

# Frequently Asked Questions about Innovation Procurement at TransForm

## **1. What is the difference between innovation procurement and traditional procurement?**

Innovation procurement is defined as the purchase of solutions that do not exist in the market or need to be adapted or improved to meet specified needs and create value for users and the procuring organization. It often involves a new or significantly improved solution (i.e., a good and/or service), method and business practices or processes to be purchased using an innovative procurement model or approach.

In contrast, traditional procurement is defined as the purchase of known solutions to meet the needs of an organization. It often involves off-the-shelf products where requirements can be specified with high level of precision, to be purchased using a price-driven process, such as Request for Quotation (RFQ) or Request for Tender (RFT).

## **2. Why is this important?**

Innovation procurement allows for greater flexibility to the procuring organization in terms of identifying solutions that meet its needs, which could bring incremental improvement or disruptive changes, depending on the nature of the solution. It can provide early visibility in the market, helping suppliers to better anticipate demand for new products and shorten the time it takes to bring them to market.

## **3. Does this mean I don't have to follow the BPS Procurement Directive?**

Innovation procurement must be conducted in accordance with the laws of the Province of Ontario and the federal laws of Canada, including the law of competitive processes, contract, privacy, and accessibility laws, and any other applicable legislation. All procurement, including procurement of innovative solutions, must be conducted following the BPS Procurement Directive to ensure that the process that is fair, transparent, and accountable to all stakeholders.

The Broader Public Sector Procurement Directive establishes the rules that all designated BPS organizations must follow in conducting procurement. The Directive is principles-based, and includes a Code of Ethics and 25 mandatory requirements that designated BPS organizations must incorporate into their procurement policies and procedures.

## **4. Isn't this the same as value-based procurement?**

Innovation procurement is not the same as value-based procurement. While they may overlap, the primary goals are different. Innovation procurement is the purchase of solutions that do not exist in the market, or need to be adapted or improved to meet specified needs and create value for users and/or the procuring organization. Innovation procurement is a strategic tool intended to stimulate the market to produce innovative solutions to needs.

Value-based procurement is procurement which involves making investment decisions based on the overall value to the organization or system.