



**Office of  
General Services**

# **Reverse Auctions: A Tool in Your Toolbelt**

**May 22, 2019**

# Today's Speakers

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# Agenda

- I. Reverse Auction (RA) Basics
- II. Overview of the RA Process
- III. Review Statewide Contract
- IV. Case Studies



# Reverse Auction Basics

# What is a Reverse Auction?

An online web-based tool in which suppliers bid against each other in real time by placing multiple lowering bids in an effort to achieve first place at the conclusion of a defined time period. Proposals can be ranked by price only or include non-price factors.



# When is a Reverse Auction Used?

- Specification can be bid by multiple suppliers
- Multiple suppliers exist in the market

# Overview of the RA Process

# RA Process

## Phase 1: Bidder Qualification

- Solicitation development
- Baseline establishment
- Pre-bid conference
- Bid opening
- Bid evaluation
- Prequalification notification
- Bidder training
- Build bid on RA platform

## Phase 2: Reverse Auction

- Submission of placeholder bids
- Open bidding
- Management of RA event
- Real-time bidder management
- Close bidding
- Generate bid tab
- Notify winning bidder
- Award contract

# Review Statewide Contract

# Group 79016/Award 23060 – Online Reverse Auction Services

- Multiple award statewide centralized contract
- Contract period: September 1, 2017 – August 31, 2020

## On-Line Reverse Auction Services (Statewide)

<a href="#">Award Document</a> 	Contract Period: September 1, 2017 – August 31, 2020
<a href="#">Contract Updates</a> 	Group: 79016 Award: 23060
<a href="#">Contractor Information</a> 	Use of Contracts: All State Agencies and Non-State Agencies
<a href="#">FAQs</a> 	Contact Person: Harry Brown Telephone: (518) 474-7902
	Contract Issued: August 18, 2017 Contract Updated: April 25, 2019
<a href="#">Customer Service</a>	

**Description:**

This Award contains two (2) Statewide Centralized Contracts that Authorized Users (AU) can utilize to obtain in-person On-Line Reverse Auction Services. This Solicitation is purely for On-Line Reverse Auction Services. It is not intended to be a complete procurement solution. This Award does not include the capacity to do "self-service" reverse auctions in which Authorized Users perform the on-line reverse auction using software and/or internet facilities supplied by the On-Line Reverse Auction Contractor(s).

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OGS CONTRACT NUMBER	CONTRACTOR INFORMATION		CONTRACT SPECIFICS
PS67839	<p><b>EASIBUY LLC</b> 1696 Georgetown Rd. Ste J Hudson, OH 44236</p> <p>Federal ID: 38-3974397</p> <p>NYS Vendor ID: 1100186895</p>	<p><b>Phone:</b> 330/357-9404 Mr. Scott Patterson</p> <p><b>E-Mail:</b> Scott@eauctionservices.com</p> <p><b>Website:</b> www.easibuy.com</p> <p><b>Business Hours:</b> Monday-Friday, 8 AM to 5PM ET</p>	<p><a href="#">Executed Contract</a></p> <p><a href="#">Pricing</a></p> <p><a href="#">Supplier Agreement</a></p> <p>Contractor will accept the NYS Purchasing Card with a Minimum \$100 purchase Amount.</p>
PS67840	<p><b>EBRIDGE BUSINESS SOLUTIONS LLC</b> 7501 New LaGrange Rd Ste 2000 Louisville, KY 40222</p> <p>Federal ID: 20-8344206</p> <p>NYS Vendor ID: 1100187557</p>	<p><b>Phone:</b> 877/245-8880 502/495-2855 Ms. Margie Ragland</p> <p><b>E-Mail:</b> eBridge.ny@ebridgeglobal.com</p> <p><b>Website:</b> www.ebridgeglobal.com</p> <p><b>Business Hours:</b> Monday-Friday, 8 AM to 5PM</p>	<p><a href="#">Executed Contract</a></p> <p><a href="#">Pricing</a></p> <p><a href="#">Supplier Agreement</a></p> <p>Contractor does not accept the NYS Purchasing Card.</p>



# Key Definitions

“Auction Event” or “Event”

“Authorized User”

“Awarded Supplier(s)”

“Contractor”

“Fixed Fee Percentage”



# Auction Types

EVENT TYPE	DESCRIPTION
Standard reverse auction	Give specific part numbers and quantities. Bidder gives their unit price for each part number. <b>LOWEST TOTAL DOLLARS</b> would be apparent low bidder.
Percentage off list price	The bidder with the <b>HIGHEST COMBINED PERCENT OFF LIST</b> would be the apparent low bidder.
Percentage over supplier's cost	Bidder with the <b>LOWEST COMBINED PERCENT OVER COST</b> would be the apparent low bidder.
Fixed amount off list price	The bidder with the <b>HIGHEST COMBINED AMOUNT OFF LIST</b> would be the apparent low bidder.
Fixed amount over supplier's cost	Bidder with the <b>LOWEST COMBINED AMOUNT OVER COST</b> would be the apparent low bidder.

# How to Choose a Contractor

- Pursuant to State Finance Law §163(10)(c), authorized users must base their selection upon the most practical and economic alternative that is in the best interests of the State.
- Authorized user shall obtain written price quotes from both reverse auction contractors.
- The authorized user shall utilize the service of the contractor offering the best value that meets the authorized user's form, function, and utility requirements. Best value may be equated to lowest price.

# Pricing Information

Two different pricing components:

1. On-line reverse auction event fixed fee percentage
2. Hourly rates for additional services

# Pricing Information

## Flat Transaction Fixed Fee Percentage

Based on a sliding scale of projected spend of the event. The sliding scale is set at breakpoints of:

- Under \$2,000,000
- \$2,000,001 - \$5,000,000
- \$5,000,001 - \$10,000,000
- \$10,000,001 and over



# Pricing Information

## Hourly Rates for Additional Services (Not to Exceed Pricing)

Authorized user will pay directly to the contractor for the following services:

- Consultation on which projects to reverse auction and how to structure the reverse auctions
- Assistance in attracting potential bidders to participate in reverse auctions

The total hourly cost of each listed service above, shall not exceed \$25,000 per authorized user agreement.



# Determining Projected Spend of a Reverse Auction

Authorized user will determine awarded contract dollar amount of the commodity(ies) and/or service(s) being reverse auctioned.

- Net contract value
- Historical sales
- Dollar amount of projected savings

The terms of the projected spend of a reverse auction event shall be agreed upon between the authorized user and the reverse auction contractor prior to the event.

# Contractor Compensation

- Agreed upon fixed fee percentage or flat dollar amount is responsibility of the awarded supplier
- Authorized user shall be responsible for paying the hourly rates for additional services (consultation and assistance)



# Case Studies

# Solicitation 23092 – Gasoline and E-85

## Two Phased Solicitation

Phased solicitation issued by the New York State Office of General Services (OGS) Procurement Services (PS) for the purposes of awarding statewide Contracts for Gasoline and E-85 bulk deliveries.

- Phase 1: Pre-qualification of Bidders:
  - Bidders submitted all requirements of the solicitation other than price.
  - Only bidders deemed prequalified in Phase 1 were eligible to participate in the Phase 2
- Phase 2: Reverse Auction/Online Bidding Event



## Solicitation 23092 – Gasoline and E-85

- Solicitation projected spend was based on information gathered from filed requirements and historical spend.
  - 41.6 million gallons
- Consisted of 149 items in 83 lots for 61 counties
  - ITEM: each fuel type within a county (reg, mid, premium, or E-85)
  - LOTS: based on grouping similar items within each county.
- Awards were made to the lowest responsive and responsible bidder having the lowest grand total bid per county.

# Solicitation 23092 – Gasoline and E-85

- 10 bidders, 7 awardees
- Reverse auction lasted 5 hours and 12 minutes
  - 11:00 am till 4:12 pm
- 1,248 bids placed during the reverse auction
- 1st place switched 441 times between 32 lots
- Top 3 lots with activity:
  - Nassau: 59 1<sup>st</sup> place turnovers, 110 bids
  - Queens: 51 1<sup>st</sup> place turnovers, 129 bids
  - Suffolk: 43 1<sup>st</sup> place turnovers, 193 bids

# Solicitation 23092 – Gasoline and E-85

There is no content to view at the moment, either because no content is being shared, or because an unsupported media object is being shared.



QUEENS  
Lots 97, 98, & 99



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# Reverse Auction Success Stories

## IT Hardware

Average savings of over 41% off contract list price across all 12 lots

Highest savings of 56.2% off contract list price on the Education Notebook Lot

# Solicitation RFQ -18-01 Hardware Aggregate Buy

- This is an RFQ on the existing Information Technology Umbrella Contract – Manufacturer Based (Statewide).
- The resulting agreements are considered aggregate buys and all authorized users within NYS will be able to purchase these configurations.
- RFQ 18-01 was only released to contractors holding an award for Lot 2 – Hardware on the IT Umbrella Contract.



# Solicitation RFQ -18-01 Hardware Aggregate Buy

- OGS released 12 configurations of end user computing products with detailed technical specifications.
- Each configuration was evaluated on a technical basis. Those vendors that passed the technical evaluation were allowed to participate in the reverse auction for the fiscal evaluation.
- Six (6) configurations had three (3) qualified bidders and six (6) configurations had only two (2) qualified bidders.
- Each configuration contained components to make up the standard configuration and required products, and eight (8) configurations had a category for installation.



# Solicitation RFQ -18-01 Hardware Aggregate Buy

## Three Phased Solicitation

Phased solicitation issued by the New York State Office of General Services (OGS) Procurement Services (PS) for the purposes of awarding a one (1) year statewide aggregate buy for standardized end user devices.

- Phase 1: Pre-qualification of bidders for technical requirements based on feedback from major IT purchasing organizations (ITS, SUNY, NYSED, etc.). Polling document to the field of potential bidders to gauge the feasibility of our specifications.
- Phase 2: Bid submissions were evaluated on administrative and technical requirements. Responsive and responsible bidders were then asked to submit cost response and were advanced to Phase 3.
- Phase 3: Reverse auction/online bidding event.

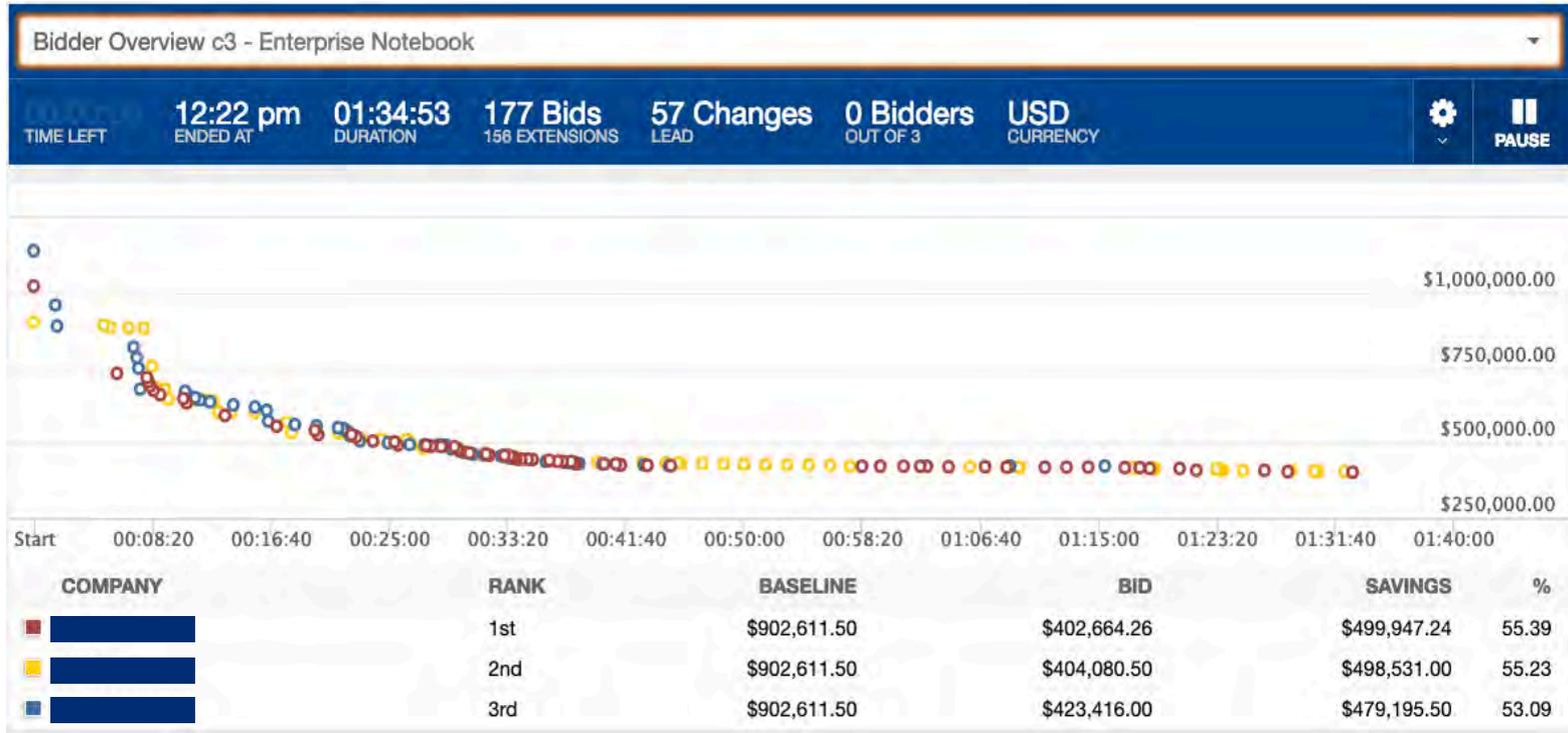


# Reverse Auction – Bidder Screen

a1 - VDI PC		00:00:00 TIME LEFT	09:57 am ENDED AT	00:57:20 DURATION	USD CURRENCY	N/A RANK		
RANK	ITEM	#	QTY	BID		NEW BID	MAX BID	
n/a	VDI PC: Standard Configuration	1	1/Each	—	\$	<input type="text"/>	n/a	
n/a	Required Products: Warranty and Services Category - Agency Specific Factory Imaging	2	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Required Products: Component Category - Upgrade to 256 GB M.2 Drive (only 256 GB is acceptable)	3	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Required Products: Peripheral Category - Upgrade to a 3 button wireless mouse	4	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 1 - Western NY-Buffalo - *Pre-Packaged SKU* Installation Category	5	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 2 - Finger Lakes-Rochester - *Pre-Packaged SKU* Installation Category	6	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 3 - Southern Tier-Binghamton - *Pre-Packaged SKU* Installation Category	7	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 4 - Central NY-Syracuse - *Pre-Packaged SKU* Installation Category	8	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 5 - Mohawk Valley-Utica. *Pre-Packaged SKU* Installation Category	9	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 6 - Capital Region-Albany - *Pre-Packaged SKU* Installation Category	10	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 7 - Mid-Hudson-Poughkeepsie - *Pre-Packaged SKU* Installation Category	11	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 8 - New York City-NYC - *Pre-Packaged SKU* Installation Category	12	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 9 - Long Island-Melville - *Pre-Packaged SKU* Installation Category	13	1/Discount	—	%	<input type="text"/>	n/a	
n/a	Region 10 - North Country-Watertown/Plattsburgh - *Pre-Packaged SKU* Installation Category	14	1/Discount	—	%	<input type="text"/>	n/a	
n/a	<b>TOTAL</b>					<input type="text"/>		



# Lot 3 – Enterprise Notebook Overview



# Questions?