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Innovative Procurement & Fostering Small & Medium-sized Enterprises

PPS - Friend to SMEs and Venture Companies

Cheolwoong Park
Director, Procurement Management Division
Public Procurement Service, Korea





1

Policy
Foundation



2

Innovative
Procurement



3

Fostering
SMEs

CONTENTS



1



2



3

**Policy
Foundation**



Policy Foundation for Innovation and SMEs



Execute Strategic Policy

- ☑ Foster new industries through public procurement
- ☑ Support government policy initiatives for the economy stimulation
 - ▷ including economic adjustment and employment growth

Support SMEs and Venture Companies

- ☑ Specialized support for SMEs, venture companies, and disadvantaged businesses
- ☑ Help find public procurement market domestically and throughout the world



Policy Foundation for Innovation and SMEs

Dynamic Procurement Marketplace Full of Vitality

PPS - Friend to SMEs and Venture Companies

- ▶ **Stabilize the Economy and Accelerate Economic Recovery**
- ▶ **Create a Favorable Environment for Business with a Regulatory Reform**
- ▶ **Create an Innovative Procurement Ecosystem where New Industries thrive**
- ▶ **Go beyond International Markets
to open New Export Markets with Global Procurement**



2

Innovative Procurement



Introduction to Innovative Procurement

▶ **Government purchases Innovative Products *First***

→ Support Private-sector **Technology Innovation & Growth** and **Improve Public Services**

▶ **Government becomes the “*First Buyer*” and creates Initial Market**

→ Increase **opportunities for Innovative Products to participate in public procurement**



Introduction to Innovative Procurement

Assist promising SMEs in joining public procurement markets by purchasing Innovative Products

Improve Public Services

Raise new Demand

Save Taxpayers' Money with the Best Value for Money

Budget saving with innovative purchase

Offer Better Public Services to the Public

Enhance the quality of public services



Timely Response to Rapid Social Changes

Tackle social issues

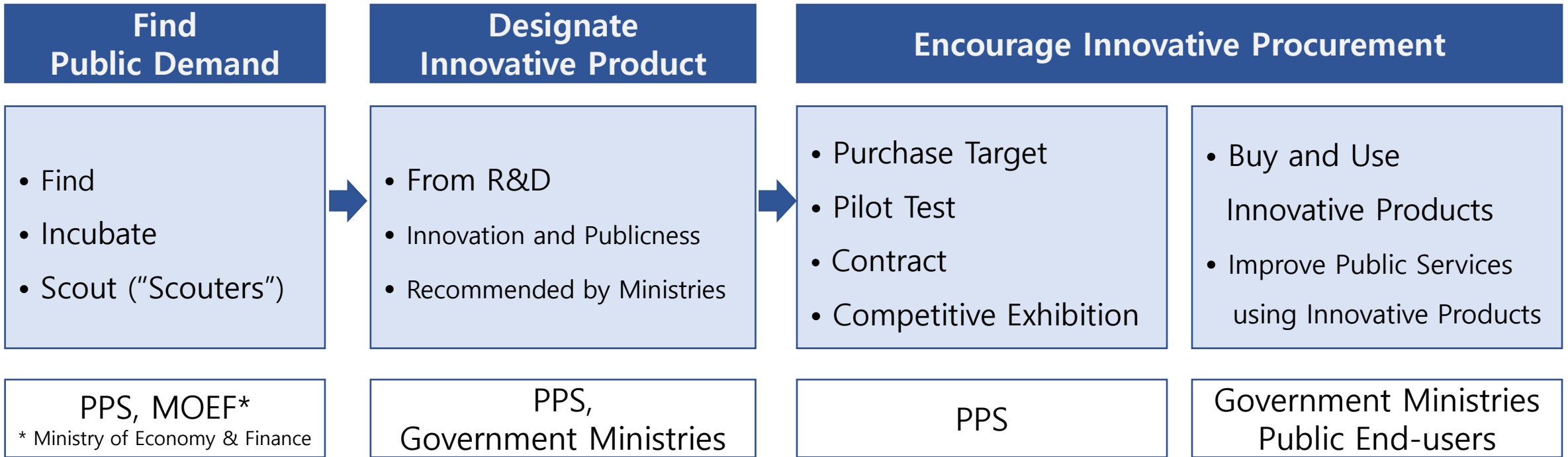
Create a New Market and Go Global as a Pioneering Buyer

Pilot use and purchase by the government

Advance into the Global Procurement Market



Innovative Procurement Process



[Platform] Inno-KONEPS (PPS): A cross-government, Innovative Procurement platform that supports every step of the process

[Legal Body] Procurement Policy Committee (MOEF): Establish Innovative Procurement Policy and Endorse Designation of Innovative Products



Pilot Use of the Innovative Product

Public Entities *Pilot-use* Innovative Products and evaluate & provide feedbacks.

- ▶ Pool of candidate prototypes is formed for pilot purchase, after a technical evaluation of feasibility, marketability & innovation, and an on-site inspection.
- ▶ **Prototypes are then purchased with the PPS budget and tested by public entities.**

- ✓ Pre-commercialized Innovative Products are tested, **helping the products to readily join procurement markets and to facilitate developing relevant technologies**
- ✓ Records with “**Government Procurement**” are a strong credit



Innovative Products

Throw-able Smart Fire Extinguisher



Fire extinguisher bottle is thrown into fire from a distance; suitable for early stage fire suppression and securing escape route

Floor-type Pedestrian Traffic Light



Prevent accidents of jaywalkers and pedestrians using smartphones when crossing



Innovative Products

Circular Resource Collection Robot



Turning plastic bottles into resource and money for people (incentive points), encouraging citizen participation

Smart Poles; Traffic Lights with ICT Tech



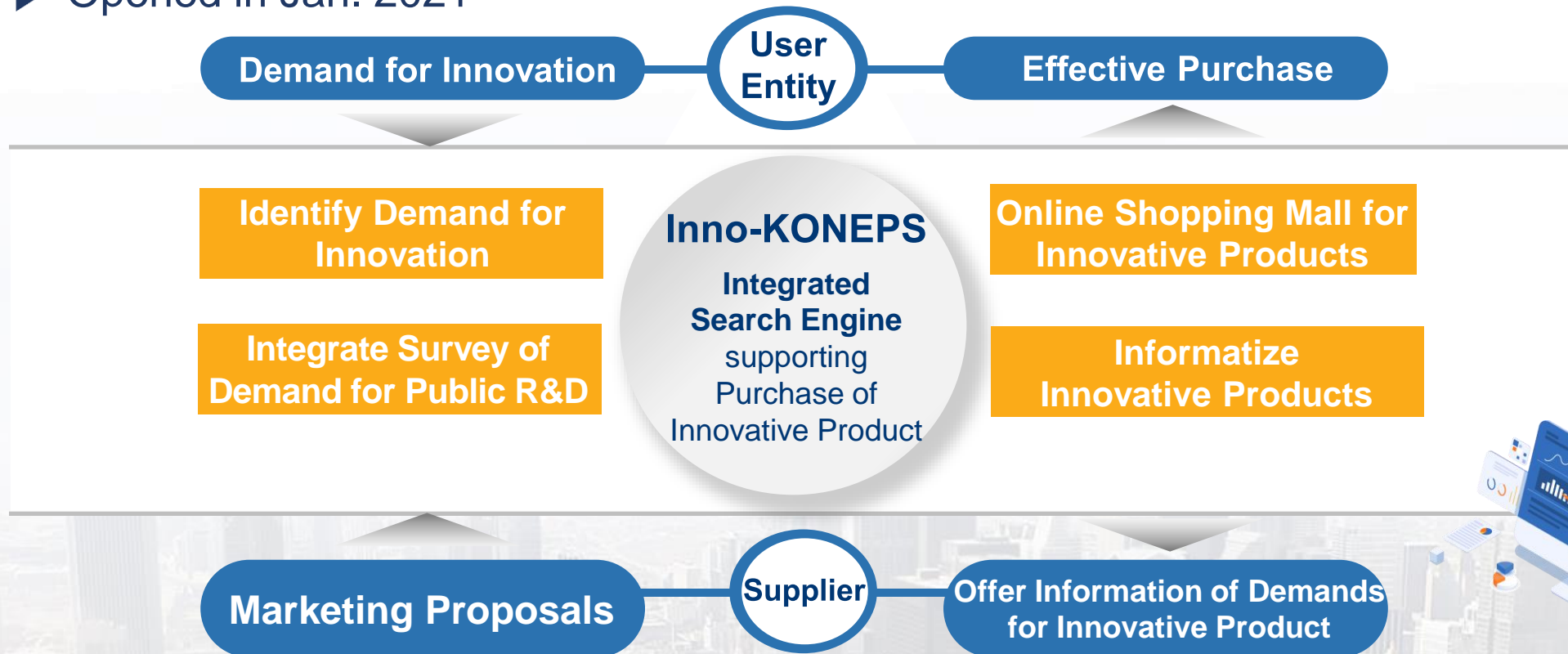
Installed near Jeju Airport with a lot of traffic; preventing jaywalking or walking a red light



Inno-KONEPS, the Innovative Procurement Platform

Platform for Innovative Procurement

- ▶ To **Create demand** and **Expand sales channels** of **Innovative Products**
- ▶ Opened in Jan. 2021





Inno-KONEPS, the Innovative Procurement Platform

혁신장터	조달청	종합쇼핑몰	벤처나라	나라장터	목록정보시스템	이음장터	공지사항	로그인	회원가입
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전체

혁신제품 전용물	혁신시제품 지정	혁신제품 시범구매	R&D 수요조사	혁신수요 발굴	경쟁적 대화계약	참여기관 업무	☰
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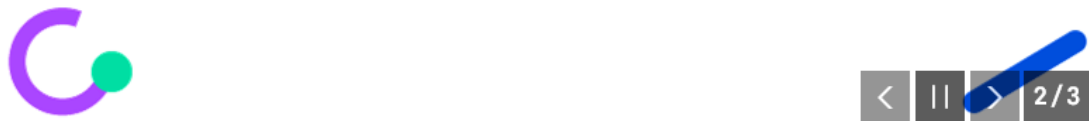
혁신장터	혁신제품 전용물	혁신시제품 지정
혁신제품 시범구매	혁신수요발굴	통합 공지사항

공지사항	보도자료	자료실	+
27 2024.08	2024년도 공공조달(혁신제품) 경진대회 사례 발표 기관/기업 선정결과 안내		
20 2024.08	2024년 혁신제품 지정기간 연장공고(1차 연장(1년)) - '24.12.23.만료기업, 유형 2 기업 해당)		
07 2024.05	[기관평가] 2024년 혁신구매목표액 공지		



혁신제품 제3자단가계약 참여기업 모집 공고

| 신청기간 | 2024.05.01. ~ 2024.12.31.



국민(공통) 자주찾는 서비스

- 혁신제품 지정현황
- 혁신제품 인증서 발급
- 홍보마당
- 혁신수요 아이디어 공모



Innovative Products Overseas Testing

Overview

- ✔ **Provide an opportunity to test Innovative Products for Performance and Market Viability in International Markets**
 - ▶ Initiative to purchase products inventive but previously unavailable

- ✔ **Collaborative efforts** with organizations having international networks to **drive international validation of the Innovative Products**
 - ▶ KOTRA, KOICA, and Korea's public power generation companies
 - ◇ KOTRA: Korea Trade Investment Promotion Agency
 - ◇ KOICA: Korea International Cooperation Agency





Innovative Products Overseas Testing

Achievements

- ✓ Since 2021, **Overseas Testing projects** with three **Power Generators** expanded through collaborations with various institutions - KOTRA, KOICA & ETRI
 - ◇ ETRI: Electronics and Telecommunications Research Institute
 - 13 Innovative Products worth USD 340,000 tested at power plants in Indonesia, Chile and Jordan
 - Since 2021, USD 580,000 purchased in connection with KOTRA program
 - Blood collection devices in hospitals of five nations including Tanzania in 2021
 - Urine analyzers in eight nations in 2023



3

Fostering SMEs & Start-ups



Policy to Support SMEs in Public Procurement

Easier Market Entry

- **E-procurement System**
 - ▶ All bids to be published on KONEPS

Foster Competent SMEs

- **Excellent Government Procurement Product**

Expand Market Access for Start-ups

- **Venture Mall: Specialized Shopping Mall for Start-ups**

Support Suppliers

- **“Procurement Sherpa” / Cash-flow Support**
- **Subcontract Management System**



Excellent Government Procurement Product

Overview



- ✓ Certifying products of **outstanding performance, technology and quality**
 - Since 1996, to encourage SMEs to develop innovative technology and high-tech products
 - Certification for 3 years and extension up to 3 years

✓ Purpose



Enhance SMEs' technology and quality



Support SMEs with greater sales channels



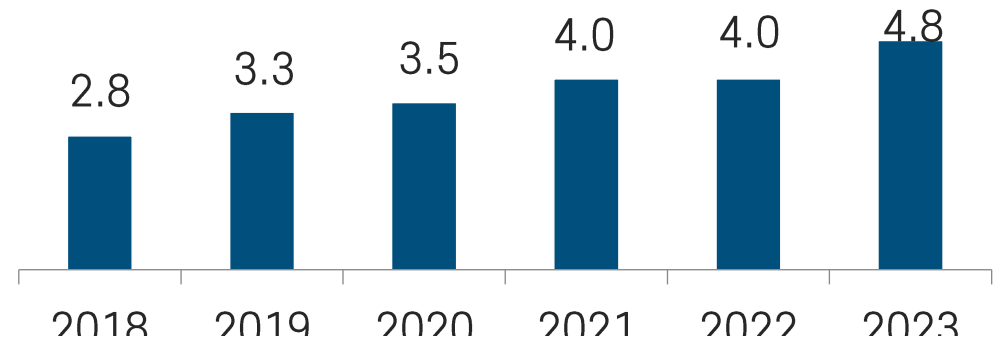
Stepping stone leveraging procurement market

Benefits

- ✓ Under a unit-price contract by PPS, **Excellent Products** are supplied to public entities through **KONEPS Shopping Mall**
 - Public entities can **easily make purchases** at the Mall

✓ Sales Performance

(Unit : 1B USD)





3. Fostering SMEs

Excellent Government Procurement Product

전체(세부품명, 규격, 업체명 등) [검색]

상세검색 도움말

- 전체카테고리
- 인증물
- 테마물
- 할인행사/기획전
- 불공정행위 신고센터
- 고객센터

Home > 인증물 > 우수조달물품

인증물

- 혁신제품
- 사회적가치 실현기업
- 우수조달물품**
- 도로/철도/시설
- 사무/교육/가구
- 섬유/의류/생활
- 소방/안전/의료
- 소프트웨어
- 운동/취미/악기
- 전기/기계/설비
- 전자/정보/통신/영상
- 조경
- 차량/운송/운반
- 토목/건축/자재
- 화학/시험/계측
- 품질보증조달물품
- 우수조달물품상표
- 상생협력제품
- 창업기업제품
- 기술품질인증제품
- 녹색물품
- 정부정책지원

우수조달물품

우수조달물품클립하기 >

중소기업이 생산한 제품 중 기술 및 품질이 우수한 제품을 대상으로, 조달청에서 엄정한 평가를 통해 인증하는 제도

우수조달물품 구매평가 서비스 제공

우수조달물품 본품 추가선택품목

전체(세부품명, 규격, 업체명 등) [검색]

품명바로가기: [가](#) [나](#) [다](#) [라](#) [마](#) [바](#) [사](#) [아](#) [자](#) [차](#) [크](#) [테](#) [프](#) [중](#)

신규 지정 우수조달물품

※ 등록기준: 처음으로 우수조달물품 지정된 계약업체 ~ 익일로부터 6개월간 조회됩니다.

업체명	품명	대표품명
(주)씨에이치씨 바이오텍	생물안전작업대(4110351701)	생물안전작업대, 씨에이치씨 바이오텍, PNB-703, 1025×870×2275mm
정상이앤티 주식회사	공기살균기(4016169901)	공기살균기, 정상이앤티, KPLAZER-ADD700S, 99㎡, 68W
주식회사 포원솔루션그룹	공기순환기(4010160201)	공기순환기, 포원솔루션그룹, SHV-03, 165㎡/h, 창문형/무드트형/폐열회수형
주식회사 건기	건물일체형태양광발전장치(2611160702)	건물일체형태양광발전장치, 건기, GUNGI-BIPV-ROOF03-130T, 3.15kW, 지붕일체형
N D TECH	계장제어장치(3912118901)	계장제어장치, NDTECH, AKJ-R-01
(주)파노텍	발명자동제어장치(3912180101)	발명자동제어장치, 파노텍, ActiveBAS BLUe_Zero
하나산업	제진기(4710998001)	제진기, 하나산업, HN-ES1-2, 1000×2000mm

전체(품명, 규격, 업체명 등) [검색]

상세검색 우수제품업체 여기다 있다!

- #### 상품 카테고리
- 도로/철도/시설 (15479)
 - 사무/교육/가구 (12642)
 - 섬유/의류/생활 (94)
 - 소방/안전/의료 (296)
 - 소프트웨어 (84)
 - 식품류 (0)
 - 운동/취미/악기 (7)
 - 전기/기계/설비 (48004)
 - 전자/정보/통신/영상 (18043)
 - 조경 (80)
 - 차량/운송/운반 (51)
 - 토목/건축/자재 (7397)
 - 화학/시험/계측 (133)
- 업체 소재별 카테고리보기

회사소개

BEST Seller

- 주식회사 컴버스... 인터랙티브화이트...
- (주)상산세라믹 미장벽돌
- (주)삼한세원 점토바닥벽돌
- 한림로텍스 주식... 보차도용콘크리트...
- 세중전기공업(주... 폐쇄형배전반

BEST Product

- 콘크리트블록: 한림로텍스 주식회... 보차도용콘크리트블... 26,400 원
- 일반기계장비: 주식회사자동기 눈및얼음용해장치 88,000,000 원
- 배전 및 전기장비: 주식회사 베스텍 폐쇄형배전반 66,136,000 원
- 음향장비 및 신호...: 주식회사 디라직 구내방송장치 55,803,000 원
- 교육기자재 및 교...: 주식회사 아하 인터랙티브화이트보... 12,670,000 원

홍보동영상(업체제작) 1/5

이미지가 없습니다.

주식회사 플랜텍스

eBook Catalog [카탈로그 보기 >]

우수제품을 eBook 카탈로그로 만나보세요!

우수조달물품 지정제도 안내

공지사항 [더보기]

콘텐츠 등록 시 그림파일이 안보일 경우 전자카탈로그 작성요령 회사로고 및 홍보물 등록 안내

최근계약상품

- (주)금강모빌렉 이동식서가
- 주식회사 코아스 수강용탁자



Venture Mall – for Start-ups and Venture Companies

473 firms

3,496 products

143.1B KRW
103M USD



| Registered Firms |



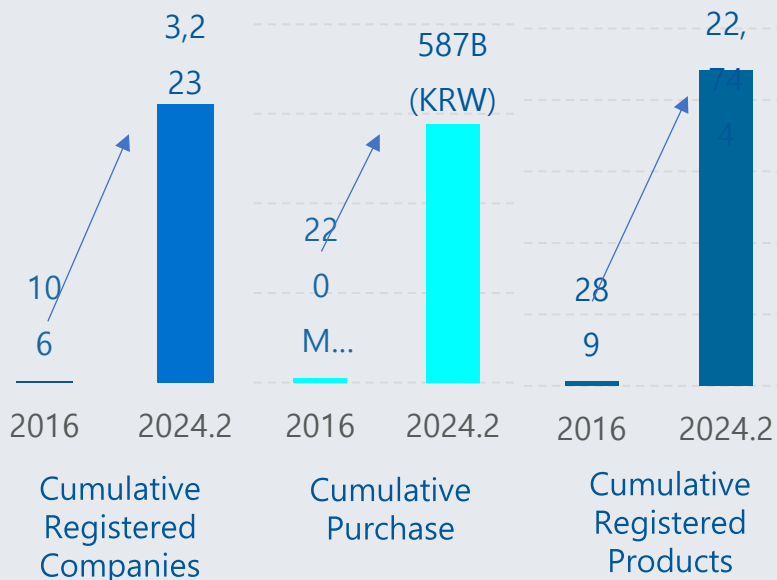
| Registered Products |



| Transaction Volume |

Venture Mall Performance in 2023

Cumulative Achievement of Venture Mall



Definition

- ✓ Dedicated mall for preemptive purchases of leading tech start-ups' & ventures' products to help enter new markets and build a foundation for growth

Features and Benefits

- ✓ Entry into the procurement market based on technology and quality alone, without past performance or business status score (e.g. credit rating)
- ✓ Deliveries to public institutions (estimated price less than 20M KRW, 15k USD) through direct orders from the end-users without a separate contract process with PPS for up to 5 years after Venture Mall registration

Achievements

- ✓ Launched in October 2016, Venture Mall has grown to a marketplace with 3,223 companies, 22,744 products, and 587B KRW (434M USD) in cumulative transactions.
- ✓ Venture Mall's sales performance serves as a stepping stone for growth; a total of 460 companies have entered the larger markets of Innovative Products (223 companies), Excellent Products (81 companies), and MAS (123 companies), etc.



“Procurement Sherpa”

Guide to Public Procurement for SMEs to expand Access to Procurement Markets



강원조달청, '동양아이텍' 이음장터 입점... 공공조달 길잡이 '첫 성과'

머니투데이 | 강원=허재구 기자 2024.03.29 13:55
<https://news.mt.co.kr/mtview.php?no=202403291319146444&type=1> 기사주소 복사

공공조달시장 진입부터 성장까지 특정한 기반 갖출 수 있도록 지속 지원



이병철 강원지방조달청장(왼쪽 첫 번째), 강경희 공공조달길잡이(왼쪽 두 번째), 고광만 동양아이텍 대표(왼쪽 네 번째) 등이 강원지방조달청 '공공조달길잡이' 상담실에서 동양아이텍의 공공조달시장 첫 번째 진출을 축하하기 위해 기념촬영을 하고 있다. /사진제공=강원지방조달청

Objective

- ✓ Actively identify companies that want to participate in public procurement and provide one-stop consulting services from experts for the entire market process (Venture Mall ⇒ Innovative Procurement ⇒ Excellence Product)

Features and Benefits

- ❖ Help excellent tech companies access public procurement: Full-scale consultation
- ✓ Provide consulting and information for novice suppliers
 - Customized consulting for company needs
 - Operate a specialized consulting room and information center
- ✓ Establish a responsible post-management system
 - Provide feedback on post-consulting status
 - Actively detect procurement site regulations
 - Provide information on policies for support from other ministries and local governments

Achievements

- ✓ Mar. 13, 2024 : “Guide to Public Procurement” Launching Ceremony
- ✓ Mar. 29 : First success case of entering the E-um Marketplace for services through customized consulting from the PPS Gangwon Regional Office



Cash-flow Support

Upfront Payment

- Up to **100%** of the value of a contract

Network Loan

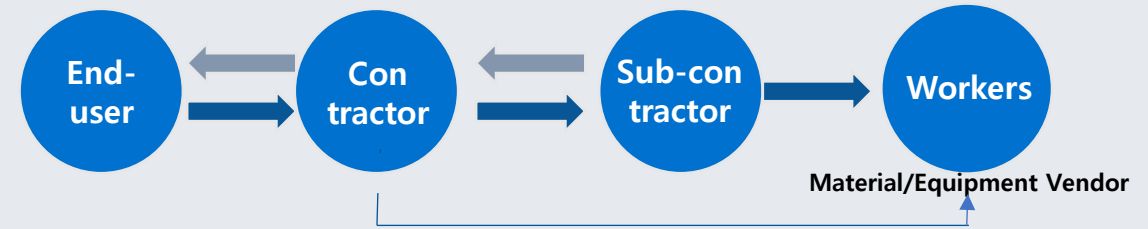
- PPS set up the **Network Loan** program with commercial banks and surety companies.
 - Commercial banks have partnered with PPS to allow SMEs **to obtain loans for up to 80%** of the contract amount **solely based on the contract with PPS.**
 - Suppliers may get **loans** from partner banks **for carrying out PPS contracts** at low interest rate.
- **(Network Loan Partners)** PPS, Korea Federation of Small and Medium Business, Korea Technology Finance Corporation, Industrial Bank of Korea, major commercial banks (Shinhan Bank & Hana Bank)



Subcontractor Protection System

Definition

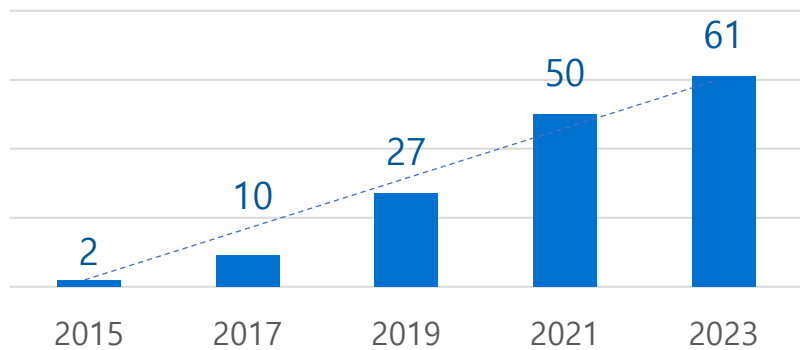
✓ A system that electronically processes and monitors the process of subcontracting and payment (for materials and equipment, labor, etc.) for public sector contracts



End-user may pay sub-contractor or vendors directly with consent.



Subcontractor Protection Usage (in Trillion KRW)



Payments made through Subcontractor Protection

61.3 trillion KRW / 45.4 billion USD

Features and Benefits

- ✓ Electronic execution of subcontracts based on standard subcontract forms
- ✓ Subcontract payments, materials and equipment payments, and labor payments are sent to the subcontractor's commitment account
 - Restrictions on withdrawal of payments other than the vendor's share

Achievements

- ✓ Protection of the rights of the economically disadvantaged and fair and transparent subcontracting transactions
- ✓ Subcontractor protection performance (as of 2023)
 - (Amount paid) Approx. 61.3T KRW, 45.4B USD
 - (Number of organizations) 10,287 (Number of companies) 83,755



Public Procurement
Service

Thank You Q&A

Excellence in Public Procurement

