

These materials and definitions have been provided by the Ministry of Government and Consumer Services (MGCS) as a key component of the Innovation Procurement Initiative. MGCS is in the process of developing guidance materials to support innovation procurement in the broader public sectors.

## **Early market engagement and procurement models**

Materials contained in this document are based on practices from non-Canadian jurisdictions. Please be mindful to keep the early market engagement and procurement process open, fair and transparent.

### ***Early market engagement***

Engaging suppliers in dialogue through early market engagement strategies can help public buyers understand whether available products can satisfy the identified need or if a new solution should be developed. Feedback received from suppliers at market engagement activities can also help refine the requirements and confirm the general market interest in addressing the need. Using this information, the public buyer can select the most suitable procurement process to address the identified need. The early market engagement strategies should not be used to shortlist suppliers for future procurement.

Depending on the characteristics of the procurement, these early market engagement strategies can be used alone or in combination.

Engagement strategies that have been used by other jurisdictions:

1. **Market Sounding** is the use of a defined consultation process to assess the reaction of the market to a need.
2. **Market Creation** is a process intended to generate interest in the supplier community by communicating to suppliers the scale and scope of the future procurement opportunities and the intended procurement process. The market creation process uses the feedback collected from suppliers to create the market conditions needed to deliver the best solutions.
3. **Reverse Trade Shows** are events driven by BPS organizations to encourage new and existing suppliers to consider doing business with them.
4. **Request for Expression of Interest (RFEI)** is a document that enables BPS organizations to gather information about supplier capabilities, qualifications, and interest in a specific procurement opportunity.
5. **Forward Procurement Plan (FPP)** is the process of giving suppliers advance notice about the BPS organization's upcoming procurement opportunities.
6. **Trade Shows** are events that allow suppliers in a specific industry to showcase and demonstrate their latest products, market trends, and opportunities that might be relevant to BPS organization's needs.
7. **Unsolicited Proposals** are proposals submitted by suppliers to address a BPS organization's current or future needs that may or may not have been identified by that organization. BPS organization should establish policies and/or procedures for the receipt, assessment and use of unsolicited proposals.

## Innovation Procurement Models

There are many ways to structure an innovation procurement process. BPS organizations should design a process that best fits their needs. The following procurement models that have been listed for consideration are based on experts and practices from non-Canadian jurisdictions. The choice of procurement model should be based on product maturity stage and complexity of requirements, and subject to legal advice on the process and the implications on the contractual obligations.



### 1. R&D Procurement



### 2. Innovation Partnership



### 3. Design Contest



### 4. Competitive Dialogue



### 5. Competitive Procedure with Negotiation



### 6. Innovation Friendly Competitive Process: Example – Alternative Proposals



1. **R&D Procurement** is the process of purchasing research and development (R&D) of products, up to the prototyping or first test production phases. It does not include the purchase of the resulting end-solutions beyond prototyping.
2. **Innovation Partnership** is the process of entering into a partnership with selected supplier(s) to research/develop and purchase of an innovative solution to meet an identified need.
3. **Design Contest** is a process in which participants submit a design proposal and/or product prototypes to compete for an award. As a procurement model, it usually results in

a contract with the winner of the design contest for prototyping of the winning design and/or the production and purchase of a product.

4. **Competitive Dialogue** is a procurement process that allows the BPS organization to thoroughly discuss each aspect of the procurement with suppliers prior to both specifying the requirements and an invitation to submit full and final proposals to meet the identified need(s).
5. **Competitive Procedure with Negotiation** is a process that may be used to meet complex needs in cases in which innovative solutions already exist in the market and there is some flexibility in requirements that allow for negotiations between the buyer and seller to meet the identified need(s).
6. **Innovation-Friendly Competitive Process** refers broadly to outcome-based models/processes that are carried out in such a way that allows innovative solutions to be considered or are not excluded or treated unfairly by overly rigid product specifications. Accepting alternative proposals is one way of making a competitive process innovation friendly.