

Conducting a Reverse Auction

Reverse auctions are a type of solicitation in which vendors bid downward in order to be awarded. Prior to the auction, a procurement officer communicates the specifications for the desired goods/services to potential suppliers, along with the start and end times of the auction. Once the auction begins, suppliers are able to provide price Quotes, see the price Quotes submitted by other vendors and to bid lower if another supplier beats their price Quote. Once the end time of the auction is reached, the vendor with the lowest price Quote for each desired good/service is awarded a contract to provide it.

Creating a Reverse Auction

Reverse auctions can be conducted in ProcureAZ by Basic Purchasing users. Upon creating a new Bid document, selecting “Reverse Auction” in the **Type Code** field on the General tab of the Bid document will enable the Reverse Auction feature.



The screenshot shows the 'New Bid' form with the following fields: Bid Number, Status, Minor Status, How Solicited (set to Email), Department (set to CMSRV - Community Services), Location (set to TCHSV - Technical Services), Description (set to Transformer), Purchaser (set to Adams, Earl), Type Code (set to RA - Reverse Auction, highlighted with a red circle), and Fiscal Year (set to 2000).

Upon selecting “Reverse Auction” in the **Type Code** field, the following Reverse Auction fields will appear in addition to the standard fields on the General tab of Bid documents.

- **Auction Start Date** – The date/time the auction will start and vendors can submit price Quotes.
- **Auction Type** – “Open” means that any vendor registered in ProcureAZ can participate in the auction. “Closed” means that only vendors specifically selected will be able to view and participate in the auction.
- **Bid Increment** – The minimum dollar amount for competing price Quote increments. (Ex. A Bid Increment of \$5.00 means that a vendor must bid at least \$5.00 less than the previous low price Quote)
- **Soft Close Enabled** – Allows the procurement officer to extend the end date/time of the auction until a specified **Soft Close Quiet Period** has been achieved. This prevents last minute “snipers,” or bidders that attempt to sneak in a last-minute price Quote to win award.
- **Soft Close Order Date** – If the Soft Close feature is enabled, the date/time that ProcureAZ will begin monitoring the time of bids to ensure that the specified **Soft Close Quiet Period** is reached before ending the auction. Until no bids are received for the duration of the specified **Soft Close Quiet Period**, the auction will remain open, allowing vendors to continue to submit price Quotes. The time on the **Soft Close Order Date** should be set to a time before the Bid Opening Date - earlier by the length of the **Soft Close Quiet Period**.
- **Soft Close Quiet Period** – If the Soft Close feature is enabled, the length of time following the **Soft Close Order Date** that, if no price Quotes are submitted, the auction will close.

NOTE: There is no “Available Date” on a Reverse Auction, so details about the Reverse Auction, including specifications for the desired goods/services and the start and end times of the auction should be communicated outside of ProcureAZ prior to the beginning of the auction.

SOFT CLOSE EXAMPLE:

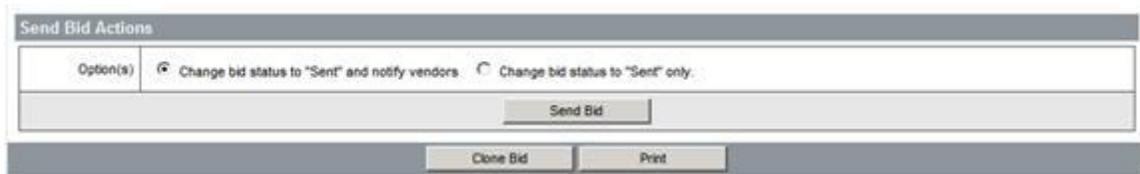
If the Bid Opening Date is set to 1/6/2010 at 4:00 P.M., and the **Soft Close Quiet Period** is 2 minutes, the **Soft Close Order Date** should be set to 1/6/2010 at 3:58 P.M. In this scenario, if a Quote is received between 3:58

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and 4:00 P.M., the time during which vendors can submit Quotes would be extended 2 minutes from the time that Quote is received to allow other bidders to respond. The auction will close after the first two minutes after 3:58 P.M. have elapsed during which no Quotes are received.

Completing the remainder of the Reverse Auction works identically to a standard Bid in ProcureAZ. Once done, submit the auction for approval from the Summary tab. After all approvals have been attained, you will receive an email that your Bid is "Ready to Send."

Go to Documents>Bids>Ready to Send and select the Reverse Auction tab, find your auction and click on it. On the bottom of the Summary tab, you will see options for sending the auction, which will publish the auction once the **Auction Start Date** you selected has been reached.



Viewing an Auction

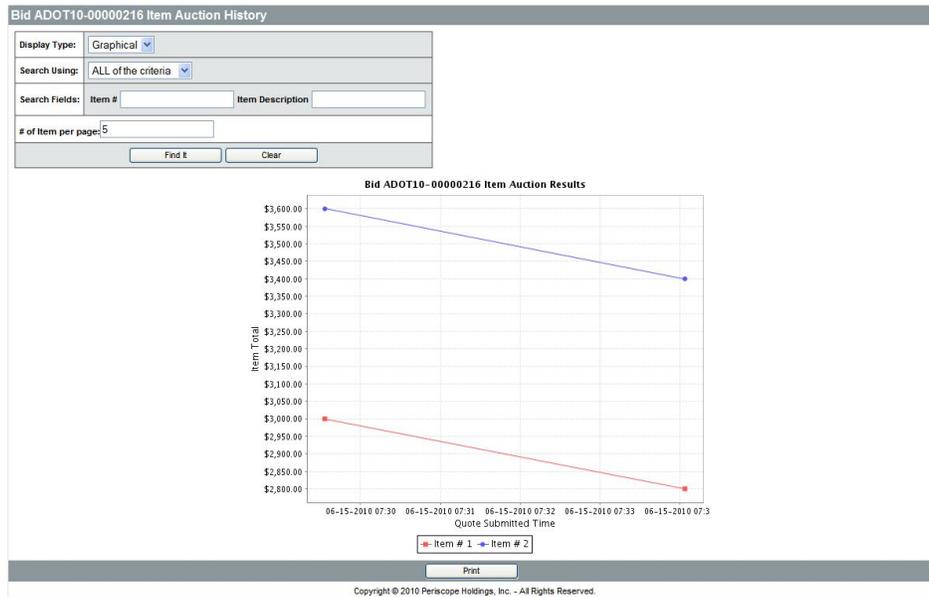
If Quotes have been submitted, you can view the Quote history by clicking one of the following buttons:

Auction Total History – Displays a chart showing the history of the total cost for Quotes submitted (total cost of all items summed together)



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Item Auction History – Displays a chart listing the Quote history for each item on the Reverse Auction.



Reverse Auction Bid Tabulation

When the Bid Opening Date/time for the auction has arrived, go to Documents>Bids>Sent and select the Reverse Auction tab.

| Bid # | Buyer | Description | Purchase Method | Bid Opening Date | Pre-Bid Conference | Open Quotes | View Auction | Bid Holder |
|---------------------|------------|-------------|-----------------|------------------------|--------------------|--------------------------|------------------------------|----------------------|
| 107 | Earl Adams | Lawn Mower | Open Market | 03/20/2007 03:50:00 PM | | | View Auction | List |
| 106 | Earl Adams | Lawn Mower | Open Market | 03/13/2007 03:38:00 PM | | Open Bid | View Auction | List |
| 104 | Earl Adams | Lawn Mower | Open Market | 03/06/2007 03:50:00 PM | | | No Submitted Quotes | List |

Select the auction's Open Bid link.

| Delete | Approver | Order Sequence | Approval Path ID | Level | Approver Type | Date Requested | Date Approved/Disapproved/Canceled | Approved/Disapproved/Canceled by | Comment View |
|--------|-------------|----------------|------------------|-------|---------------|------------------------|------------------------------------|----------------------------------|--------------|
| | John Walter | 1 | 12566 | 1 | Primary | 03/13/2007 02:39:23 PM | 03/13/2007 02:39:50 PM | John Walter | |

Buttons: Bid Tab, Cancel Bid, Clone Bid, View Auction, Print

Click the Bid Tab button. The Bid Tabulation for a Reverse Auction functions identically to a standard Bid in ProcureAZ. From the Items tab you can select the desired vendor(s) for award, and from the Summary tab, you can submit this award recommendation for approval.

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Bid Tabulation for Bid #106

Quotes **Items** Subcontractors Routing Score Summary [Back to Bid](#)

Bid Award Validation Warnings

- The following items are not awarded [1]

of Quotes per page: Sort by:

Total Item Count: 1 **Total Awardable Quote Count:** 2 **Bid Status:** 280 - Bid Opened (Quotes received and opened. Ready for tabulation)

! Please make sure that you save your changes before you navigate to another page.

| Item Info/Quote Info | (0000191)PERISCOPE HOLDINGS INC <Quote: 00004331> | (00004643)Vandalay Industries <Quote: 00004328> |
|---|--|--|
| test Item #1 Print Sequence:1.0 Quantity:1.0 Uom:EA | <input type="checkbox"/> \$1,200.00 ** | <input type="checkbox"/> \$1,900.00 |
| Totals: \$Vendor Gross Total: | \$1,200.00 | \$1,900.00 |
| \$ Vendor Discount: | \$0.00 | \$0.00 |
| \$ Vendor Net Total: | \$1,200.00 | \$1,900.00 |
| \$ Preference Discount: | \$0.00 | \$0.00 |
| \$ Evaluation Total: | ** \$1,200.00 | \$1,900.00 |
| \$ Vendor Freight: | \$0.00 | \$0.00 |
| \$ Awarded: | \$0.00 | \$0.00 |
| Eval Codes: | | |
| Pref Codes: | | |
| Award/Unaward All | <input type="button" value="Award All"/> <input type="button" value="Unaward All"/> | <input type="button" value="Award All"/> <input type="button" value="Unaward All"/> |

Evaluation Code Descriptions:
** = Lowest Item Price or Lowest Evaluation Quote Total