

Private and public sectors as equal development partners

What if the private and public sectors were equal development partners and jointly explored new technical solutions or value propositions? The Public Private Innovation (PPI) model allows for a non-binding, agile and mutual development agreement between a contracting party and suppliers.

Public Private Innovation Contract

In today's complex world, public and private sectors can benefit from collaboration and a better understanding of the market and each other ahead of procurement. But "early" innovation work between companies and public actors may cause disability and disqualification of the private company in future procurements. A well-designed collaboration contract – a so called PPI contract¹ – can be implemented without posing difficulties in terms of procurement rules and state aid, or risk disqualification.

PPI in lighting could e.g. be development of new drivers² or development of an app for homeowners to control lighting on their residential road.

Why use a PPI contract?

- When a market dialogue, e.g. meetings, 1:1, workshops, etc. is not enough to make a qualified procurement.
- When we want to develop, test and prototype in order to understand the actual needs for a tendered product, solution or service.
- When we want to combine the expertise of public and private professionals to explore new solutions in a joint process.



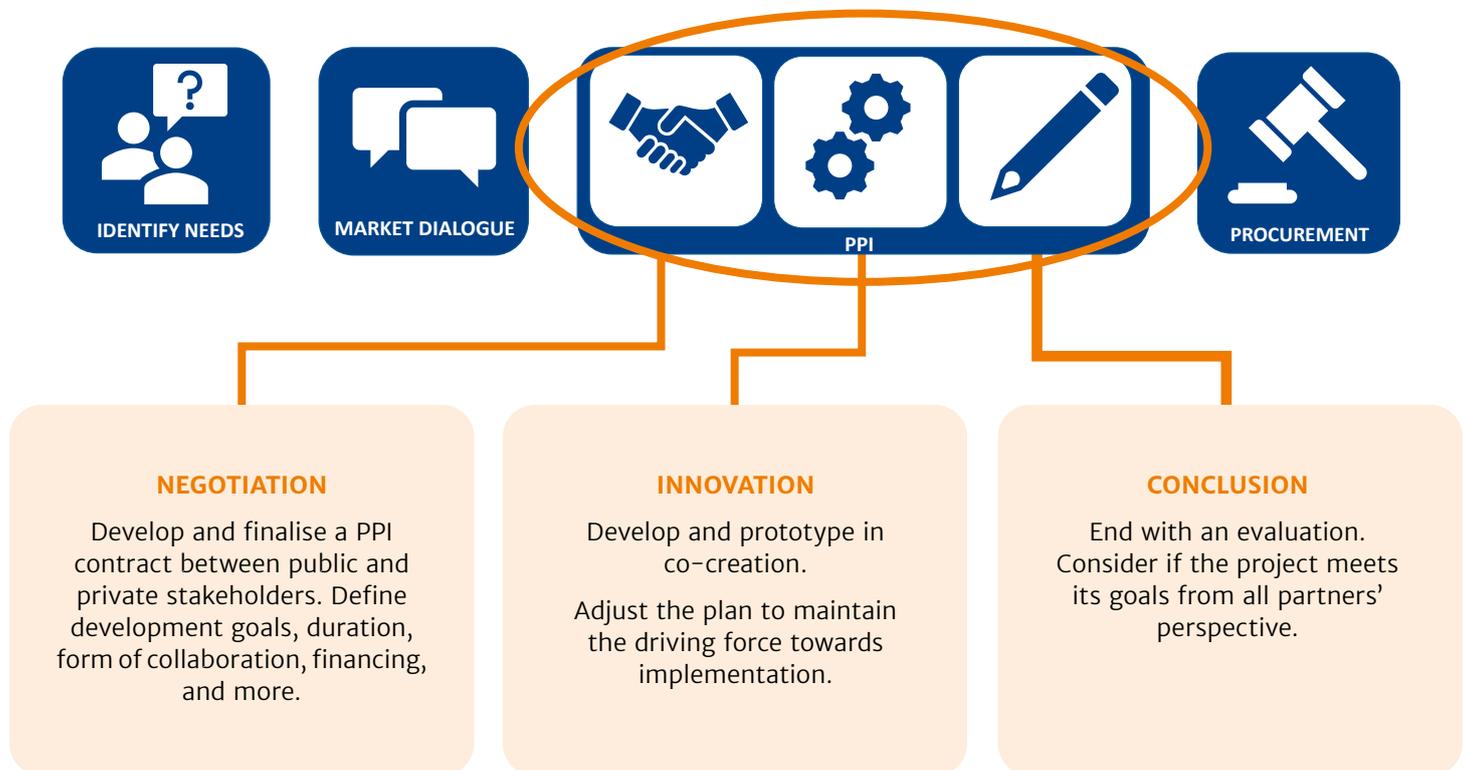
Aim of the PPI contract

- A PPI contract is a non-binding, agile, and mutual development agreement between public and private stakeholders.
- A PPI contract is not a procurement method.
- The aim of Public Private Innovation is for the public sector to take part in, and have a more active role, in innovation of new solutions and products based on public sector needs. Especially in areas where procurement is a clearly defined need, but the market is premature. PPI can also benefit the process for start-ups to enter the market.
- PPI contracts provide the possibility to explore solutions and be more prepared in future procurements.
- After identifying your public sector need and market availability of solutions, a PPI contract can be used as an "extended market dialogue", including possibility of prototyping and developing function criteria in future procurement areas.



See next page for more information ➤

PPI process



Rules to respect

- State aid is regulated in the contract as well as intellectual property rights (ownership of results).
- One of the main purposes of the contract is to avoid conflict of interest and risk of disqualification in future procurements. Therefore, the contract regulates dissemination of results. Main results must be public in the following tender.
- PPI contracts rest on a principle of low or no payment transfers to companies. Instead the basis for collaboration is a joint development need and willingness to look beyond existing marked boundaries and into the future.

- During the last ten years, a model has been developed in Denmark that allows for non-binding, agile, mutual development agreement between a contracting party and one or more suppliers. Universities have also been taking part. A template is available in Danish and Swedish.¹

References:

¹ <https://www.gate21.dk/cleantech-tipp/vaerktoejer/>

² https://lightingmetropolis.com/projects_post/flicker-free-led-driver/