



Undervalued procurer competencies in innovative public procurement with case examples from Finland

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industryhack_

Leading European co-creation and open innovation expert

Our industrial internet program helped over 30 large Finnish corporations in their digitalization efforts (KONE, Stora Enso, UPM, Nokia, Fortum & Ponsse)

About Industryhack

Key numbers (by August 2019)

1141

Teams have applied
to our challenges

464

Number of concepts
built in the challenges

79

Proof of concept
projects done*

39

Solutions continued
after proof of concept*

* These numbers have been confirmed by August 2019. These numbers may increase after future followups on the latest challenges.

Total 62 challenges hosted by

Airbus	K-Group	Rolls-Royce
Business Finland	KEHA-keskus	Siemens
Caruna	Kemira	Snellman Pro
City of Helsinki	KONE	Stara
City of Tampere	Konecranes	Stora Enso
DENSO	Lassila & Tikanoja	TallinkSilja
Fastems	LeinoCast	UPM
Fazer	Lemminkäinen	Valio
Fingrid	Maanmittauslaitos	Veho
Finnsementti	MacGregor	VTT
FinTech Global	Mandatum Life	YIT
Fiskars	Martela	Yleisradio
Fortum	Metsähallitus	Yliopiston
Gasum	Nokia	Apteekki
Helen	OKM	Åland
Hiab	Ponsse	Government

Industryhack community

Customers



Growing number of public sector organizations and 25% of Finnish top 100 companies

Solvers



+ 700 other companies

Industryhack

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Learnings from 5 procurements with innovation partnership procedure completed in H1/2019

About competencies in general

Competence needed in the project team that is responsible for the innovative public procurement

- Competence is combined knowledge, experience and skills from one or more individuals in project team (with exception of competence 5, see slide 17)
- Some competencies are easier for one person and others almost impossible for one person.
- competencies need to work together as a team

“Aalto University SDG”

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How to engage, motivate and communicate Aalto community members about Sustainable Development goals?



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Competence 1: Organizational decision-making

Organizational decision-making

Typical problem situations

- Authorization, who can decide on what
- Preparing decisions, how is this done and by whom
- Reserving time from signatory, is this possible and what is needed
- Publishing the decision, who does this and how

GOAL: Compact and predictable timetable for all stakeholders

BENEFIT: Makes commitment from all stakeholders easier and more attractive



This is Snow Problem

Can you innovate more convenient, safe, and environmentally-friendly way for treating snow?



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Competence 2: Facilitating negotiations or co-creation

Co-creation

*Co-creation is **goal-oriented**, unprejudiced way of working that puts emphasis on learning from others. Crucial to co-creation **are mutual trust and equality** as well as open interaction. Co-creation's goal is to produce and develop **new solutions** for recognised challenges and opportunities by using consciously chosen, often facilitated methods and processes. –Industryhack Whitepaper on Co-creation*

1. Goal-oriented (Procurement notice, challenge description, goals, needs, opportunities)
2. Mutual equality (Procurement law, procurement notice, description of the procurement procedure)
3. New solutions (Procurement law, innovation partnership)

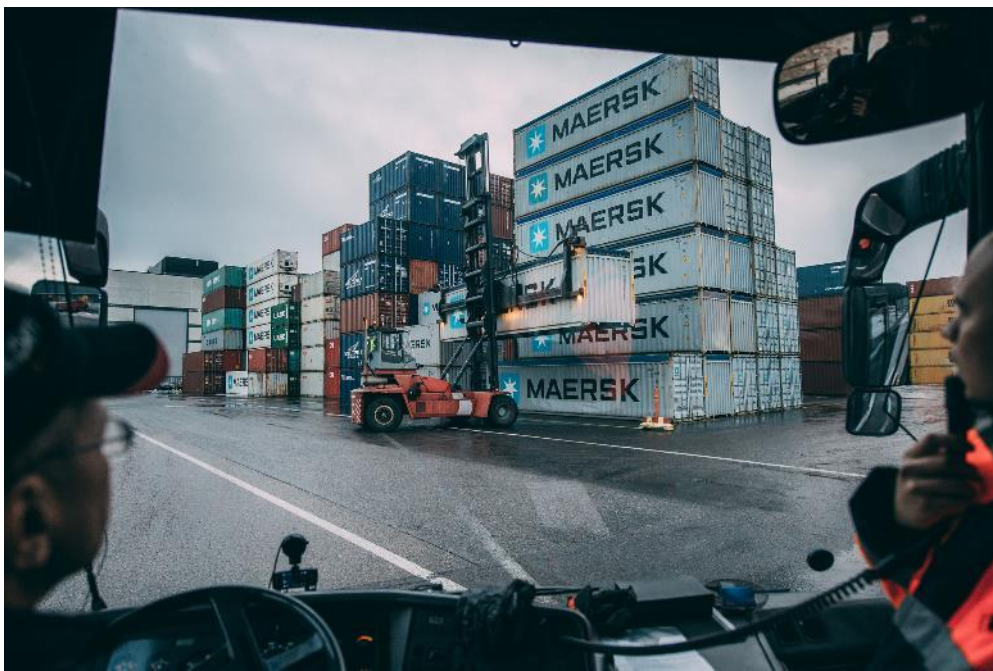
Therefore

1. Facilitated process that guides to hoped for result
2. Neutral third party helps in accomplishing this

“Address fix up”

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How to upgrade the quality of
municipal address database in
Finland?



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Competence 3: Substance expertise

Substance expertise

- **Current solution? Is there any?**
- **Validate if solution is an improvement?**
- **What has been tried?**
- **Why previous experiments failed or were discontinued? What has changed since then?**
- **Are there some assumptions, restrictions or borders? Can they be challenged?**
- **How is the work done in practice?**
- **Who are the crucial actors and stakeholders?**
- **Who are the end users and how to get them involved? What motivates them?**

GOAL: Best knowledge and expertise involved in the co-creation

BENEFIT: Solutions developed actually answer to the end user needs, they work in practice and are realistic

“Hiking Compass”

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How to improve customer interaction and utilize data with digital service platform for hiking areas?



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Competence 4: Procurement expertise

Procurement expertise

- Partially overlaps with decision making
- Procurement criteria
- Procurement software or service
- Knowledge of procurement law
- Knowledge of existing policies (contract templates, terms, NDA,...)
- Other basic procurement expertise

GOAL: Smooth well-prepared procurement, where all stakeholders can concentrate on their own fields of knowledge

GOAL: Maximize organizations benefit from the procurement

BENEFIT: Optimal result and impact, instead of optimized procurement process

Anatomy of a winning team

Common to participating teams that have won Industryhack innovation contests

- Complementary knowledge, skills and experience
- Ability to create lots of relevant ideas, some of them hopefully good ones
- History in working together

Turn this knowledge to participant selection criteria

- Team member has experience from the last 3 years in for example software development, service design, business design, project management,...
- Team has to create three preliminary ideas to show their capabilities in creating good relevant ideas that can be turned into concepts and in the end solutions
- Proof of common work history



AI Goes to Work

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How could AI help job seekers and offerers find each other better and easier than currently?



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Competence 5: Ability to understand different views and the whole process

Ability to understand different views

Why do the companies bidding in IPP want the contract? What is important to them?

- **Reference and visibility**
- **Access to market through first customer**
- **Credibility (other customers, investors, partners,...)**
- **Feedback and support for R&D&I work**
- **Access to real production environment and real users**



Ability to understand different views



What is important to public sector organizations? Why do they want to partner with companies?

- **Looking for solutions to needs that they cannot solve alone**
- **Change to get solutions tailored to their needs first**
- **Launching experimentation on chosen subject**
- **Chance to support specific R&D&I**
- **Publicity to subject and project because procurement is public (good and bad)**
- **No easy way to change partners**
- **Resources and time tied up**

Understanding the whole process

- Breaker of silos, translator, messenger
- Procurer <-> Bidder
- Innovation, technology, business
- Co-creation or at least co-operation
- Procurement law and procurement guidelines
- Contracts
- Ability to understand the challenge and the industry in question
- Project management
- Stakeholder communication and engagement
- GOAL: Facilitate co-creation by understanding different needs and communicating them
- BENEFIT: Possibility to align goals between different groups

Undervalued procurer competencies in innovative public procurement

Competence 1: Organizational decision-making

Competence 2: Facilitating negotiations or co-creation

Competence 3: Substance expertise

Competence 4: Procurement expertise

**Competence 5: Ability to understand different views
and the whole process**



iBuy
Interreg Europe



European Union
European Regional
Development Fund

Thank you!
You can contact me in
LinkedIn or email.

Questions welcome



Project smedia

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Competence 2: Facilitating negotiations or co-creation

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**Competence 5: Ability to understand different views
and the whole process**