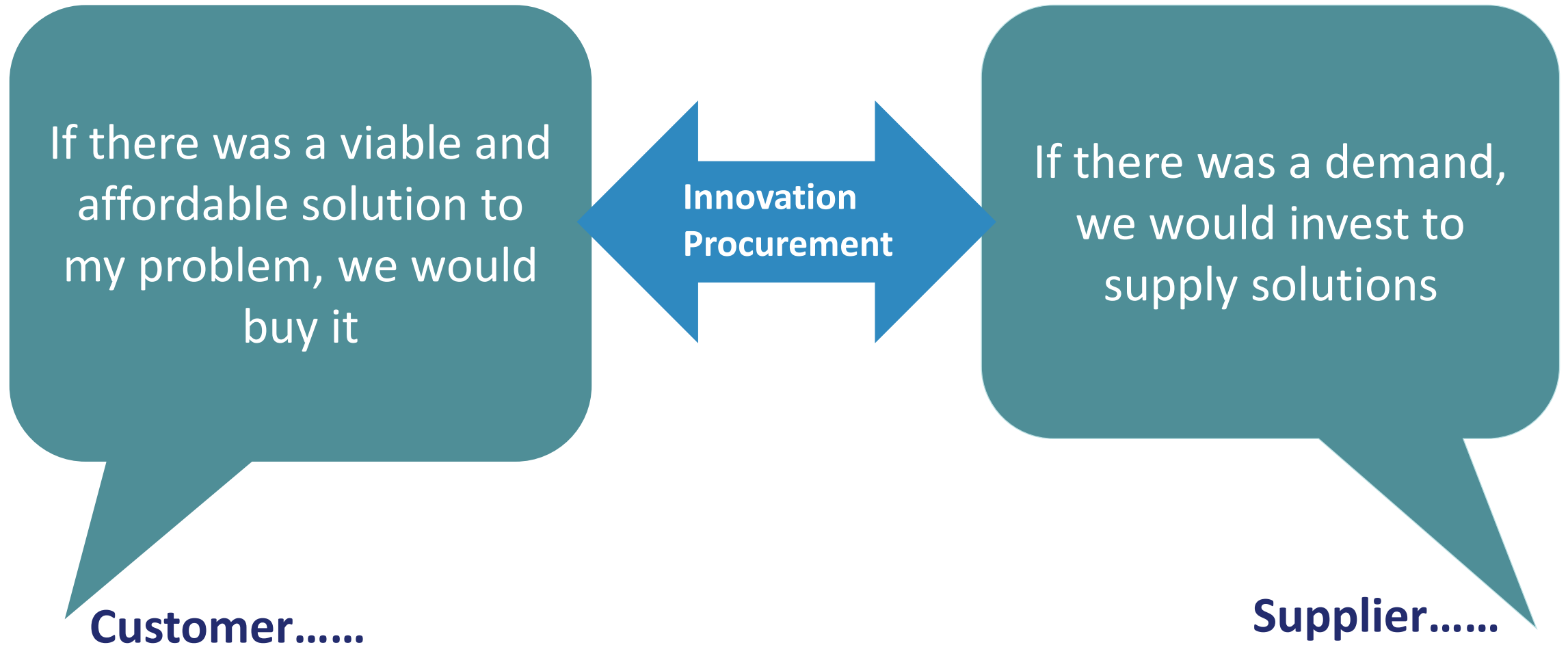
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# In summary.....

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## Demand driven, innovation enabling procurement



## Three key stages can be distinguished

**1. Preparation:** Engage internal stakeholders, understand the understanding of their unmet and future needs

**2. Market engagement:** Communicate an accurate, **credible** demand **early** & in a **convincing** way to suppliers

**3. Pro-innovation tendering:** Suppliers need an **opportunity** to offer new solutions on an **equal** playing field

Good news. You will probably get what you ask for!

So make sure it is what you want.....

# Innovation procurement as a response to COVID-19?

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- Innovation procurement begins with distinguishing **unmet needs** and translating them in to **outcome based requirements**
- **PPE** has attracted much attention:
  - Available!
  - Reusable?
  - More comfortable?
  - Stockpiling and logistics? Expiry dates, storage, deployment.....
- All of which may be true....but just wondering.....

**Do we want to rely on PPE to protect the workforce?**

# Innovation procurement as a response to COVID-19?

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Health and Safety Regulations and safety best practice tells us that PPE should be a **last line of defence** – not the first, and certainly not the only.....

## What do the Regulations require?

PPE should be used as a last resort. Wherever there are risks to health and safety that cannot be adequately controlled in other ways, the Personal Protective Equipment at Work Regulations 1992 require PPE to be supplied.

# Innovation procurement as a response to COVID-19?

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- **If PPE should be a last resort**, perhaps the **unmet need** is for:
- “Solutions or services that protect staff from infection along the patient pathway, while not compromising the quality of patient care or patient outcomes and PPE as a last line of defence. PPE should be....”?
- This could open a range of innovative solutions that intercept the potential for infection before they get to PPE. And improve PPE.
- E.g. Non invasive diagnosis and examination, means of communicating with patients in isolation or on ventilators, remove communal touch screens... it could even be a managed service...

# Innovation procurement as a response to COVID-19?

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- This approach can be applied to stimulate innovation to meet the **unmet needs** that have become apparent during the crisis....(Check out the video on the webpage.....)

## Demand led, innovation enabling procurement in brief....

- Identify **unmet needs** in terms of outcomes – don't pick the answer
- Start as early as possible.....
- Recognition of **demand led procurement** as a route to the solution
- **Engage and consult** end users and supply chain in advance of tendering
- Remove barriers to innovative solutions



# Conclusions

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- **Innovation** will be key in the response to COVID-19, not just system and policy innovation but also innovation in goods and services.
- **Innovation procurement** could play a a key role by provoking and enabling demand led supplier innovation in a timely and resource efficient way.
- But this means changing to way we think about procurement and undertake the procurement process
- The **EcoQUIP Plus** project offers a means to access to **know-how and support**.

# Thank you for your attention!

**EcoQUIP+**

Delivering Efficiency, Quality and Sustainability in Healthcare

- Demonstrating how innovation procurement methods can improve the efficiency, quality and sustainability of healthcare
- Building awareness of, and know-how in, innovation procurement.
- Working increase the take up of much needed innovative solutions through collaborative actions.

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## Stay in touch

Sign up to receive the EcoQUIP newsletter and keep up-to-date with the project.

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