

Conducting a Reverse Auction

Reverse auctions are a type of solicitation in which vendors bid downward in order to be awarded. Prior to the auction, a procurement officer communicates the specifications for the desired goods/services to potential suppliers, along with the start and end times of the auction. Once the auction begins, suppliers are able to provide price Quotes, see the price Quotes submitted by other vendors and to bid lower if another supplier beats their price Quote. Once the end time of the auction is reached, the vendor with the lowest price Quote for each desired good/service is awarded a contract to provide it.

Creating a Reverse Auction

Reverse auctions can be conducted in Buy4Michigan by Basic Purchasing users. Upon creating a new Bid document, selecting “Reverse Auction” in the **Type Code** field on the General tab of the Bid document will enable the Reverse Auction feature.

Upon selecting “Reverse Auction” in the **Type Code** field, the following Reverse Auction fields will appear in addition to the standard fields on the General tab of Bid documents.

- **Auction Start Date** – The date/time the auction will start and vendors can submit price Quotes.
- **Auction Type** – “Open” means that any vendor registered in Buy4Michigan can participate in the auction.
“Closed” means that only vendors specifically selected will be able to view and participate in the auction.
- **Bid Increment** – The minimum dollar amount for competing price Quote increments. (Ex. A Bid Increment of \$5.00 means that a vendor must bid at least \$5.00 less than the previous low price Quote)
- **Soft Close Enabled** – Allows the procurement officer to extend the end date/time of the auction until a specified **Soft Close Quiet Period** has been achieved. This prevents last minute “snipers,” or bidders that attempt to sneak in a last-minute price Quote to win award.
- **Soft Close Order Date** – If the Soft Close feature is enabled, the date/time that Buy4Michigan will begin monitoring the time of bids to ensure that the specified **Soft Close Quiet Period** is reached before ending the auction. Until no bids are received for the duration of the specified **Soft Close Quiet Period**, the auction will remain open, allowing vendors to continue to submit price Quotes. The time on the **Soft Close Order Date** should be set to a time before the Bid Opening Date - earlier by the length of the **Soft Close Quiet Period**.
- **Soft Close Quiet Period** – If the Soft Close feature is enabled, the length of time following the **Soft Close Order Date** that, if no price Quotes are submitted, the auction will close.

NOTE: There is no “Available Date” on a Reverse Auction, so details about the Reverse Auction, including specifications for the desired goods/services and the start and end times of the auction should be communicated outside of Buy4Michigan prior to the beginning of the auction.

SOFT CLOSE EXAMPLE:

If the Bid Opening Date is set to 1/6/2010 at 4:00 P.M., and the **Soft Close Quiet Period** is 2 minutes, the **Soft Close Order Date** should be set to 1/6/2010 at 3:58 P.M. In this scenario, if a Quote is received between 3:58 and 4:00 P.M., the time during which vendors can submit Quotes would be extended 2 minutes from the time that Quote is received to allow other bidders to respond. The auction will close after the first two minutes after

3:58 P.M. have elapsed during which no Quotes are received.

Completing the remainder of the Reverse Auction works identically to a standard Bid in Buy4Michigan. Once done, submit the auction for approval from the Summary tab. After all approvals have been attained, you will receive an email that your Bid is “Ready to Send.”

Go to Documents>Bids>Ready to Send and select the Reverse Auction tab, find your auction and click on it. On the bottom of the Summary tab, you will see options for sending the auction, which will publish the auction once the **Auction Start Date** you selected has been reached.

Viewing an Auction

If Quotes have been submitted, you can view the Quote history by clicking one of the following buttons:

Auction Total History – Displays a chart showing the history of the total cost for Quotes submitted (total cost of all items summed together)

Item Auction History – Displays a chart listing the Quote history for each item on the Reverse Auction.

Reverse Auction Bid Tabulation

When the Bid Opening Date/time for the auction has arrived, go to Documents>Bids>Sent and select the Reverse Auction tab.

Bids - Sent								
Bid(3) Reverse Auction(9)								
Bid #	Buyer	Description	Purchase Method	Bid Opening Date	Pre-Bid Conference	Open Quotes	View Auction	Bid Holder
107	Earl Adams	Lawn Mower	Open Market	03/20/2007 03:50:00 PM			View Auction	List
106	Earl Adams	Lawn Mower	Open Market	03/13/2007 03:38:00 PM		Open Bid	View Auction	List
104	Earl Adams	Lawn Mower	Open Market	03/20/2007 03:50:00 PM		No Submitted Quotes		List

Select the auction’s Open Bid link.

Pre-bid Approval Path:									
Delete	Approver	Order Sequence	Approval Path ID	Level	Approver Type	Date Requested	Date Approved/Disapproved/Canceled	Approved/Disapproved/Canceled by	Comment View
	John Walter	1	12566	1	Primary	03/13/2007 02:39:23 PM	03/13/2007 02:39:50 PM	John Walter	

Click the Bid Tab button. The Bid Tabulation for a Reverse Auction functions identically to a standard Bid in Buy4Michigan. From the Items tab you can select the desired vendor(s) for award, and from the Summary tab, you can submit this award recommendation for approval.

Bid Tabulation for Bid #00000007

[Quotes](#)
[Revisions](#)
[Items](#)
[Header Questions](#)
[Subcontractors](#)
[Routing](#)
[Attachments\(1\)](#)
[Score](#)
[Summary](#)
[Back to Bid](#)

Bid Tabulation Information

Attachments: [Test](#)

Total Item Count: 2 Total Awarded Quote Count: 1 Bid Status: 2BO - Bid Opened (Quotes received and opened. Ready for tabulation)

Canceled	Item info/Quote info	(00000011)Rao Trading and Holding <Quote: 00000002>
	Donkeys Item #:1 Print Sequence:1.0 Status:2BO - Opened Quantity:10.0 Uom:EA	<input checked="" type="checkbox"/> \$79.00 **
Yes	Race Horses Item #:2 Print Sequence:2.0 Status:2BC - Canceled Quantity:2.0 Uom:EA	No Bid NB
	Totals:	\$ Vendor Gross Total: \$790.00 \$ Vendor Discount: \$0.00 \$ Vendor Net Total: \$790.00 \$ Preference Discount: \$0.00 \$ Evaluation Total: ** \$790.00 \$ Vendor Freight: \$0.00 \$ Awarded: \$790.00
	Eval Codes:	NI
	Pref Codes:	

Evaluation Code Descriptions:
 ** = Low Item Price
 NB = No Bid
 NI = Did Not Bid All Items

Bid Amendments

While conducting Reverse Auctions, the Amendments functionality **should not be used**. Instead, if buyers wish to make changes, they are advised to cancel the present auction and begin a new auction.