



NORDIC THINK TANK

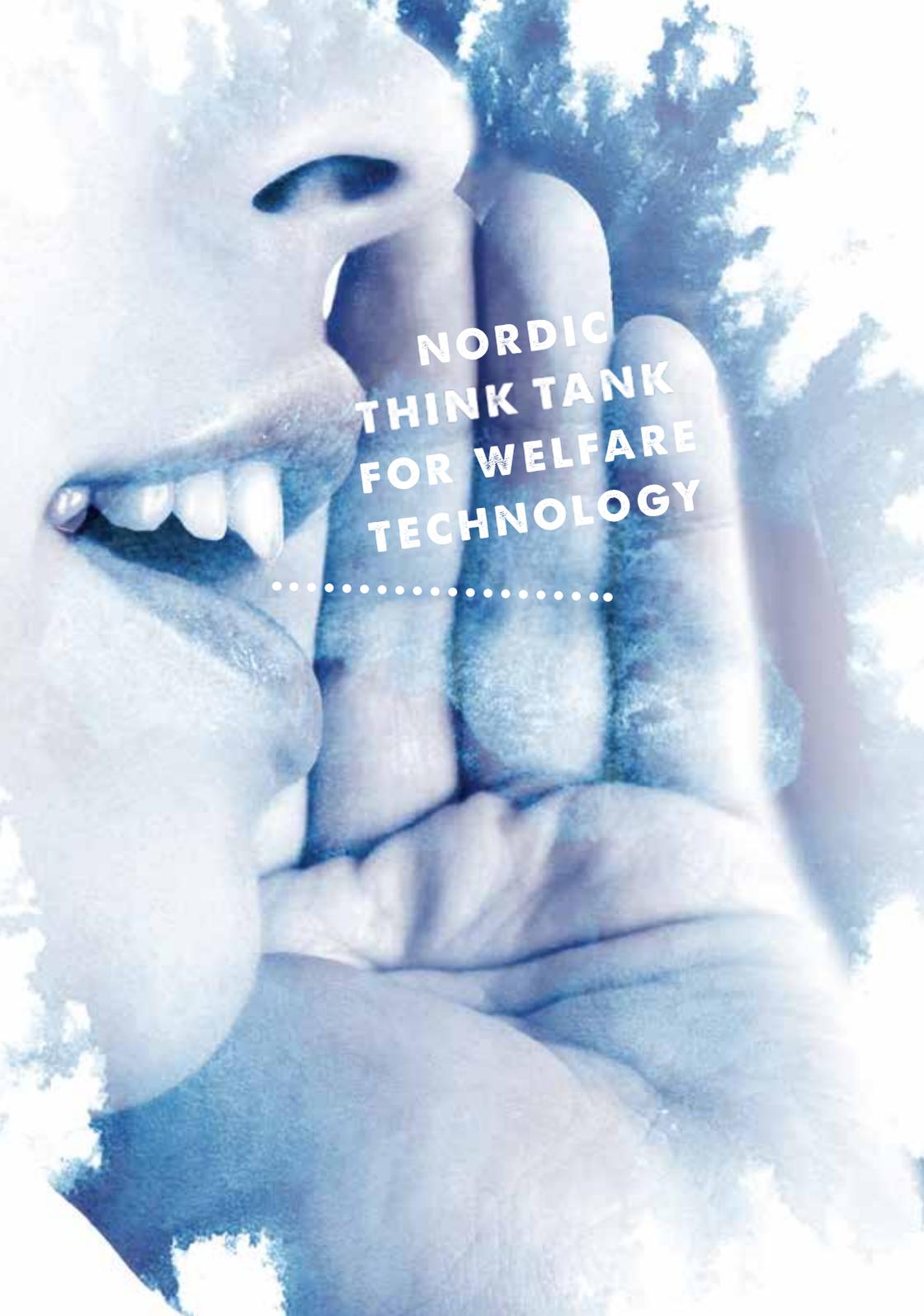
FOR WELFARE TECHNOLOGY

**STRENGTHENING THE COMMON NORDIC
MARKET FOR WELFARE TECHNOLOGY**



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Nordic Centre for
Welfare and Social Issues



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STRENGTHENING THE COMMON NORDIC MARKET FOR WELFARE TECHNOLOGY

The Nordic Think Tank for Welfare Technology is run by The Nordic Center for Welfare and Social Issues, an institution under The Nordic Council of Ministers. The think tank consists of ten carefully selected experts, two from each of the five Nordic countries. The experts selected are chosen based on their professional knowledge and experience and are all among the leading experts in their respective countries. To maintain an independent think tank, no expert is employed by the central administration of his or her home country.

The think tank selects and addresses one difficult question each year within the area of welfare technology. For 2015 the question was:

“How do we strengthen the common Nordic market for welfare technology?”

During think tank meetings, the members identified some of the main challenges and barriers to creating a strong common Nordic market within welfare technology. These challenges and barriers were later transformed into the recommendations which can be found in this document.

To help the think tank during this year's debate, a workshop was arranged in which private companies, public authorities and municipalities participated. During the workshop the question of the weak common Nordic market was discussed and all of the input was collected and presented to the think tank.

Please note that the recommendations found in this document are set within a Nordic context. This means that some recommendations may be more applicable for some countries than others.

INTRODUCING THE PROBLEM

For 2015 the Nordic Think Tank for Welfare Technology chose to focus on the relatively weak common Nordic market for welfare technology.

It is widely recognized on both the supply and demand side that the common Nordic market for welfare technology is relatively weak. This may come as a surprise, as all five Nordic countries possess very similar healthcare systems, similar societal values and even face similar future challenges within welfare areas. Beyond that, all five countries have identified welfare technology and public innovation as an important part of the solution for future common challenges within the welfare sector.

To assert that the entire common market for welfare technology is weak may be an overstatement. The area of traditional assistive technology actually has a sound common Nordic market, which has been developed over many years of cooperation between the countries within this area. But when it comes to more advanced assistive technology, including digitalization, e-health, robotics, tele-medicine, etc., the common market instantly becomes fragmented.

This represents a very serious barrier for the development and widespread implementation of welfare technology, as the five Nordic markets are not equally developed and no individual market is sufficiently strong. The weak common market means that, for instance, the public demand side in Sweden does not have sufficient access to the stronger Danish supply side, which may potentially result in fewer, more expensive and even lower quality products being available for purchase. A stronger common market would provide the demand side with a wider selection and the supply side with a larger market, strengthening both the market and interest in welfare technology as a whole.

WHAT ARE THE TOP CHALLENGES FOR STRENGTHENING THE COMMON NORDIC MARKET FOR WELFARE TECHNOLOGY AND HOW DO WE ADDRESS THEM?

CHALLENGE 1:

How to overcome structural and traditional obstacles on the demand side?

Explaining the challenge: On the demand side there is a range of structural and tradition-bound obstacles that can serve as barriers and which result in an often unintended form of protectionism. Looking across the Nordic region, municipalities tend to choose technology suppliers from their own region or home country. This is obviously a challenge to strengthening the common Nordic market.

These obstacles can be a general lack of knowledge and understanding of the market as well as insufficient resources to undertake the necessary market analysis. It can be an inherent local thinking problem, including an aversion to anything not invented locally. There can be obvious language barriers even within the Nordic region. The obstacles can be based on tradition and habits. Some municipalities may have used the same suppliers for a long time, and they now know them and feel safe using them. We also see a large degree of risk aversion which often manifests a bias towards larger companies. Geographical proximity can also reduce the sense of risk.

All of the abovementioned obstacles create an unintentional and undesirable protectionism that challenges the strengthening of the common Nordic market.

The Nordic Think Tank recommends:

Better and closer cooperation between municipalities in the area of welfare technology

Not everyone can be a frontrunner, and not everyone has the size or resources needed to succeed within welfare technology on their own. We should encourage close cooperation between municipalities within welfare technology in order to pool resources, experience and knowledge.

We comprise 1,200 municipalities within the Nordic region, but need not act like 1,200 separate entities. Today there are already very successful examples of

municipalities pooling their resources and cooperating within welfare technology, particularly in Norway. By working more closely together, we acquire important resources and economies of scale that help us bridge the knowledge gap. An added benefit that helps bridge the knowledge gap, other than the pooling of resources, is the knowledge transfer between employees from different municipalities when working together. Furthermore, cooperation with others also forces us to question tradition and habit and often leads to more innovative thinking.

Engaging on the political level

The municipalities must do better at engaging on the political level and increasing their ownership within welfare technology.

Being successful within welfare technology requires an active, visible and engaged political component. Municipalities should consider formulating a strong vision as well as a clear strategy outlining how to achieve this vision. Having clearly defined political goals gives direction and purpose and helps overcome some of the traditional and structural obstacles involved in testing, procuring and implementing new technology.

Testbeds create knowledge for both the supply and demand side

Whether they are Nordic, national or municipal testbeds, when set up and run properly, they can provide both the demand side as well as the supply side with a wealth of knowledge.

They can provide municipalities with a better understanding and knowledge of the market, not only of local companies, but also a wider perspective. Furthermore, testbeds can provide both sides with knowledge about the complexities of public regulations and laws. Many such issues only become clear during real testing and can help both parties save valuable resources. Test beds can also help both parties in creating up to date business models designed to facilitate new innovative products that may not fit the traditional public setup.

While a testbed set up can be beneficial at the local level, a structured common Nordic community or collaboration between testbeds would help municipalities share knowledge and make it easier for companies to sell across borders.

It is important to stress the need for quality when working with testbeds. There is a wave of smaller municipal living labs across the Nordic region, and while many are very good, others unfortunately have a negative effect on public perception. They also have a negative effect as test facilities due to inaccessibility, a lack of educated and knowledgeable staff, etc.

CHALLENGE 2:

A complicated and old-fashioned procurement process.

Explaining the challenge: Although renewing the procurement process and enhancing public-private partnerships have been on the public agenda for some time, looking across the Nordic region these initiatives do not seem to have taken root. Traditional procurement procedures still seem to be the common choice when procuring new welfare technology, perhaps due to close connection to assistive technology. What is even worse is that there seems to be a lack of knowledge among those responsible for the procurement process. The lack of knowledge is not limited to which form of procurement best fits purchasing technology, there is also a lack of knowledge about the technology market and the intricacies of delivering public services.

The traditional forms of procurement and the general lack of knowledge make it hard for smaller and foreign companies to respond to calls for tender and are in themselves an innovation barrier.

Furthermore, the Nordic countries have slightly different regulations when it comes to procurement, although all adhere to international regulations. We each have slightly different interpretations and different traditions. This makes responding to calls for tender in other Nordic countries more complicated and requires more resources.

The Nordic Think Tank recommends:

Better national information and guidelines on procuring technology

Buying advanced technology and buying traditional assistive technology is not the same thing, although far too many municipalities treat these as exactly the same. This unfortunately means that many calls for tender must be redone due to mistakes, or just as commonly, that the evaluation criteria/parameters on which the winners are chosen are old-fashioned and do not result in the best products being chosen.

We call for the national governments to provide municipalities and regions with better information and guidelines on how to procure technology. Better information on how to use simple tools such as, for instance, market dialogue. The public sector would benefit greatly from better cooperation with the private sector, but too many municipalities and regions mistakenly see the private sector as an opponent. The public sector also needs to do better at implementing and using

smarter forms of procurement. The tools are already there, but are not yet widely used. National information and guidelines could help us get there.

Cross-municipal cooperation and specialist procurement staff

Within many areas, such as ordinary goods, it is quite common to engage in common procurements across municipalities in most of the Nordic countries. This ensures certain economies of scale in procurement and results in a better price. This is, however, very rarely the case within welfare technology. We recommend that smaller municipalities in particular engage in closer cooperation for the procurement of welfare technology as this will increase the level of competence and scale of the procurement.

We also recommend specialist staff for procuring welfare technology. The procurement specialist should know more than simply procurement laws and procedures. A thorough understanding of public services, staff and end users as well as the technology market would greatly benefit the procurement process.

A common Nordic pre-commercial procurement (PCP)

If we want to strengthen the common Nordic market for welfare technology, we should start by thinking *Nordic*. We could explore the advantages that the size of the Nordic region provides us – for instance, by undertaking common Nordic PCP (Pre-Commercial Procurement) based on a common Nordic need. A PCP process requires size and resources, something that could be achieved through Nordic cooperation. Furthermore, a common Nordic PCP process would undoubtedly also strengthen the concept of a common Nordic market.



CHALLENGE 3:

References do not work across borders, so “pilot projects” are needed in every country.

Explaining the challenge: When looking at the markets for welfare technology across the Nordic region, if the traditional assistive technology companies are excluded, the markets are largely dominated by small and medium-sized innovative companies. All the individual markets are still young, and both supplier and procurer are still unsure about target groups, methods, ethics and scale. This results in a lot of pilot projects, where the potential procurer tests whether the technology works as planned. The supplier also has the chance to prove the worth of the technology. Nonetheless the problem is that pilot projects take time, and a supplier still needs to earn a living. What is even worse is that a successful pilot in Norway does not count for much in Copenhagen. The public sector does not recognize references from other Nordic countries, meaning that to enter a new Nordic market, more pilot projects are needed, which requires time and resources.

The Nordic Think Tank recommends:

Collaborative thinking

Municipalities and regions need to abandon the “not invented here” thinking that is unfortunately thriving throughout the Nordic region. Both municipalities and regions tend to feel they are unique. As such, they believe they need to redo everything in order to ensure the proper fit for their unique municipality or region. We must be better at sharing knowledge and experience to save valuable resources and time. Even when not all knowledge is directly transferable, it can always serve as valuable input.

A “Nordic knowledge-sharing platform”

A common platform is needed to connect and share competence, experience and knowledge. The platform should serve as a multipurpose platform (see recommendations below); for this particular challenge, being able to see all the other Nordic municipalities or regions which have tested a given product will mean access to evaluation reports as well as knowledge in organization, target groups, etc. The platform could serve both supply and demand, linking Nordic needs with Nordic products.

CHALLENGE 4:

A lack of Nordic knowledge, from both the private and public perspectives.

Explaining the challenge: As welfare technology is a new market, very few players have a perspective which crosses Nordic borders. A Nordic market will have difficulties thriving until it becomes much clearer to all the parties involved. It is very difficult today to get a clear picture of all the important players in each of the five countries: Who is responsible for what? Do the public sectors have the same needs? What are the differences in legislation and regulations? What is the IT infrastructure like? Who pays for what? Are there national standards for data security? Are there national standards/protocols for communication? And so on. The lack of knowledge means fewer people think of the Nordic market as common. This means many public procurers buy locally and many companies look to larger markets such as Germany and the UK.

The Nordic Think Tank recommends:

A common standardization framework

It would be greatly beneficial if all five countries supported a common standardization framework, for instance, the Continua Health Alliance.

A “Nordic knowledge-sharing platform” (see above)

A common Nordic platform that maps all the important players and has answers to the initial questions, as mentioned above, i.e., a knowledge bank. A platform that will help companies sell their products across Nordic borders by providing them with the information needed to do so, while also providing a platform for public sector bodies to share knowledge and experience regarding products and projects. It would also be beneficial if the platform could serve as a B2B match-making tool, helping companies find business partners or distributors across the Nordic region.

A common Nordic “welfare technology fund”

Inspired by the first Danish strategy, which revolved around a fund to which municipalities could apply for funding for welfare technology projects, a common Nordic fund would strengthen Nordic awareness, focus on common Nordic needs and reveal successful Nordic products. A common Nordic welfare technology fund has the potential to strengthen the individual markets through funding and added competences while simultaneously highlighting the mutual connectivity between the five Nordic countries.

CHALLENGE 5:

The national markets are weak, therefore the common Nordic market is weak.

Explaining the challenge: One of the reasons why the common Nordic market for welfare technology is relatively weak could be that the five individual markets are relatively weak – or at least some of them are. As it stands today, the Nordic markets are at different levels. The countries have not worked with welfare technology for the same amount of time, and national strategies in some countries have strengthened the demand side and consequently the market, while others have not had similar national initiatives to help them grow. Stronger individual markets would increase the incentive to explore a common Nordic market.

The Nordic Think Tank recommends:

National strategies for welfare technology

The think tank recommends that all five Nordic countries pursue a national strategy for welfare technology. A successful national strategy can help provide direction and competences to the public sector, thereby increasing demand for more welfare technology products. The successful strategies in Denmark and Norway have shown that having a national strategy does not only benefit the public sector, but greatly improves the market as a whole. Strengthening the five individual markets would increase the attractiveness of a common Nordic market.

MEMBERS OF THE NORDIC THINK TANK FOR WELFARE TECHNOLOGY



Inger-Marie Bakken (Norway)

Senior Business Advisor Trøndelag R&D. Inger-Marie works with Implementation of technological solutions in health and care from the perspective of municipalities. She also does testing of technologies still under development.



Lars Lundberg (Sweden)

Expert on welfare technology and business policy at Almega. He replaced Mikael von Otter in the Think Tank during the second half of 2015 – as he replaced him at Almega. Lars also has a municipal background having worked with welfare technology in Stockholm City.



Sigrun Johansdóttir (Iceland)

Manager of TMF. Sigrun manages TMF, which translated into Technology Media Skills. She has more than 20 years of experience working with technology for people with different needs.



Ivan K Lauridsen (Denmark)

Head of department for Welfare Technology Aarhus Municipality. Ivan leads the department for welfare technology at one of the leading Danish municipalities within the area of welfare technology.



Claus B Nielsen (Denmark)

Business Development Manager at Delta. Claus is one of the leading characters within ICT and Welfare Technology in Denmark, and has contributed to both national and international projects within the area. Claus is also the Vice Chairman of the European working group for Continua Health Alliance.



Mikael von Otter (Sweden)

Expert on economic and business policy at Almega. Mikael is responsible for the area of welfare technology at Almega and is an expert on the greater societal benefit of using ICT and welfare technology.



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Research Director and Professor at SINTEF. Welfare technology is a strategic initiative at SINTEF and they are involved in several large national projects within the area.



Eva Sahlén (Sweden)

Director of Social Affairs at Västerås Municipality. Eva has spearheaded the success obtained by Västerås Municipality within the area of welfare technology. Västerås is today recognized as the leading municipality in Sweden within this area.



Hákon Sigurhansson (Iceland)

Managing Director TM SOFTWARE. TM Software is one of the leading companies in software solutions for the healthcare and welfare sector in Iceland. Hákon has been has over 20 years of management experience in the software and health care IT industries.



Lea Stenberg (Finland)

Project Manager at Union for Senior Services. Lea is project manager on a large project within welfare technology called The KÄKÄTE project. The project aimed to increase the chances of independent living.



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