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Hey, lets talk about procurement.

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You still there? Yes, procurement has a bit of a problem doesn't it. But if I kick off with – “Hey, lets talk about how cities use their resources to get better results”, then it's probably a different matter.

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So what is it about the P word? Surely, we're only talking about the way in which public authorities package and commission work. We'd all agree that this is important, so why do so many of us switch off as soon as the word is mentioned?

Ever played word association? Try it with 'Procurement'. I just did and came up with 'red tape' 'bureaucracy' 'files' 'accountants' (it gets worse) and 'people who like to say NO." So I think it's fair to say that Procurement has an image problem.

But as a process it's not going to go away. For those of us who like to say yes, and who have a change agenda for cities, this is a shared problem.

**So, what's to be done?**

Well, it seems like quite a lot actually. Look around and the picture is not as gloomy as you might think. Driven by the need for fresh ideas, better value for money and service innovation, procurement officers are being dragged into the 21st Century in cities across Europe and beyond.

A catalyst in this transition is the impact of open innovation processes, including the growing acknowledgment of the power of the crowd. In the context of business organisations, it was Henry Chesbrough, open innovation guru, who challenged the old, closed innovation model. He ridiculed the prevailing assumption that all of the best ideas could reside in any single organisation, no matter how smart it was.

### **The limitations of the standard municipal procurement model**

His mantra of open innovation applies equally to cities. Given the myriad of players out there – including other cities full of enterprising agencies – doesn't it make sense for cities to cast their net as widely as possible when looking for solutions, tapping into the power of the crowd. This can be a challenge to traditional public sector procurement models, which tend to be targeted at specific potential providers.

Another limitation in the typical procurement model is the assumption that the client knows the precise specification of the service they need. Even a basic awareness of creativity principles tells us that this drastically narrows down the options for an innovative solution. Surely it makes more sense to identify as clearly as possible the challenge you face and then put that out to the wider world to invite creative responses.

Happily, that is what we are seeing increasingly often across the world and closer to home.

### **How are cities approaching this differently?**

At the European level, cities are interested in peer-to-peer solutions, which is one of the reasons that URBACT works so well. But there are also some technology-driven models that are attracting the attention of city decision makers. One of these is Living Labs Global Award (LLGA)/Cities Pilot the Future operated by Citymart. This provides a platform for cities to bring their challenges to a community of their peers. Barcelona, London, Paris and Moscow are amongst the European cities participating in this process, which operates on a commercial basis.

York, an URBACT Lead Partner city on the Genius Open project, is also involved. Through LLGA/Cities Pilot the Future it has transferred its innovation model to Capetown. Other solutions sourced via the platform include smart streetlighting, parking sensors and city tagging smart phone apps for visitors. A major strength of the platform is that participating cities can use it to develop their Small and Medium Enterprise (SME) base. 95% of the challenges are won by SMEs, who are often deterred by standard public sector commissioning procedures.

The LLGA/Cities Pilot the Future model provides a peer framework and an off the shelf methodology that can be customised to each city's needs. But many cities are exploring new ways to generate market solutions to the problems they face without entering these kind of formal structures. They often find that open challenge approaches are particularly effective when trying to engage 'non-traditional' service providers, who might be more likely to produce innovative and new solutions to long-standing problems.

The New York City Innovation Zone (iZone) functions as an incubation lab for the city's Education Department. The iZone has used open calls and hackathons to source fresh approaches to supporting young people's educational development in one of the world's most diverse cities. For example, their Gap App Challenge attracted software developers to provide solutions to the challenge of engaging pupils in mathematics. The call received over 160 eligible submissions and the twelve winning entrants are now piloting their products in schools across the city.

The iZone was developed under former NYC Mayor Bloomberg, and of course the Bloomberg Foundation is currently hosting the Mayors Challenge. This provides another forum for cities to identify their priority challenges and to seek new and innovative solutions. NESTA, which is also an active partner in the Mayors Challenge has recently completed some interesting research on effective innovation teams around the world (i-teams) which includes examples of new procurement approaches, including the New York experience.

## Sharing and finding out more

Looking ahead, On October 9th The European Commission will host an event for cities focused on innovation and effective approaches to sustainable urban development. The Urban Development Network (UDN) event will provide an opportunity to hear about some of the experiences described here at first hand, as LLGA/Cities Pilot the Future, NESTA and the Bloomberg Foundation will all be involved. It will also be a chance to find out more about the

Commission's Innovative Actions programme for cities, launching in 2015.

Finally, the URBACT workstream on Social Innovation in cities has a particular interest in how they are adapting systems to encourage and promote change. The workstream is gathering evidence from cities across Europe and you can contribute and find out more on their website.

So, exciting times in the world of city procurement it would seem. Let's share the word!

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