



Innovation Oriented Public Procurement (IOPP) of School Computers – a comparative case study in the contexts of the UK and China

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Innovation Oriented Public Procurement (IOPP) of School Computers

- a comparative case study in the contexts of the UK and China

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OUTLINE

- **IOPP in China - an overview**
- **Positioning the study**
- **Case information**
- **Comparative analysis**
- **Implications**

Innovation Oriented Public Procurement (IOPP) definition:

Any public procurement activities that aim at stimulating the creation, improvement, adaptation and diffusion of innovative solutions (technological or organisational)

OECD actions

US 'SBIR' program; EU 'Lead Market Initiative (LMI)'; Australian 'Climate Ready' program; Japan promoting international standardization

China policy initiative

The National Medium- and Long-term Program for Science and Technology Development (2006-2020), MLP (2006-2020)

- Settled 'indigenous innovation' as a fundamental national strategy
- Explicitly highlighted systemic usage of public procurement and standardization together with supply-side measures

Before 2006

- ‘Catching up’ was a theme while ‘indigenous innovation’ was not yet explicit
- STI policy instruments were mainly supply-based
- Emerging literature in academia debating the potential of IOPP

2006 - July 2011

- Announcement of MLP (2006-2020); implementation measures were enacted
- A regulatory system supporting IOPP practices was formed, featuring ‘product/technology catalogues’ as a means of communicating between demand and supply
- Implementing actions by regions
- International concerns and criticisms, mainly from USCBC (US-China Business Council) and EUCCC (EU Chamber of Commerce in China)

July 2011 - present

- The Chinese ministries eventually withdrew four of the fundamental policy measures in July 2011
- From explicit to implicit, from routinized to occasional

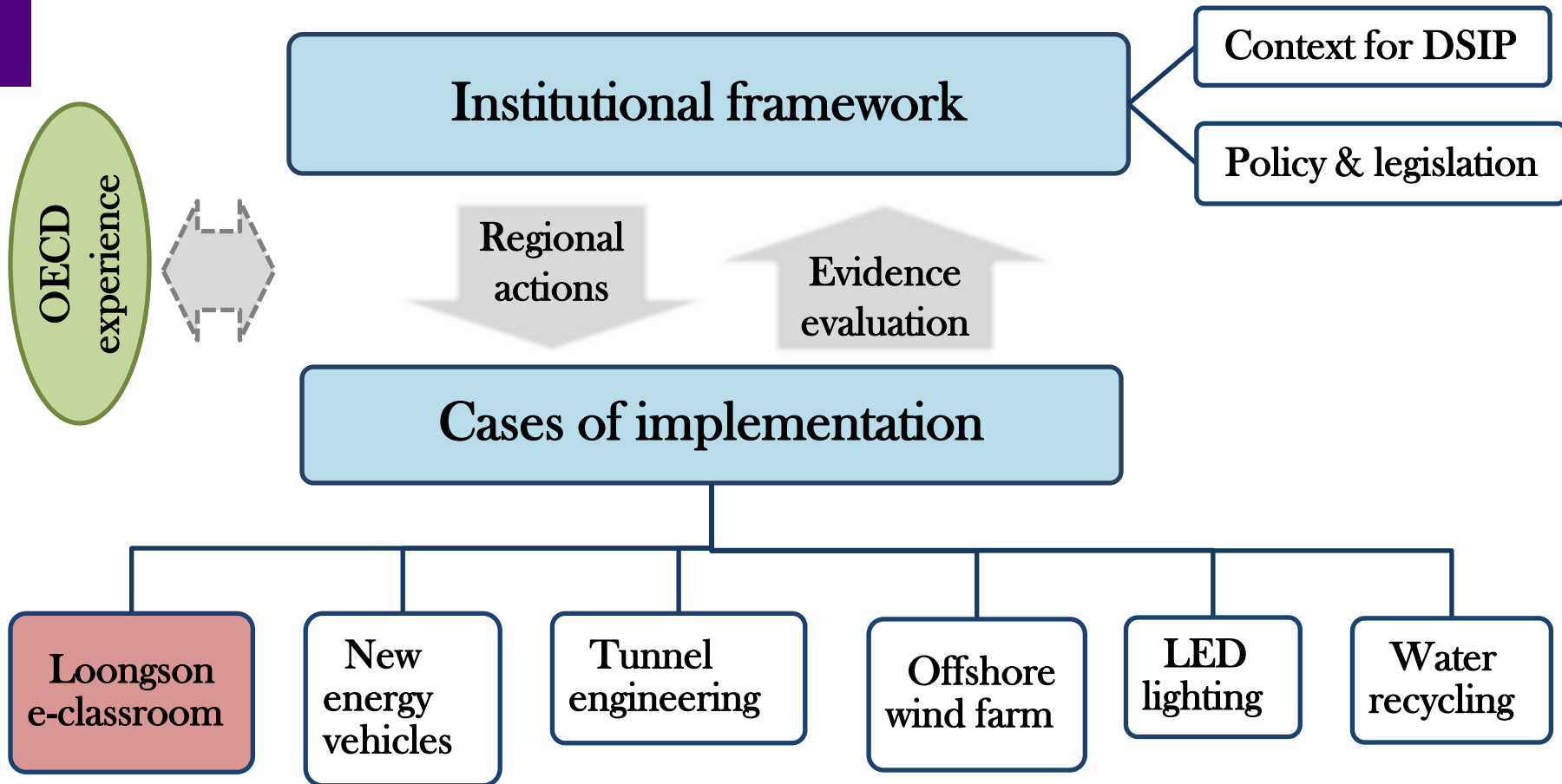
Existing problems & challenges

- Fragmented legal system and institutional setup for government/public procurement
- Conflicts with international interests and obligation to join WTO-GPA
- Doubtful competition environment and regional/national protectionism

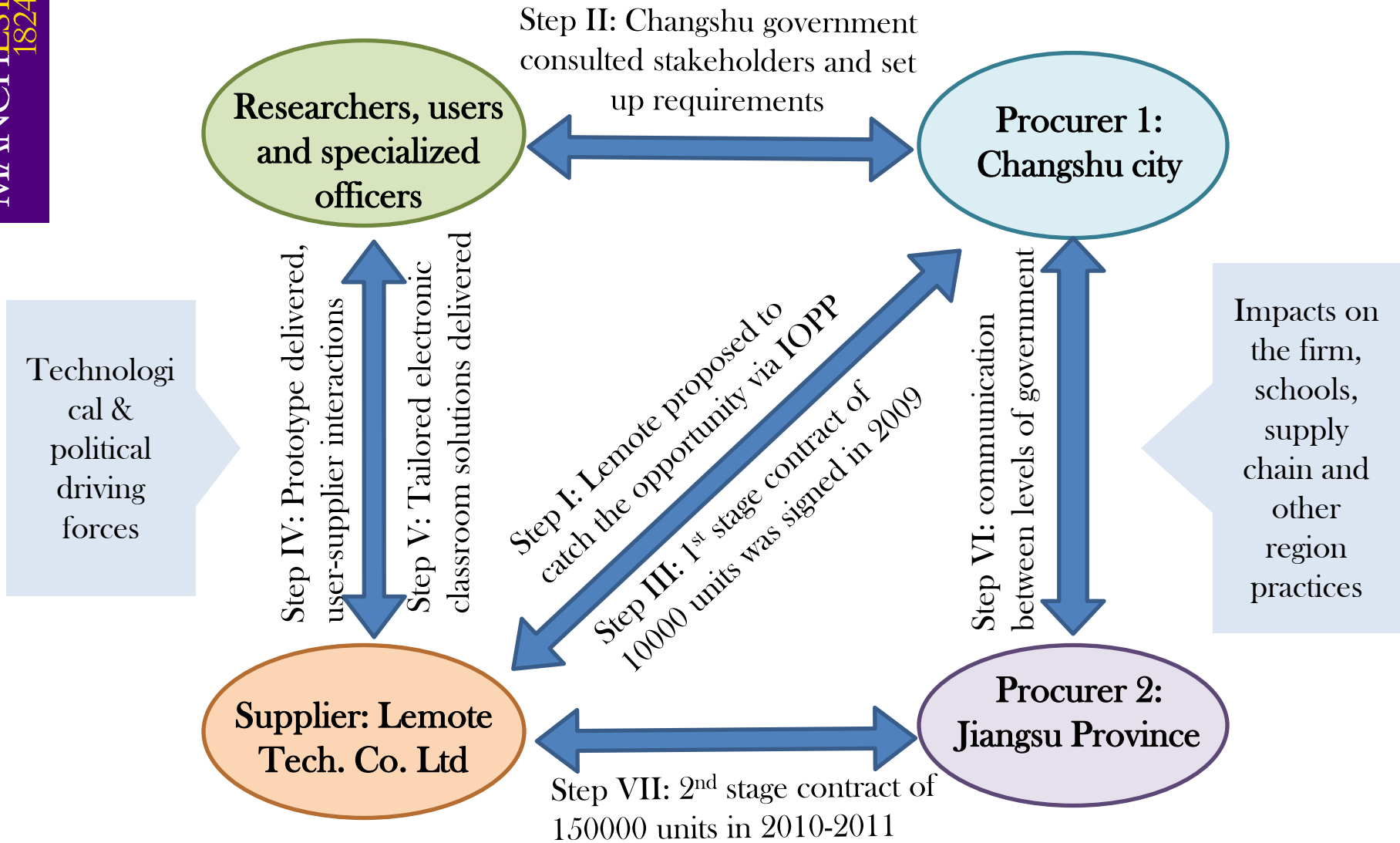
Achievements

- Raised the awareness of IOPP among various stakeholders
- Facilitated commercialization of some strategic and social need technologies, and a number of IOPP cases emerged

An Institutional Assessment of IOPP as a Demand-side Innovation Policy (DSIP) in China



Case 1: Loongson based e-classroom solution



Case 2: BBC Microcomputer in Computer Literacy Program (CLP)

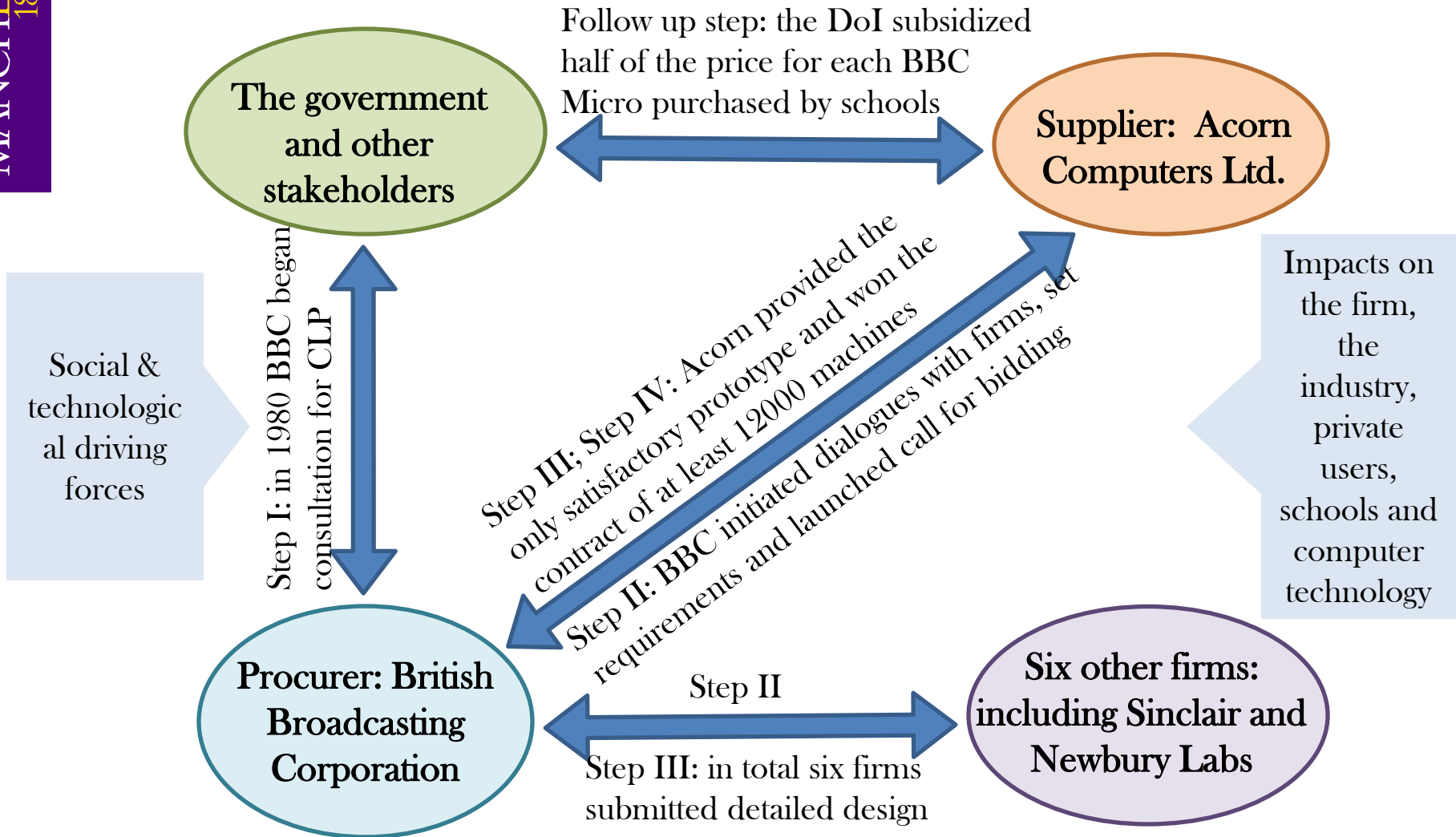


Table of comparison – part I

	Loongson case		BBC Micro case
Background and driving forces	Contextual	China, developing country, local articulation	UK, developed country, market mechanism
	Historical	2009-2011, globalization, indigenous innovation	1980s, 1982 named by DoI ‘Year of IT’
	Technological	Mature PC technology, needed tailored solutions	Early stage of IT, needed better machines
	Sectoral	Education	Education & private
Implementation actors	Initiating body	the supplier	the procurer
	Procurer	local and provincial governments	BBC
	Supplier	Lemote co-founded by PRI, local government and private firm	Acorn Computers Ltd. from the private sector
	User	Middle and primary schools in Jiangsu	Schools as well as private users

Table of comparison – part II

	Loongson case		BBC Micro case
Procurement process	Procedure	‘First procurement’ under provincial regulations in conjunction with catalogues	Competitive dialogue
	Competition issues	No competition	Initially approached Sinclair and Newbury, then competition
	Stakeholder interaction	Supplier – procurer, user – supplier, government – others	Procurer – supplier, government – others
Outcomes & Impacts	<ul style="list-style-type: none"> • Innovative e-classroom solution • Improved supply chain based on Loongson processors • Experiences for other localities to conduct IOPP 		<ul style="list-style-type: none"> • Better performing machine • Significantly accelerated PC popularization in the UK; • At least 70% of UK school computers were BBC Micro

Table of comparison – part III

	Loongson case	BBC Micro case
Difficulties encountered	<ul style="list-style-type: none"> • Stakeholders who were unwilling to bear the risk • Needed further transformation towards ‘e-education’ 	<ul style="list-style-type: none"> • Demand dramatically exceeded supply
Other features	<ul style="list-style-type: none"> • Strong catching up feature • Governmental intervention was the leading factor • Brave and interactive stakeholders (e.g. the proactive firm, cooperative users and officials who were willing to bear the risk) played crucial roles in the process 	<ul style="list-style-type: none"> • Although there were mature PC companies providing cheaper machines, and Newbury was favored by government, BBC maintained its principle to buy advanced technologies

Coping with the changing social need:

While the process that Loongson case followed might be easily considered as a form of protectionism, the process followed by BBC Micro might not be easily transferrable as the challenges we face nowadays are different. Today the demand is not that demanding, but more problems need to be addressed with IOPP.

Making use of sectoral advantages:

Routine mechanism (for communicating and collaborating) can be established in favour of innovation in suitable sectors such as education and healthcare to enhance the effectiveness and efficiency of IOPP.

Further communicating and engaging various stakeholders:

Although IOPP is a demand-side tool by nature and normally initiated by procurers and users, it can be initiated from the supplier side. Other stakeholders might be the initiator as well, e.g. researchers/experts who know both the potential of technology and the demand.

Thank you