

# Why Nordic Health and Welfare Innovation?



The global market for health and welfare solutions is expected to grow tremendously over the next years.

A growing population with an extending lifespan, an increasing proportion of senior citizens, patients with chronic diseases and more people with lifestyle diseases are among the challenges we are facing. These challenges call for innovative and smart solutions - both in order to develop better services and to give opportunities for growth and export.

There is a huge potential for the Nordic public sector to foster innovative and smart health and welfare solutions - building on already developed solutions, on new ideas and cooperation. Quoting Secretary General at the Nordic Council of Ministers Dagfinn Høybråten's statement on Nordic collaboration within health:

*"My experience is that if there is political will, and we use the tools available to us in cooperation, we can achieve a lot. Take cooperation on public health preparedness for example. By exploiting comparative advantages through practical and specific agreements we can face threats together. We are small countries in the Nordic region, so we cannot play the lead in everything, but together the region can play the lead in health. Here there is much to be gained from Nordic cooperation".*

## A visionary provider and purchaser of health and welfare innovation

The public sector is the largest supplier of healthcare services and a purchaser of healthcare products

and services in the Nordic Region. A visionary public healthcare sector can through national and international cooperation and wise interaction with suppliers develop ever better services and smarter solutions. Conversely, for companies providing and developing health and welfare products and services to the public healthcare sector, it is of vital importance that the public sector has the right incentives and tools to foster innovation. This poses the questions:

*How can the public sector in the Nordic region position itself as frontrunner within healthcare and drive innovation in both the public and private sector? While building on existing cross sector and border cooperation; How can we create economy of scale, a bigger home market and also develop new tools for innovation that meet the future challenges?*

## Huge potential for collaboration within demand-driven innovation

There are already established collaborations within different areas and between Nordic organizations in the field of health and welfare. Nordic Innovation has together with Nordic cooperation partners, developed the "Lighthouse project on public procurement and health care" and financed three cross border projects in order to boost Nordic collaboration on public procurement within health.

For more information on the three projects, see appendix 1.

Still more demand-driven innovation and smart collaboration between the Nordic public health care sector and private sector is needed, in order to take the lead in health innovation.

A new effort will both build on the existing efforts and add new dimensions to the Nordic cooperation in order to uphold the Nordic Region's position as a leading region in the world when it comes to innovation in health and welfare.

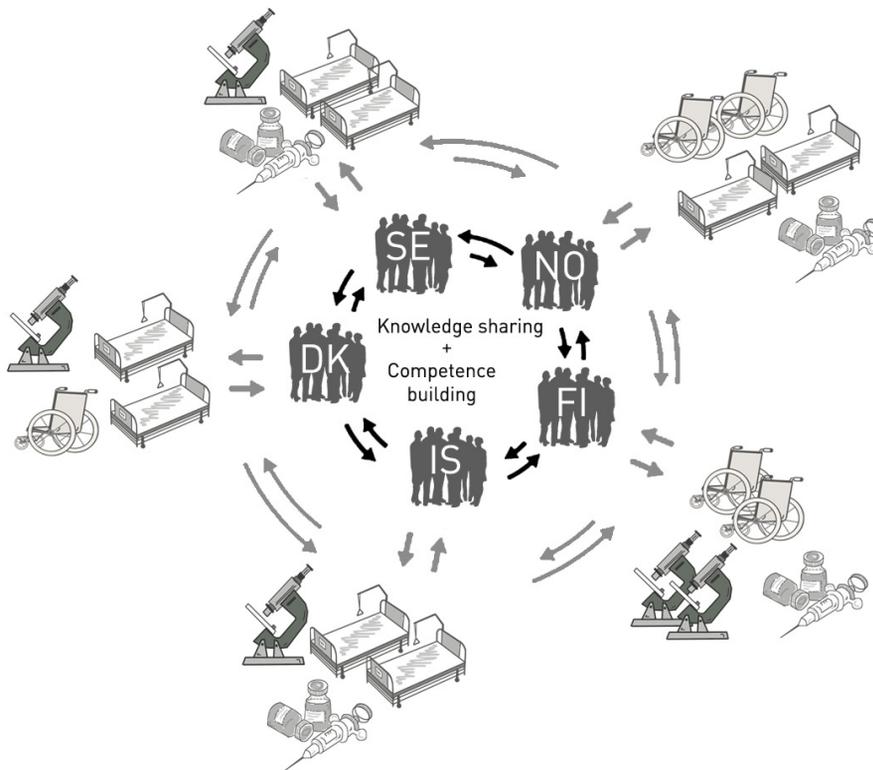
## A Nordic home market

The Nordic countries are known as welfare states with high quality public health care services and solutions. The potential for future export opportunities for med-tech companies that have developed concepts in close cooperation with demanding Nordic public sector buyers is substantial.

*Is it possible to move in the direction of a Nordic market for suppliers of innovative solutions, services and products for the health sector? (Like illustrated in the figure below.)*

The needs are the same, the culture is similar and the welfare systems are very close to each other.

Through sharing experiences, engaging in joint processes on developing specifications, developing cross-border buyer groups, encouraging cross-border alliances between suppliers and solving some challenges in cooperation between the countries, it could be a start of a Nordic home market.



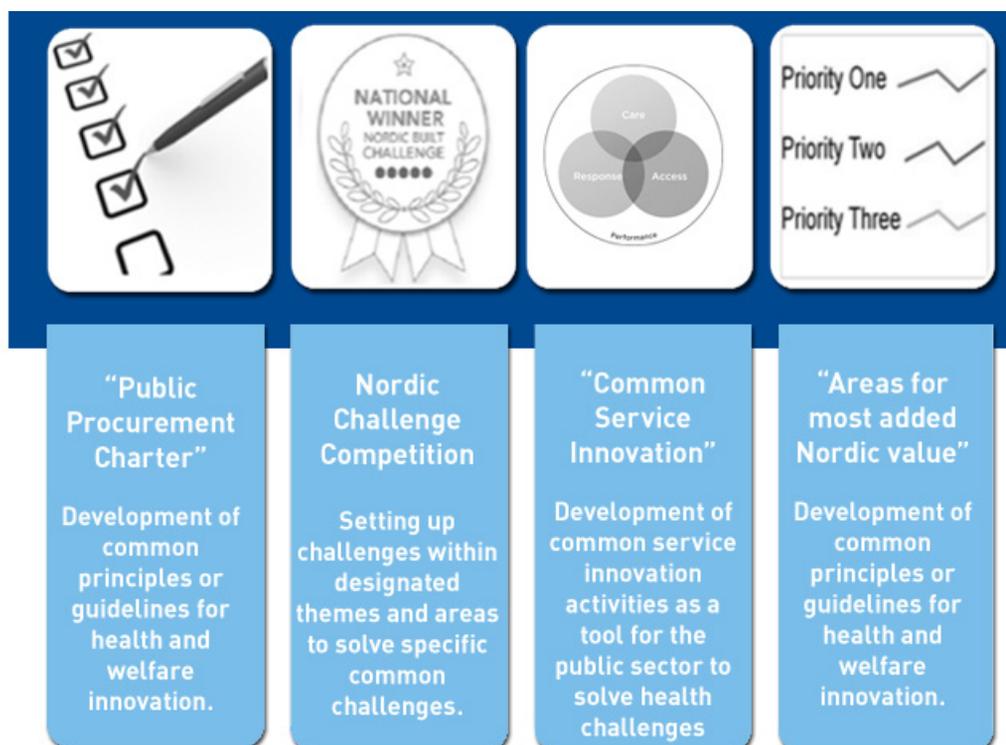
*Illustration: Nordic Innovation/yh*

## What could be the content in a new Nordic effort?

The content of a new effort will be developed during 2013 in cooperation with Nordic stakeholders, experts, at the high level meeting, at workshops, in dialogue sessions and meetings with businesses, etc. But there are some ideas that could serve as

inspiration to what could be fruitful activities on a Nordic level.

*Could a new effort build on developing new tools and methods based on the following ideas (and if so, how)?*



*Illustration: Nordic Innovation/ NCA*

### **Public Procurement Charter**

Development of common principles or guidelines for health and welfare innovation like a "public procurement charter". Development of a charter has been a successful way to build Nordic cooperation in some larger programs run by Nordic Innovation.

### **Nordic Challenge Competition**

Defining and setting up Nordic challenge competitions within designated themes and areas to solve specific common challenges

### **Service Innovation**

Development of common service innovation activities as a tool for the public sector to solve health challenges smarter

### **Prioritized Themes**

Prioritization of areas and themes within health innovation where Nordic collaboration will create most value

The ideas and suggestions are elaborated below and in appendix 2 and 3.

## A procurement charter for Nordic Health and Welfare Innovation

Public procurement is an effective tool to foster innovation and growth across the public and private sector. However, today only a very small percentage of the procurements in the health sector are actually innovative. There is a large potential in using procurement more strategically, both in order to develop better public services and to drive innovation in the private sector. There is an urgent need to get smarter about how to succeed with this in order for the Nordic region to keep their frontrunner position within healthcare. *See appendix 2.*

Innovation authorities and politicians at regional, national and international level encourage the public sector to use procurement strategically - for long term development of public sector services and for driving innovation in the private sector. Some public organizations are already quite strategic in their procurement, and use available tools and methods to drive innovation together with the private sector.

But the public sector is still far from realizing the potential in demand driven innovation; a large number of public organizations would benefit from being more strategic in their interaction with the private sector and adopt innovation friendly procurement practices. Frontrunners can be encouraged to take further steps in innovation procurement. There is a need for knowledge development, management awareness and dissemination of good examples.

*Can development/dissemination of principles and methods help public organizations in using procurement more strategically? Can common methods and tools increase cross-border cooperation? And can common targets help set and express ambition for public sector organizations? How could a "Nordic public procurement charter" serve as a tool for the Nordic public sector to take a more proactive role in cooperation around and procurement of health and welfare innovation?*

## Challenge competition within the health area

Working with demand-driven innovation, setting up challenge competitions could be a wise way to drive and stimulate innovation. Through challenge competitions, organizations with similar responsibility in each country could agree on common challenges, thereby moving in the direction

of common specifications and a Nordic home market. Challenge competitions is a well-developed tool in the UK, the Technology Strategy Board and NESTA, NHS etc. runs competitions to solve public sector needs in a range of areas. *See appendix 3.*

A challenge competition can be a good tool if you:

- Have a specific goal in mind that relates to a particular social problem.
- Think that, while traditional funding approaches play a valuable role, they can't always stimulate the most radical and effective solutions.
- Believe there is a wide range of untapped ideas and potential solutions to this problem, and can't be sure exactly who holds the most effective ideas.
- Want to remove barriers that prevent people from putting forward new solutions to challenging social issues.

*Could a challenge competition be a common Nordic tool within the health sector to create wide public collaboration and engagement and to give visible results based on the developed common principles developed in a charter?*

## Where to develop common actions on service innovation?

Staff costs are one of the biggest posts in the overall healthcare budgets in the Nordic Countries. E.g. in Denmark, more than 50% of the expenses in the healthcare sector are staff expenses. The public sector is a big service provider and there is a huge potential for the public sector to innovate within serviceinnovation.

There is a need for change and transformation of the way health services are produced in order to deliver the same healthcare service for less cost.

In Finland for example, the Ministry of Social Affairs and Healthcare plays a key role in revising public services in social security and healthcare, and has initiated extensive programs for this purpose. At the same time, the Ministry of Internal Affairs has launched a program to modernize municipalities and the services they provide[1].

We need to get better at transforming the knowledge and evidence we build into innovative and smart solutions.

- *So if we were to incorporate service innovation into a new Nordic effort on public health care innovation, what should it look like?*
- *Are there any new business models that could help develop the area - more cooperation between the public and private sector?*
- *And if we were to make a call for projects within service innovation, research and innovation, in what area should that be and who should be involved and how should this be formulated?*

## Cooperation in which areas?

The Nordic countries share common challenges and each country is pouring enormous resources into innovation and research areas such as breaking the cancer code, finding solutions to Alzheimer's, developing welfare technological solutions e.g. in order to meet future challenges.

But each of the countries are small in a global context. *Could the Nordic countries define a common Nordic vision to become world leading within some well-defined areas where the countries today already are heading to be frontrunners? What would it take to become more visionary in this field? Could leading hubs in the Nordic countries work closer together?* This is also about how to get as much as possible out of the research that is taking place at universities, hospitals etc.

## Input to the official Nordic cooperation program and to Nordic Innovation's priorities

Involvement among key stakeholders is essential to a successful program and initiative within health and innovation in the Nordic region. When it comes to health and innovation, important target groups are municipalities, regions, hospitals, research institutes, trade associations, health authorities, confederations of industries, financing agencies and businesses.

By working together and developing a common methodology and/or joint Nordic innovation procurement principles it is possible to spread knowledge including building top examples from different countries.

This gives the opportunity to build a common practice across the Nordic countries, in order to contribute to a large Nordic health market. It also gives the opportunity to set focus on missing innovation tools and incentives for innovation. Closer cooperation, exchange of knowledge and systematic dialogue will contribute to exchange and development of common systems, products and services.

A new effort to help uphold the Nordic region's position as one of the most innovative and leading regions in the world when it comes to innovation within the health sector is based on demand- and user-driven methods.

In the future the Nordic region should be known as a region that:

- Develops smart and innovative solutions to the Nordic home market and global market.
- Encourages cross border cooperation between buyers, between suppliers and between buyers and suppliers in order to create a Nordic home market.
- Has a public health care sector that drives development of innovative and new solutions to future challenges.

The conference *Health and Welfare Innovation in the Nordic region* (22. May 2013) is an occasion both to contribute to the new Nordic cooperation program for Innovation and Business Policy for 2014 and onward, and to shape Nordic Innovation's effort within health and welfare for the coming years. The cooperation program will be developed during 2013 and decided by the Nordic ministers of trade and industry.

## Appendix 1

### What have we done so far?

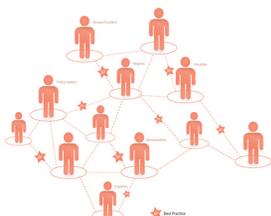
In 2010 the Nordic Ministers of Industry decided in the Nordic Cooperation Program for Innovation and Business policy 2011-2013 to launch a "Lighthouse project" on Public Procurement and Health Care "to harness the potential inherent in public procurement and regulation to create innovative and effective solutions." The Norwegian Ministry of Trade and Industry is the owner of the Lighthouse Project and Nordic Innovation is the project manager, responsible for the strategic operations and development of the project.

Nordic Innovation has in close cooperation with the financing agencies Tekes, Danish Business Authority,

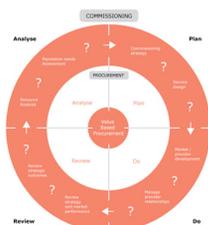
Vinnova, Innovation Norway, Rannis and other cooperation partners developed the content of the lighthouse project.

The purpose of the project is to accelerate the use of public procurement and innovation in health care in the Nordics through strengthened knowledge exchange, co-creation and cooperation in focused networks for procurers and suppliers. The aim is both to develop better public services and to stimulate the market for health care products and services.

#### Three projects have been financed as a result of a call in the autumn of 2012:



**Nordic Public-Private Innovation Net** - is a network between leading hospitals in the Nordic region, also involving suppliers and supplier development through dialogue. The project will develop activities within best practice, network/dialogue conferences, developing guidelines and tools - and dissemination activities.



**VABPRO - Value Based Procurements**, where the ambition is to contribute to a shift from a focus on price and cost to a more holistic perspective and a focus on prevention. The participants will mainly be municipalities.



**Integrated training program and demand dialogue network for Innovative Nordic Health care Procurement (INHP)** is the third project funded. It is a combined training program in innovation procurement and market dialogue network within health led by Copenhagen Living Lab. Competence is key when it comes to innovation procurement - the project is addressing this challenge.

In addition Nordic Innovation has also financed **Nordic Medtech Growth**, a project run by Nordic med-tech organizations. The project will, together with Nordic Innovation, hold a Nordic Med-tech Procurement Conference towards the end of 2013. The concept Med-tech Investment Day Nordic is also a part of this project.

## Appendix 2

### What could a Nordic procurement charter contain?

The development of charters or common Nordic principles is a well-known concept to Nordic Innovation. Nordic Innovation's largest program Nordic Built is structured around a common charter and a challenge competition.

A "manifesto" was also developed in the program New Nordic Cuisine. Both Charters were developed to improve and innovate the building and food sector in a sustainable way, with respect for quality of life, Nordic traditions, functionality, aesthetics, zero emissions over its lifecycle etc, and both charters have had a large impact on how to make innovation on a Nordic level visionary and concrete.

Although there is a big difference between the food and building sectors mentioned above and public sector organizations, there are also important similarities.

The below points are needs that a charter could fill:

- Creating a Nordic vision - that is a good foundation for more concrete action.
- Gathering a committed pool of key stakeholders and frontrunners, and inviting more organizations to join as the initiative is developed.
- A platform for cooperation and development of common projects and pilots.

*Is it possible to develop a charter for the public sector and on what principles?*

- *Could it be possible to develop a "Nordic Public Procurement Charter" containing recommendations on a process-level, linked to the dialogue between procurers and the market and the planning horizon of procurements?*
- *Could such a charter be used to encourage use of functional specifications or set targets on the use of (or assessment of the possibility of using) innovation procurement?*

- *Could common principles and methods in a charter encourage cooperation, for example development of common specifications with other organizations or establishment of buyer groups? (in order to avoid fragmentation of demand)*
- *Could common principles and methods in a charter encourage public health care institutions to use lifecycle- and other more holistic approaches (patient experience, e.g)?*
- *Could a charter be based on some of the new possibilities that will come with the new EU-directive on public procurement, and maybe help common implementation of new rules across the countries?*

## Appendix 3

### Challenge competitions

Funding innovation can be done in many different ways; thematic calls, research funding, grants to companies or organizations etc.

Working with demand-driven innovation and setting up challenge competitions could be a wise way to drive and stimulate innovation. Through challenge competitions, organizations with similar responsibility in each country could agree on common challenges, thereby moving in the direction of common specifications and a Nordic home market.

New solutions are required within the field of health and welfare, and the needs in the five Nordic countries are quite similar. Another field where new solutions are needed and needs are comparable between the countries is the building sector. Nordic Innovation has this winter run challenge competitions in the program Nordic Built.

Through the Nordic Built Challenge, innovators from within and beyond the building sector were invited to compete with the aim to develop strong concepts for a sustainable built environment. The assignment was to demonstrate the principles of the Nordic Built Charter by refurbishing five existing buildings (one in each country) in innovative and sustainable ways, while ensuring financial and practical viability.

The Nordic Built Challenge is not yet finished, but already seems to be a success; the competition has created wide industry engagement, given visible results and put principles into practical usage.

### Experiences from the UK and beyond

Challenge competitions are run in the UK in the field of healthcare. Nesta has run competitions like this:

[http://www.nesta.org.uk/areas\\_of\\_work/challengeprizes/givingchallenges/assets/features/ageing\\_well\\_challenge\\_prize](http://www.nesta.org.uk/areas_of_work/challengeprizes/givingchallenges/assets/features/ageing_well_challenge_prize)

Here is an explanation of how Nesta runs their challenge prizes:

[http://www.nesta.org.uk/areas\\_of\\_work/challengeprizes/assets/features/faqs\\_prizes](http://www.nesta.org.uk/areas_of_work/challengeprizes/assets/features/faqs_prizes)

The Technology Strategy Board (SBRI) assists public organizations in running competitions to solve the actual organization's challenges. Examples are "living well with dementia" and "active aging".

While the Technology Strategy Board and Nesta run prizes to challenge the market to develop something new, NHS' challenge prizes seem to be focused more on discovering and disseminating best practice within the NHS:

<http://www.challengeprizes.institute.nhs.uk/the-list-of-challenges/>

There are also competitions taking place elsewhere. This is an example of a US competition:

<http://healthdesignchallenge.com/>

### Flexibility

As can be seen from the above, a competition could be structured in many ways:

- To encourage the market to come up with solutions.
- To encourage public sector organizations to develop new ways of doing things and to disseminate these.
- To channel development funds to organizations that are well positioned to contribute to solve specific societal challenges.

### A process

Quite some preparation is needed before a well designed challenge competition can be launched:

- Organizations with similar responsibility in the Nordic countries must be brought together.

- The specific challenge must be formulated very concrete and measurable. Setting the challenge at the right level between attainable and visionary is difficult and requires expert knowledge in the specific subject field.
- A challenge competition could also be put in a larger context and operationalize the principles of a charter (as has been done in Nordic Innovation's program Nordic Built).

## References

[1] Policy report on service R&D and innovation, OECD, 5 dec. 2012, Working Party of National Experts on Science and Technology Indicators, Working Party on Innovation and Technology Policy.

[2] Swedish Medtech, Leverandører for Helse-Norge, Oslo Medtech, Finnish Health Technology Association, Medico Innovation and Medicoindustrien.