

D5.16 Joint Procurement feature publicly available on BABLE

30/09/2022

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| Deliverable administration | | | | | |
|---|--|-----|-----|------|------------|
| No & name | D5.16 Joint Procurement feature publicly available on BABLE | | | | |
| Status | Released | Due | M36 | Date | 2022-09-30 |
| Author(s) | BABLE GmbH | | | | |
| Description of the related task and the deliverable. | Task 5.6 Development and Piloting of Joint Procurement of Innovation (BABLE, VTT, ESP, LPZ, CMM, RVK, KLD, KFS, LVIV, CVUT, CiviESCo) [M1-M60] | | | | |
| Extract from DoA | SPARCs will develop and trial a digitally backed joint procurement process | | | | |

of smart city solutions between the partner cities, resulting in larger contracts, shared risks and lower costs for innovation.

<u>Subtask 5.6.1 Developing features to support Joint Cross Border</u> <u>Procurement (JCBP) on BABLE</u> (**BABLE**) [M1-M24]

The main focus of this subtask is to develop and test the joint procurement feature on BABLE which will be publically available for all European cities.to use. This will involve the following steps:

- Development of a reference model for a joint procurement process, focussing on core aspects of procurement. The model will be based on learnings from several European Joint Cross Border Public Procurement case studies like the HAPPI project, Brenner base tunnel, Citrix Software and Appliances, etc.
- The cross EU-SCC1 collaboration will be leveraged by conducting surveys and interviews with LHCs, FCs and city groups like Eurocities and ICLEI to understand the demand and challenges with joint cross border procurement.
 - Based on the reference model and inputs from the cities, a sustainable business case to facilitate JCBP via BABLE will be developed. The feature will then be piloted on BABLE and a beta version for joint procurement will be released. This feature will consist of a) a **process model** targeted at aligning demands of public procurers and drafting joint tenders and b) a **digitally backed online process** on the BABLE platform available for public procurers to issue own demands, find partners and draft joint tenders; c) an **exploitation plan** with a business model that will enable BABLE to provide JCBP in the area of smart cities as a service to public procurers after M36 of SPARCS.
- For subtask 5.6.1 a special budget has been reserved to subcontract for legal advice, making sure that the envisaged process models for JCBP are in line not only with EU regulations but also with the respective national legislations in the FC's member states.

| Par | ticipants I | BABLE, VTT, ESP, LPZ, FHG, CMM, RVK, KLD, KFS, LVIV | | | |
|----------|--------------------|---|-----------------------|--|--|
| Comments | | | | | |
| V | Date | Authors | Description | | |
| 0.1 | 01/09/20 | D22 BABLE | Deliverable version 1 | | |





| 0.2 | 20/09/2022 | Leipzig | Review of the deliverable |
|-----|------------|--------------|---|
| 0.3 | 27/09/2022 | BABLE | Deliverable version 2 |
| 0.4 | 28/09/2022 | WP Leader | Deliverable checked by WP leader and released to the Coordinator and the Quality Manager for quality check and subsequent submission to the EC. |
| 1 | 30/09/2022 | VTT | Coordinator submits the deliverable to the EC |

| Dissemination level | | | |
|---------------------|--|---|--|
| PU | Public | Х | |
| CO | Confidential, only for members of the consortium (including the Commission Services) | | |





About SPARCS

Sustainable energy Positive & zero cARbon CommunitieS demonstrates and validates technically and socioeconomically viable and replicable, innovative solutions for rolling out smart, integrated positive energy systems for the transition to a citizen centred zero carbon & resource efficient economy. SPARCS facilitates the participation of buildings to the energy market enabling new services and a virtual power plant concept, creating VirtualPositiveEnergy communities as energy democratic playground (positive energy districts can exchange energy with energy entities located outside the district). Seven cities will demonstrate 100+ actions turning buildings, blocks, and districts into energy prosumers. Impacts span economic growth, improved quality of life, and environmental benefits towards the EC policy framework for climate and energy, the SET plan and UN Sustainable Development goals. SPARCS co-creation brings together citizens, companies, research organizations, city planning and decision making entities, transforming cities to carbon-free inclusive communities. Lighthouse cities Espoo (FI) and Leipzig (DE) implement large demonstrations. Fellow cities Reykjavik (IS), Maia (PT), Lviv (UA), Kifissia (EL) and Kladno (CZ) prepare replication with hands-on feasibility studies. SPARCS identifies bankable actions to accelerate market uptake, pioneers innovative, exploitable governance and business models boosting the transformation processes, joint procurement procedures and citizen engaging mechanisms in an overarching city planning instrument toward the bold City Vision 2050. SPARCS engages 30 partners from 8 EU Member States (FI, DE, PT, CY, EL, BE, CZ, IT) and 2 non-EU countries (UA, IS), representing key stakeholders within the value chain of urban challenges and smart, sustainable cities bringing together three distinct but also overlapping knowledge areas: (i) City Energy Systems, (ii) ICT and Interoperability, (iii) Business Innovation and Market Knowledge.

Partners

































































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1. EXECUTIVE SUMMARY

This deliverable summary presents a review and abstract of the work carried out so far under Task 5.6 on the Development and Piloting of Joint Procurement of Innovation and the tool created to support market consultation. It shows a shift in focus that stems from the results and findings from the research and consultation with the cities which explains why we are currently emphasising the market consultation process (as opposed to the joint cross border procurement). The deliverable itself is the tool developed and available on the BABLE platform, for which this document provides context and further explanation of the justification for its development, its current features and future developments.

1.1 Deliverable description

This deliverable presents the first results of the Task 5.6 on the Development and Piloting of Joint Procurement of Innovation. The task has due to further research shifted its focus, which is described below.

In 2021, the BABLE Team conducted a thorough analysis of the existing literature and experiences of Joint Cross Border Procurement as well as interviewed several experts and practitioners in the field (from EU, national and local levels). The findings from this analysis, as well as the conversations with the FCs and Project Coordinator, lead to the conclusion that the task would provide more value to the cities' projects by supporting the cities in an early stage procurement process often disregarded: open market consultations.

The overall task will still support the cities in their procurement, but focusing more on the market consultation as well as providing guidelines for effective innovative procurement. The possibility of conducting a market consultation will be offered to all FCs expanding as well the reach and scope of the task, by shifting its focus. This task will also build on the capacities of BABLE and its large network of companies working in the energy and mobility field which can inform the request of information cities will pose. The task will also support joint market consultation, where other cities will be able to learn from the process as well as from the information gathered from the leading city. In conversation with FCs, they have expressed their interest in trying this new approach, which can enhance their replication projects.

A new tool has been created which simplifies the process that cities need to follow to reach out to a widely spread market early on in the project development process. Local procurement processes are scattered in national procurement portals, which make difficult for companies to have an overview of the needs of their potential clients and for other cities to know what other cities are planning on procuring.

Access to the tool on BABLE Platform (some functionalities may not be accessible if not logged in)

Results of the first research on Joint Cross Border Procurement of Innovation (JCBP)

The 2014 Procurement Directive allows for joint cross-border procurement and explicitly forbids EU Member States from prohibiting such efforts, stating "[a] Member State shall not prohibit its contracting authorities from using centralized purchasing activities offered by central purchasing bodies located in another Member State" (European Parliament, 2014).





Furthermore, it provides different avenues for Member States to pursue cross-border collaboration. Under the Directive, contracting authorities can use public contracts awarded by authorities of different member states and they may delegate another contracting authority to implement their own procurement procedure. In addition, it allows contracting authorities from different Member States to set up joint entities established under EU or national law (Ponzio, 2017).

As part of the research to identify the potential and the process for a potential joint procurement methodology, the BABLE Team executed the following actions:

- ► Study of available literature on the matter
- ▶ Review of most important and emblematic case studies across Europe (HAPPI, Citrix software, EURIPHI)
- ► Interviews with experts from academia and practitioners
- ► Interviews with Fellow Cities and their Procurement Officers
- ► Master thesis on JCBP and cross border collaboration

Joint Procurement Interviews

We've spoken to a wide variety of procurement experts

| Dana Mitea | BBG Austria | Head of International Relations | |
|---------------------------|--------------------------------|--------------------------------------|--|
| Gabriella Racca | University of Turin (HAPPI) | Professor of Administrative Law | |
| Analucia Jaramillo | EAFIP/Corvers | | |
| Karolis Granickas | Open Contracting | Senior Program Manager for Europe | |
| Caroline Hobson | CMS (EURIPHI) | Co head of competition | |
| Virginie Dor | CMS (EURIPHI) | Partner | |
| Ivo Locatelli | European Comission | Senior Procurement Expert | |
| Albert Sanchez Graells | Bristol Law School | Professor of Economic Law | |



The most important findings of the aforementioned research and expert engagement are:

- ► Impact since publication of the DIRECTIVE 2014/25/EU (supporting joint cross border procurement)
 - ▶ 2017: **37** cases of JCBP
 - ▶ 2018 2021: 11 cases of JCBP not enough comprehensive data available
- ► Majority of JCBP processes where between **countries sharing borders**
- ▶ JCBP between **national governments** (e.g. vaccines, infrastructure, energy)
- ► Most experiences in the **health sector** (e.g. EURIPHI, HAPPI)





- ▶ No expert consensus on benefits outweighing costs of JCBP
- No specific support from EU for legal coordination (though it goes in line with the idea of one European market)

The context of SPARCS and the participating cities, presented the following additional challenges:

Common challenges

- ▶ Different existing processes
- ▶ Different language and culture: key point since a lot of coordination and agreement is required
- ► Coordination between procurers proves to be difficult
- ▶ Difficult to define a common technical requirement and agreeing on the assessment process and decision.

| Potential Benefits of JCBP | SPARCS context | SPARCS context - Comments |
|--|----------------|--|
| Economy of scale | | Expected scale of the projects isn't big enough to get economy of scale benefits |
| Collaboration, sharing knowledge and exchanging good practices | | Possible, but there is no need for JCBP to make it happen |
| Standardisation of technical specifications | | Possible, but there is no need for JCBP to make it happen |
| Promotion of innovation and R&D | | Possible, but there is no need for JCBP to make it happen |

Contrasting the results of the research against the needs and challenges of the SPARCS project, we arrived at the following conclusion:

Collaboration, sharing of knowledge and exchanging good practices, standardising technical specifications and promoting innovation and R&D can be achieved through formal joint market consultation. This could be enhanced by accessing a good representation of companies and innovators operating in the European markets; as well as by encouraging cities to make market engagement a common tool to be used in preparation for their procurement process.

Why market consultations? What is it added value to the procurement of innovation?

Market consultations have twofold purposes: to inform a tender preparation process and to inform suppliers of the procurement plans. By engaging with the market, cities can assess the capabilities of economic operators to deliver the solution they are looking for and evaluate how feasible their needs are. Furthermore, by inviting interested parties to be involved early on, you improve their capabilities to respond with high-quality applications.





The 2014 Procurement Directive from the European Commission highly encourages Member States to look beyond their own borders in procurement procedures and take advantage of the entire European market. The BABLE Platform community of smart city professionals from across Europe enables cities to reach suppliers in markets they traditionally may not interact with. This mechanism is particularly useful for pre-commercial procurement (PCP) and public procurement of innovation (PPI).

What the Directive calls Preliminary Market Consultations has a variety of names used by cities across Europe. Whether the Market Consultation is preliminary, open, prior, or pre-market, cities are referring to similar concepts. Likewise, if instead of consultation the process is called a dialogue or engagement is immaterial- the goals are the same.

Benefits of an open market consultation (Brunel, Alberigo, Bartolome, Pleiter, & F., 2020)

Technical aspects:

- ► Help in reviewing common and specific requirements;
- ▶ It provides feedback on how to **raise interest from the market** to answer the upcoming call for tender and what **players on the market** are more likely to respond.
- ➤ To cross-check the procurer's analysis of the prior art/IPR and standardization/regulatory environment which confirms the choice of the procurement approach (PCP or PPI)
- To clarify assumptions taken by the procurers in the design of the **business case**The OMC enables the procurer to cross-check the project feasibility in terms of
 whether the market is able to *deliver new solutions that meet the expected*minimum functionality/performance requirements (the expected benefits) within
 the foreseen time schedule and budgetary limits (expected costs in the business
 case); It also informs the procurer about the **risks and benefits** of the various
 technological solutions that are available on the market or that are being
 developed;
- ▶ Improvement of definition and clarification of ambiguous requirements;
- ► When done with several cities, it offers an opportunity for **collaboration**, **sharing knowledge and exchanging good practices**

For legal and procedure aspects:

- ▶ Clarification on the application form;
- To cross-check the **feasibility and market acceptance** of the envisaged contract set-up (if PPI/PCP check IPR conditions, idea of contract split into lots)
- The open market consultation **helps validate the innovation potential of the identified need/challenge**. It confirms whether there is already a solution already available on the market with the desired functionality/performance requirements (no PCP or PPI needed), or whether still incremental innovation is needed to bring solutions to the market (PPI can then be used) or whether radical innovation/R&D is needed to bring it to the market (PCP can then be used).





1.2 Purpose and target group

What does the tool do for a public sector representative?

- 1. Informs them of and encourages the use of market consultation as a method to enhance the procurement of innovative solutions
- 2. Public servants can navigate Use Cases experiences from other cities and regions from all Europe if they don't yet know what their project would be about.
- 3. By choosing a Solution from the list all registered providers on the BABLE Community connected to that Solution will be displayed and can be contacted on a 1-1 basis.
- 4. They can also read more in detail the Solutions pages (e.g. on Urban Data Platforms) developed under the project to better understand what its functions are, the stakeholders that need to be engaged, the cost structure and general regulations to be followed, etc.
- 5. The tool supports cities to create a Market Consultation Invitation which includes details of the project they are planning, what questions they want to ask the market and how the engagement will be planned (e.g. survey, event, etc.). It also provides tips on how to do a successful engagement.
- 6. The person creating the invitation can also mark if they are organising this process with another organisation so they can manage and edit the invitation as needed.
- 7. They can also choose if they are open to being contacted by other cities which are interested in the results of the process or would consider procuring together (a first step to support cities to align needs to jointly procure).
- 8. Once the Invitation is published all relevant companies are automatically notified.
- 9. Once the Consultation has been conducted and based on the timeline reported the public servant will be contacted to share some of their learnings which will become available for other cities in the future.

1.3 Next steps

After the development of the first version of the tool, the following steps will be followed in order to enhance the user experience and provide with the adaptations necessary to provide the user (in this case, the cities) with the most valuable experience:

- 1. The tool will be tested with Maia in both projects being prepared in T5.4.
- 2. Feedback will be collected from all cities on the usability of the tool and other meaningful features.
- 3. Further resources procurement of innovation will be shared on the tool as well as suggestions for market consultation.
- 4. Additional visual aids will be added to the tool to make it easier for the user to understand the process and where the most important information is.

¹ Registration on the platform, as well as the large majority of functionalities are FOR FREE.





1.4 Contributions of partners

All cities have been involved in several consultation activities that served to the preparation of the tool. Furthermore, the tool will be tested in the context of Task 5.4, which will provide feedback to adjust the tool to the needs of its users.

1.5 Relations to other activities

This deliverable supports the market consultation stage of Project Development process (T5.4) in the Fellow Cities. It will also be available to the LHCs for their upscaling activities.

1.6 Some impressions from the deliverable online

In this section are included screenshots from the first version of the tool.





First page: Tool Landing Page

Get to know the European market by consulting it through BABLE

PRELIMINARY MARKET CONSULTATION TOOL

THIS TOOL HAS BEEN DEVELOPED UNDER THE SPARCS PROJECT AND IN COLLABORATION WITH ESPOO (FINLAND), LEIPZIG (GERMANY), MAIA (PORTUGAL), KLADNO (CZECH REPUBLIC), KIFISSIA (GREECE), AND REYKJAVIK (ICELAND).

BABLE's Market Consultation Tool allows you to easily inform yourself on the state of the Smart City Innovation you are looking to procure and automatically inform suppliers in that field of your plan. The hundreds of Smart City companies in the BABLE community ensure that your procurement will be informed by a cross-border market audience that shares your goal of accelerating the implementation of innovation in cities.

Market consultations have a twofold purpose: to inform your tender preparation process and to inform suppliers of your procurement plans. By engaging with the market, cities can assess the capabilities of economic operators to deliver the solution they are looking for and evaluate how feasible their needs are. Furthermore, by inviting interested parties to be involved early on, you improve their capabilities to respond with high-quality applications.

The 2014 Procurement Directive from the European Commission highly encourages Member States to look beyond their own borders in procurement procedures and take advantage of the entire European market. The BAEL Platform community of smart city professionals from across Europe enables cities to reach suppliers in markets they traditionally may not interact with. This mechanism is particularly useful for pre-commercial procurement (PCP) and public procurement of innovation (PPI).

What the Directive calls Preliminary Market Consultations has a variety of names used by cities across Europe. Whether the Market Consultation is preliminary, open, prior, or pre-market, cities are referring to similar concepts. Likewise, if instead of consultation the process is called a dialogue or engagement is immaterial- the goals are the same.

Benefits of Market Consultation through BABLE



Inform yourself on what has

Cities share their learnings after the consultation so others can learn as well



Reach out to a growing European-wide network of innovative suppliers

Get best value from the market by getting direct feedback from suppliers all across Europe who are developing the best and most adaptable solutions



Language barriers dissappear

Broaden your reach further with automatic translation to 7 European



Sort the network of suppliers by the solutions they offer

Choose from over 30 of the most relevant Smart City Solutions



Complementary service

100% free for cities to use, profile must be connected to a BABLE city



Expert advice throughout the process

Get in touch with BABLE at any point to make the most out of the consultation

Get started with the Market Consultation Invitation

Do you already know what type of innovation you would like to procure? Select the corresponding Solution area and we will directly present you with an automatically generated list of tech providers from all over Europe that specialise in that area.

After that we offer you the possibility to reach out to all of them (and others) by creating a Market Consultation invitation on BABLE.



Not sure which Solution area to pick?

Solution areas on BABLE have been defined after analysing many use cases and Smart City solutions on the market. You can read more about each one of them

Citizen Engagement 🗸

GO TO OVERVIEW OF PROVIDERS

Any doubts about the role of Market Consultation within procurement? Want to make your procurement process more effective?





(Continuation from the previous page)

Read more below in the BABLE Guide, or make use of the Use Case Finder, another tool that will help you get inspired by other city's real world use cases.

BABLE Guide to Market Consultation

Learn more about Market Consultation, its benefits and limitations

What is a Preliminary Market Consultation

Preliminary Market Consultations are a way to engage with the market in the early stages of procurement with the goal of improving the procurement process. They can involve extensive dialogue with suppliers or be as simple as a prior information notice about your procurement intentions

EU Regional Policy Guide

How can I do one myself?

There are many methods to engage the market in a preliminary consultation. The correct approach should be based on an evaluation of a number of factors including the complexity of the solution looking to be procured, your own team's knowledge level thereof, the market complexity and maturity, the goals of the procurement procedure such as policy or innovation objectives, and the expected value of the contract. Generally, more complex or innovative procurement procedures would lend themselves to more extensive consultations.

Links

Best Practice Report Training Toolkit (Module 6)

Challenges and benefits of cross-border consultation

Challenges

- · Geographical differences, such as language
- Likely a new procedure
- More complex response
 Greater time investment

- Take advantage of the whole European Market (encouraged by Procurement Directive)
- Receive more inputs, from more diverse sources
 Exposure to more perspectives is especially valuable when implementing innovation
 Create more competition and thus better-quality bids

Converting outcomes of consultation to effective procurement

Carefully review all inputs received during the consultation and incorporate the results in the tenderwriting process. Is the budget appropriate? Are the specifications feasible and do they make sense? Will there be enough interest from the market to justify going to tender?

OECD Public Procurement Toolbox

Get inspired by real use cases

Are you not sure yet of which kind of innovation your city needs, or would just like to explore what is possible? Search through our use cases to get inspired by BABLE's extensive database of smart city projects that is relevant to you.

E.g. Bike-Sharing, Energy Storage Solutions..

Search



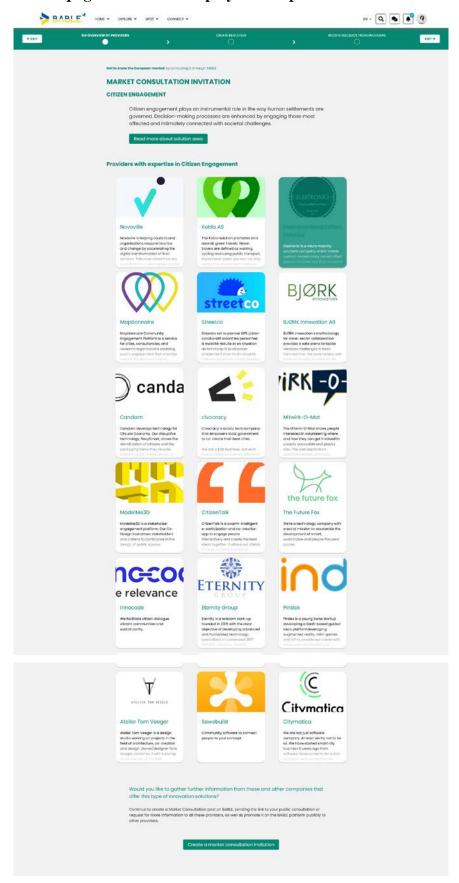
This project has received funding from the European Union's Horizon 2020. Expic: UC-9C3-9CC-1-2018-2019-2020: Smart Cities and Communities.

The sole responsibility for the content of this publication lies with the authors. It does not necessarily reflect the opinion of the European Con-The Furnished Commission is not recognished for any user that may be made of the information mensioned these.





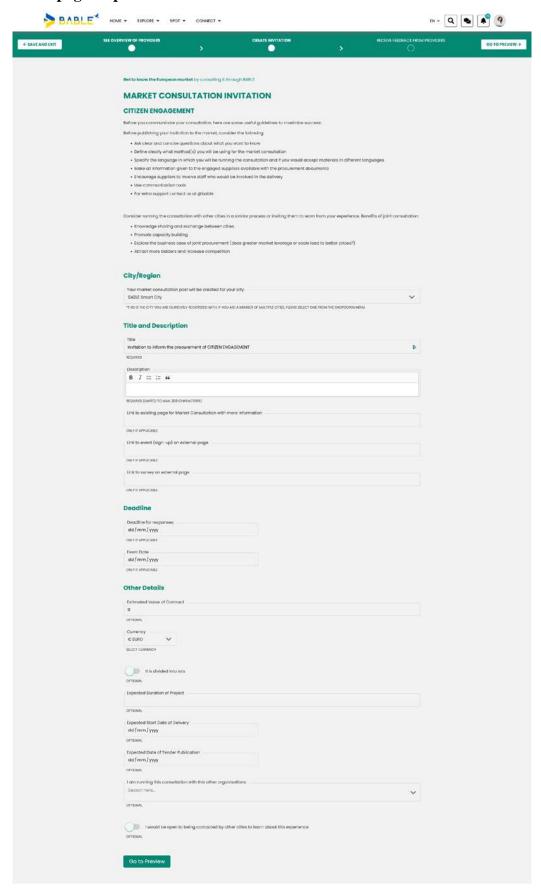
Second page of the Tool: display of Companies and information on the chosen Solution







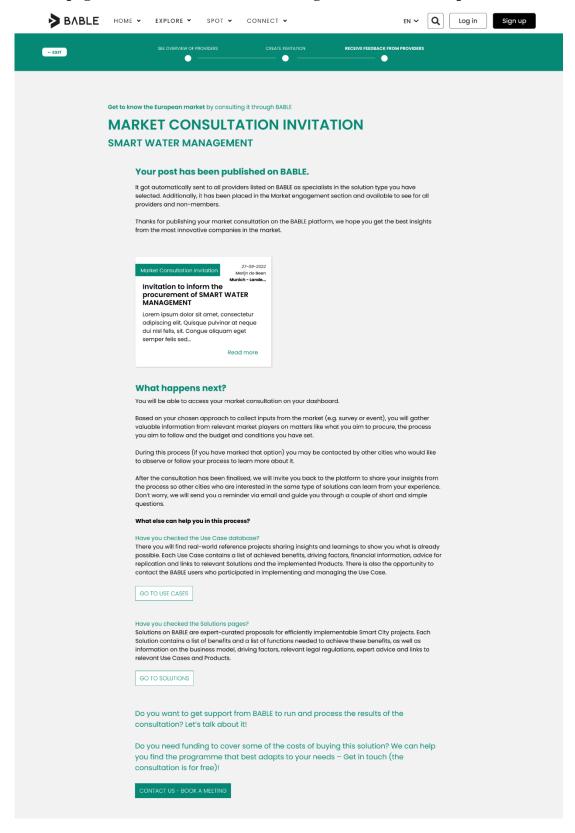
Third page: Tips to create a Market Consultation Invitation and Fields to be filled







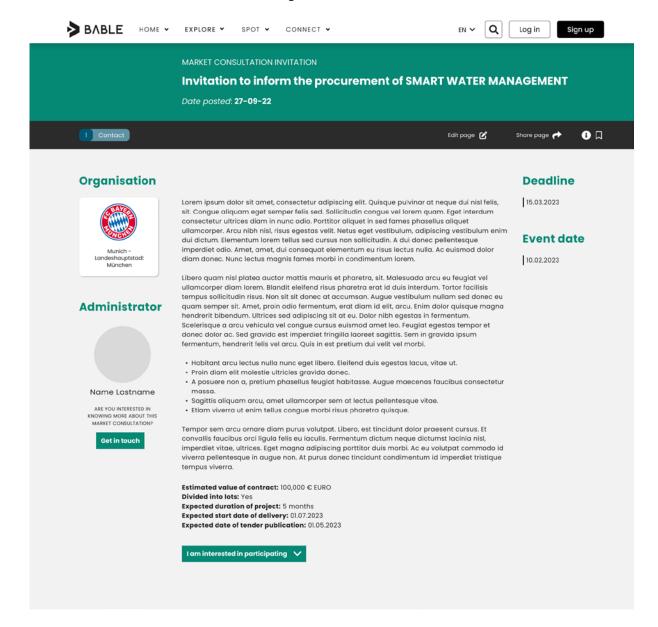
Fourth page: Publication confirmation and guidance on Next Steps







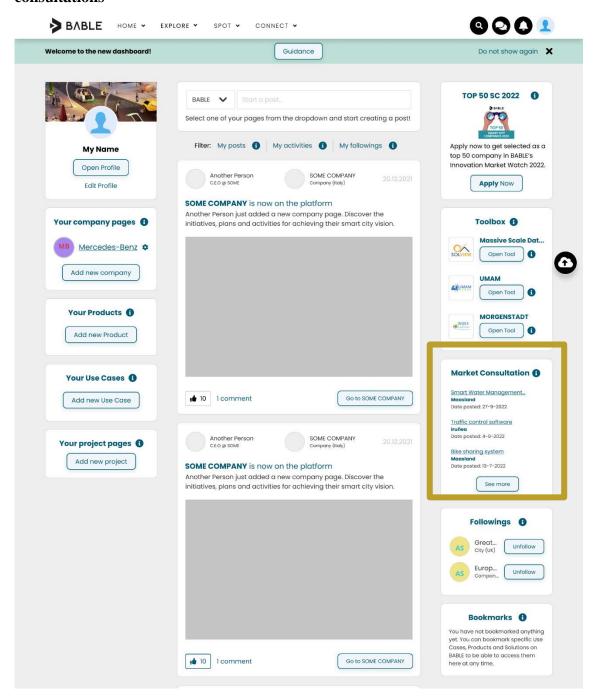
Market Consultation Invitation Example







Dashboard overview: where companies and other cities will find the open market consultations







2. REFERENCES

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