



Competitive Access to Public Procurement for Economic Acceleration

Revision of EU rules on public procurement: Call for Evidence

26 January 2026

Executive Summary

- **For startups and scaleups, public procurement is a critical market lever,** particularly in strategic sectors where public authorities act as lead buyers. Public buyers should design procurement processes that enable effective competition from emerging suppliers, including where solutions are not yet fully standardised and need to be judged on outcomes. This can determine whether innovative solutions reach deployment in Europe or struggle to find an initial market.
- **Low competition is often the result of rational self-exclusion.** Many innovative companies do not bid because high upfront costs, long timelines and uncertainty make participation economically unsound.
- **Administrative burden and fragmentation remain the main barriers.** Fixed, front-loaded requirements, repeated documentation and weak interoperability continue to discourage cross-border participation, especially below EU thresholds.
- **Procurement underuses its innovation potential.** By relying on prescriptive specifications and risk-averse practices, procurement processes often favour known solutions and incumbents, leaving little room for competition based on performance or outcomes.
- **The pilot-to-scale gap weakens incentives to innovate.** Successful pilots rarely lead to follow-on procurement, as prior performance is often ignored when scaling decisions are taken.
- **Strategic objectives require precise operationalisation.** Outcome-based criteria ensure that procurement decisions align with resilience, sustainability and security goals.

- **Reform must change behaviour, not only rules.** Simplification must reduce real participation costs, digitalisation must enable reuse and interoperability, and strategic procurement must make innovation the easier, not riskier, choice.

1. Introduction

Allied For Startups (AFS) represents national startup associations and innovation-driven companies across Europe. Our members collectively represent startups and scaleups operating across the economy in innovation-intensive sectors. These companies range from early-stage companies testing their first deployments to scaleups operating across countries and regions.

For our members, public procurement is not a technical or marginal regulatory field. It is one of the most powerful demand-side policy instruments available to the European Union. It shapes market structure, influences which technologies reach deployment, and determines whether startups can scale within the Single Market or are pushed to prioritise non-European markets. In sectors where public authorities act as principal or lead buyers, procurement rules often determine whether innovation reaches adoption at all.

AFS therefore welcomes the European Commission's decision to launch this Call for Evidence on the revision of EU public procurement rules. The Call correctly recognises that, despite the objectives of the 2014 reform, procurement has not fully delivered on its potential to foster competition, innovation, sustainability and Single Market integration. It also correctly situates procurement at the heart of the EU's competitiveness agenda.

This submission responds exclusively to the context, problem definition, objectives and policy directions set out in the Call for Evidence (Ares(2025)9425851). It is intended to support the Commission's impact assessment under Article 114 TFEU by providing detailed, experience-based evidence on how the issues identified in the Call are experienced by startups and scaleups in practice, and how different reform directions could affect their ability to participate meaningfully in public procurement markets across the Union.

2. How startups and scaleups experience the problems identified

The Call for Evidence identifies declining competition, inefficiencies and excessive administrative burden, insufficient strategic use of procurement, and persistent fragmentation limiting cross-border participation as the core problems affecting the

current framework. From the perspective of startups and scaleups, these problems are not isolated phenomena. They interact and reinforce one another, shaping procurement markets in ways that systematically disadvantage innovative entrants.

The decline in competition is frequently associated by outcomes such as procedures receiving only a single bid or the repetitive direct award of contracts to the same company. Startups and scaleups experience the same phenomenon earlier in the process, at the level of participation decisions. Many of them never submit a bid. The issue is rarely the quality or relevance of the technology itself. Instead, it reflects a rational assessment that the expected costs, risks and opportunity costs of participation outweigh the potential benefits.

Procurement procedures frequently require significant upfront investment in legal analysis, documentation, financial guarantees and technical compliance. Timelines are long and uncertain, and the probability of success is difficult to assess ex ante, particularly where evaluation criteria are opaque or heavily compliance-driven. For early-stage and growth-stage companies operating under tight cash-flow and human-resource constraints, committing to such processes can be strategically unsound. As a result, startups self-exclude. Over time, this self-exclusion becomes structural, narrowing the pool of bidders, even where formal access remains open.

Administrative burden and inefficiency, also emphasised in the Call, play a central role in this dynamic. Procurement participation costs are largely fixed and front-loaded. Preparing a compliant bid often requires the same breadth of documentation regardless of company size or contract value. Repeated submission of similar information across different procedures and platforms further increases costs. For startups and scaleups, which typically lack dedicated procurement teams, this burden is disproportionate. If financial capacity, guarantee or experience requirements are not proportionate to the size and risk of the contract, startups are often excluded in practice.

Digitalisation has not yet resolved this issue. While many procurement processes are now conducted electronically, lack of interoperability between systems, inconsistent data requirements and divergent national practices mean that digitalisation often digitises complexity rather than eliminating it. For companies operating across borders, this fragmentation multiplies administrative effort rather than reducing it. The absence of effective “once-only” approaches to administrative documentation further amplifies these costs.

The Call for Evidence also identifies insufficient use of procurement to support innovation, sustainability and resilience. From the startup perspective, this underuse is visible in the persistence of prescriptive specifications and conservative procurement strategies.

Although the framework allows for outcome-based procurement, early market engagement and innovation-friendly procedures, these options are not consistently applied. As a result, procurement often focuses on procuring known solutions rather than addressing underlying needs, limiting the ability of startups to compete on performance and impact. Where procedures require fully mature solutions from the outset, startups are effectively excluded before competition can occur.

Fragmentation and limited cross-border participation compound these issues. Differences in documentation requirements, language, procurement platforms and administrative practices effectively create multiple procurement markets within the Union. For startups designed to scale across borders, this fragmentation undermines efficiency and reduces the attractiveness of public procurement as a European market channel.

3. Public procurement as a sequence of rational business decisions

From the startup and scaleup perspective, public procurement is not experienced as a single regulatory hurdle but as a sequence of interconnected business decisions taken under uncertainty. Companies decide whether to invest in monitoring procurement opportunities, whether eligibility requirements are proportionate to the contract value, whether evaluation criteria are likely to reward innovation or merely compliance, whether timelines are compatible with cash-flow realities, and whether a successful contract is likely to lead to repeat business or remain a one-off engagement.

At each stage of this sequence, friction accumulates. Even where individual requirements appear reasonable in isolation, their combined effect can render participation irrational for innovative firms. Long and asymmetric timelines, high front-loaded compliance costs and limited opportunities to correct minor administrative errors further increase perceived risk.

This is particularly evident where procurement processes fail to provide a credible pathway from experimentation to scale. Startups frequently report delivering pilots or proofs of concept successfully, only to be required to re-enter full procurement procedures with no recognition of prior performance. In such cases, the cost of re-bidding often exceeds the expected benefit, leading startups to disengage entirely.

This behaviour is directly relevant to the Call for Evidence's focus on efficiency, competition and innovation. When procurement systems fail to convert successful testing into market access, they discourage innovation. Over time, this shapes the supplier base, reduces competitive pressure and limits the diffusion of new solutions.

4. Alignment with the objectives of the initiative

AFS strongly supports the objectives set out in the Call for Evidence and considers them well aligned with the needs of innovative market entrants.

Improving efficiency and simplification is fundamental from a startup and scaleup perspective. Simplification should not be understood solely as legal streamlining, but as a reduction in real participation costs and uncertainty. Shorter and more predictable timelines for both submission and evaluation, proportionate eligibility and financial capacity requirements, and the ability to reuse administrative documentation across procedures would materially increase participation and improve competitive outcomes.

Strengthening the strategic use of procurement to support innovation, sustainability and resilience is equally important. For startups and scaleups, strategic procurement is effective only when it is operationalised through functional and outcome-based approaches. Prescriptive technical requirements tend to entrench existing solutions and exclude innovative alternatives, even when policy objectives are aligned.

Enhancing the Single Market dimension of procurement is particularly critical for scaleups. Innovative companies are designed to grow across borders. Persistent fragmentation undermines EU added value and limits the economic impact of innovation developed in Europe.

5. Assessment of the policy pillars from a startup and scaleup perspective

The policy pillar focused on efficiency, simplification and digitalisation addresses the most immediate barriers faced by startups and scaleups. Administrative burden remains the primary deterrent to participation. Digitalisation has the potential to transform procurement participation if it genuinely reduces transaction costs, improves transparency and facilitates supplier discovery.

For startups, digital tools are most valuable when they enable reuse of company credentials, reduce repetitive documentation and improve cross-border visibility of opportunities.

Staged procedures, where an initial light candidacy is followed by more detailed submissions only for shortlisted bidders, are particularly effective in reducing front-loaded costs while preserving competition.

An EU-level digital procurement marketplace could be particularly impactful for companies without established procurement networks, provided it is designed to simplify rather than replicate existing complexity.

The pillar addressing strategic procurement and resilience considerations reflects legitimate policy concerns and the objective of strengthening Europe's technological and industrial base. At the same time, Europe's most innovative startups and scaleups are built to operate globally from day one. They rely on international capital, cross-border R&D and integrated value chains to scale and compete. Approaches that rely on rigid eligibility assumptions risk unintentionally excluding precisely those European companies that are most innovation-driven and internationally competitive. From our perspective, resilience is more effectively achieved through functional and outcome-based requirements, such as security of supply, lifecycle robustness, interoperability and credible exit options.

The pillar focused on sustainability, social and innovation objectives is equally important. Startups are often well positioned to contribute to these goals, but the design of criteria is decisive. Outcome-based and lifecycle-oriented requirements enable innovation, whereas rigid compliance regimes tend to favour incumbents and raise barriers to entry.

6. Strategic procurement based on resilience and value creation

Strengthening Europe's technological and industrial base through public procurement is a legitimate policy objective. Public procurement is not a neutral market activity. It shapes demand, influences technological trajectories and determines which solutions are able to reach scale within the Single Market.

At the same time, procurement policy must reflect how innovation-driven markets function. Poorly calibrated interventions can entrench incumbents, reduce competitive pressure and slow down technological progress, even when policy objectives are well intentioned.

Europe's innovation ecosystem is structurally interconnected with international partners through investment flows, research collaboration and integrated value chains. These partnerships are a source of strength for Europe's technological base and an important driver of scale, resilience and competitiveness.

Discussions around strategic procurement often reflect valid concerns about dependency, resilience and long-term competitiveness. From a startup and scaleup perspective, however, these objectives are unlikely to be achieved by cutting off cooperation with non-European actors or capital. Public procurement should strengthen resilience and competition, not serve as a proxy for excluding non-European companies or international capital, particularly from trusted partner countries and regions.

Europe's startups and scaleups are built to operate globally. Many rely on international capital, cross-border R&D and distributed supply chains while remaining established in the EU, employing locally and fully complying with EU law. Treating these realities as disqualifying factors would risk weakening Europe's innovation capacity, undermining its scale-up pipeline and reducing its attractiveness as a place to build global companies.

A more effective and future-proof approach is to operationalise strategic procurement through functional and contribution-based criteria, including:

- demonstrable contributions to European value creation, such as R&D activities, employment in the Union, combined with safeguards on access, auditability, usage rights, and continuity of IP and critical assets necessary for service delivery;
- requirements that reduce systemic dependency and vendor lock-in, including interoperability, portability and credible exit options;
- requirements related to security of supply, lifecycle robustness and long-term maintainability of solutions.

Such criteria focus procurement decisions on outcomes that matter for resilience and competitiveness rather than formal notions of origin. They allow public buyers to diversify suppliers, reduce concentration risks and support the scaling of European innovators, while remaining compatible with open markets, global investment flows and Europe's international commitments. An open, competitive and internationally connected procurement environment is a precondition for Europe's technological competitiveness. Strategic objectives should therefore be pursued through functional requirements and risk-management tools.

7. Buyer incentives, risk aversion and implementation reality

A critical dimension of the problems identified in the Call for Evidence lies in how public procurement rules are applied in practice by contracting authorities. While the legal

framework allows for flexibility and innovation-friendly approaches, the behaviour of buyers is shaped by institutional incentives that often prioritise procedural safety over market openness or innovation outcomes.

Procurement officers operate in environments characterised by legal accountability, audit scrutiny and political oversight. The consequences of procedural error are immediate and personal, while the benefits of successful innovation procurement are uncertain, diffuse and often achieved only in the medium to long term. In this context, risk aversion is a rational institutional response.

In practice, this leads to a preference for procurement procedures that minimise discretion, even when they are poorly suited to complex or evolving needs. Prescriptive specifications and standardised evaluation frameworks are perceived as safer than flexible or negotiated approaches. For startups and scaleups, whose solutions often require engagement, iteration or adaptation, this creates a systematic disadvantage.

This implementation reality is central to the Call for Evidence's emphasis on inefficiency and underuse of procurement to support innovation. Legal reform alone will not change outcomes if it does not also address how risk is distributed within public administrations and how flexibility is perceived by buyers.

Against this background, addressing buyer incentives and implementation reality should be a core element of the revision. This is ultimately about de-risking both sides of the transaction. Reducing legal, procedural and commercial risk for buyers, while lowering participation risk and uncertainty for suppliers, is essential to unlock effective competition and accelerate market uptake. From our community's perspective, this points to the following complementary directions for action:

- **Give public buyers confidence to use flexibility.** Make it clear, in practical terms, that buyers are allowed to talk to the market early, define what they want to achieve rather than how to build it, and use flexible procedures with clear guidance and legal certainty, including safe-harbour approaches that reduce fear of audits or ex post legal challenge.
- **Help procurement officers do their jobs better.** Invest in hands-on training, real examples and peer exchange so buyers are equipped to run innovation-friendly, digitally enabled tenders.
- **Make evaluation less opaque and more predictable.** Explain clearly how bids will be assessed, especially when quality, performance or sustainability matter more

than price, so companies can compete on value rather than second-guessing the process.

- **Stop pushing all the risk onto suppliers.** Design tenders that allow projects to start small, test solutions and scale step by step, instead of requiring fully mature solutions from day one, while keeping competition fair.
- **Make innovation the easier option, not the risky one.** Use digital tools and simpler processes to reduce paperwork and internal burden for buyers, so choosing innovative approaches becomes the default rather than the exception.

Procurement timelines should be more balanced. When contracting authorities require full technical and financial bids within a fixed deadline, evaluation and awards decisions should also take place within a comparable and clearly announced timeframe. Long or open-ended evaluation phases create uncertainty and additional costs, which disproportionately discourage startups and scaleups from bidding. Setting indicative maximum evaluation timelines, with transparency when they are exceeded, would improve predictability without limiting public buyers' flexibility.

Eligibility and qualification requirements also deserve closer attention. High turnover thresholds, long financial track records, mandatory prior public procurement experience, and insurance or guarantee levels often exclude capable startups and scaleups. Applying proportionality more consistently, and allowing alternative evidence of capacity and relevant references, would help assess delivery risk without systematically shutting out newer market entrants.

Taken together, these measures would help realign institutional incentives with the objectives set out in the Call for Evidence by reducing risk and friction on both sides of the procurement relationship. By de-risking decision-making for buyers and participation for suppliers, they would ensure that the flexibility already present in the legal framework translates into tangible improvements in competition, innovation uptake and market openness.

8. The pilot-to-scale gap as a structural procurement failure

Another structural problem aligned with the Commission's diagnosis is the persistent failure to translate successful experimentation into scaled procurement. Across the Union, contracting authorities increasingly engage in pilots, proofs of concept and experimental projects with startups. While these initiatives often demonstrate value, they frequently fail to lead to wider deployment.

From the startup perspective, this pilot-to-scale gap is one of the most discouraging features of public procurement. Delivering a pilot requires significant investment of time and resources, often with limited remuneration. When successful pilots do not result in follow-on procurement, innovative companies absorb the cost without market access.

This gap arises because pilots are often treated as isolated experiments rather than as the first phase of a procurement lifecycle. Scaling frequently requires launching a new procedure with no recognition of prior performance, allowing larger incumbents to enter at the deployment stage. This dynamic undermines incentives to innovate and weakens the strategic use of procurement identified in the Call for Evidence.

To address the structural disconnect between experimentation and deployment, the revision should explicitly consider how procurement frameworks can better support continuity from testing to deployment and scale. Procurement frameworks should better support continuity from successful pilots to scaled deployment through phased or modular procurement structures, where performance in an initial phase can trigger predefined options for expansion, replication or follow-on contracts under transparent and competitive conditions. Clear ex ante design of such pathways would reduce legal uncertainty for contracting authorities while strengthening incentives for innovative suppliers to invest in pilot participation.

This implies several areas where clarification and adjustment would be particularly impactful:

- **Treat pilots as the start of procurement, not side projects.** When public authorities test new solutions, this should be done with a clear view to possible rollout, rather than as isolated experiments that go nowhere.
- **Do not ignore proven results once scaling starts.** If a company delivers during a pilot, that performance should count in later stages, instead of being disregarded when a full tender is launched.
- **Design pilots and deployment as connected steps.** Structure procurement so that testing, evaluation and rollout are part of one logical process, with clear criteria for moving from one stage to the next, while keeping competition open and fair.
- **Avoid pushing out the companies that did the hard work early.** Procurement should not systematically reward players that only enter at the deployment stage because they can afford repeated bidding, while sidelining those that developed and tested the solution.

- **Be upfront about what a pilot is meant to lead to.** Public buyers should clearly state whether a pilot is intended to inform or lead to wider deployment, so companies can decide whether the investment makes sense.

These directions would help ensure that experimentation supported by public authorities more consistently translates into adoption, strengthen incentives for startups to engage in innovation-oriented procurement, and reinforce the strategic role of procurement.

9. Public procurement in the age of AI and digital systems

The revision of EU public procurement rules takes place against a backdrop of rapid digital transformation, including the widespread adoption of data-driven and AI-enabled systems. This transformation affects public procurement in two distinct but interconnected ways: AI and advanced digital systems are increasingly the subject of procurement, and they are increasingly capable of reshaping how procurement itself is conducted.

AI-enabled solutions challenge traditional procurement logic. These systems are iterative, data-dependent and adaptive. Their performance evolves over time rather than being fixed at the point of contract award. Traditional procurement approaches, which rely on static specifications and one-off acceptance tests, are poorly suited to this reality. Prescriptive requirements can lock in suboptimal solutions, while rigid contracts can prevent continuous improvement.

Startups and scale-ups developing AI-based services therefore face a mismatch between how their solutions function and how procurement processes are designed. Outcome-based procurement, lifecycle performance monitoring and contractual flexibility are particularly important in this context. Where procurement rules and practices do not accommodate these features, startups are excluded or forced to distort their offerings to fit outdated procurement models.

At the same time, AI and digital tools offer significant opportunities to improve procurement efficiency, transparency and competition. Data-driven tools can support opportunity discovery, reduce administrative burden through reuse of information, and help contracting authorities identify patterns such as low competition or excessive reliance on single suppliers. For startups and scaleups, such tools could materially reduce participation costs and improve predictability, provided they are deployed in a way that enhances, rather than replaces, human judgement.

The Call for Evidence's focus on digitalisation is therefore particularly timely. From our community's perspective, the key issue is whether digital transformation is used to modernise procurement logic or merely to automate existing complexity. Interoperability, structured data and reuse of information are essential to realising the potential benefits.

To ensure that public procurement frameworks remain fit for purpose in an increasingly data-driven and AI-enabled environment, the revision should reflect several key considerations that are particularly relevant for startups and scaleups developing and deploying AI-based solutions:

- **Accept that AI systems are not finished products.** Procurement rules should allow buyers to focus on what an AI system needs to deliver, to assess performance over time and to adapt contracts as the system learns and improves.
- **Preserve effective competition by reducing early buyers lock-in through interoperability, modularity and exit options.** Avoid detailed technical requirements that freeze a specific model or architecture too early and crowd out better or more efficient solutions from emerging suppliers such as startups.
- **Allow AI systems to improve without restarting the process.** Contracts should make room for updates, retraining and refinement, so that improvement does not automatically trigger legal uncertainty or a full re-tender.
- **Use digital tools to cut red tape, not add to it.** Reuse supplier information, standardise data submissions and connect procurement systems so that smaller and innovative companies can participate without disproportionate administrative costs.
- **Use data to spot where markets are not working.** Analyse procurement data to identify low competition or repeated single-bid tenders, while keeping humans clearly responsible for decisions and oversight.
- **Build tools that work across borders.** Digital and AI-enabled procurement systems should be easy to use and interoperable across Member States, helping to reduce fragmentation rather than reinforcing it.

These considerations would help align procurement rules and practices with the realities of AI-driven innovation, enable contracting authorities to make more effective use of digital tools, and ensure that the digital transformation of procurement contributes to efficiency, competition and innovation rather than entrenching existing complexity.

10. Cross-border scaling, below-threshold procurement and the limits of the Single Market

One of the central objectives of the Commission is to strengthen the Single Market dimension of public procurement. From the startup and scaleup perspective, this objective addresses a structural constraint that goes beyond legal alignment and concerns how procurement markets function in practice.

Innovative companies are built to scale across markets. In theory, EU procurement rules should support this by providing a common framework. In practice, procurement often functions as a collection of local and national markets, particularly below EU thresholds. Many opportunities suitable for startups are published only locally, in national languages and with limited visibility, making cross-border participation unlikely.

Even where opportunities are visible, administrative fragmentation persists. Differences in documentation, platforms and practices require repeated adaptation. Lack of mutual recognition of past performance reinforces local bias and forces startups to rebuild credibility from scratch in each market.

This fragmentation undermines the Single Market objective and contributes to inefficiency and reduced competition. Digitalisation could mitigate these barriers, but only if it improves discoverability, standardisation and reuse of information across borders.

Below EU thresholds, greater procedural flexibility, improved visibility of opportunities and the reuse of previously submitted administrative information would materially improve access for innovative companies, while preserving transparency and competition.

To strengthen the Single Market dimension of public procurement in practice, the revision should pay particular attention to how cross-border access functions for innovative companies, especially at early scaling stages. From the perspective of startups and scaleups, this points to several areas where targeted adjustments could significantly improve market integration:

- **Make small public contracts easier to find.** Below-threshold tenders should be visible and easy to discover, not buried in local systems, so startups and scaleups can see and access opportunities beyond their home market.
- **Stop making companies start from scratch in every country.** Core documents and declarations should be reusable across Member States, instead of forcing firms to adapt to 27 different administrative setups.

- **Make procurement platforms talk to each other.** Digital systems should enable cross-border participation, not lock opportunities inside national or local silos.
- **Let experience travel with the company.** Performance and references gained in one Member State should count when bidding in another, especially for young and fast-growing companies.
- **Remove avoidable procedural barriers.** Language and process requirements should be proportionate and practical, particularly for companies without a local administrative footprint.

These directions would help public procurement function more consistently as a Single Market instrument, lower repeated market-entry costs for startups/scaleups, and increase competition by enabling a broader range of suppliers to participate across borders.

11. Likely impacts on startups and scaleups

If the revision delivers on the objectives set out in the Call for Evidence, the impacts for startups and scaleups could be substantial. Reduced administrative burden and clearer procedures would lower barriers to entry and increase competition. More effective strategic procurement could accelerate adoption of innovative solutions aligned with EU priorities. Improved cross-border participation would enable startups to scale within the Single Market.

At the same time, the impact assessment should consider the risk that reforms remain formal if implementation incentives do not change. Digitalisation without simplification could increase complexity. Poorly calibrated strategic criteria could reduce competition. Uneven implementation could perpetuate fragmentation.

12. Conclusion: procurement reform as a competitiveness instrument

The revision of EU public procurement rules represents a critical opportunity to align one of the Union's largest economic levers with its competitiveness, innovation and Single Market objectives. The problems identified in the Call for Evidence accurately reflect the lived experience of startups and scaleups across Europe. Declining competition, excessive administrative burden, underuse of procurement as an innovation lever and persistent fragmentation are not abstract concerns but concrete barriers that shape market outcomes.

From a startup and scaleup perspective, the success of the reform will ultimately be reflected not in new principles alone, but in measurable reductions in participation costs, clearer timelines and more predictable pathways from first contract to scale.

If these conditions are met, public procurement can become a credible pathway for European innovation to scale, strengthening competition, productivity and technological capacity within the Union. If they are not, procurement risks remaining an underexploited instrument, despite its scale and strategic importance.

AFS stands ready to continue contributing to the Commission's work and to help shape a procurement framework that is fit for an innovation-driven European economy.