



NOTE

4 September 2012

Danish response to the public consultation on demand-side policies to spur European industrial innovations in a global market

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Denmark welcomes the efforts of the Commission in using demand-side policies to spur innovation in the European industries. In this regard, it is of particular importance to promote progress and common solutions in the context of the revision of the EU public procurement rules as simpler rules would support growth and innovation.

More specifically, increased use of functional requirements will constitute a major contribution to the promotion of demand for innovative European products and services. Use of functional requirement opens up the possibility of expanding a simple price competition to becoming a competition on content, quality and form.

One of the most significant advantages of using functional requirements is that these emphasize results and the needs of the contracting authority instead of focusing on activities and procedural requirements. This ensures the public sector's access to state of the art know-how and leading standards. Through functional requirements private enterprises can introduce new and more effective solutions to the needs of the contracting authorities, thereby enhancing the competition for public contracts.

Investments in innovation and new solutions can strengthen the supplier's competitive position on the market and increase the supplier's ownership of the assignment, which can lead to better cooperation between supplier and contracting authority.

The biggest challenges for contracting authorities and suppliers alike when using functional requirements is partly that they yet have limited knowledge and experience in using these, and partly that there is still a need for adaptation of the contracting authority to functional requirements and contracts. The contracting authorities have limited knowledge of specification of requirements and of follow-up of functional requirements.

The possible result of this limited knowledge of functional requirements is that many tenders using functional requirements do not in practice ensure the proper correlation between the focus on results, how to solve the assignment with novel ideas and the attainment of the greatest possible incentives for effective solution of the assignment.

The full potential of using functional requirements is therefore not realized and there is a need for knowledge sharing and development of tools which can support the contracting authorities in the use and understanding of functional requirements.