Innovation: Routes to Market Introduction

What Procurement Processes Can I Use?

Identifying a potential innovative product or service does not automatically provide a route to market. You will need to choose the best **procurement route** to follow to achieve your objective.

Before proceeding you are asked to read the guidance on the Procurement Journey with regards to:

- the **Innovation Life Cycle**
- assessment of the market, potentially using the **Preliminary Market Consultation Notice**

Innovation Approval

Approval of your innovation project will be subject to your local governance procedures.

It should be clear at the point of initial funding and from the commencement of every project:

- what challenge or problem is intended to be solved
- what contractual method is intended through successive phases of a project, including how this will be funded. This is also relevant for research and development (R&D)

When using procurement processes, the approach taken must adhere to the principles of transparency, equal treatment and non-discrimination, proportionality and mutual recognition.

Innovation Attributes

Irrespective of the procurement procedure you chose, for innovation to be successful it will normally need to satisfy three essential criteria:

- **Desirability –** a product or service that the organisation or individual wants or needs

- **Viability –** a product or service that is affordable and cost effective
- **Feasibility –** a product that can be created and delivered and solves the problem

If innovation projects do not contain data or information on these three criteria then implementing the innovation becomes more risky and expensive with an increased risk of failure.

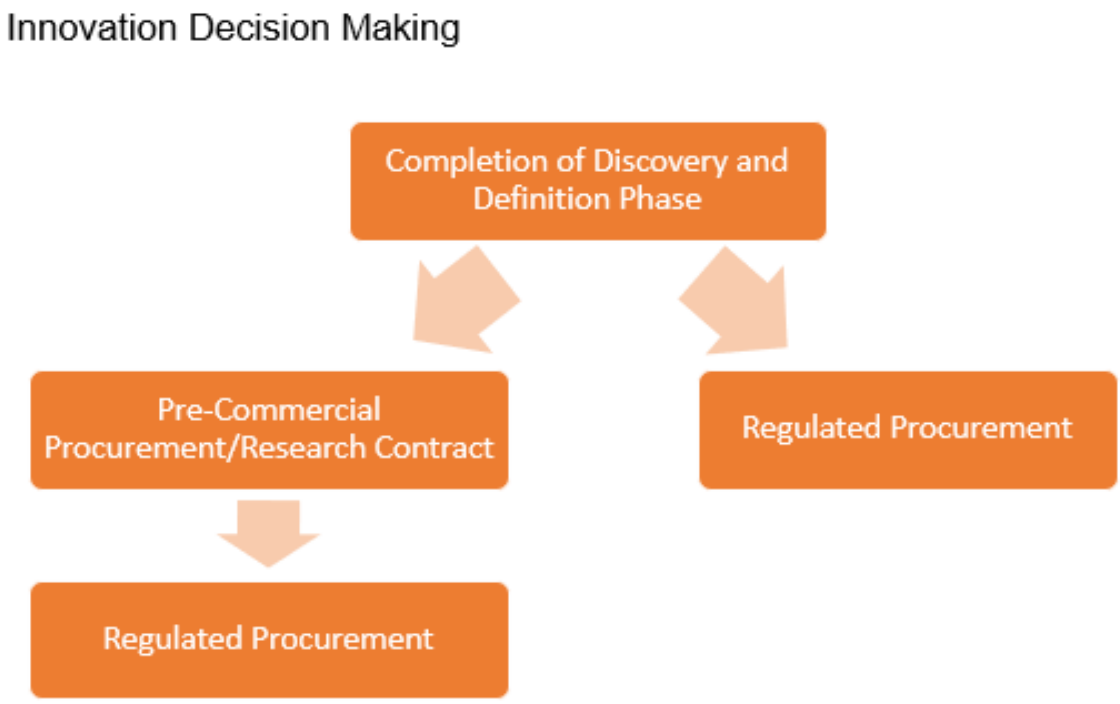
Providing evidence of these criteria can be extremely challenging particularly in complex organisations.

Number of Innovation Processes Required

Your innovation project may involve moving through stages e.g. from fundamental research through to solution design, prototyping, testing and ultimately commercialisation.

The overall aim is to commercialise the product or service i.e. bring a successful product or service to market that is commercially viable.

Please be aware that, as a result, it may be necessary to undertake more than one procurement exercise e.g. a procurement to undertake research and/or development and then a later procurement exercise to buy the product/service.



The above diagram shows that there are two alternative approaches to innovation once the **Discovery and Definition Phase of Innovation** has been completed.

Option one is a Pre-Commercial Procurement (PCP). This allows you to contract for R&D services, engage with suppliers and identify the best option(s) that the market can deliver to meet your needs. Then if you decided that the products or services developed through the PCP meets your needs, and is viable, you will need to conduct a further procurement exercise to purchase commercial volumes of the good or service.

Option two uses a regulated procurement procedure to cover the route to market (sometimes referred to as Public Procurement of Innovation (PPI)). This route to market can include research and/or development activity.

For more information on routes to market for innovation please refer to Innovation: Selecting a Procurement Process