# ARIZONA
P R O C U R E M E N T   P O R T A L

# Creating Reverse Auctions

*This document is a quick-reference guide for Procurement users who need to create reverse auctions in the Arizona Procurement Portal (APP.) If you have any questions, please contact the APP Help Desk at app@azdoa.gov. Additional resources are also available on the SPO Website: https://spo.az.gov/.*

A reverse auction is a type of auction in which sellers bid for the prices at which they are willing to sell their goods and services, and at the end of the auction the seller with the lowest amount wins.

## Setting up a Reverse Auction

1. From any page in the APP, navigate to the **Sourcing** drop-down menu and select **Auctions**
2. At the top of the screen, select **Create a Auction**.
3. Fill in the following fields: **Label, Organization, Commodity, Currency**. Select **Save**.
4. Under the "Items" header, you can manage the items to be used in auction lots. You can import items or upload them one by one.
   - For Excel, download the template by selecting the icon. Then, modify the document and upload it back into the system.
   - To add an item line by line, select **Add an Item**. Fill in the Item Code, Label, Quantity and Unit of Measure. Click **Save**.



1. Under the "Documents" header you can add related documents by selecting **Add to Auction Library**. After selecting a document type, you will be prompted to add a Title and Revision (version number).
2. Add the file and select **Publish**. Now, the document is available in the auction.
3. Under the "Suppliers" header, you will invite suppliers to the auction by selecting the icon. Select the checkbox next to each supplier you would like to add.
4. Select the supplier contact by using the drop-down. Click **Save**.
5. In the **Agreement Signed** columns, you can add a document to define terms and conditions and make sure the supplier signs the agreement.
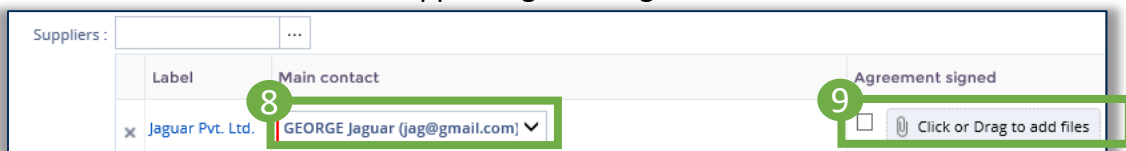
## Setting up a Reverse Auction (continued)

10. Under "Team", you can add internal users and assign them to the auction. By default, the creator will be given the role of "Responsible" and "SME". To add a new tem member, select **Add a Contact**. Then, choose the **Profile**.
11. Under "Auction Overview" you will be able to review what the auction looks like and the information within the auction. Move to the next exercise to continue.

## Creating a New Lot

1. Select **New Lot** from the screen. Under Lot settings, select English for **Auction Type**, and fill in **Order** and **Number of Decimals**.
2. Under Advanced Settings, select your **Starting Price** (amount suggested to open the bidding – suppliers will have to bid less than this amount). Choose the **Start Date** and **Planned End Date** (this can be extended)

*(continued on next page)*

3. Under English Auction Settings, choose whether the auction will be based on Best Offer (price based) or Best Rank (compilation of other factors including price) on the for **Auction Based On** field.

4. Fill in the following parameters to help determine the bidding range. The parameter with the <u>higher</u> value will be taken into account automatically when suppliers place their bids to help determine the maximum price for the next bid.
    - **Absolute Minimum Decrement:** the next bid will have to be lower than the existing bid by this amount (equals last bid price – absolute decrement)
    - **Relative Minimum Decrement:** equals last bid price x (1 – relative minimum decrement)
    - **Maximum spread between min and max decrement**: helps determine minimum bidding price. The next bid must be within this range of the previous bid (equals last bid price x (1- maximum spread))
    - For best offer, decrement is applied to the current best bid. For best rank, decrement is applied to last bid.

5. Click **Save**. Now, the lot is saved as a draft and can be modified until the lot is ready to be published.

**ENGLISH AUCTION SETTINGS**

| | |
|---|---|
| Auction based on | Best offer |
| View best bid | Yes |
| Rank is visible to | 3 Best bidders |
| Sees the number of participants | ✔ |
| Sees the competitors' pseudos | ✔ |
| Sees the diagrams | ✔ |
| Sees his weighting values | ✔ |
| Trigger | 3 minutes |
| Duration | 3 minutes |
| Maximum renewals number | 10 |
| Absolute minimum decrement | 1.00 USD |
| Relative minimum decrement | 0.100 % |
| Maximum spread between min and max decrement | 15.000 % |
| Item level binding ? | ☐ |
| Pre-Bid Option | ☐ |

6. When you are ready to publish, select the ✏ icon next to the lot you wish to publish. Select **Validate.**

7. Select **Publish** if you are ready to publish the lot and freeze all parameters. After publishing, the lot cannot be modified. However, you will be able to add a supplier.

## Running the Auction

1. From any page in the APP, navigate to the **Sourcing** drop-down menu and select **Auctions.**
2. The status of your auction should be Open when the auction is open for suppliers. This is based on your start date and time.
3. Select the icon to access the console and view the live auction.



4. You will be redirected to the console page where you can see the bidding history and status of supplier participation.



5. Once the auction is complete and the bidding is over, the suppliers will be notified that the bidding period is over.