

RECOMMENDATIONS

In the context of working in or with cities to design innovation procurement approaches such as the Municipal Innovation Exchange initiative, we offer the following set of recommendations to support the development of ongoing and future innovation procurement approaches, and spur broader conversation on the subject within Ontario and across Canada.

1. “Innovation procurement” should be defined by organizations at the outset of a challenge design process.

While there are existing definitions of innovation procurement in literature, we have found that, in practice, it is still understood in any broad spectrum of ways. It can be interpreted as the increased collaboration and the sharing of solutions; as more flexible and iterative processes; as the procurement of new technology or a solution that does not exist on the market; or as the invention or co-design of a new solution. Many innovative processes will include the application of more than one interpretation. A shared understanding from the outset of the process will help set clear objectives and a mutual understanding of success.

2. Create space for incremental approaches to innovation—such as starting with lower-risk or low-cost solutions to manage and anticipate risk.

In the world of government procurement where risk management is paramount to protect the public dollar and maintain fairness and transparency, experimentation can be seen as overburdened with risk. Cities could benefit from using low-cost procurements, which fall below open competition thresholds, or initiatives such as the MIX as lower-risk spaces for experimentation and opportunities to test co-designed approaches.

3. Political leaders, executives, and councils need to be involved in innovation procurements so that the processes and associated risks are well understood and accepted.

Building top-down support for innovation procurement will help pave the

way for culture shifts and help eliminate risk aversion to lead to more innovation in procurement processes.

4. Take into account the unique contexts and rules of each city.

Solutions designed for one city may not work for another, and what is considered to be innovative may vary across cities and departments. Every city operates under different policies, bylaws, and procurement dollar thresholds. Additionally, every city exists in a different ecosystem of firms (tech and otherwise) and organizations. A key consideration is that there will seldom, if ever, be a one-size-fits-all approach to innovation procurement that will be optimal for all cities and all types of solutions.

5. There is more room for experimentation at the market research and assessment stages of the process.

There is opportunity to explore how cities conduct market research and explore the ways that it can be expanded. Because available solutions are constantly growing and changing, and cities may share similar problems, expanding market research could be a way to engage suppliers and identify potential areas for collaboration with other cities. Market research is important to determine the procurement approach needed and avoid the reinvention of solutions that may exist elsewhere.

6. Build relationships with suppliers and the tech ecosystem.

Many smaller businesses and startups face barriers to participation in government procurement processes. However, there is potential for more government procurers to adopt tech-based solutions and practices, and open bidding processes to smaller firms.

7. When designing innovation procurement processes, build off-ramps.

While not all efforts will lead to a purchase, both procurers and proponents are well positioned to benefit from relationship-building, and developing mutual awareness and understanding of how public, private, and non-profit organizations can collaborate, as well as growing the pool of future proponents.