

# Early Market Engagement Strategies Guide

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# EARLY MARKET ENGAGEMENT STRATEGIES GUIDE

## 1. INTRODUCTION

Organizations typically utilize innovation procurement when there is no existing solution in the market, if significant modifications are required to existing solutions, or when implementing an untested solution. Developing a problem or opportunity statement that clearly articulates the desired outcomes can be challenging, and new approaches to needs assessment and market analysis are required to help formulate those outcomes and associated requirements. Traditional market analysis, where the supplier base, markets and products or services are well known and understood, doesn't typically work when the solution is unknown. Collaboration with suppliers may be necessary to inform and define the outcome-based specifications that will ultimately result in the optimal solution.

The *BPS Primer on Innovation Procurement (Interim)* details seven early market engagement ("EME") strategies and provides advice on when and how to use each of these strategies. This guide provides general guidance on how to derive maximum benefit from the strategies:

Strategy	Definition	Intended Outcomes
<b>Market Sounding</b>	A defined consultation process to assess the reaction of the market to a need	<ul style="list-style-type: none"> <li>Define achievable requirements</li> <li>Increase supplier readiness to respond to procuring needs</li> </ul>
<b>Market Creation</b>	A process intended to generate interest in the supplier community to compete for future procurement opportunities	<ul style="list-style-type: none"> <li>Identify new supplier offerings</li> <li>Increase market competition</li> </ul>
<b>Reverse Trade Show</b>	Events driven by Broader Public Sector (BPS) organizations to encourage new and existing suppliers to consider doing business with the BPS	<ul style="list-style-type: none"> <li>Stimulate new interest to consider doing business with the BPS</li> </ul>
<b>Request for Expressions of Interest (RFEI)</b>	A process which allows BPS organizations to gather information about supplier capabilities, qualifications, and interest in a specific procurement opportunity	<ul style="list-style-type: none"> <li>Understand market capacity and interest</li> </ul>
<b>Forward Procurement Plan ("FPP")</b>	The process of giving suppliers advance notice about the BPS organization's upcoming procurement opportunities	<ul style="list-style-type: none"> <li>Increase supplier readiness to respond to BPS needs</li> </ul>

<b>Trade Shows</b>	Events that allow suppliers in a specific industry to showcase and demonstrate their latest products, market trends, and opportunities that might be relevant to BPS organization's needs	<ul style="list-style-type: none"><li>• Understand the innovative market offerings</li></ul>
<b>Unsolicited Proposals</b>	Proposals submitted by suppliers to address a BPS organization's current or future needs that may or may not have been identified by the organization	<ul style="list-style-type: none"><li>• Reframe need for future procurement opportunities</li></ul>

The Health Service Provider<sup>1</sup> ("HSP") procurement lead plays a key role in these initiatives and must be at the table from the beginning, as the process subject matter expert. The HSP procurement lead should manage the needs assessment and guide the development of the initial problem statement (see Section 1.2), followed by execution of an EME strategy, to improve the fit between the HSP's stated need and desired outcomes, and the market's ability to satisfy those requirements. Implementing EME strategies can also create market awareness and foster the development of consortia well positioned to address the various elements of an innovation procurement.

As with any other public procurement, innovation procurement must be conducted in a fair, open and transparent manner and must be in compliance with the BPS Procurement Directive, applicable laws and trade agreements, and with organizational policies and procedures. These requirements apply equally to EME strategies. There are risks associated with using new and innovative processes, and to ensure they are fair and transparent, it may be necessary to solicit legal advice, especially when planning open or commercially confidential dialogue sessions.

When developing an EME strategy and looking ahead to the potential innovation procurement to follow, consideration must be given to how disruptive the process is for both the HSP and the supplier community. To a large extent, both sides are unfamiliar with these new approaches, and the change must be introduced in an appropriate manner. Consideration should be given to the additional time that will be required to ensure the process is thorough and effective, engaging stakeholders early in the process to provide education and secure buy-in. The process will be more impactful if key stakeholders (roles will vary depending on the nature of the procurement) form the project team at the beginning and play a role in executing the strategies. This will create organizational alignment, which is critical to success, and sends a powerful signal to the supplier community.

Although it can increase the complexity, it is always worthwhile to engage with other HSPs and/or Shared Services Organizations ("SSO") to determine whether they are exploring similar opportunities. Taking a collaborative/collective approach can be advantageous because it provides suppliers with a better understanding of potential scope and scale. Likewise, there can be value in consulting with trade associations in certain solution spaces, and including them in planning of EME strategies, to get reaction

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<sup>1</sup> HSPs include primary care, home and community care, community health centres, hospitals, long-term care, mental health and addiction services, among others. For purposes of this guide, HSP also includes affiliated SSOs. SSOs can play a key role in engaging internal stakeholders, helping them focus on outcomes and driving the discussion identify opportunities for these initiatives.

and advice and/or to attend sessions as objective observers for the suppliers. At minimum, as part of the preliminary market analysis, HSPs should engage with and visit other HSPs (or non-healthcare organizations) that are pursuing similar solutions, to learn from their experience. Involving the entire project team in this process is a good team building exercise and will help to build excitement about the project.

### 1.1 Stakeholder Engagement

It is critical to engage key stakeholders and subject matter experts (SME) when developing the content, objectives, timelines and other consideration for the early market engagement, to ensure the requirements and/or objectives are properly defined and that all stakeholders impacted by this initiative are engaged in the process (and identified as such to the market). Core stakeholders should form the project team, and be a consistent part of the process, from development of the problem statement and early market engagement documents through consultations to final review of the information collected. This group will likely also form the evaluation team for subsequent competitive processes.

### 1.2 Development of the Problem Statement

An initial understanding of needs or requirements is a precursor to developing any EME strategy. While specific requirements may be fine-tuned through the EME strategy phase, it is important to have a clear problem statement before initiating any strategy. The problem statement should describe the problem, not the preferred or anticipated solution. Start by briefly setting the context, and ensure the facts presented in the problem statement are relevant and compelling. Include metrics if they are available.

Gather key facts and then draft a one paragraph statement, per the following example:

Element	Question	Key Facts
What	What is the problem?	Seniors living independently, with mild cognitive impairment, forget to take their medication and have adverse events including falls, leading to visits to the Emergency Department (ED) and potential hospitalization
Who	Who does this problem impact? Clinicians/technicians/patients?	Seniors (patients), family/caregivers, ED staff, other patients waiting in ED
When	When is this problem occurring? In the present? Future? Both?	The problem is current and will continue if a solution is not found to increase compliance with taking their medication as prescribed
Where	Where is the problem occurring?	Typically, these independent seniors are aging in place at home
Why	What is the impact/consequence of not solving this problem?	The consequences of not addressing this often-preventable problem include the impact on quality of life for the seniors and the burden of care on the healthcare organizations

## Sample Problem Statement

Seniors living independently, with mild cognitive impairment, often forget to take their medication and have adverse events including falls, leading to visits to the Emergency Department (ED) and potential hospitalization (*include statistics, e.g. number of ED visits per year*). This impacts the seniors themselves, as well as family/caregivers, ED staff and other patients waiting in ED (among others). The problem is current and will continue if a solution is not found to increase compliance with taking medications as prescribed among these independent seniors who are aging in place at home. The consequences of not addressing this often-preventable problem include the impact on quality of life for the seniors and the burden of care on the healthcare organizations (*include statistics, e.g. % compliance for taking medication as prescribed for a specific patient population*).

## 2. ACTIVITIES

The HSP can engage in numerous activities, utilizing supporting tools and templates as they navigate the various EME strategies. This table provides an overview of which activities are most often deployed with each EME strategy, and the subsequent text provides guidance on how to apply them.

Strategy	Market Engagement Prospectus	Questionnaire	Market Consultation	Written Submissions	Online Platform	Notice to Suppliers	Notice of Procurement
Market Sounding	X	X	X	X	X	X	
Market Creation	X	X	X	X	X	X	
Reverse Tradeshow			X				
Request for Expression of Interest		X	X	X	X		
Forward Procurement Plan							X
Tradeshow			X				
Unsolicited Proposal				X	X		

### 3. MARKET ENGAGEMENT PROSPECTUS

#### Market Sounding Prospectus

As part of Market Sounding or Market Creation, the HSP may issue a prospectus (*see template*) to generate interest, initiate a dialogue with relevant stakeholders, solicit information and/or lay out the process/steps that will be followed. The prospectus should be issued early in the process to develop a better understanding of the current marketplace and solicit input from suppliers and other interested stakeholders in defining requirements.

Before issuing the prospectus, a notice to suppliers should be issued to signal the opportunity (*see template*). Like the prospectus, the notice should lay out the future steps for the particular opportunity.

Do not underestimate the time required to properly complete this phase. It will take time to ensure key stakeholders are identified and engaged and to generate the prospectus. An appropriate amount of time (dependent on the complexity) must be allowed for supplier responses. In light of this, consider limiting the number of pages allowed in the responses. The length will be dictated by the complexity of the process, and the nature of the information being requested. The final step will be to summarize findings and prepare a report.

Sometimes a prospectus will be issued as part of a Market Creation strategy. Most innovation procurements are exercises in market creation by their very nature, because they are looking for unknown solutions to problems. However, when there is little or no interest in a problem put out into the market, some marketing savvy may be required. The prospectus becomes an important tool in generating the interest that will lead to competitive responses and may require an approach that is more of a “sales pitch”.

Follow these links to examples of Market Sounding Prospectuses issued for the Waterloo Wellington System Coordinated Access initiative ([WW SCA - Market Sounding Document](#)) and by the University of Sheffield in the UK ([Sheffield Low Carbon Vending](#)).

### 4. QUESTIONNAIRE

#### Early Market Engagement Questionnaire

A questionnaire can be used to solicit information as part of Market Sounding, Market Creation or an RFEI. Using a template provides a guide to respondents, letting them know the information that is important to the process, and providing consistently formatted responses for ease of review. These questionnaires collect information to inform a market consultation or future procurements and should not be formally evaluated when received (e.g., not used for pre-qualification of suppliers).

As each of these strategies has a different focus, it will be necessary to tailor the questionnaire accordingly. In a Market Sounding exercise, where the HSP is looking to gauge the reaction of the market to a stated problem, the emphasis will be on asking the market to assess whether the information as presented in the prospectus is feasible and achievable. It will also seek preliminary input on opportunities for improvement.

When questionnaires are issued as part of either Market Creation or an RFEI, the objective will be somewhat similar. In both strategies, the HSP is looking to assess interest in a stated need. In a Market

Creation exercise, the solution should provide sufficient information to stimulate market interest in competing to provide that solution. The questionnaire may therefore include questions about the solution and benefits to be achieved, as well as guiding the suppliers to think more about potential return on investment. The questionnaire associated with an RFEI may also try to gauge potential pricing, which may inform the HSP's decision making about whether to proceed with the initiative (e.g., the HSP may opt out if the price tag appears too high or may redefine their need to be more affordable).

## **5. MARKET CONSULTATIONS**

HSPs may hold market consultation sessions as part of the strategy for Market Sounding, Market Creation or an RFEI, to generate excitement in the market, provide information about the project, educate suppliers on the process and, most importantly, engage in dialogue with suppliers and other external stakeholders. The European Commission suggests starting a "dialogue with the market" from the very beginning of the project.

There are many approaches to market consultations. They may be open sessions with many suppliers in one room, or one on one commercially confidential meetings ("CCM"). Market consultations may be held in one location, or as "roadshows", where representatives travel around the province or country to reach as broad an audience as possible. An HSP can incorporate market consultations into Trade Shows and Reverse Trade Shows, setting up events like "speed dating" to quickly gain high level information from and about potential suppliers. There is no prescribed format for these sessions. Typically, they will include a combination of presentations and dialogue, whether as a group or one on one.

The project team and subject matter experts will play significant roles in developing the content for the session and should be a consistent presence when there are multiple meetings. It is essential to have the right person manage the development and delivery of these sessions, and this won't necessarily be a subject matter expert. This individual will be managing the process, not the subject matter, and needs to keep the information flowing from supplier to HSP, not the other way around. This could be someone from procurement, or potentially an external facilitator engaged for the purpose. Key criteria in determining how to choose this individual include credibility with the audience, knowledge of the sector and the ability to control a large group of people engaged in an unfamiliar activity.

Whether open or one on one, it is important to document the meeting proceedings. In addition to taking notes for the internal record, establish and communicate prior to consultations that information of a general nature (e.g., Q&A exchanges) will be posted on the online platform for the benefit of all respondents. Prior to the start of one on one, or Commercially Confidential Meetings, ask respondents to clearly identify proprietary and confidential information. It may be necessary to develop new documentation protocols for these consultations, and it is critical to maintain consistency in the way information is documented in all sessions.

### **5.1 Open Room Discussions**

Open room discussions will involve information sharing on the part of the HSP, set context, describe the process, introduce concepts such as risk sharing and answer questions. However, the true value of the session will be from dialogue with the supplier community. Open ended questions will encourage suppliers to share experiences, identify key themes and barriers and describe what is happening in the market, all of which will assist the HSP in developing more informed procurement documents. These sessions are also an opportunity for organizations to network, and potentially discover consortium partners.

Explain how meetings will be conducted well in advance (including an agenda). Be specific about topics that will be discussed, and clearly communicate what is not to be discussed. Ensure everyone understands the rules around confidentiality. Consider asking suppliers to sign a waiver that information shared during open sessions can be used in the procurement documentation.

## **5.2 Commercially Confidential Meetings**

One on one meetings may be held to further explore market capabilities in a private forum. Also known as Commercially Confidential Meetings (CCM), these meetings can help to inform the development of the procurement requirements. If HSPs hold CCMs, they must develop a protocol and agenda to ensure all sessions with potential respondents cover the same topics, and that all suppliers are treated equally. They must not provide information to one supplier that could disadvantage other potential respondent, nor should pricing be discussed to avoid future potential bias. Have a script and adhere to it. If holding one on one meetings prior to the commencement of the procurement, it is best to meet with all interested parties, rather than a select few, to avoid any real or perceived conflict or bias. CCMs may also take place within the procurement process. For an example of how the meetings could unfold in the procurement process, see the RFS Template.

## **5.3 Maintaining Transparency**

For all market consultations, whether open or one on one, the principles of openness, fairness and transparency should be foundational to the sessions.

It is recommended that a fairness monitor attend all open and one on one dialogue sessions (and be identified as such), to ensure the process is viewed as fair, open and transparent. The concept of holding dialogue sessions is unfamiliar territory for many purchasers and suppliers, and the HSP does not want its process derailed because someone thinks they have been treated unfairly. The fairness monitor could be the internal procurement representative or a hired independent, although that comes at a cost. Using a fairness monitor can be an important step in mitigating risk for the procurement.

A further critical step to ensure the process is fair, open and transparent is to post summaries of the discussions and all Q&A on a public site (*see online platforms below*), to create a public record and for the benefit of those unable to attend. Posted information should not include confidential information shared by a respondent or attribute any discussions or questions to a specific respondent.

## Tips for Conducting Successful Consultations

1. For events such as market sounding, host them at an early stage in the project process before formulating the procurement plans in detail, but ensure you have enough information to engage the market
2. Prepare thoroughly and invest time in preparing the background documentation; be clear about the issues to be discussed
3. Develop a clear and fair process to invite stakeholders to any exercise; invite as many potential suppliers as possible initially, to encourage competition in the market, but use the process to identify those who can meet the requirements
4. When inviting suppliers to dialogue sessions, ensure your communication is as widespread as possible; do not rely on traditional tendering websites to push notifications; look for other communications media such as through supplier associations and the local Regional Innovation Centre
5. Be consistent about what you say to respondents, and ensure meetings are documented
6. Avoid procurement language such as “proponent” to avoid giving the impression that the market consultation is a procurement initiative; focus on information gathering
7. Communicate the status of the HSP procurement opportunity (e.g., the project has been given financial approval or it is only at the early stages of formation).
8. Encourage creativity: do not restrict scope or try to define the solution
9. Be clear that there is “no selling from the podium” by the supplier participants at dialogue sessions
10. Be open, fair and transparent in all aspects of the process
11. Document, document, document

## 6. WRITTEN SUBMISSIONS

A written submission may take the form of a response to any of the EME strategies, in which case it will follow the format requested in the EME strategy documents.

Written submissions may also be received as unsolicited proposals, in which case they will be submitted in a format determined by the supplier, unless the HSP has a policy/procedure requiring unsolicited proposals to be submitted in a certain format.

### 6.1 Unsolicited Proposals

HSPs should establish policies and procedures for controlling the receipt, evaluation, and timely disposition of unsolicited proposals. The procedures should be transparent and should not be used to circumvent competition. The procedures should also include controls on the reproduction and disposition of proposal material, particularly information identified by the supplier that should be treated as confidential.

HSPs should use the process only to assess products/technologies/services that are not part of any upcoming competitive process (to avoid creating or appearing to create a conflict of interest). It is good practice to use committees to evaluate unsolicited proposals to determine their merit.

Unsolicited proposals should be treated like a written response to any of the other EME strategies. The information in the proposals provides insight into the market and/or new and emerging technologies. This information can be used to inform the requirements for future procurements. HSPs must be careful to develop requirements that do not bias the procurement in favour of the supplier who submitted the unsolicited proposal or divulge the supplier's commercially sensitive information.

If the HSP decides to procure based on the unsolicited proposal, it must comply with competitive procurement requirements unless an exemption to competitive procurement is available. If the HSP intends to proceed on a non-competitive basis, and to award a contract to the supplier that submitted the unsolicited proposal, it may wish to first test the market to ensure there are no competitive offerings, through a process such as an advance contract award notice (or "ACAN").

## **7. ONLINE PLATFORMS**

When engaging in any EME strategy, it may be helpful to create a dedicated online platform to enable collection of materials related to market research and needs assessment. Suppliers can upload questionnaire responses and information on their innovative products and services for review by HSP stakeholders. Suppliers should only be able to upload to the site, while designated internal stakeholders should have access to all information, and the ability to share internal documents and comments.

The HSP can also use this site to publish summaries of dialogue or consultation sessions and Q&A that may result from commercially confidential meetings, to ensure all suppliers have equal access to information. Should the HSP decide to publish a report with findings from an EME strategy (excluding commercially sensitive data), it could be published on this site.

As noted above under Market Consultations, posted information should not include confidential information shared by a respondent or attribute any discussions or questions to a specific respondent. It is good practice to advise stakeholders how information on this site will be used and/or shared, both in advance of posting (e.g. through the market sounding prospectus), and by posting the same communication on the site.

The site should not be used to receive formal submissions when and if the initiative moves to the procurement stage. It may, however, have a special application to enable the receipt of unsolicited proposals.

## **8. NOTICE OF PROCUREMENT**

### Notice of Intended Procurement

There are two ways to look at the Forward Procurement Plan ("FPP"). In the innovation context, it is a mechanism that allows an organization to give advance notice to the market of its intention to engage in future procurement activities. This engages the market, generates interest and potentially allows suppliers to form consortia in advance of the formal procurement. Generally, this type of FPP provides a 4 to 8 week advance notice of upcoming activity.

The more traditional FPP provides the supplier community with information about the status of awards and upcoming procurement initiatives over a 3 to 5 year period. Although an HSP may not be able to predict specific innovation procurement initiatives 5 years out, FPPs should be updated on a regular basis (e.g. quarterly), and potential innovation procurement initiatives should be added at that time. For example, an HSP may have an existing contract that requires preplanning 18 to 24 months in advance and innovation procurement is an option, or it may have a new opportunity signalled via a notice of procurement.

## **9. AFTER EARLY MARKET ENGAGEMENT: USING THE INTELLIGENCE WISELY**

Why do we undertake early market engagement? To gather intelligence that will inform our procurement process and ensure the optimal solution is identified to solve the stated problem and achieve the desired outcomes. Sometimes the HSP is able to determine from the outset how to navigate from early market engagement through an innovation procurement. At other times, the EME strategy informs the way forward, and may lead to a traditional procurement or no procurement at all, depending on what is learned from the exercise.

There must, therefore, be a process in place to review the inputs from the market and summarize the findings that will inform any subsequent competitive initiative. This process should be identified at the outset, to ensure information is properly collected and documented throughout. It is optimal to assign one individual to collate the information and draft a report, soliciting input from internal SMEs and other relevant stakeholders as necessary. This report will enable the identification of the best procurement option and the development of procurement documents with the most up to date and relevant information.

It is also important to see every EME initiative as a learning opportunity from a process perspective, and to apply those learnings to improve the execution of future EME strategies and associated innovation procurements.

## **10. IMPORTANT NOTES**

This guide is intended as a resource tool to assist HSPs in developing competitive procurement processes for innovative solutions. It is intended as a general reference, with commentary on issues and options with various innovation procurement models and features. This guide (and the accompanying templates) do not replace your organization's own procurement policies and processes. The IPT has been designed to be compliant with the BPS Procurement Directive. Organizations should seek legal advice on the application or modification of any template to meet their individual circumstances.

Please read the terms upon which this guide is provided at [www.hscn.org](http://www.hscn.org). This guide is intended to be a dynamic document and will be updated over time.

Sources used for developing the documents in the HSCN Innovation Procurement Toolkit can be found in the [Compendium of Resources](#) posted on the HSCN website. These include examples of how organizations in various jurisdictions have executed early market engagement strategies and innovation procurement initiatives, with their lessons learned and supporting documents.