



Electronic Reverse Auction Framework Guidance Notes

ELECTRONIC REVERSE AUCTION FRAMEWORK GUIDANCE NOTES

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1) Background

The provision of electronic reverse auction services is a key element in OGC's e-Procurement Strategy for Government. Moreover, OGCBuying.solutions recognised the growing success of eAuctions as a procurement tool to establish price in appropriate procurements with value for money efficiencies demonstrating common savings in public sector contracts of circa 20% to 25%. Electronic reverse auctions offer efficient, open and transparent negotiations for the most economically advantageous tender as part of a full procurement process. Suppliers compete in real time by bidding lower as the auction unfolds.

2) About OGCBuying.solutions's Frameworks

- The framework for electronic reverse auction services is the outcome of a collaborative procurement between the Office of Government Commerce (OGC) and its trading fund, OGCBuying.solutions.
- The framework was advertised in OJEU under the restricted procedure and has been established in accordance with current and forthcoming UK procurement legislation and EC directives.
- The Treasury Solicitors Department provided legal advice on the terms and conditions of the framework.
- Customers can therefore feel secure in the knowledge that the frameworks are fully compliant with all relevant regulations.
- Pre-evaluated electronic reverse auction service providers are available without the need for a competition
- Departments using the framework avoid the costs of the procurement of the reverse Auction service.
- Terms and conditions on which to contract for the provision of eAuctions have already been established and there is no need to redraft or renegotiate these when securing services under the framework.
- The process also ensures total transparency for the buyer and suppliers taking part in the bidding and guarantees security and anonymity for both via secure Internet access.

3) Scope of the Electronic Reverse Auction Frameworks

Contracts were awarded to the four service-providers on 1 December 2003 to run for four years from 8 December 2003.

The four service providers and their contract reference numbers are:-

Achilles A917259/A

BravoSolution A917259/B

BT A917259/C

TradingPartners A917259/D

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The Frameworks are for the provision of a fully managed electronic reverse auction service i.e. the provision of support before, during and after the auction including:

- arrangements and preparation for the event
- providing bidders with necessary training and instruction
- security and access control for those participating
- managing the event itself
- reporting after the event.
- provision of help desk available for all participants at all stages.

The auction services provided for the standard fee(s) quoted in section 2 of the Pricing Schedule are fully defined in Schedule B of the Framework Agreement, whether they are for a simple or a complex auction. The Framework Agreement can be downloaded from the directory.

A number of additional, related services are offered including but not limited to:

- Additional training i.e. beyond that required for a specific event
- Identification of products and services suitable for eAuctions
- Assistance in tender preparation

Full details of additional services offered by each service-provider can be found in their entry in the Directory.

In broad terms, two types of electronic reverse auction are offered:

1. a “**simple eAuction**” - which has a single variable, e.g. price
2. a “**Complex eAuction**” - which has multiple variables e.g. price, lead time, warranty, technical factors and includes weightings.

4) Who can use the frameworks?

All public sector bodies are eligible to use the frameworks, including central and local government departments and agencies, as can most charities. If you have any doubt as to whether you are eligible to use our framework please contact our Customer Service Desk on 0870 268 2222.

5) How to use the Frameworks

You can obtain full details of the frameworks and the individual service providers in the Directory.

- To access the Directory you will need to register on-line if you are not already registered.
- You can then access the frameworks by contacting service providers direct and either:
 - Select a service-provider on the basis of the information provided in the Directory and at the fee(s) quoted in the Pricing Schedule. The Directory contains detailed information as to the services offered by each service

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provider and the arrangements and resources they have in place to provide these services. It also contains details of their experience of conducting electronic reverse auctions in various market sectors and the level of savings achieved. This is designed to provide sufficient information to enable you to select a suitable service-provider for your particular needs.

- Carry out a mini-competition in which you request each service provider to quote for your specified requirement(s) on the terms of the framework. (see 8.7 of the Model Service Provision Agreement) It is important to note that under the EC regulations the mini-competition may be used where you are unable to identify the most suitable service provider for your specific requirement by direct reference to the information provided in the Directory. In these circumstances you can request service providers to quote a price(s) for your detailed requirement. It is important to note that the mini-competition cannot be used purely as a means of re-negotiating the fees payable under the framework. However, if as a result of the clarification of requirement a service provider is able to offer a lower fee than shown in the Pricing Schedule, then that is acceptable.
- In selecting a service provider it is important bear in mind that the benefits of using an electronic reverse auction will be realised in the savings achieved and that cost of procuring the auction service is likely to be relatively small in comparison. It is more important to focus on selecting a service provider with the experience and ability to meet your detailed requirements.
- Any orders placed will be subject to the terms of the Framework Agreement and the Model Standard Service Provision Agreement (SPA), and you should ensure that an SPA is signed when an order is placed
- A single order can be placed for one or a number of auctions.
- Orders should be placed in your own standard format but must contain details laid out in clause 3.4 of the Framework Agreement.
- The OGCbuying.solutions Framework Agreement reference number should be quoted on orders placed or in any communications with the suppliers.

6) OGCbuying.solutions Roles and Responsibilities

OGCbuying.solutions' role in awarding and subsequently managing the framework is:

- to assist public sector bodies to procure quality, value for money services in an efficient and effective way and
- to assist service providers to operate more effectively in the public sector arena, and to provide services, which genuinely meet the public sector's varied requirements.

OGCbuying.solutions' role in the management of the electronic reverse auction framework agreements include:

- ongoing contract and service management and the ongoing development of the framework agreement;
- customer and service provider bilateral and multilateral liaison;
- joint marketing with the service providers;
- contract change negotiations;

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- audit and compliance checks; and
- escalation and dispute resolution.

7) OGCbuying.solutions Management Charge

Customers do not pay OGCbuying.solutions to use the frameworks. However, in order cover the costs of managing the framework, OGCbuying.solutions recovers a management charge from the service provider equating to one per cent of the invoice raised for the cost of the service.

8) Customer Roles and Responsibilities

Customer's responsibilities include but are not limited to:

- abiding by the terms and conditions as set out in the Directory. Acceptance of OGCbuying.solutions' roles and responsibilities as set out in Paragraph 6.
- determining their own requirements for eAuction services;
- determining their own selection or evaluation criteria and evaluating service providers proposals whether by direct selection from the Directory or through mini-competition.
- de-briefing unsuccessful service providers when the mini-competition route is used;
- paying for services ordered from service providers;

9) Further Guidance and Information

Further detailed guidance on the use of electronic reverse auctions, is available from the OGC website which you can access by visiting <http://www.ogc.gov.uk/index.asp?docid=1001034>.

This includes a decision tool to assist you in deciding whether it is appropriate to use an electronic reverse auction for your particular procurement requirement(s).