Deep Dive Parallel Sessions
Mastering the Art of Innovation Procurement

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Procurement and innovation: the missing link?

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LISBON MUNICIPALITY PROCUREMENT STRATEGY

01 SUSTAINABLE SOLUTIONS
Incentivizing local supply chains
Commitment with Sustainability: Lisbon Supplier
ISO 20400 Sustainable Procurement
Open Innovation Programs aimed to Suppliers
Guidelines for Sustainable PP

02 PROCUREMENT PROCESS AGILITY
Digital Transformation
Procurement Planning Platform
Contract Management Apps
Supplier Platform: PP Plan publication, evaluation (inc. sustainability); open innovation
Procurement portal for Schools

03 TRANSPARENCY
Market Opportunities
Category management dashboard
Open Contracting Data Standard (OCDS) Adoption
Data Analytics for PP reporting and analysis

04 CAPACITY BUILDING
Digital transition, new skills
Procurement Network Knowledge Portal
Sustainable Procurement Training Programs
PPI Training Programs
Data Analytics Training Programs
Workshops: business requirements, design thinking
LISBON MUNICIPALITY PROCUREMENT STRATEGY
The starting point: some usual issues that keep procurement “traditional” (where is innovation?)

- Budget constraints
- Emergency
- Knowledge
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The starting point: assessing

**Budget as constraint**

- No budget specific allocation for PPI
- Participation of procurement units in the budget is based in historical costs, not strategic targets

**From**

Traditional tenders

**TO**

Traditional tenders

Traditional tenders with innovation criteria and PPI

**Budget as a driver**

- Reposition procurement as an active agent on budget: planning and setting savings to incentivize innovation
- Rethink procurement in medium term
- Build a support for the pre-tendering phase
- Open Innovation, Innovation challenges
Urgency as constraint

- The tendering phase is quite complex, it takes time to prepare
- The pre-tendering phase is only focused on availability of budget
- Too often, either urgency or complexity of specifications are excuses for not considering sustainability in most PP tenders

Changing the effort focus from tendering to pre-tendering

*Target: Procurement as a driver for sustainability and innovation*
Knowledge as constraint

• Procurement staff with scarce knowledge about innovation and PPI.

Building a Procurement Network Knowledge Portal

Capacity Building

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The starting point: assessing and changing
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Pillar: Knowledge
LISBON MUNICIPALITY PROCUREMENT STRATEGY

Pillar: Knowledge
Lisbon Municipality was the first Portuguese organization – public/private – to create a sustainable procurement system by ISO 20400 Sustainable Procurement (1st certificate of recognition in February 2023).

ISO 20400 "is a guiding standard that allows you to organize the procurement function towards sustainability throughout its life cycle, with a positive impact on the goals of the SDGs and climate action." In NP ISO 20400, 2018.

ISO 20400, can significantly benefit municipalities by promoting Public Procurement Innovation and Open Innovation with 1st tier suppliers. By adopting ISO 20400, municipalities can ensure that their procurement processes not only meet sustainability criteria but also encourage innovation within the supply chain.
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Pillar: Processes

1ª fase: 2022

Programa Valorização Fornecedor para a...
Código de Conclusão Fornecedores Município de...
Linha de Apoio ao Fornecedor

2ª fase: 2023

Política Compras Sustentáveis
Estratégia para Compras Sustentáveis
Plano Estratégico para as Compras Sustentáveis 2023

3ª fase: 2024

Objetivo Transversal | Compras Sustentáveis - QUAR 2023
Regulamento do Orçamento 2023 (artº19º)
Despacho nº 48/P/2023 - Inclusão da sustentabilidade nas compras do Município de...
GOP 2022-2027 (medida 13 do Pilar 2)

Projeto-Piçoto
+ Reconhecimento da implementação por entidade externa

Alargamento a todas as compras centralizadas + compras signíficas
(+impacto $ + impacto sustentabilidade)

Alargamento universal CML
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Pillar: Digital Impulse

PP Planning

Data Analytics for Procurement Reporting (yearly, with benchmarking)

With planning and a data driven approach, cities can move further in shaping challenges that really change needs and the way the market will shape solutions to solve them.
### LISBON MUNICIPALITY PROCUREMENT STRATEGY

**Pillar: Digital Impulse**

| Needs Assessment | • Registration of **annual needs for goods, services and works**  
|                  | • Assess specific needs (specific e-Forms / e-Catalogues), related with **centralized categories** (Water, Energy, Office Supplies, Security, Cleaning) |
| PP Planning (yearly) | • Create PP Plan Baseline and Final, and Provide Data for monitoring progress — **Planned vs Executed**  
|                  | • Registration of **needs not foreseen** (extraordinary) in the annual surveys |
| Budget Planning | • Set-up of **budget thresholds** for the categories of goods, services and works  
|                  | • Provide **financial classification and prioritisation of needs** by the BUs  
|                  | • Provide early-stage information for **Asset-related expenditure (GIS)** |
| Tender Planning & Pre-Tendering Inputs | • Support **tender planning** and identify opportunities to **diversify the type of PP procedures**, i.e., **PPI**  
|                  | • Reinforce **transparency and compliance with PP legal and regulatory principles**  
|                  | • Provide data for subsequent pre-tendering phase: **streamlining and reducing time related with the procurement process** |
**LISBON MUNICIPALITY PROCUREMENT STRATEGY**

**Pillar: Digital Impulse**

**Innovation**
- **Increase PPI adoption**, taking benefiting from the Procura+i PPI Knowledge Center
- Setting **Open Innovation initiatives** involving 1st tier suppliers and Innovative SME and start-ups
- **Incentivize a pilot-culture** and take further advantage of the experience of Smart Open Lisbon Programs

**Market Impact**
- Adopt of **Open Contracting Data Standard** (OCDS) for publishing the PP Plan
- Publish **Procurement Roadmap** for market engagement: PP types and Initiatives that complement the PP Plan
- Set-up Workshops with suppliers to explain current needs and receive feedback on potential solutions

**Sustainability**
- To establish **sustainability targets** at the PP Planning stage, defining a baseline for comparing with contract data.
- Identify intended **sustainability and circularity specifications or criteria** to be applied - mandatory and desirable
- Challenge BUs for targeting **assets review**, and needs function-based approaches
- **Prioritise value chain and supply chain assessments** to identify obstacles to sustainability
LISBON MUNICIPALITY PROCUREMENT STRATEGY
Pillar: Digital Impulse

2022 Innovation Procurement of the Year
Recognising the outstanding innovation of the procurement and the public authority as a launch customer.

FINALISTS
CITY OF LISBON PORTUGAL

Procurement Planning Platform (PPP)

In 2021, the City of Lisbon decided to develop a Procurement Planning Platform (PPP) as a backbone for a strategic sourcing approach towards sustainability and innovation. The PPP supports needs assessments, allowing the registration of annual needs for goods, works and services, identifying social, green and economic measures to consider in future tenders; it favours budget and procurement annual planning, acts by identifying SDGs relative to the PPP initiatives.

The platform sets sustainability targets at the PP pre-tender stage, it identifies sustainability key-procurement areas in Smart Open Lisbon Program and, finally, it creates an Annual PP Plan and provides data for monitoring. The PPP follows an internal regulation that defines the mandatory steps concerning the process level, allowing all procurement units to register and categorize their purchasing needs. In 2021, the roll-out has started and the PPP is being used to register procurements for 2021 and upcoming years.

MINISTRY OF ECONOMIC AFFAIRS AND CLIMATE POLICY NETHERLANDS

MINISTO | Workplace Hardware (Desktop)

The WMO2021 project, handled by one of the government-wide purchasing category ICT Workplace Central Government (WPG) includes in its scope all ICT hardware for the national offices and employees of the central government. It consists of five cohesive European tenders for desktop, laptops & fixed ICT workstations, Android & accessories, iOS, MacOs, and iPadOS devices and workplace services. The most important core values for WPG are sustainability and circularity, which are applied to all the tenders in the category.

WPG did a premarket survey, entering into discussions with large manufacturers and vendors, which was then followed by a broad market consultation. Afterwards, they created an ambition web, which included sustainability, circular and CSR ambitions. The relevant sustainability aspects were translated into specific requirements and award criteria.

WMO2021 is an extremely innovative project which has deeply challenged the market and set a new standard in the field, by applying many elements for the first time in ICT.

Some of the most important innovations include: for the first time in an ICT tender, CO2 footprints were requested and a Life Cycle Analysis (LCA) calculation had to be carried out for all products. Either newly introduced elements were the use of Fairtrade Climate Standard to compensate for all the CO2 emitted by the delivered products, and waste compensation had to be done through TCO Certified Edge E-Waste Compensated. The tender also required the use of E电力 as an independent scorecard for both suppliers and manufacturers, with a focus on environment, labour, human rights, ethics and sustainable procurement. All products purchased, excluding accessories, had to be TCO Certified, and repairability and the availability of spare parts had to be ensured for at least 3 years after the end of sale on the Dutch market. So far, the project has led to 17% CO2 reduction compared to 1990, 3,992tCO2 of CO2 has been compensated through Fairtrade Climate Standard credits, and a strong increase of trucks’ scores of swapping from 3% to 40%. They expect to reach more ambitious results in 2022.

https://procuraplus.org/awards/
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Cities need Living Labs and Other Open Innovation Initiatives to incentive PPI
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