



Delivering Efficiency, Quality and Sustainability in Healthcare

Driving the circular economy in healthcare through innovation procurement

Introduction to innovation procurement



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About JERA Consulting

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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Overview

Introducing innovation procurement

- Innovation and Innovation procurement v sustainable procurement
- What does innovation procurement it look like in practice?
- How might it be harnessed to drive the circular economy?

Innovation - the response to Covid-19

Innovation is evident at the organisational, societal and individual levels

“The outbreak of the COVID-19 disease has posed great challenges to the worldwide economy and people’s daily lives and will have far-reaching consequences beyond the spread of the disease. At the same time, crisis is also a strong driver of creativity and innovation.

Indeed, if examined closely, one can already observe abundant creativity and innovation emerging at the national, institutional, organizational, and individual levels within the countries affected by COVID-19”. (Frontiers Research Topic Description).

Necessity drives innovation



Innovation in healthcare

What do I mean by innovation?

- 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**

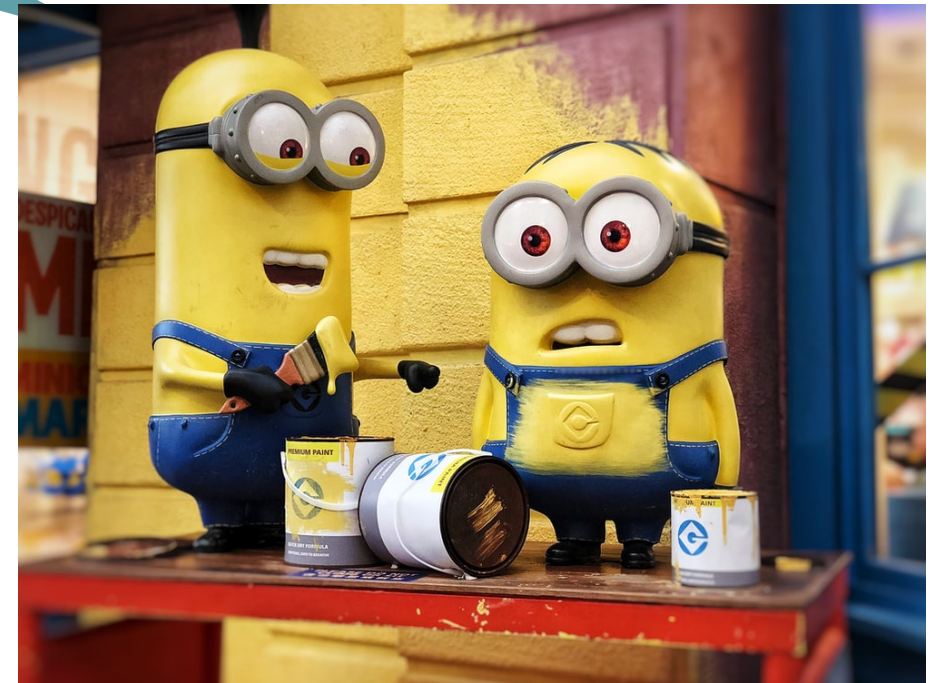
“My product development team has created an innovative solution, but we are still looking for a problem to go with it”

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

This wastes time and resources

And healthcare risks getting sub-optimal solutions

This need not be the case



Innovation procurement

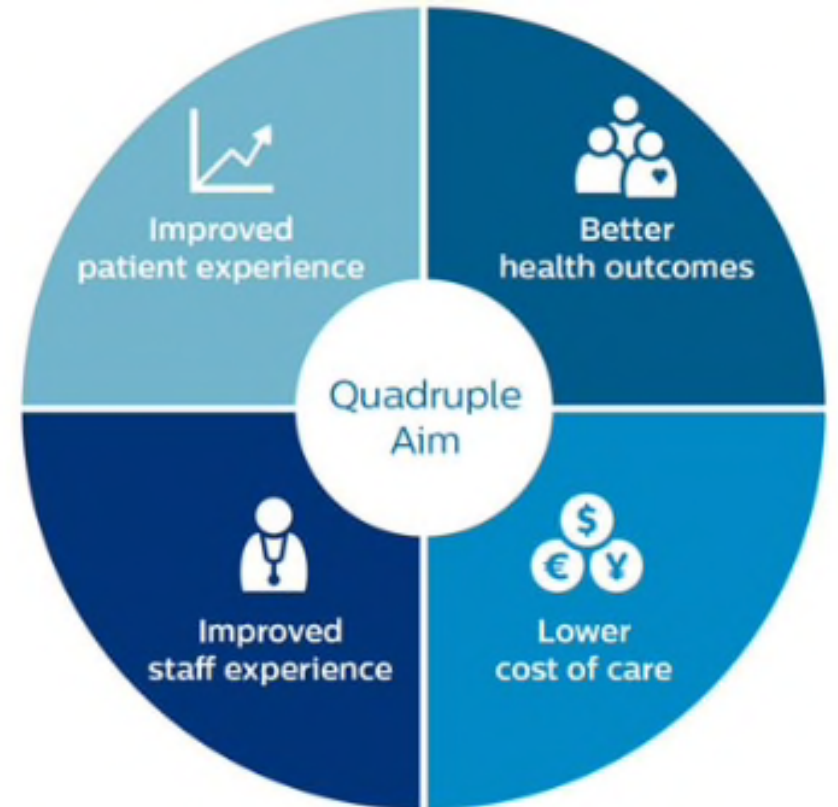
- **The way** in which we buy things can hinder innovation, or it can instead provoke innovation, unlocking the (considerable) creativity and innovation potential of suppliers.
- Sometimes, simply **removing barriers** allows new innovative solutions to enter the market (e.g. eHealth)
- More powerful 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 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.

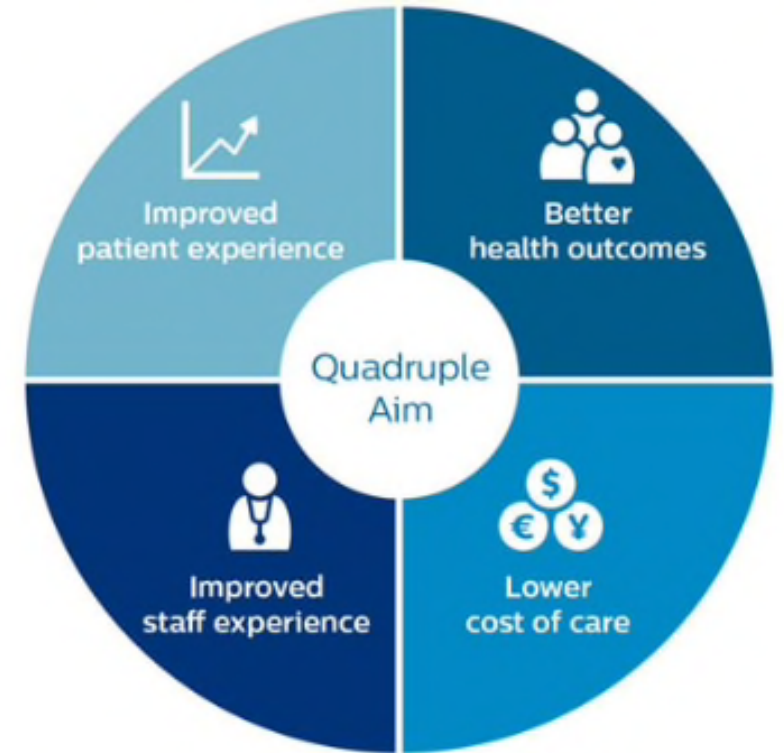


However

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

- **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 (= necessity)

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The investigation

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

- 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

- 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

- **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?

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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Three key stages can be distinguished

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

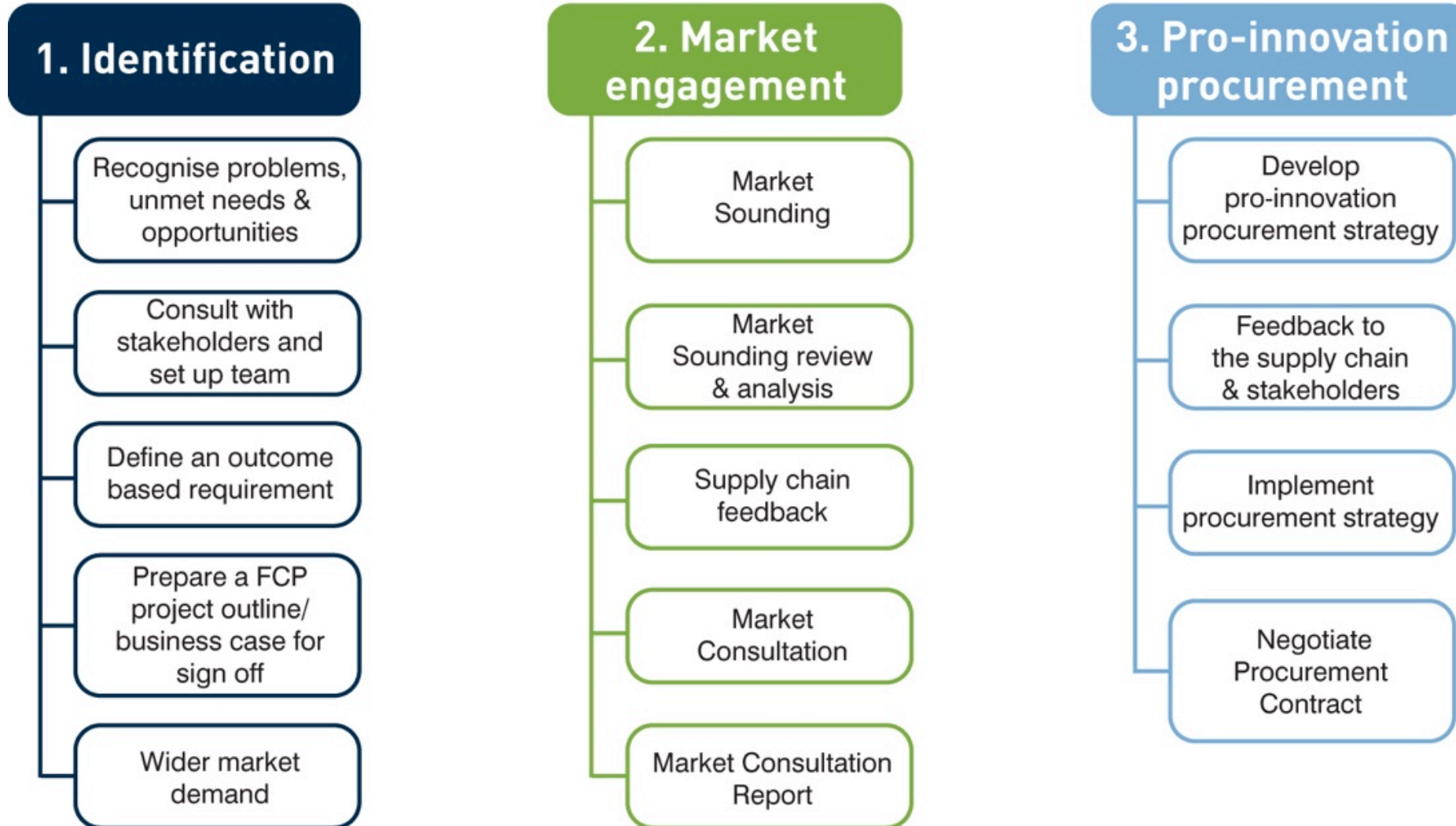
2. **Market engagement:** Communicate an accurate, **credible** demand **early** & in a **convincing** way to suppliers

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

Good news. Suppliers will respond. You will probably get what you ask for!
(Sometimes the internal barriers are bigger.....)

Innovation procurement methodology

Forward Commitment Procurement (FCP)



Innovation procurement - summary

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

- Identify **unmet needs** in terms of outcomes – don't pick the answer
- Start as early as possible.....allow time for innovation
- 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

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Case Study Based Report

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Innovation procurement v sustainable procurement

- **Innovation procurement** drives the emergence and adoption of new solutions to meet unmet needs
- **Sustainable procurement** seeks the most environmentally sustainable solution that is already on the market place

Innovation Procurement for Sustainability, Quality and Efficiency?

Can achieve more by asking and creating the conditions that enable innovative solutions to compete equally in the procurement process



You get what you ask for.....

An energy efficient bed bed lamp



Step change in the patient experience and energy efficiency, future-ready, bio-dynamic lighting



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Conclusions

- **Innovation and collaboration** will be key in the transition to a circular economy
- **Innovation procurement** could play a key role by provoking and enabling demand led supplier innovation in a timely and resource efficient way.
- **Collaboration** to demonstrate a strong and credible demand for new solutions
- But this means changing to way we think about procurement and undertake the procurement process
- Finding ways to act jointly and share ideas

Thank you for your attention!

The **EcoQUIP Plus** project offers a means to access to **know-how and support**.

- 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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