Innovation Partnership
Procurement by Co-Design
COHORT 2
What is it?

A novel innovation procurement approach that:

- Allows providers an opportunity to find innovative solutions to pressing challenges
- Facilitates provider-vendor collaboration
- Co-design, prototyping, and evaluation to ensure solution delivers desired outcomes
- Design new solutions that have the highest probability of successful adoption
- Procurement (if solution meets provider outcomes)
Why Do It?

- **Providers**
  - Engage stakeholders in solution-making process
  - Learn and promote and innovative design approach to problem solving
  - Participate in the development of innovative solutions before procuring them

- **Vendors**
  - Gain unprecedented access to end users
  - Create customer champions
  - Develop innovations that are adopted
Who can participate?

- Any “provider” or “vendor” can participate in the program
- Eligibility for grants:
  - Ontario Broader Public Sector
  - Healthcare delivery organization - lead applicant
Consider the Future of Health

- Patient centred care
- Empowered patients
- Preventative health
- Integrated care
- Aging in place
- Personalized care
- Other?

Source: Vectorpocket Freepik
Design constraints

- Meet a pressing provider challenge with clear outcomes
- Digital health and/or innovative process/service
- Can be rapidly co-designed and prototyped/tested
- Are suitable for testing in context of intended use (e.g., clinical, back-office)
- Cost less than $100k to procure
- Have minimal or no cost to design and micro-test
Cohort 1: Outcomes

- 29 Challenges
- 163 Vendor responses
- 22 Teams formed
- 17 Teams pitched for $25K grant
- 4 Teams awarded
- 3 teams procured solutions and won procurement awards:
  - Trinity Village - $25K
  - VHA Homecare - $15K
  - Markham Stouffville Hospital - $10K
What’s changing for cohort 2?

- Prototyping grant - timing, amount, application process
- Workshops: timing and format
- Overall timeline ~ 6 months

These changes are based on:
- Cohort 1 outcomes
- Exit interviews
- Stakeholder interviews
- Prototyping session
Cohort 2 Journey at a Glance

**INITIATION**
- 4 weeks
  - Provider Challenge Briefs
  - Vendor Innovator Briefs
  - Dialog Day
  - Vendor Selection
  - Grant $15K - $25K

**DESIGN & PROTOTYPE**
- 26 weeks
  - Design
  - Discovery
  - Prototype
  - Evaluate
  - Final evaluation

**PROCURE**
- 3 weeks
  - Grant up to $50K
  - Procurement decision
## Cohort 2 Roadmap

<table>
<thead>
<tr>
<th>INITIATION</th>
<th>DISCOVERY</th>
<th>IDEATION</th>
<th>PROTOTYPING</th>
<th>EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge briefs</td>
<td>Team charter</td>
<td>Explore solutions</td>
<td>Test concepts</td>
<td>Build MVP</td>
</tr>
<tr>
<td>Vendor briefs</td>
<td>Field study</td>
<td>Assess alternatives</td>
<td>Refocus</td>
<td>Run live MVP</td>
</tr>
<tr>
<td>Dialog day</td>
<td>Journey map</td>
<td>Select concepts</td>
<td>MVP prototype plan</td>
<td>Collect data</td>
</tr>
<tr>
<td>Team commitment</td>
<td>Reframe</td>
<td></td>
<td></td>
<td>Evaluate results</td>
</tr>
</tbody>
</table>

4 weeks  29 weeks
## Program timelines and milestones

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 28</td>
<td>Program launch, providers invited to download and complete a Challenge Brief</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Oct 13</td>
<td>Challenge Briefs due to MaRS team. All briefs must be submitted electronically to the MaRS team by 5:00 PM Eastern Standard Time</td>
<td>Document Submission Deadline</td>
</tr>
<tr>
<td>Oct 16</td>
<td>All challenges posted on the Procurement by Co-Design website. Vendors invited to respond via Innovator Briefs.</td>
<td>1 week</td>
</tr>
<tr>
<td>Oct 20</td>
<td>Innovator Briefs due to Providers. All briefs must be submitted according to conditions in the respective Challenge Brief.</td>
<td>Document Submission Deadline</td>
</tr>
<tr>
<td>Oct 23 - 27</td>
<td>Vendors have all submitted Innovator Briefs. Providers shortlist vendor selection.</td>
<td>1 week</td>
</tr>
<tr>
<td>Nov 6</td>
<td>Dialog day. Each provider will hear their selected vendor pitches. Final vendor selection completed.</td>
<td>1 day</td>
</tr>
</tbody>
</table>
# Program timelines and milestones

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 7 - 10</td>
<td>Teams prepare and submit co-design grant application.</td>
<td>1 week</td>
</tr>
<tr>
<td>Nov 10</td>
<td>Team co-design grant application due November 10 at 5:00 PM Eastern Standard Time</td>
<td>Document Submission Deadline</td>
</tr>
<tr>
<td>Nov 13 - 17</td>
<td>External judging panel reviews grant applications. Meets on 17th to make final decision. Co-Design grant winners announced.</td>
<td>1 week</td>
</tr>
<tr>
<td>Nov 20</td>
<td>Co-Design Workshop #1: Discovery. Teams sign collaboration agreements.</td>
<td>1/2 to 1 day</td>
</tr>
<tr>
<td>Nov 20 - Dec 15</td>
<td>Teams work on discovery phase.</td>
<td>4 weeks</td>
</tr>
<tr>
<td>Jan 15, 2018</td>
<td>Co-Design Workshop #2: Ideation &amp; Concept testing</td>
<td>1/2 to 1 day</td>
</tr>
<tr>
<td>Jan 15 - Mar 3</td>
<td>Teams work on ideation and concept testing phase.</td>
<td>8 weeks</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Duration</td>
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<td>--------------</td>
<td>----------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Mar 5 - 8</td>
<td>Design review sessions. 1 - 2 hour sessions with each team to review learnings</td>
<td>1 week</td>
</tr>
<tr>
<td></td>
<td>from discovery and concept testing results.</td>
<td></td>
</tr>
<tr>
<td>Mar 9</td>
<td>Co-Design Workshop #3: MVP development and evaluation framework.</td>
<td>1/2 to 1 day</td>
</tr>
<tr>
<td>Mar 9 - Jun 15</td>
<td>Teams work on MVP prototyping and evaluation phase.</td>
<td>14 weeks</td>
</tr>
<tr>
<td>Jun 18 - Jul 5</td>
<td>Teams make procurement decision and formalize agreements.</td>
<td>3 weeks</td>
</tr>
<tr>
<td>Jul 9 - 13</td>
<td>External judging panel conducts site visits.</td>
<td>1 week</td>
</tr>
<tr>
<td>Jul 20</td>
<td>Final solutions day. Judges award up to $50k for procurement.</td>
<td>1 day</td>
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</table>
Co-Design Grant $15 - 25K

- Teams submit an application package, based on guidance provided by MaRS Team:
  - Grant application (template provided)

- MaRS team checks for completeness:
  - Challenge
  - Why innovation partnership and co-design is needed
  - Approach
  - Desired outcomes
  - Readiness
Co-Design Grant $15 - 25K (cont’d)

- Judging criteria:
  - Compelling challenge and proposed approach
  - Potential impact and outcomes: provider & system
  - Inadequacies of solutions on the market today
  - Fit with innovation partnership and co-design approach
  - Executive support and relevant stakeholder engagement
  - Team’s readiness to tackle challenge using Co-Design
  - Clear source of funds for procurement and project
Procurement Grant up to $50K

- Competition at the end of the co-design process
- Site visits + presentation
- Judging criteria:
  - Desirability
  - Impact
  - Feasibility
  - Viability
# Procurement Grant Criteria

<table>
<thead>
<tr>
<th>Desirability</th>
<th>Feasibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How did the team test with users?</td>
<td>• What technical and business needs were addressed and tested?</td>
</tr>
<tr>
<td>• Were the approaches for user testing suitable?</td>
<td>• What operational and workflow changes were addressed and tested?</td>
</tr>
<tr>
<td>• What were the outcome of the user testing</td>
<td>• What policies/directives were considered or changed, how were they tested?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact</th>
<th>Viability</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How were the outcomes determined?</td>
<td>• How was the business model for the solution developed?</td>
</tr>
<tr>
<td>• Were the outcomes proposed/tested appropriate?</td>
<td>• What is the ROI of the solution?</td>
</tr>
<tr>
<td>• To what extent were the outcomes achieved?</td>
<td>• How will the solution be procured and sustained?</td>
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Workshops

- Launch day workshop on framing a challenge, outcomes based specifications and evaluation criteria
- Co-Design Workshop #1: Discovery
- Co-Design Workshop #2: Ideation & Concept Testing
- Co-Design Workshop #3: MVP Prototyping and Evaluation

- 1/2 to 1 day in-person workshops
- Peer-learning and networking opportunities
Challenge Framing
Start with your problem statement

- “My hospital doesn’t have enough beds”
Probe your assumptions by digging deeper
<table>
<thead>
<tr>
<th>Table #</th>
<th>Name</th>
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</table>

**Dig Deeper #1**

Why is this important and what is the impact it is having now? What is the scale of the problem at your organization and who else has this challenge?
What makes this problem complex?
What have you tried before and where did you get stuck?
Are there any solutions in the market that can help?
Why are they inadequate?
List key barriers encountered in the past (or anticipate)
Table #  
Name

Dig Deeper #3

What do you think needs to change to solve the problem?
What kind of experience do you want to provide?
What kind of outcomes would you like to see?
Scope your problem into a challenge statement

In the context of trying to (improve X, get Y done, decide Z), we have (tried ABC but failed, do not know how to decide DEF, made progress but got stuck at GHI and cannot seem to get unstuck). This really matters because JKL and affects MNO. Our partners at PQR and others face similar issues. Therefore, we are seeking an innovative solution that can achieve METRIC as measure by W in TIMEPERIOD.
Refined challenge statement

- Original problem: “My hospital doesn’t have enough beds”
- Scoped challenge statement: “In the context of trying to provide the appropriate level of care to our patients we have tried to encourage non-acute patients to access other care centres so they are not waiting in our ER. We have tried educating people about alternative care settings and posting wait times but non-acute patients are still waiting for 3 hours or more in the emergency department. This problem has resulted in many complaints and has impacted our staff’s morale. This is a common problem faced by other hospitals in our community. We are seeking an innovative solution that can connect patients to the appropriate level of care by reducing the wait time to 20 mins upon arriving at our emergency department.”
Procurement Considerations
Procurement Considerations

- Challenge Brief needs to signal to prospective solution providers that the design phase could evolve into a procurement.
- Considerations related to the 25 mandatory requirements of the BPS Procurement Directive have been provided as part of the Provider Guidebook and are included in the Challenge Brief “T&C”.
- It is your responsibility, however, to ensure your process is compliant with your own organization’s policies and procedures and with the Directive.
  - When in doubt, seek legal counsel.
- Per the Provider Guidebook, the solution must “cost less than $100k to procure”.
  - i.e., maximum cost to procure is $99,999.99, including potential procurement grant of $25,000.
  - Assumption, therefore, is an invitational competitive procurement, not an open competitive.
- Evaluation criteria in the Brief will be for evaluating the proponent, not the solution.
**25 Mandatory Requirements**

**Approval Authority Levels**
1. Segregation of Duties
2. Approval Authority

**Procurement Thresholds**
3. Competitive Procurement Thresholds

**Competitive Procurement**
4. Information Gathering
5. Supplier Pre-Qualification

**Purchasing**
6. Posting Competitive Procurement Documents
7. Timeline for Posting Competitive Procurements

**Evaluation**
8. Bid Receipt
9. Evaluation Criteria
10. Evaluation Process Disclosure
11. Evaluation Team
12. Evaluation Matrix
13. Winning Bid
14. Non Discrimination

**Contract Award**
15. Executing the Contract
16. Establishing the Contract
17. Termination Clauses
18. Term of Agreement Modifications
19. Contract Award Notification
20. Vendor Debriefing

**Non-Competitive Procurement**
21. Non-Competitive Procurement

**Procurement Documents and Records Retention**
22. Contract Management
23. Procurement Records Retention

**Conflict of Interest**
24. Conflict of Interest

**Dispute Resolution Process**
25. Bid Dispute Resolution

*Not applicable for this procurement*
Supply Chain Code of Ethics

- The Supply Chain Code of Ethics applies to everyone who is involved in supply chain activities, whether internal or external.
- Non Disclosure Agreements (NDA) and Conflict of Interest (COI) Statements are reflections of the Code of Ethics, and must be signed by all relevant participants in the IPPCD process.
- Examples of conflict of interest include:
  - Having relationships that may affect or be perceived to affect objectivity.
  - Providing assistance to a supplier participating in a competitive process.
  - Having an ownership, investment interest or compensation arrangement with any entity participating in a competitive initiative.
  - Having access to confidential information that may affect or may be perceived as affecting objectivity.
Key Procurement Elements in Challenge Brief

- The “Innovation Partnership: Procurement by Co-Design” program may or may not lead to a procurement.
- There are four phases:
  
  Phase 1: Challenge Brief
  - Proponents prepare a submission in response to OBS.
  - Providers evaluate submissions based on the published evaluation criteria in their Challenge Brief, and generate a short list of qualified proponents.

  Phase 2: Dialogue Day
  - Dialogue Day: short listed proponents present on submissions.
  - Providers evaluate based on published criteria in their Challenge Brief and a proponent is selected.

  Phase 3: Co-Design

  Phase 4: Procurement
  - Providers evaluate success of MVP based on published desired outcomes.
  - There are now three possible outcomes:
    - Procurement moves forward with grant funding.
    - Procurement moves forward without grant funding.
    - Procurement does not move forward.
Key Procurement Elements in Challenge Brief

- Questions related to the Challenge must be directed to the Provider
  - Questions that modify the Challenge will be posted publicly
- Questions related to the Innovation Partnership: Procurement by Co-Design Program must be directed to MaRS (designchallenge@marsdd.com)
- Submission requirements (mandatory requirements)
  - Interested proponents must respond via submission of an Innovator Brief document, available online on https://www.marsdd.com/systems-change/procurement-co-design
  - The Innovator Brief document must be submitted directly to the Provider by the due date listed on the cover page of this document, with a copy to designchallenge@marsdd.com
  - The submission must include proof of necessary licenses
- Bid disputes must be directed to the Provider, and will be managed according to the Provider’s published bid dispute resolution process
Outcome Based Specifications
Outcome Based Specifications

• Whether conducting an innovation or value based procurement we need to translate specific needs or challenges into outcome based specifications (OBS) that allow us to procure a “solution”

• OBS describe the functions or performance that a solution must achieve
  • specifications are concise and allow for flexibility in determining how a need can be met

• Overly prescriptive requirements can stifle the ability to foster innovation
  • OBS permit solutions to the challenges

• OBS should be written in performance terms, which focus on the end not the means
  • build around what is to be achieved not a description of exactly how it is to be done
  • encourage innovation, allowing suppliers to propose new and transformative solutions
OBS Guiding Principles

• Ensure specifications are as output-based as possible, stating desired output/outcomes but not prescribing how suppliers should achieve this;
• Specify standards when necessary, rather than including as routine;
• Ensure requirements are appropriate to size and complexity;
• Ensure all elements included in selection and award criteria are clearly explained;
• Consider how to be more inclusive of SMEs by not requiring previous experience;
• Consider environmental performances, such as sustainable production methods, energy efficiency, reduction in emissions and waste etc.
## Example of Regular vs. Outcome Based Specification

<table>
<thead>
<tr>
<th>Regular Specification</th>
<th>Outcome Based Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replace oil-fired boiler providing a heating capacity of X</td>
<td>New heating system for a 2-storey, 10,000 square foot medical centre that runs 24 hours a day and is concerned about energy consumption</td>
</tr>
<tr>
<td>Supply 65,000 500ml bottles of water annually</td>
<td>Provide drinking water for 650 staff at 10 sites across the province</td>
</tr>
</tbody>
</table>
Evaluation Criteria
Evaluation Criteria: Guiding Principles

• When developing evaluation criteria, the same principles apply whether following a traditional approach or a value based one

• When procuring for a solution, the criteria must allow accurate evaluation of dissimilar proposals against outcome based specifications

• Evaluation criteria should be:
  • Relevant
  • Understandable
  • Accurate
  • Comprehensive
  • Risk oriented
  • Discerning
HSCN Resources

The following tools and templates are available on the HSCN Website:

1. RFP Innovation Procurement Template
2. Innovation Procurement Guide to Developing Evaluation Criteria
3. Innovation Procurement Services Agreement Template
4. Innovation Procurement Template Risks and Risk Mitigation
5. Innovation Procurement Outcome-based Specification Guide
6. Innovation Procurement Guide to Evaluating Total Cost of Ownership
7. Total Cost of Ownership Spreadsheet

http://hscn.org/innovation-procurement-toolkit-.aspx
The Challenge Brief
Challenge Brief: basics

- Project lead contact details
- Deadline for vendors to respond (set at October 20)
- A unique Challenge Brief reference # (for your records)
Challenge Brief: project team

- Project team:
  - A project manager
  - Clinical champion
  - End-users (frontline staff, patients, volunteers, others)
  - Senior management support and/or participation
  - Procurement officer

- Also engage:
  - Privacy officer
  - IT department
  - Department head
Challenge Brief: evaluation categories

**Company**
- Has the company demonstrated the competency to act as partner? Do they have an innovative vision? Do they have a strong leadership team? Do they have strong references?

**Proposed approach**
- Is the proposed approach to the challenge innovative? Do you agree that it can tackle the challenge proposed? Will it have a significant impact on the end user (staff, patients, etc)?

**Ability to execute**
- Has the company demonstrated the ability to deliver a solution to other complex challenges? What has been the outcomes of solutions they have implemented?

**Ability to produce validation data**
- Has the company demonstrated their ability and expertise to produce validation data? Have they shared an example of data they have produced for any of their products or prototypes? Is the quality of that data sufficient enough to make a procurement decision?

**Experience of project team**
- Does the team have experience working on innovative solutions? Did the company propose the right type of project team to take on this engagement?
Next steps

- Providers complete the Challenge Brief
- Completed Challenge Briefs are submitted to the MaRS team via designchallenge@marsdd.com
- Deadline for submission is October 13 at 5:00 PM EST
- MaRS will review the Challenge Briefs for completion and post them online at the www.marsdd.com/procurement-co-design website by October 16 at 9:00 AM EST
- Vendor respond to challenges using the Innovator Brief
- Innovator Briefs will be due by October 20.
Acknowledgement

This project is funded in full by the OntarioBuys program. OntarioBuys makes investments to support innovation, facilitate and accelerate the adoption of integrated supply chain, back-office leading practices and operational excellence by driving collaboration and improving supply chain processes in Ontario’s broader public sector.