

# 'Buying All-Island in Healthcare – North and South'

The 'Buying All-island in Healthcare – North and South' report publishes the findings and recommendations of the All-Island Medtech SMEs (AIMS) initiative, delivered through a unique cross-border partnership of Health Innovation Hub Ireland (HIHI) and Health Innovation Research Alliance Northern Ireland (HIRANI), supported by InterTradelreland, over eight months in 2023. The primary objective of the AIMS initiative was to:

Collaborate with cross-border SMEs and healthcare stakeholders to identify procurement barriers and solutions. Analyse these within an EU innovation procurement context and develop a framework to support procurement of innovative healthcare start-ups and SMEs in Ireland and Northern Ireland, fostering all-island socio-economic benefits.

## Summary: All Island Medtech SMEs cross-border initiative

There are now an estimated 550 companies in medtech and digital health operating in the Republic of Ireland (RoI), employing 84,000 people directly. The life sciences sector has exports of an estimated €105 billion (MedTech Association, 2022). The benefit to the Irish health system of Irish suppliers was proven during Covid when Irish companies addressed many elements of healthcare problems from the provision of PPE to the use of innovative tech solutions in patient care. Ireland is one of the most successful European exporters in medtech and life sciences, yet indigenous companies struggle to achieve procurement here. Recent research identified the current procurement pathway as the primary challenge experienced by ROI health tech SMEs and start-ups. The process of engagement from 'procurement' through to 'use' took on average 12-24 months (Galvin, 2020).

By launching the AIMS initiative and bringing together key stakeholders from health, industry, policy, state agency, academia and procurement, common challenges within the Irish (North and South) market were identified. New and smaller suppliers below certain revenue thresholds are not equally positioned to compete with established vendors for healthcare tenders, unfairly affected by scale and liquidity requirements. Outdated assessments for software products, lack of innovation procurement and funding for its mechanisms, limited use of dynamic purchasing systems and purchasing standards that vary widely across secondary care sites in ROI are also perceived to be prohibitive.

The European Commission encourages public buyers to utilise innovation procurement mechanisms to provide vital opportunities to SMEs and new innovative companies (COM, 2021, 267/2). However, there are no specific Irish policy frameworks on innovation procurement, driving public buyer engagement with smaller vendors. This is in stark contrast to common European practice. Austria, Belgium, Finland, and the Netherlands have specific action plans for innovation procurement. Denmark, Germany, Estonia, Greece, France and Sweden include specific objectives on innovation procurement in national strategies, with a dedicated budget and commitment of key stakeholders. A review of the innovation procurement landscape in ROI and NI, compared with successes of exemplar EU countries assured the AIMS project group that solutions to the challenges identified exist.

AIMS stakeholder workshops, expert advisory group sessions and European benchmarking informed the proposed solutions contained in the framework of recommendations. Contained overleaf, the 'AIMS Framework of recommendations for Innovation Procurement' focuses on four key areas to deliver system-wide impact that will facilitate the procurement of innovative products across the healthcare sector on the island of Ireland from all vendors, regardless of size. HIHI and HIRANI will drive coordination and cohesion of the 'AIMS Framework of Recommendations for Innovation Procurement'.

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# All Island Medtech SMEs Framework of Recommendations for Healthcare Innovation Procurement

**1**

## **Budget and mechanisms – create a protected healthcare budget for the procurement of innovation, implement EU approved mechanisms**

To boost innovation procurement allocate a portion of the public budget, replicating successful European exemplars. Public Procurement of Innovative solutions (PPI) is one mechanism. The public sector uses its purchasing power to act as early adopter of innovative solutions that are not yet available on large-scale commercial basis. PPI can target specific healthcare challenges by seeking innovative solutions, and through a testing phase, reduce risks commonly associated with smaller vendors. Starting with several innovative solutions in one pilot, PPIs allows site(s) to test and find the best fit. PPI fosters innovation cooperation and partnership in the innovation ecosystem and benefits SME competitiveness.

**2**

## **Review and revise procurement thresholds — hardware vs software**

Tender requirements often demand high turnovers, a relic of old hardware focussed companies. This excludes smaller, innovative firms. Unlike hardware, software does not rely on costly supply chains; its main costs are licenses and setup. Software procurement should prioritise features, capabilities, and fit with needs over financial size. Vendor qualifications, technical evaluations and flexible contracts matter more than historical revenue thresholds.

**3**

## **Increase use of Dynamic Purchasing Systems (DPS) in healthcare procurement**

A DPS is a digital tool allowing qualified suppliers to join anytime to compete for contracts. In contrast to tender frameworks, which usually last four years. DPS increases small businesses access to public contracts, simplifying the process by cutting out repetitive bids. For healthcare, a DPS connecting HSC Trusts in Northern Ireland and RHAs could efficiently engage pre-qualified suppliers as all-island healthcare needs arise.

**4**

## **Co-develop and publish education tool for SMEs navigating HSC and HSE**

Developing an educational tool with HSE procurement for SMEs and start-ups will benefit small entities understanding of a multi-faceted complex process. Smaller vendors can gain a deeper understanding of the procurement processes, enhance competitiveness and potentially improve their chances of securing contracts. The online tool will be co-developed, user-friendly, accessible and regularly updated to reflect any changes in regulations or best practice.

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