

Working Effectively with the Public Sector

A Guide for Startups

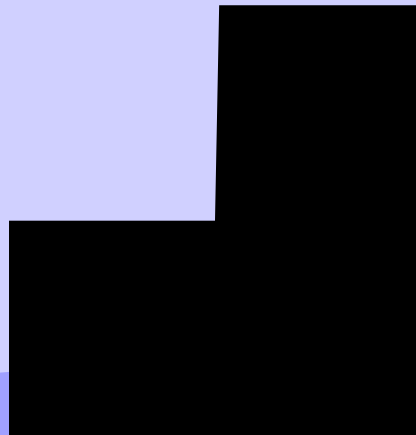
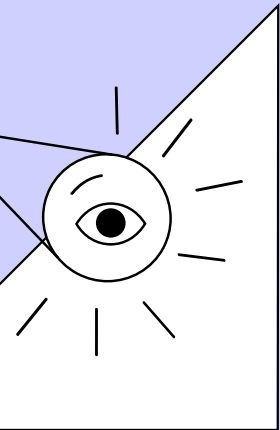


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Introduction: About this Guide

Governments around the world need to provide reliable, innovative and digital solutions and services in fields as diverse as education, healthcare and climate change. The scope of these services is formidable, few businesses could claim their task is as big or complex as that facing the Public Sector, reaching billions of people. With increasing expectations of citizens in the capacities and delivery methods of the Public Sector comes the need to innovate Public service delivery in a way, that caters the needs of citizens, is demand-oriented, flexible and fast. Startups can provide a fertile ground for innovation, providing access to ideas, networks and new ways of working that can improve the way the Public Sector provides services to citizens. In return, the Public Sector can offer Startups a market, a reliable source of finance, access to networks and knowledge as well as data and testbeds to pilot their products and services.

In practice however, the enormous potential of collaboration between the Public Sector and Startups is rarely tapped into. Only a few Startups view the Public Sector as a potential customer or partner, mostly because of its reputation for complex procurement processes and a high bureaucratic load. The skepticism is mutual -from a Public Sector perspective, there are concerns about the economic performance of Startups and their lack of demonstrable experience in providing the demanded performance.

We would like to change this! The GIZ project Fostering Collaborative Innovation for Digital Transformation has set sails to identify and bridge the gap between Public Sector entities and innovators (specifically tech-Startups), to improve and scale ways for them to successfully collaborate. Over the course of two and a half years (2018-2021) we have had the pleasure to explore several ways of bringing together organizations through different innovation formats, to find out what could help both sides in finding cooperation opportunities and set the foundation for long-lasting partnerships. We had the pleasure to cooperate with the Impact Hub network on this journey, both to conceptualize our project, as well as to pilot concrete engagement strategies and government programs to work closer with Startups on pressing societal issues. We would like to thank the Teams from Impact Hub Yerevan, Impact Hub Khartoum and the Global Impact Hub Team for the great support, this guide being part of our joint efforts. With this guide we aim to inform and mobilize Startups for increased Public Sector Cooperation and support you in assessing if a cooperation with the Public Sector is a step that will bring your operations, innovation

development or partnership approach forward. This guide gives an overview of the enormous potential that cooperation with the Public Sector can have for your Startup (Chapter 2), the most commonly faced challenges that Startups encounter when working with the Public Sector (Chapter 3) and Strategies to overcome these Challenges and work effectively with the Public Sector (Chapter 4). At the end of this guide, you will find a Collaboration Readiness Assessment, that aims to guide you in the questions you should ask yourself to evaluate if a cooperation with the Public Sector is the right thing for you to do.

For more information, please visit our website
collaborative-innovators.org.

THE IMPACT HUB AND GIZ PARTNERSHIP

Accelerating tech innovation around the world to address the Sustainable Development Goals. The partnership of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Impact Hub combines decades of international cooperation for sustainable development with entrepreneurial drive and ingenuity to accelerate tech solutions addressing the SDGs.

GIZ and Impact Hub have already successfully collaborated on several projects around the world in recent years and now we are taking our partnership further. We have for example jointly designed a digital transformation center in Kigali,

launched the GIZ Innovation Fund and implemented the #eSkills4GIRLS initiative. We possess complementary skills and networks in facilitating change for sustainable development. GIZ brings an extensive network of stakeholders from the private, academic and public sectors, decades of institutional credibility and experience of executing large-scale programs. Together with Impact Hub's global network of 16,500+ entrepreneurs & innovators from more than 55 countries across 5 continents and 15 years of expertise in designing, incubating and accelerating impactful innovation, our partnership has the potential to address the SDGs on a global scale.

Find more information about GIZ and Impact Hub at the end of this guide and more information on our [partnership here](#).

Jargon Buster

The following jargon buster introduces terms commonly used in the Public Sector and terms relevant to Collaborative Innovation.

Capacity building

The process by which individuals and organizations obtain, improve, and retain the skills, knowledge, tools, equipment, and other resources needed to do their jobs competently. It allows individuals and organizations to perform at a greater capacity.

Public services

Services that are performed for the benefit of the public or its institutions. Public services are provided by governments to its citizens, either directly (through the Public Sector) or by financing private provision of services. The term is associated with a social consensus that certain services should be available to all, regardless of income. (OECD Glossary: Terms used in Governance at a Glance)

Civil Servant

An employee of the state, either permanent or on a long-term contract, who would remain a state employee if the government changes. In addition, civil servants are employees covered under a specific public legal framework or other specific provisions. (OECD Glossary: Terms used in Governance at a Glance).

Procurement

The process by which Public Sector bodies purchase services from both private and civic sector organizations instead of delivering those services directly.

Collaborative Innovation

Collaborative Innovation is a method that has its origin in the private sector, aiming to bring the innovative potential of young, dynamic Startup firms together with established larger companies that provide the scaling path for the external innovation to flourish.

Startup Officers

Startup Officers work within Public Sector agencies and function as entry points for Startups within the Public Sector.

Public Sector institution

Central and local government, public corporations, and bodies governed by public law such as:

central government: includes government departments and their executive agencies, non-departmental public bodies, and any other non-market bodies controlled and mainly financed by them (e.g. public hospitals, public transportation systems)

local government: those types of public administration that only cover a specific locality and any non-market bodies controlled and mainly financed by them

public corporations: market bodies controlled by either central or local government. These can include government-owned companies and information traders

1. What's In for your Startup

Beyond procurement, the Public Sector supports entrepreneurship ecosystems and increasingly collaborates directly with private businesses – thereby becoming an enabler and co-creator of innovation. This shifting mindset generates unprecedented opportunities for your Startup. Public Sector institutions operate at a large scale and can be an essential partner to grow market shares and increase impact. Especially, in light of the expected economic downturn related to the COVID-19 crisis, the Public Sector can be vital for Startups as it ensures stable access to finance and spurs demand for products and services. Partnering with government or public institutions and building customer relationships with them can help you:

Grow your Revenues

In many countries, the Public Sector is the single largest procurer of goods and services. Public Sector procurement accounted for more than 17 percent of global GDP in 2018.¹ There are several industries in which Public Sector institutions are specifically important (such as healthcare, transportation, education, etc.). Governments around the world have developed procurement strategies/policies that specifically focus on green public procurement, SME support, innovative goods and services and responsible business conduct.² Moreover, many government agencies are revising procurement policies to reduce complexity and allow for more agile processes. These efforts involve pre-procurement dialogues, innovation partnerships and Public Sector challenges preceding and complementing traditional procurement processes. As an example, the UK government launched a £20 million GovTech fund in 2017 and built a GovTech Catalyst team to promote and develop the UK GovTech market. One of the strategies of the funding included organizing a series of competitions and inviting Startups to pitch solutions to government challenges.³

¹ The World Bank, "General Government Final Consumption Expenditure." Accessed on February 20, 2021, <https://data.worldbank.org/indicator/NE.CON.GOV.T.ZS?locations=ZG-1W>.

² OECD, "Government at a Glance 2019." Accessed on February 20, 2021. <https://doi.org/10.1787/8ccf5c38-en>.

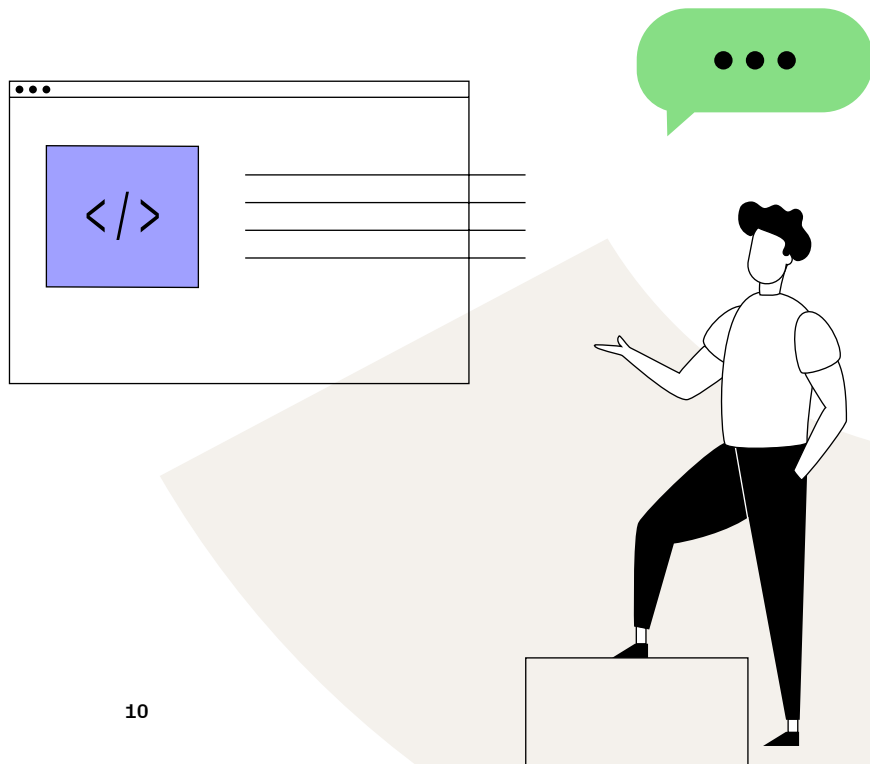
³ GovTech Catalyst." United Kingdom Government Digital Services, May 21, 2018. Accessed on February 20, 2021, <https://www.gov.uk/government/collections/govtech-catalyst-information>.

Grow your Impact

Working with the Public Sector can help you to scale your operations and increase your impact significantly. While in most cases the cooperation you will have with a Public Sector entity will start small, the possibilities to scale your operations both in terms of functionalities of your solution (functional scaling) or with regards to new customer segments (horizontal scaling) are manifold. When combining your innovation with the scale and outreach of the public sector, you can make sure that by joining forces you will reach the people that you want to reach with your solution.

Grow your Credibility and Customer Network

Working with the Public Sector might be difficult to kick-off, but once you convinced the Public Sector of your product or service and your attitude to cooperation, a Public Sector client makes a great reference in your portfolio and can enhance your credibility. Through good cooperation with one Public Sector entity, it will be easier to expand your customer base to other Public Sector entities, especially if you work in areas that many different Public Sector customers could be interested in (e.g. when your solution works on the municipal level).



Improve your Product or Service

Beyond procuring products and services from Startups, the Public Sector has funded and supported many world-changing innovations in the earliest stages of their development (e.g. technology innovations such as the Internet, GPS, and LCD displays or companies like Google, Tesla, SpaceX, or Siri). Through innovation funds or collaboration formats such as Public Sector Challenges and Innovation labs, your Startup can partner with the Public Sector and get access to:

- Financial (grants, loans, equity) and technical support for innovation and development
- Testbeds for prototyping and piloting solutions
- Valuable public data and knowledge
- Domestic and international credibility and visibility



2. Most Common Challenges that Startups Face when working with the Public Sector

Entering cooperative innovation partnerships requires a mutual understanding of differences and similarities between Public Sector entities and Startups. Having a better understanding of the Public Sector and its complex mandate will enable you to ensure ownership and reap the benefits of innovative partnerships. Before providing you with some concrete strategies of doing so, it is useful to look at the main challenges that most Startups face in one way or another when cooperating with the Public Sector.

Having a different timeline

The understanding of time frames and sense of urgency are different for Startups compared to the Public Sector. While Startups tend to be fast paced and might have been created only a short time ago, Public Sector institutions mostly are well-established representatives of government administrations. Their timelines are different: election cycles might interfere with project implementation, responsibilities and contact persons may shift and adapting to new circumstances takes more time because it requires approval from numerous stakeholders. The different timelines also reflect in the ways of working together, where in the Public Sector long-term planning is common and agility and flexibility to adjust usually lower.

Navigating the complexity of the public sector

Working with the Public Sector can be more difficult than cooperating with other businesses. Given its size, mandate and public accountability, the Public Sector has a high degree of organizational structure and complexity. The mandate of Public Sector organizations is inherently more complex than of most private sector enterprises, given that the Public Sector is composed of service organizations that provide a wide range of complex services to often difficult target groups or addressing failures that the market cannot solve. While this already is a very complex task, strategic planning and measuring success is also more complicated than in the private sector, where revenues, profits or market shares are often used as key metrics to steer operations and measuring success. Furthermore, the Public Sector cannot be separated from political decisions and organizations are often facing the challenge of balancing what makes

operational sense and what needs to be achieved politically. Startups face the challenge of not only understanding the organization and structure of the Public Sector, but also to realize, who holds which responsibilities and needs to be involved to get a cooperation to move forward.

Identifying the right Person to approach

Given the complexity of the public sector, it is difficult for Startups to find the right person to talk to in order to kick-off a cooperation if no contacts or interactions have been taking place. Without a contact, emailing information to the info@ email address is little effective and should it reach the person you are aiming for, important time is lost.

Different Expectations

Sometimes, especially in not facilitated cooperation processes there can be a mutual mismatch between expectations and reality. This can for example occur, when the Public Sector expects prompt delivery, based on the believe that Startups with their agile culture can always deliver fast, even if deadlines are shortened or moved. Especially in the beginning of a cooperation, Startups often accept this kind of behavior to convince the Public Sector of their delivery capacity, although they do not have the resources to live up to the expectations.

Entering a contractual cooperation

From a Startup perspective, public procurement processes take too long and are too effort-intensive even to participate. Each Public Sector organization has different processes and requirements, uses different templates and generally requires first-time bidders to involve in lengthy studying processes to understand how public procurement works. In many cases, due to a different jargon applied, startups can also struggle to understand what the demanded technical requirements mean in practice and how they should present their offer in a way suitable to meet the Public Sector's selection criteria.

Different understanding of finances and cash flow

Cash flow is a matter of survival and many Startups do not have large financial reserves. Many people inside government or public institutions have never had to deal with tight cash flows and so they may not understand your context. It is therefore also sometimes hard for Public Sector organizations to understand the consequences that delays have for small suppliers such as Startups.



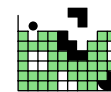
3. How to work with the Public Sector Effectively



3.1 Have clarity on what you can offer and what you want to get

There are many opportunities and ways to engage with the Public Sector. Public institutions can play some roles better (e.g. a catalytic investor or customer) than others (e.g. a responsive and agile partner). As you develop your positioning towards and relationships within the Public Sector, make sure that the Public Sector institutions can easily understand what value you are offering and that you are ready to share your (realistic) expectations from your collaboration with them. How can the Public Sector help you to scale and increase your impact? This can include financial and technical support, access to data and networks as well as testbeds for piloting solutions. You should also think about your preferred cooperation modality which can range from relatively loose forms of collaboration such as exchange of knowledge and information over procurement contracts to collaborative piloting and co-creation.

As you work through this guide, keep thinking about what it is that you/ your Startup can offer and what you'd like to get out of your future partnerships with the Public Sector.



3.2 Identify the right client and opportunity

Key industries/verticals of government spending

Governments are bound by approved budgets that have to be spent within the fiscal year. Understanding which industries or sectors have been granted priority for government spending is an important part of your customer prospecting.

Moreover, all government agencies usually need to fulfill their spending obligations to keep or increase their budgets for the following year. It is not unusual to see government agencies speeding up new agreements by the end of their term in order to fulfill their spending obligations.

TIP Focus on Government priorities. Try to figure out what the KPIs are for the governmental area you are trying to engage with and show how your solution could improve their metrics. Keep in mind that return on financial investment is not always the most important return for government departments, as they usually have relatively fixed budgets to spend. However, they might be looking at citizen approval ratings, political positioning or specific social or environmental issues they are trying to solve.

TIP Understanding the timing of budget spending by the specific agency you are targeting is crucial.

Areas seeking innovation

While governments are known for their bureaucracy and rigidity, many key innovations we use today wouldn't have come to life without public funding or support. There are a number of areas you can engage within government agencies to kick off conversations about such opportunities; usually the departments related to information technology, science and technology or innovation labs.

TIP In general, you need to be mindful of the political circumstances and the many variables that are at play that you cannot control.

STRATEGIES FOR ENGAGEMENT PRIOR TO A CONTRACTUAL RELATIONSHIP

There are several approaches you can consider. Here are a few examples:

Learn about and join the networks in which your target stakeholders are active: events, associations, alumni networks etc.

Be present at important events and try to be invited as a speaker or workshop moderator, which is much more effective than just having a booth. Your future clients are more likely to remember your

presentation than your printed promotional material.

Offer free webinars to share your expertise and create peer-to-peer learning – make them relevant to a wide range of stakeholders and do not turn them into a sales pitch.

Strengthen your professional profiles (e.g. on LinkedIn or local company databases) and approach your target stakeholders by engaging with their posts

Position your expertise through a well-positioned blog and/or a newsletter.

Learning about tender opportunities early on and identifying the relevant ones

Although tenders can be very formal processes, as in any business prospect, it is important to develop relationships with the people behind them. It usually helps to start and continue conversations and try to understand the specific government agency/department demand for the kind of solution/product you are offering even before any tenders are considered or published. If a tender process is already under way, there is little room for exchange with the Public Sector, given they have to ensure transparency and fairness and will not be able to discuss any content with regard to your solution during an ongoing tender process.

Because all public institutions are required to be transparent with all the services and products purchased, they often publish public tenders via online portals. Usually each level of government and each agency has its own procurement portal. There you can find the list of all opportunities available and understand the requirements.

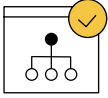
TIP This can be a fairly laborious and confusing process as the one or two tenders relevant for you can be hidden in a pile of many other irrelevant tenders. If you're new to public tenders, try to find an expert who has more experience to help you navigate it. You'll find your own way to identify relevant opportunities eventually.

Most public tenders are designed so that the government can purchase the most suitable solution for the lowest price (see Section 4.5 for information on requirements of Government tenders).

Communicate through the right channels

Setting up alerts to be notified of public tender opportunities and going through formal procurement routes might not be the most effective way of pitching your solution. Going above and beyond and finding other ways of communicating with decision-makers may be the best way of building trust and getting a real shot. Trust is going to be built over time and often you have to go way beyond a sales pitch. Meetings are necessary, being present in the "scene" is also a must and participating in networks was never more important.

TIP After securing some business cards at a government organized or sponsored innovation activity, make sure to follow up with an email that includes an attractive and easy to understand presentation. It is also a good idea to establish contact over the phone. Especially for very bureaucratic organizations a personal phone call may get you further than an email that may just get lost in the recipient's inbox.



3.3 Understand the client's organization and framework it operates in

Understanding where the decision power is and the degree of responsibility of the entity you will be working with

Try to identify quickly who is the key Public Sector counterpart holding decision-making power. Is it possible for decisions to be taken on the go? Is there a validation committee? How many levels of sign-off and approval are necessary?

TIP Look online or ask for an organigram of the organization and try to obtain a clear understanding of the validation process. When entering a cooperation, ask your Public Sector counterpart to explain you the organization and how processes are running.

In addition, keep in mind that Public Sector entities have different levels of competency and try to understand what authority your Public Sector counterpart has in order to match the scope of the project you aim to launch.

Understanding the influence of election cycles

Depending on the type of Public Sector organizations you are working with, it is highly likely that you will be impacted by election cycles. In certain public organizations (cities, regions, or states) it might happen that procurement is stopped altogether over a certain amount of time around the time of elections.

TIP As election cycles might be different from the level of administration you are talking to, it is fundamental to map out when your sales cycle windows and potential projects are rolling out. You also need to have products and projects that are likely to be independent from the elections and political preferences.

Find a champion!

Beyond the decision maker, it is crucial that you find a champion, an ambassador from within, that can help you navigate the Public Sector and specific institutions more confidently. This champion can be a first believer with senior decision-making powers or be the project manager. Ultimately, they will vouch for you internally, facilitating the collaboration. We recognize it is difficult to find a champion in the Public Sector hierarchy but having somebody to support you in navigating the system of the Public Sector is definitely a plus, even if it is not a senior-official.



3.4 Pitching your offer effectively

When pitching your product or services to Public Sector organizations it is important to consider aligning it with Public Sector incentives and needs.

Do your homework

Spend enough time researching who your potential client might be, at a local, national or supranational level. You may also want to consult internal sources to understand interdependencies and how to navigate complex political relationships among departments.

TIP Most governments have their annual budgets published (either in online formats or available to the public through access to public information mechanisms). Once you get hold of them you can easily see who the budget holder (department) is and their corresponding planned activities. Remember that budgets get approved one year in advance and that changing priorities throughout the year might impact them.

TIP Also consider to do your homework in areas of the Public Service delivery seeking innovation and the priority areas of government, which might be easier to find online than budgets (see point 4.2).

Build on your Working Culture

Startups should demonstrate the added value they can bring to its Public Sector partners through their work style and work culture (e.g. flexibility to adapt, user-centric design, agile and innovative thinking). At the same time, you should adjust approaches and methods to the Public Sector context to ensure ownership. Here are a few examples what this means in practice:

Failing forward

A Startup is usually prone to failing fast and learning faster. The Fail forward (the idea of learning fast from your failures) and risk-taking approach can stand in contrast to the Public Sector counterparts paradigms of accountability and scrutiny regarding public spending.

TIP Deploy a great deal of empathy to make sure that the project you want to develop can adapt to a more risk-averse environment. Assuming everyone is eager to learn – you can host a short session with your partner on your ways of working, with a brief introduction on “failing forward”. Nevertheless, make sure to position yourself as reliable partner, committed to agreements and timelines.

Agile

Although Agile has become a buzzword these days across sectors the Public Sector may still just be warming up to it. Reassure your counterparts: your professionalism, your understanding of their problems and your user-centered approach are an asset for them.

TIP The Public Sector wants to be convinced that a more agile and leaner approach can be combined with their own approach and needs in terms of quality delivery. Evaluate for yourself how much agility you can promise, e.g. how much your solution can be adapted to the needs of the Public Sector and position that as a definite plus for your cooperation.

TIP: Ask your counterpart about the KPIs for the project – based on those KPIs, take the time to explain to them how you will reach these targets by working in a different way than they usually would. Make agility a transparent process. Be open about your doubts and struggles – your client may be eager to help and see this project more as a cooperation than a pure service-delivery.

Digital

A lot of Startups work on delivering digital solutions. Sometimes, digitalization though can be frightening for the Public Sector, as some skill sets are not widely available (developers, coders, UX/UI experts). There is a requirement from your side to educate and train your counterpart effectively to allow them to feel at ease with your tools and everyday work language.

TIP Good onboarding is fundamental to reach a good project roll-out. Agree on definitions early on.

TIP “Digital” can be a scary word for some public servants. Make it simple – explain how digital is purely a transposition of the form of delivery, but that the goal of the work stays the same. Your client should be reassured: in a workshop, you can ask them how they would run this project offline – and ask them to do the same exercise if they had to run the project online – point out the differences and the similarities, and make it as simple and engaging as possible.

TIP Make sure your Public Sector counterpart understands the jargon and technical terms you are using and offer your explanations when you feel your counterpart is not following what you are trying to explain.

Being inclusive

The Public Sector is at the service of the entire population and its offers should be as inclusive as possible and widely accessible. It can be a challenge for a Startup to think in terms of wider audience and accessibility, but it is a tremendous opportunity to widen your scope of users.

TIP Beyond compliance laws for website accessibility (for example in Europe, Level Double-A Conformance to W3C & WAI), better accessibility of your product and services, especially online, might open the likelihood of working with the Public Sector and showing an alignment of values with your partners. If you're looking for help in this area, a few agencies have started to offer APIs facilitating the adaptation of your website to diverse needs. One example is Facil'iti, for Low vision, Parkinson or dyslexic user groups.

TIP Also demonstrate the inclusivity of your solution itself, in linking it with the user research you have done in your entrepreneurial journey and demonstrate, how your solution is catering the needs of your customer.



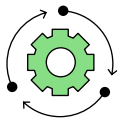


3.5 Bust the jargon

Adapting language from the entrepreneurial world to the Public Sector is vital to show empathy, mutual awareness and send an appropriate message. A quick example might be to use the word “citizens” instead of “users/clients”. An easy way of testing if the correct message is getting across is to run your pitch by friends, family or acquaintances working in the Public Sector. If that is not possible, then reading as many reports or published material related to the department you are pitching to, may give you some sense of the language they use.

TIP Be careful when mentioning experimentation, testing or simply trying something new. While those are core components of innovation processes, governments are used to focusing on incremental change, rather than radical innovation. When proposing to transform (not just improve) an approach, you may need to look outside traditional feedback loops from stakeholders to demonstrate the appetite for big change.

TIP Prepare a tailored pitching deck when addressing the Public Sector in which you clearly describe your solution to the problem and outline ideas for mutually beneficial cooperation. If you are working on tech-enabled solutions, do not immerse in the technicalities and the million features that your product offers.



3.6 Getting ready for administrative requirements

A better understanding of procurement processes and administrative requirements will significantly increase your chances of a fruitful collaboration with the Public Sector. Most Public Sector organizations have widely available information on their tender and cooperation modalities online, while studying them in depth takes time, it will ease your life once entering a cooperation or applying to a tender. a. If your Startup is applying to a government tender

a. If your Startup is applying to a government tender

The first step for any Startup looking to be contracted by the Public Sector is to check their government’s tender portal or public listing and create a list of interesting tenders and their requirements for bidding (see Section 4.2 for more information on screening government tenders).

TIP Explaining how you match the technical and experience requirements. Outline all your relevant past work and include references.

TIP Outlining how the offered work will fit into your current strategy and positioning.

TIP Try to understand how your offer will be evaluated. When participating in a tender, you must make sure to provide all the information the government official needs to be able to score your offer. Therefore, its essential to understand and study well the selection criteria and to check your offer again from the perspective of the person evaluating it.

TIP Presenting a solid budget including the expected costs to fulfil the contract and the cost of sales. If your country has high inflation rates or if your supplies are dependent on foreign currency rates, make sure to include that forecast in your budget. It’s advisable to have a conservative attitude towards budgeting to make sure you can then deliver the expected outcomes if you are contracted. However, if you build high margins into your offer, it may not be competitive.

TIP Including data analysis on the cost-benefits of your solution for that specific Public Sector department.

Presenting an expected timeline for implementation if you get contracted. Make sure to read the Terms of Reference carefully and to align with their expectations.

b. If your Startup is looking to partner with or be contracted by the Public Sector without a tender process

Most of the time, governments have direct contracting policies for small-sized contracts or for urgent needs. If that is the case in your local area, make sure to understand who the key budget holders are and to set up scoping conversations to portray your product/service. This may also apply for pilots or “experimental” technology or solutions they are interested in introducing.

TIP Reach out to people in those areas to generate ‘buy-in’ within the organization first. If you have an internal ambassador, they can help you promote the changes needed. Central to achieving this is engaging them early on and making them part of the “extended team”.

TIP Seek funded pilots to explore your problem-solution fit and to use public data and support to build up your impact. These pilots are also a great way to showcase your product and service. If possible, make sure to collect feedback and case studies to use that experience in your future sales opportunities.

TIP Aim for the right moment to pitch your solution to the Public Sector. You can choose to fully develop and then approach them with a commercial proposal or to pursue a co-creation process to finalize your design.

TIP Sign an MOU or some sort of agreement to clarify payment schedules and to mitigate political transitions as soon as possible.



3.7 Patience and perseverance, diversification

Patience & Perseverance

Keep calm & carry on

Working with the Public Sector requires stamina – a single lead may take one or two years to secure the first contract. But the retention of clients is usually superior with public partners, also because the Public Sector will work a lot through references. Confirming a client may thus require a lot of time and commitment. On the other hand, it may result in stronger commercial relationship contributing to the impact and financial performance of your Startup over a longer period of time.

Diversification

Resilience

Diversification of your portfolio of clients is especially relevant when working with the Public Sector. First, working with various public actors will make you less dependent on election cycles and second, working with both the public and private sectors might help you build for scale and not for the sole needs of your first public client. A varied client portfolio for your product and services will make your product stronger and your Startup more resilient and not captive of a niche market.

Building for scale

Find the common denominator for your first client that applies to either other public administrations as well as to the private sector. This will be a solid USP that you can continue leveraging with a wide and varied client base.

TIP Expect delays as the Public Sector counterpart can have variable validation processes for execution. A certain degree of flexibility will be needed and partly expected. If you have managed to secure a contract, set sufficient deadlines in the contract to have financial security even if the project is delayed. If the project is indeed delayed, don't lose too much time to make it happen – rather, use the time given to you to prospect future clients or to get to know your partner better (meetings with other teams within the organizations for example).



4. Examples of Successful Startup – Public Sector Cooperation

Opportunities for Startup- Public Sector cooperation are manifold, independent of the sector, context or country. The two examples presented shortly in this chapter describe and summarize the experiences of collaboration pilots implemented jointly by GIZ and Impact Hub in Armenia and Sudan in order to test and further develop innovation methods to foster Startup- Public Sector cooperation. For more information on these methods and tools, please visit collaborative-innovators.org. The pilots confirmed the importance of Public Sector engagement, both in stipulating demand through openness and willingness to cooperate with Startups and integrate their solution in the Public service delivery, as well as in their active support throughout the programs to enable Startups to achieve the adaptation and piloting results.

Connecting Armenia and its Diaspora

Today, an estimated 7 million Armenians live in more than 100 countries around the world. The Armenian diaspora is of great importance to the Armenian government, which seeks to maintain strong relations with the Armenian diaspora, supporting and encouraging repatriation, supporting the integration of returned Armenians and to explore the potential of the Armenian diaspora worldwide. Despite these efforts, the Armenian repatriates and expatriates are still faced with difficulties in finding access to direct and effective public service information.

Partnering with the Office of the High Commissioner for Diaspora Affairs and Impact Hub Yerevan, a Collaborative Innovation process was kicked-off to develop innovative solutions that the Office of Diaspora Affairs will integrate in their service delivery as an official tool to interact, reach and serve the needs and worries of the diaspora and repatriates, in terms of providing precise, efficient, timely, and direct quality information needed. Out of more than 25 applications, the Office of the High Commissioner and Impact Hub Yerevan selected 10 Startups to explore the feasibility of their innovation in the service delivery context of the Office of the High Commissioner. After a sprint workshop and evaluation process, four Startups participated in a four-month Collaborative Innovation program to

further develop their innovative solutions based on the needs and input of the Office of the High Commissioner for Diaspora Affairs. At the end of the program, the Office of the High Commissioner selected the Startup TechSurfing to continue the joint work on the Connect Armenia Platform that enables the Armenian Diaspora to access professional, educational and networking opportunities in Armenia based on automated and intelligent matchmaking system.

Agricultural Innovation Program, Sudan

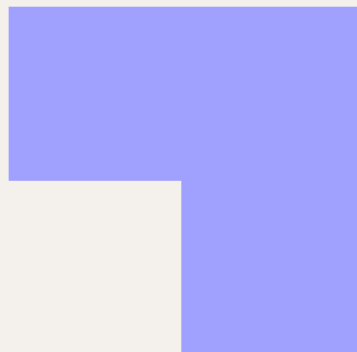
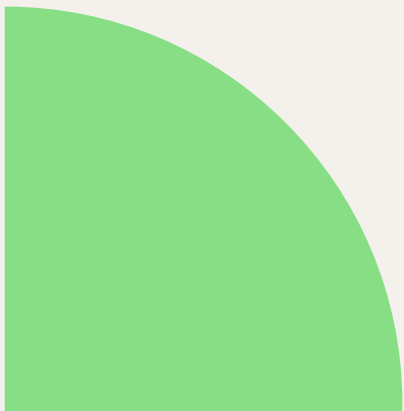
In Sudan, the agricultural sector is a key contributor to the country's economy. Together with livestock farming it constitutes the main sources of income for the majority of the Sudanese population. Growth in the agricultural sector has however, predominantly resulted from expanding the cultivated area. Given that natural resources are limited, Sudan faces the urgent challenge of increasing yield productivity to boost its agricultural production. As a result, the Social Security Investment

Authority of the Ministry of Labour and Social Development joined forces with GIZ and Impact Hub Khartoum to identify innovative Startup solutions to increase the yield in cash crops and to increase productivity in the horticulture value chain.

From the beginning of the cooperation, the Social Security Investment Authority was very pronounced in its goal to find innovative Startup solutions to invest in, in order to support their impact and outreach. Out of thirty-three applications, eight Startups were selected to participate in the Collaborative Innovation program, lasting four months. During this program, Startups and the Public Sector partner were supported in structuring and implementing their cooperation through workshops, technical mentoring and process support. Startups were able to benefit from the technical expertise of the Social Security Investment Authority and were able to pilot and test their solutions in one of the state farms owned by the Authority. Out of the eight participating Startups, the Social Security Investment Authority selected two Startups at the end of the program to receive investment and the possibility to further receive piloting and scaling support by the Public Sector.

Finally, eight Startups pitched their solution concept to an expert panel consisting of representatives from the Public Sector institution, external experts and professionals of the Impact Hub Khartoum. Two Startups were selected to continue their cooperation with the Public Sector and scale their solutions through its support: The Startup Blue Bell build a locally rooted adaptation of an Airbus developed machine-learning software to provide satellite mapping and geoinformation services to increase the yield in cash crops by determining the adequate inputs to grow crops (e.g. fertilizers or pesticides). The second selected Startup Ivorycell uses interactive-voice response technology and the prevalent communication channels used by farmers to disperse practical advice and recommendations by the Agricultural Research Centers in Sudan to increase their agricultural output. The Social Security Investment Authority is not only invested to form a continuous partnership with Ivorycell, but also to encourage a collaboration of the Startup with the Ministry of Higher Education and Scientific Research.





Conclusion and Self-Assessment

Despite the difficulties in kicking-off a cooperation with the Public Sector, the long-term cooperation prospects and chances to increase the impact of your solution are huge. Nevertheless, not for all Startups or for all stages in your entrepreneurial journey a cooperation with the Public Sector makes sense. We hope to have provided you in this guide with some concrete insights and tips that help you to find out, if you are ready for a cooperation, to reflect what you could gain from a cooperation and how to go about approaching and working with the Public Sector effectively. We hope to have inspired you to look more closely at the Public Sector as a cooperation partner and to get informed about current opportunities in your sector and location. Before leaving you to embark on your collaborative innovation journey, we would like to draw your attention to a self-assessment tool, that summarizes many of the tips provided in this guide and should support you in planning the next steps for engaging with the Public Sector. You can find the tool and other useful information on collaborative-innovators.org.

We are striving to further develop this guide and adapt it based on your experiences and feedback. If you have comments, suggestions or recommendations for us, please feel free to get in touch!

What is GIZ

With more than 50 years of experience in a wide variety of areas, including economic development and employment, energy and the environment, peace and security, governance and democracy or rural development, GIZ is a leading global service provider in the field of international cooperation for sustainable development. The German Federal Ministry for Economic Cooperation and Development (BMZ) is the main commissioning party, but there is also close cooperation with the private sector, fostering successful interaction between development policy and international trade in more than 130 countries around the world.



What is Impact Hub?

Impact Hub is a global network of entrepreneurial communities, places, and programs that inspire, connect and enable impact. Impact Hub supports thousands of impact-driven entrepreneurs and innovators in more than 55 countries worldwide by building supportive peer-to-peer communities, offering incubation and acceleration programmes, and providing coworking, meeting and event spaces. Every local Impact Hub is initiated, developed, and run by a local team and thus is deeply rooted in the local market and community. Each takes a unique shape to reflect the local context whilst preserving the core Impact Hub DNA. Currently, Impact Hub hosts more than 16,500 members who provide innovative products or services to more than 40 million people worldwide.



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