



NY GovBuy

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Office of
General Services



Reverse Auctions: A Tool in Your Toolbelt



May 2 & 3, 2018

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Today's Speakers

Susan M. Filburn – Deputy Chief Procurement Officer

Jamie Nusbaum– Assistant Director, Office/Roadway

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Commodities and Services

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Telecom

Michelle St. Jock –Team Leader, Information Technology and Telecom



Agenda

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

Reverse Auction Basics

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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?

Reverse Auctions are a market-based methodology that applies downward price pressure. This makes them applicable for a broad range of categories.

Attributes of categories that are a good fit for reverse auction:

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

Overview of the RA Process

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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



RA Process – 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

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Group 79016/Award 23060 – Online Reverse Auction Services

- Multiple Award Statewide Centralized Contract
- Contract Period: September 1, 2017 – August 31, 2020
- Authorized Users perform the on-line reverse auction using software and/or internet facilities supplied by the reverse auction contractor



Key Definitions

Auction Event or **Event** shall refer to an in-person On-Line Reverse Auction conducted at an Authorized User's designated location.

Authorized User shall have the meaning as outlined in State Finance Law.

Awarded Supplier(s) shall refer to the awarded Contractor(s) of an Authorized User's Auction Event, whom will be responsible to pay the Transaction Fee to the Contractor(s) of this Award.

Contractor shall refer to a vendor which has been awarded a Statewide Contract to provide On-Line Reverse Auction services.



Key Definitions (continued)

Fixed Fee Percentage shall refer to the percentage the Contractor will apply to the projected contract value of an Authorized User's awarded contract or Auction Event.



Auction Types

Event Type	Description
Standard Reverse Auction	Give specific part numbers and quantities. Bidder gives their unit price for each part number. Lowest total dollars would be the apparent low bidder.
Percentage Off List Price*	The bidder with the highest combined Percent off list would be the apparent low bidder.
Percentage Over Supplier's Cost**	Bidder with the lowest combined Percent over cost would be the apparent low bidder.
Fixed Amount Off List Price*	Bidder with the highest combined amount off list would be the apparent low bidder.
Fixed Amount Over Supplier's Cost**	Bidder with the lowest combined amount over cost would be apparent low bidder.

How to Choose a Contractor

- Authorized Users must base their selection upon the most practical and economic alternative that is in the best interests of the State.
- Obtain written price quotes from both Reverse Auction Contractors
- Authorized User shall utilize Contractor offering the best value, meeting 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 Projects to Reverse Auction
- Structuring of Reverse Auctions
- Assistance in attracting potential bidders.

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

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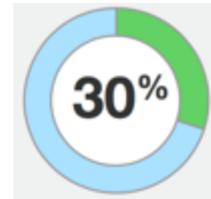
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Reverse Auction Success Stories

Office Supplies

Baseline spend of \$72 Million
with 3 vendors participating,
resulting in 762 bids and 38
lead changes

\$21.6M Saved!!





Solicitation 22790 – Miscellaneous Office Supplies

Two Phased Solicitation

Phased Solicitation issued by the New York State Office of General Services (OGS) Procurement Services (PS) for the purposes of awarding a three (3) year statewide commodity Contract for Miscellaneous Office Supplies

- Phase 1: Pre-qualification of Bidders for responsiveness and responsibility. Only Bidders deemed responsive and responsible at the conclusion of Phase 1 were eligible to participate in the Phase 2
- Phase 2: Reverse Auction/Online Bidding Event



Solicitation 22790 – Miscellaneous Office Supplies

- One three year Contract award made to the Bidder having the lowest Grand Total Bid, at the conclusion of the Reverse Auction
- For evaluative purposes, a Core List of 300 Products and a Non-Core List consisting of 900 Products subdivided into fourteen (14) subcategories was used.
 - Some Core List Products are Preferred Source Products



Solicitation 22790 – Miscellaneous Office Supplies

Core List

- 300 Products
- 42 Preferred Source Products
- Estimated Quantities
- 75% of Contract Spend
- Bid on a Line Item Basis



Solicitation 22790 – Miscellaneous Office Supplies

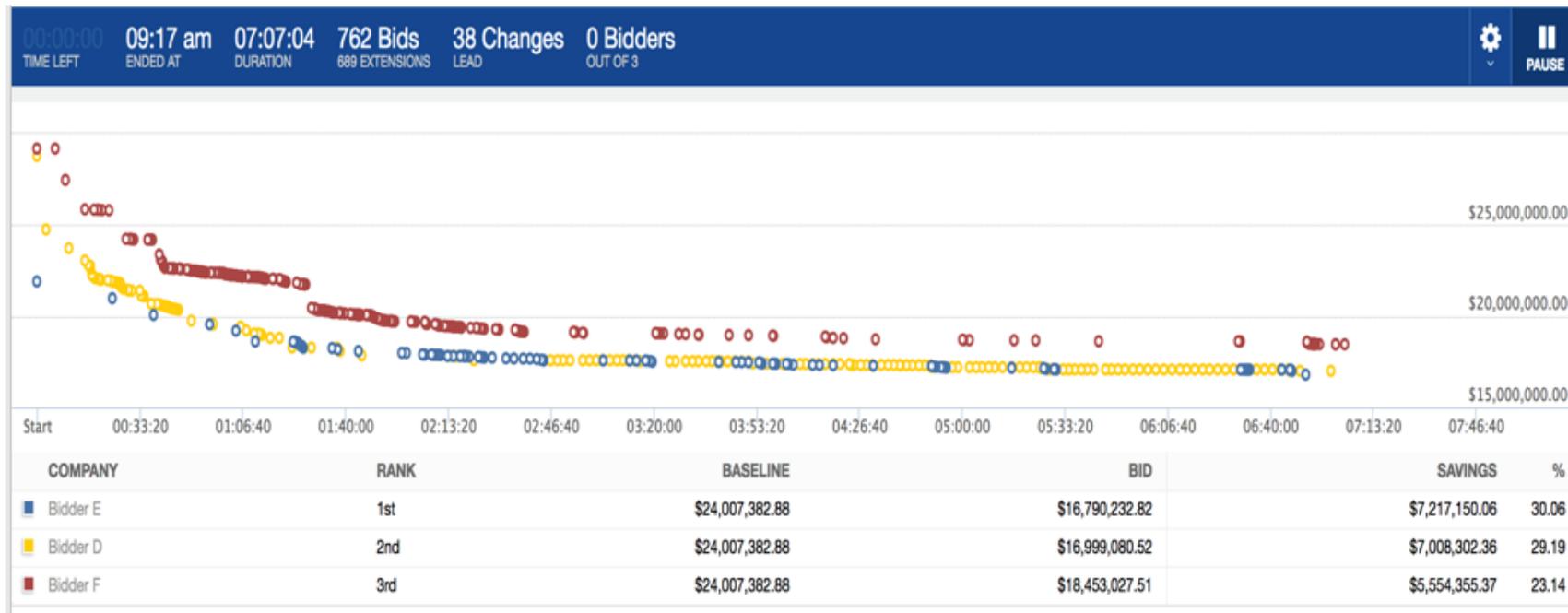
Non-Core List

- 900 Products
- 14 Subcategories:
 - Office Supplies
 - Technology
 - Paper
 - Ink & Toner (Various OEMs)
 - Jan/San
 - Breakroom
- 25% of Contract Spend
- Single Discount per Subcategory



Solicitation 22790 – Miscellaneous Office Supplies

Reverse Auction page





Solicitation 22790 – Miscellaneous Office Supplies

Miscellaneous Office Supplies		00:00:00	09:17 am	07:07:04	N/A			
		TIME LEFT	ENDED AT	DURATION	RANK			
RANK	ITEM	#	QTY	NEW BID	MAX BID	EXT QTY		
n/a	Texas Instruments TI-84 Plus Graphing Calculator, Black, Each	1.0	1/Ea	\$	*	n/a	5,875	
n/a	3M Post-it; Office Pack Notes, Blank, Assorted Colors, 3" x 3", 24/Pk	2.0	1/Pk	\$	*	n/a	12,377	
n/a	Energizer Ultimate AA Lithium Batteries, 8/Pk	3.0	1/Pk	\$	*	n/a	14,001	
n/a	HP 42A TONER	4.0	1/Ea	\$	*	n/a	2,135	
n/a	HP LASERJET 64A BLACK TONER	5.0	1/Ea	\$	*	n/a	1,984	
n/a	HP CE390A BLACK TONER CARTRIDG	6.0	1/Ea	\$	*	n/a	1,858	
n/a	3M Lightweight Desktop LCD Wide-Screen Privacy Filter, Diagonal LCD Screen Size 19", Each	7.0	1/Ea	\$	*	n/a	1,280	
n/a	HP 78A TONER	8.0	1/Ea	\$	*	n/a	3,440	
n/a	HP CE255A BLACK TONER	9.0	1/Ea	\$	*	n/a	1,825	
n/a	Acme PhysiciansCare; Weather Resistant 50-Person First Aid Kit, 175 Pieces, Orange, 4 1/2"H x 13"W x 12 3/4"D	10.0	1/Ea	\$	*	n/a	4,063	
n/a	TONER RETURN HIYLD	11.0	1/Ea	\$	*	n/a	527	
n/a	HP 42X TONER HIGH YIELD BLACK	12.0	1/Ea	\$	*	n/a	1,030	
n/a	HP LASERJET 64X BLACK TONER	13.0	1/Ea	\$	*	n/a	784	
n/a	Sharpie Permanent Marker, Jumbo Chisel Tip, Black, Each	14.0	1/Ea	\$	*	n/a	20,262	
n/a	Duck HP260 High-Performance Packaging Tape, Clear, 1.88" x 60 Yards, 8/Pk	15.0	1/Pk	\$	*	n/a	5,135	
n/a	HP 80A LASERJET TONER CART BLK	16.0	1/Ea	\$	*	n/a	2,205	
n/a	ACCO, Optima Grip Electric Stapler, 20 Sheet/20 lb., Silver, Each	17.0	1/Ea	\$	*	n/a	5,119	
n/a	AVY 1X2 5/8 LSR LBL 100SH	18.0	1/Bx	\$	*	n/a	8,448	
n/a	COPYPLUS 8.5X11 COPY CS	19.0	1/Ct	\$	*	n/a	3,069	
n/a	LASERJET CE253A MAGENTA TONER	20.0	1/Ea	\$	*	n/a	762	
n/a	HP LASERJET CC364XD DUAL PACK	21.0	1/Pk	\$	*	n/a	369	



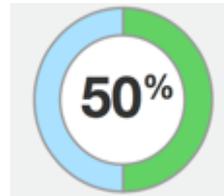


Reverse Auction Success Stories

IT Hardware

Baseline spend of \$82.8 Million with 2 vendors participating, resulting in 391 bids and 120 lead changes

\$41.5M Saved



Solicitation RFQ -16-01 Hardware Aggregate Buy

Two Phased Solicitation

Phased Solicitation issued by the New York State Office of General Services (OGS) Procurement Services (PS) for the purposes of awarding a two (2) year statewide Aggregate Buy for standardized end user devices.

- Phase 1: Pre-qualification of Bidders for technical requirements based on extensive workshops with major IT purchasing organizations (ITS, SUNY, NYSED, etc) . Only Bidders deemed responsive and responsible at the conclusion of Phase 1 were eligible to participate in the Phase 2
- Phase 2: Reverse Auction/Online Bidding Event



Solicitation RFQ -16-01 Hardware Aggregate Buy

- OGS released 7 configurations of end user computing products with detailed technical specifications.
- 1 configuration was withdrawn at technical evaluation and bid separately at a later date due to technical specification errors.
- Each configuration was evaluated on a technical basis. Those vendors that passed technical were allowed to participate in the reverse auction for the fiscal evaluation.
- Each configuration contained elements for a standard configuration, standard 3 year warranty, and a discount off list for all options purchased by users to modify the configuration.



State of New York OGS

IT Hardware

Need help? (855) 405-2253

OVERVIEW

DOCUMENTS

LOTS

PARTICIPANTS

REPORTS

WATCH LIVE

PREVIEW

Bidder Overview Lot 2 - Enterprise Notebook

00:06:45
TIME LEFT

11:10 am
ENDS AT

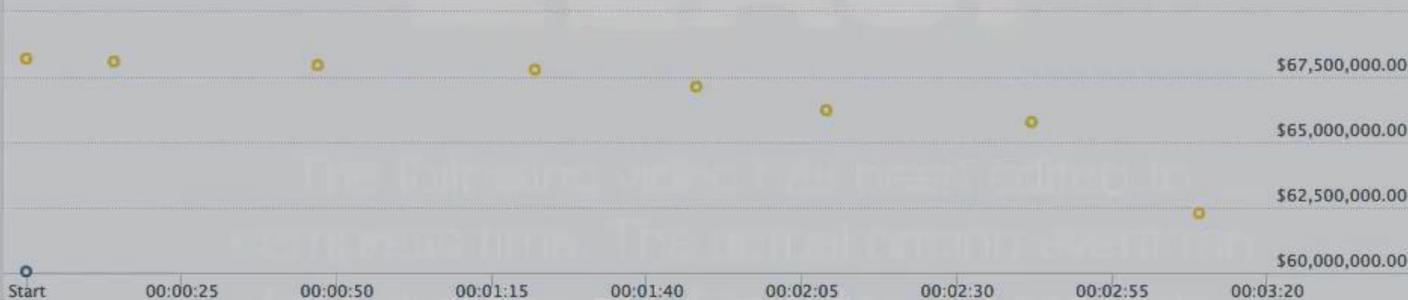
00:10:00
DURATION

00:00:00
EXTENSION TIME

9 Bids
0 EXTENSIONS

0 Changes
LEAD

2 Bidders
OUT OF 2



COMPANY	RANK	BASELINE	BID	SAVINGS	%
Bidder C	1st	\$61,120,121.34	\$60,044,197.94	\$1,075,923.40	1.76
Bidder B	2nd	\$61,120,121.34	\$62,282,753.39	-\$1,162,632.05	-1.90

Incoming Bid Stream

ID	TIME	BIDDER	LINE ITEM	AMOUNT
327167	00:03:09	Bidder B	2: Enterprise Notebook	\$1,400.62
327166	00:02:42	Bidder B	2: Enterprise Notebook	\$1,490.52
327165	00:02:09	Bidder B	2: Enterprise Notebook	\$1,502.12
327164	00:01:48	Bidder B	Percent Discount off Enterprise Notebook Category: Warrant...	\$1,013.61

Questions

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