



# MAGPPA Conference

## Reverse Auctions Tips

### State Agencies

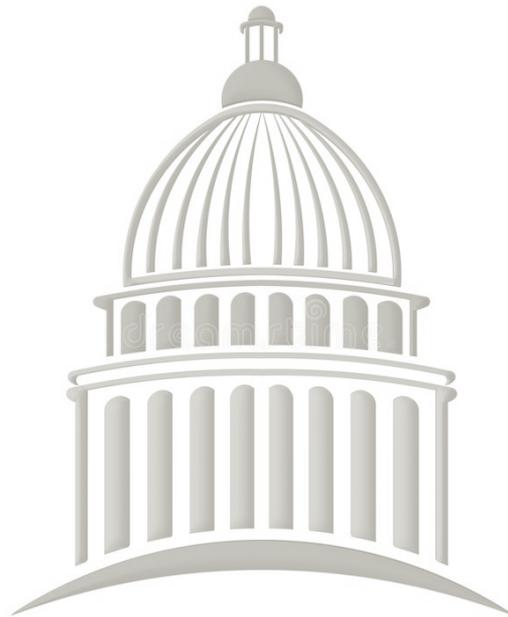
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# Reverse Auctions

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The State of Mississippi implemented Reverse Auctions in January of 2018 per HB 1106 and HB 1109 of the 2017 Legislative Session.



# What is a Reverse Auction?

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A Reverse Auction is an auction performed in real time where the Buyer requests items, and Suppliers compete to bid down the price of an item.

- Buyers define aspects of the auction (i.e. Start/End Time, Start Price, and Items to be bid).
- Bidders enter the Live Auction cockpit and submit bids.
- Once the auction ends, Buyers create a contract from the winning bid.



# Benefits of a Reverse Auction

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- All Bidders know the price needed to win the auction.
- Buyers receive more competitive offers.



# Reverse Auction Statistics

Since the implementation of Reverse Auctions in January 2018, there have been 20 Reverse Auctions completed in MAGIC.

Recently, the Statewide Vehicle Procurement had an average price increase of only 1.01%.

Nineteen of the forty-nine vehicles bid in the Reverse Auction had lower bid prices than FY 18 contract prices.

## Statewide Vehicle Procurement Sample Price Comparison



# Reverse Auction Analysis

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OPTFM and MMRS conducted a 6 month review of Reverse Auction results.

In order to improve the Reverse Auction process, a list of tips and recommendations for state agencies has been developed.





# Common Issues

Vendor login issues

Vendor understanding of process/system functionality

Lack of vendor participation even after responding to RFQF

Agency prep work prior to issuing the RFQF

Agency understanding of how to create an auction

# Resolutions to Common Issues

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## Steps to take prior to a Reverse Auction

1. Seek OPTFM assistance with RFQF and Reverse Auction Setup
2. Solicit vendor participation
3. Host a vendor conference
4. Require vendors to complete system checks 48 hours prior to auction
5. Compile a list of vendor contacts



# OPTFM Assistance

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OPTFM can assist the agency to determine:

- How to set up line items (lot vs line)
- How many automatic extensions
- Whether to use sequential line item functionality
- Bid decrement amount
- Procurement timeline
- Starting Price (should not exceed acceptable price)

# Solicit Vendor Participation

Auctions are most successful when competition exists. Agencies should research companies in the industry and promote procurement opportunities.



Search the Suppliers List within MAGIC based on Product Category



Contact vendors that have participated in past competitive procurements



Search for vendors on the Internet

# Vendor Conference

**Purpose:** to solicit participation and provide useful information to vendors about the procurement

## The discussion topics include:

- The procurement process
- The procurement timeline
- Common issues
- Auction settings (automatic extensions, sequential line items, lot items, and bid decrements)
- A demonstration of a Reverse Auction to familiarize vendors with functionality and navigation



# System Checks by Vendor

Eliminate the possibility of last minute issues accessing the Reverse Auction by having vendors check the following:

## Confirm Access

- ✓ Account has access to the auction document (some vendors have multiple accounts)



## Technical Requirements

- ✓ Computer meets technical requirements (Internet Explorer v. 11, Java 7.0 or higher)
- ✓ Read the “Reverse Auction Information” document for detailed steps to check technical requirements
- ✓ Submit a screenshot of the Auction Cockpit 48 hours prior to the auction start date

# Notice to Qualified Vendors

## REVERSE AUCTION INFORMATION

You are receiving this email from the \_\_\_\_\_ (Agency Name), because you have qualified to participate in the Reverse Auction for \_\_\_\_\_ (RFx number) \_\_\_\_\_ (Description of auction items).

### Time and Date of the Reverse Auction:

Date: \_\_\_\_\_ (i.e. Thursday, June 21st, 2018)

Time: \_\_\_\_\_ (i.e. 2:00 pm- 3:00 pm CST)

The Reverse Auction Number is: #XXXXXXXXXX (Auction Number)

### Automatic Extensions (optional – if not using, remove this section):

For this auction, \_\_\_\_ (enter number of extensions) automatic extensions are available. Each extension will be \_\_\_\_ (how long each extension will last in minutes) minutes.

Automatic Extensions only take place when a lower price is submitted during the final \_\_\_\_ (number of minutes) minutes of the Reverse Auction. Then, an additional \_\_\_\_ (number of minutes) minutes are added to the auction. The maximum number of times this can take place is \_\_\_\_ (number of extensions).

### Lot Lines (optional – if not using, remove this section):

This auction will be utilizing Lot lines. Lot line item functionality enables the system to group items for bidding.

- Bidders must enter a price for each item in a lot before submitting a bid.
- Start Price, Reserve Price, and Bid Decrement are defined at the lot level.
- Bid prices entered at lot item level are aggregated at the lot level where bid validation, comparison, and monitoring occur.

### Sequential Line Item Functionality (optional – if not using, remove this section):

This auction will be utilizing sequential line item functionality. Sequential line item functionality allows staggered end times.

When sequential line item functionality is used, bids may be submitted for all lines at the beginning of an Auction. However, each line will close at different times based on the value entered in the **Sequential Initial Duration** and **Sequential End-Time Gap** fields. This allows Bidders to focus on a single lot or line item at a time.

- **Sequential Initial Duration** – The amount of time to bid on the first line item.
- **Sequential End-Time Gap** – The duration before the next line item in sequence will close.

For this auction, the Sequential Initial Duration will be \_\_\_\_ (number of minutes) minutes, and the Sequential End-Time Gap will be \_\_\_\_ (number of minutes) minutes.

### Starting Prices for the Reverse Auction:

Example:

High Build Traffic Paint	Starting Price
White High Build Traffic Paint 55 GAL	\$8.82

Yellow High Build Traffic Paint 55 GAL | \$8.60

The Bid Decrement amount is: \_\_\_\_\_ (i.e. .05 cents) for each line.

### Award:

(Provide a description of the award criteria as set forth in bid documentation for the RFx )

### On-Site Location:

The \_\_\_\_\_ (Agency Name) will provide assistance at the location shown below for vendors who wish to receive help with the Reverse Auction.

(Building Name)  
(Street Address Line1)  
(Street Address Line 2)  
(City, State, ZIP Code)

### Contact:

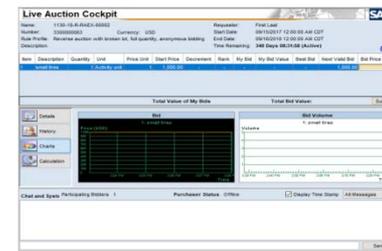
Please contact \_\_\_\_\_ (Contact Name) at (XXX) XXX-XXXX or \_\_\_\_\_ (email) for any questions or to advise if you will be attending the Reverse Auction in person at the \_\_\_\_\_ (Location). If attending in person, provide the number of attendees.

### Technical Requirements check for off-site equipment:

Instructions for accessing the Reverse Auction are attached. Read the instructions and make sure your internet browser is Internet Explorer 11 (IE11) and JAVA is installed.

To ensure that all technical requirements have been met, you will need to log in and access the Reverse Auction a couple days prior to the Start Date of the auction. This is done by selecting the **'Live Auction'** button in the Reverse Auction.

To verify that you were able to access the Live Auction, you will need to email a screen print of the Live Auction Cockpit to [XXXXXXXXXX@XXXXXX.XXX](mailto:XXXXXXXXXX@XXXXXX.XXX) (Contact Person's Email Address). See Example below:



# Live Auction Cockpit

### Live Auction Cockpit

Name: 1130-18-R-RAEX-00002      Requester: First Last  
Number: 3300000063      Currency: USD      Start Date: 09/15/2017 12:00:00 AM CDT  
Rule Profile: Reverse auction with broken lot, full quantity, anonymous bidding      End Date: 09/16/2018 12:00:00 AM CDT  
Description:      Time Remaining: **348 Days 08:31:58 (Active)**

Item	Description	Quantity	Unit	Price Unit	Start Price	Decrement	Rank	My Bid	My Bid Value	Best Bid	Next Valid Bid	Bid Price
1	small tires	1	Activity unit	1	1,000.00	-	-	-	-	-	1,000.00	

Total Value of My Bids      Total Bid Value:     

- Details
- History
- Charts
- Calculation

#### Bid

1: small tires

#### Bid Volume

1: small tires

Chat and Systr    Participating Bidders: 1    Purchaser Status: Offline     Display Time Stamp    All Messages

# Agency Checklist

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## Confirm Access

- Ensure all accounts for a vendor have access to the Reverse Auction.

## Contact List

- Compile a list of vendor phone numbers in case bidders need to be contacted during the auction.





# Request to Use DFA Facilities

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Request to use DFA facilities for Reverse Auctions by submitting the following information to [MASH@dfa.ms.gov](mailto:MASH@dfa.ms.gov) after vendors have qualified to participate in the Reverse Auction. The Procurement Lab is available on Tuesday and Thursday afternoons.

**The request should include:**

- RFQF Number
- Proposed date/time of Reverse Auction
- Number of vendors that will be on site and the number requesting a surrogate bid
- Number of agency personnel that will be present
- Special needs/considerations
- Brief summary as to why the agency is requesting assistance

# Upcoming Reverse Auction Training

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Date:

Tuesday, November 27<sup>th</sup> from 8:30 to 12:00.

How to register:

Submit course registration via Employee Self Service in MAGIC.

# Questions

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Contact the MASH Help Desk for guidance at [mash@dfa.ms.gov](mailto:mash@dfa.ms.gov)