



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



**DLA Land Supplier Operations 2012
NDIA
Industry Conference and Exhibition
Break-Out Session**

Reverse Auctioning



Session Description

Presenters

- Mindy Tisone
- Mary Johnson
- Carmen Pillitteri

Overview of DLA Land and Maritime's use of Reverse Auctions to reduce material costs

Details on Reverse Auction policy and application

Demonstration to gain better understanding of the online tool and its functionality



Reverse Auctioning Defined



A process that allows government contractors to bid against each other in a real-time, on-line auction.



Used as a pricing technique during discussions to drive down pricing.



Used in conjunction with the evaluation factors stated elsewhere in the solicitation (past performance, socioeconomic factors, etc.).



Private and Public Sector Best Practice



Battelle
Raytheon
General Electric
GENERAL MOTORS
Exxon Mobil
United
Technologies
OSU Medical
Caterpillar
Limited Brands

Department of State
Air force
Department of
Homeland Security
NAVY
Department of
Defense
Army
Defense Finance and
Accounting Service
General Services
Administration



Material Cost Reduction (MCR)



FY 12 DLA Director's Guide

“Focus engagements with industry partners and apply innovative approaches to drive down acquisition costs, increase competition, provide incentives, reduce supplier lead time, and maximize economies of scale.”



Reverse Auctioning and MCR



FY 12 DLA Director's Guide,
Stewardship Excellence

“Target all competitive procurements for Reverse Auctions.”



Win-Win

Suppliers

Increased competitive edge

- Opportunity to see low price
- Competitor insight

Increased Efficiency

- Cycle times

Accessibility

- No geographical limitations

Government

Obtain favorable pricing

- Increase price competition
- True product value

Increase Efficiency

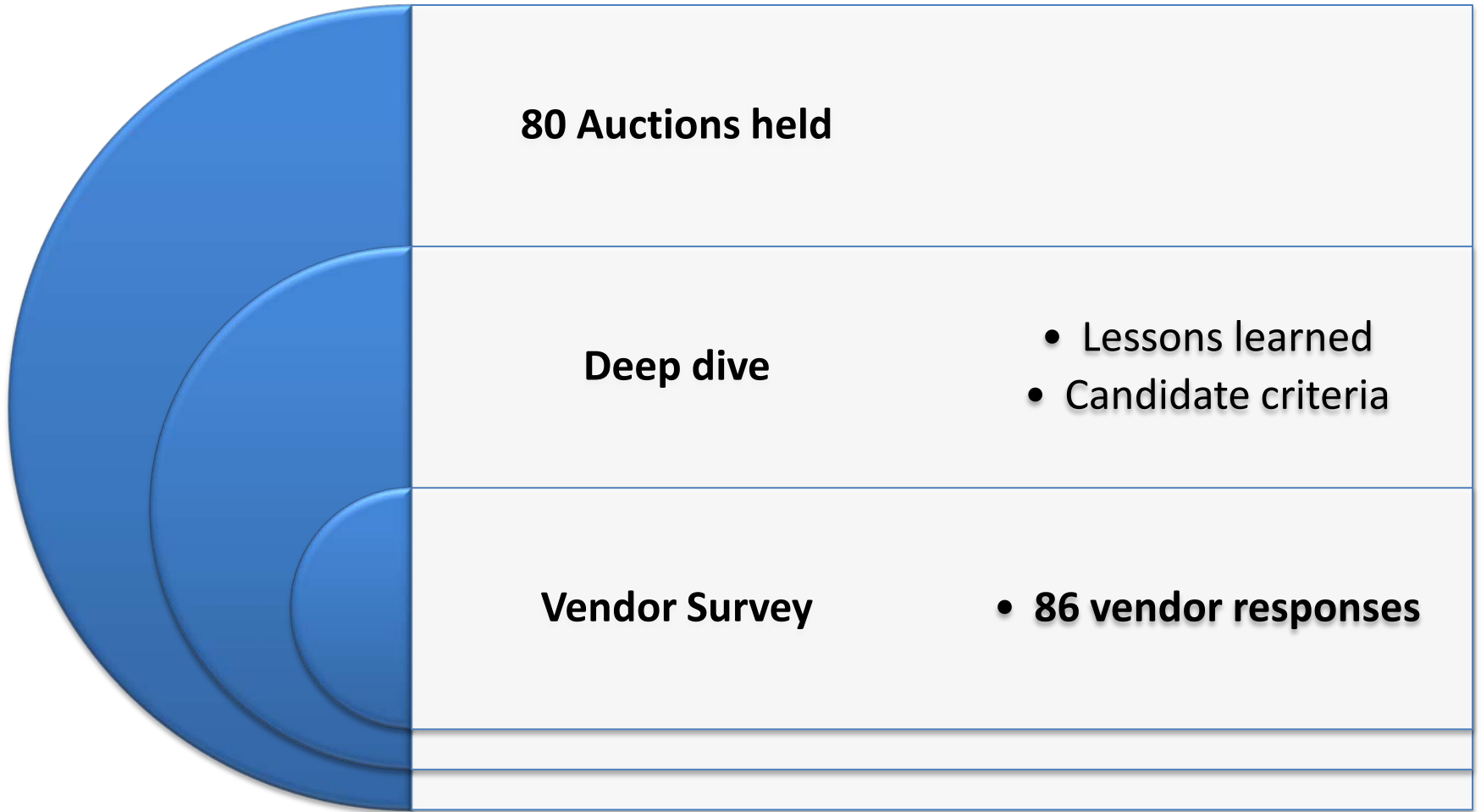
- Cycle times

Increased Transparency

- Accountable spending



Land and Maritime FY 11





Survey Feedback

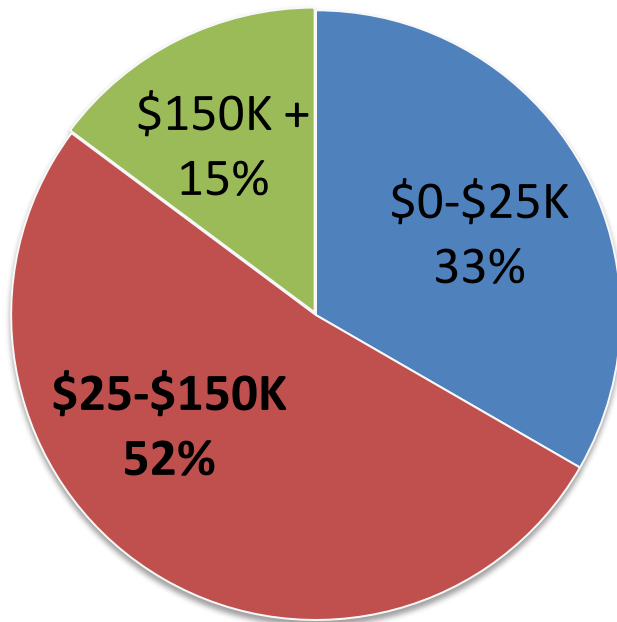
“Concerning the auction you were previously invited to participate, check all that apply;”

- **35** selected: I did not receive any **notice** of an auction...
- **20** selected: My price could **not** be lowered...

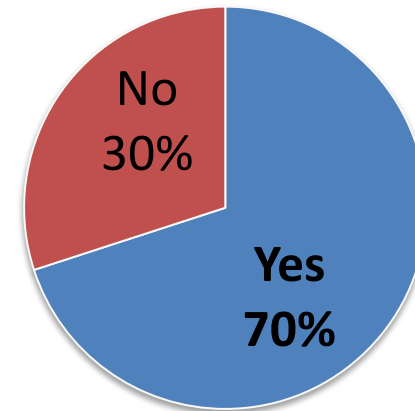


Survey Feedback

What procurement dollar range would attract your participation in a reverse auction?



If invited to participate in another RA, would you participate?





Land and Maritime FY 12



Over **200** auctions



April and May

- **>184** invitations to bid



Land and Maritime FY 12



Competitive,
large dollar
procurements

- One-time-buys
- Long-Term Contracts (LTCs)



52.215-9023 Reverse Auction



RA prices will be used with the evaluation factors in the solicitation to make the award decision

The Contracting Officer (KO) will provide offerors in the competitive range with information concerning the on-line auction process

Discussions can be conducted prior to or simultaneously with the RA

The lowest offeror's price(s) for each round of the RA will be anonymously disclosed to other offerors

An offeror's final auction price at the close of the RA will be considered its final proposal revision





52.215-9033 Competing Individual Delivery Orders Through On-line Reverse Auctioning



When competing a delivery order using RA, the KO will **notify the contractor via email**

RA prices will be **used with the evaluation factors** in the contract or solicitation to make the award decision

Prior to RA, the **government will determine whether all participants' prices, or just the lowest price(s), will be anonymously disclosed** to auction participants and to others authorized access to the RA

Final auction price(s) at the close of the RA will be considered **final proposed prices**



Reverse Auction Notification



KO Notification

- References solicitation number
- Sites the provision
- **Identifies online auction provider (Ariba)**
 - **Bulk email**
 - Access information
- **Initial bid entry**
- Basic terms
- **POC for conducting the auction**

Online provider notification

- Email address is from online provider with auction POC, not "DLA.Mil"
 - Bulk mail
- **Time and Date** of auction event
- Directions to **complete registration**
 - Accept terms



Preparing for an Auction



- ✓ Government Sales Representative available
 - ✓ Contact POC if an additional user is required
- ✓ Determine pricing strategy
 - ✓ Negotiate your costs
 - ✓ Review margins
- ✓ Test connection to the site
 - ✓ Password resets
 - ✓ Technical difficulty





Practice Auctions



Practice Auctions

- **Dependent on complexity of procurement**
- **Optional registration today**



Logging into an Auction



Event Details

[Event Messages](#)
[Response History](#)
[Download Tutorials](#)

▼ Checklist

- ✓ 1. Review Event Details
- 2. Review and Accept Prerequisites
- 3. Select Lots
- ✓ 4. Submit Bids

Doc54582575 - Reverse Auction Breakout Session

Review and respond to the prerequisites. Prerequisite questions must be answered before you can view event content or participate in the event. Review prerequisite questions and accept your responses before you can continue with the event. If you decline the terms of the prerequisite, you cannot view the event content.

[Download Content](#) [Review Prerequisites](#) [Decline to Respond](#) [Print](#)

Introduction

Name ↑

▼ 1 Introduction

1.1 Reverse Auction Breakout Session

All terms and conditions of the solicitation apply
You are bidding on price only



Logging into an Auction



Prerequisites

- ▼ Checklist
 - ✓ 1. Review Event Details
 - 2. Review and Accept Prerequisites**
 - 3. Select Lots
 - ✓ 4. Submit Bids

Doc54582575 - Reverse Auction Breakout Session

Prerequisites must be completed prior to participation in the event.

In consideration of the opportunity to participate in on-line events ('On-Line Events') held and conducted by the company sponsoring this On-Line Event ('Sponsor') on the web site (this 'Site') hosted by Arriba, Inc. ('Site Owner'), your company ('Participant' or 'You') agrees to the following terms and conditions ('Bidder Agreement'):

1. Bids. If You are invited to participate in the On-Line Event, Sponsor reserves the right to amend, modify or withdraw this On-Line Event. Sponsor reserves the right to accept or reject all or part of your proposal. Submission of a bid does not create a contract or any expectation by Participant of a future business relationship. Rather, by submitting a bid, you are making a firm offer which Sponsor may accept to form a contract, subject to section 2 below. Sponsor is not liable for any costs incurred by Participant in the preparation, presentation, or any other aspect of Participant's bid.
2. Price Quotes. Except to the extent Sponsor allows a non-binding bid, all Bids which Participant submits through the On-Line Events are legally valid quotations without qualification, except for data entry errors.
3. Procedures and Rules. Participant further agrees to be bound by the procedures and rules established by the Site and Sponsor.
4. Confidentiality. Participant shall keep all user names and passwords, the On-Line Event content, other confidential materials provided by the Site and/or Sponsor, and all bids provided by You or another participating organization in confidence and shall not disclose the foregoing to any third party.
5. Bids through Site only. Participant agrees to submit bids only through the on-line bidding mechanism supplied by the Site and not to submit bids via any other mechanism including, but not limited to, post, courier, fax, E-mail, or orally unless specifically requested by Sponsor.
6. Ethical Conduct. All parties will prohibit unethical behavior and are expected to notify the Site Owner by contacting the appropriate project team if they witness practices that are counter-productive to the fair operation of the On-Line Event. If Participant experiences any difficulties during a live On-Line Event, Participant must notify Site Owner immediately.
7. Survival. The terms and conditions of this Bidder Agreement shall survive completion of the On-Line Event.
8. All terms, conditions and provisions contained in the solicitation and any amendments are in full effect for the reverse auction.
9. In the event of questions or technical difficulty during the reverse auction, contact the Contracting Officer or the Supply Chain Reverse Auction Manager. As indicated in the solicitation provision(s) and within this event description, this reverse auction includes bid extensions. This means that an additional period of time will be added to the event when a new low bid is received within the "Quiet Period," by this application, prior to the closing of the event. As a result, there is no advantage in waiting until the last possible moment to submit a new bid. You will notice during the event that there is a time difference between when you click the "submit your bid" button and the bids' recorded receipt. Such time differences are normal for any internet based application. Experience has shown that this time difference varies with each bid, and is outside the control of Arriba, the Government, or any of our vendors. Waiting for the last moment to submit a new low bid cannot give you an advantage, as time will be added to the clock. However, if you wait too long to submit your bid, it will be rejected if it is not received by this application prior to the closing time. It is strongly recommended that you do not wait until the last minute to submit a bid. If no new low offers are received during this event, the Contracting Officer will proceed with the award process based on the initial responses to this solicitation.

I accept the terms of this agreement.
 I do not accept the terms of this agreement

OK



Logging into an Auction



Confirmation - Reverse Auction Breakout Session Done

The event owner has submitted an initial bid for you. Please review the details of the response.

Reference Number: ID162402785
Submitted For: Superfluous Surplus (Carmen Pillitteri)
Submitted By: Defense Logistics Agency (DLA) (aribasystem)
Submission Time: 5/30/2012 4:46 PM
Status: Accepted

Name 1	Price	Quantity	Extended Price	Total Cost
1 Introduction				
1.1 Reverse Auction Breakout Session Less...				
<p>All terms and conditions of the solicitation apply You are bidding on price only As stated in provision 52.215-9023, An offeror's final auction price at the close of the reverse auction will be considered its final proposal revision. No price revisions will be accepted after the close of the reverse auction, unless the Contracting Officer decides that further discussions are needed and final proposal revisions are again requested in accordance with Federal Acquisition Regulation (FAR) 15.307. Auction will be extended automatically if a new low offer is entered within 5 minutes of closing. Any system related problems that occur during the auction must be addressed immediately (during the auction) to your auction Point of Contact at (614-692-6365) and also to Ariba Customer Support at 866-218-2155 Any questions concerning the procurement should be addressed to the contracting officer listed on the solicitation. Do not use the instant message feature on this Ariba website</p>				

Done



Placing a Bid



Content

		My Response				Leading		
		Rank	Price	Quantity	Extended Price	Total Cost	Price	
Introduction								
Reverse Auction Breakout <small>Less... ▾</small>								
<p>All terms and conditions of the solicitation apply You are bidding on price only As stated in provision 52.215-9023, An offeror's final auction price at the close of the reverse auction will be considered its final proposal revision. No price revisions will be accepted after the close of the reverse auction, unless the Contracting Officer decides that further discussions are needed and final proposal revisions are again requested in accordance with Federal Acquisition Regulation (FAR) 15.307. Auction will be extended automatically if a new low offer is entered within 5 minutes of closing. Any system related problems that occur during the auction must be addressed immediately (during the auction) to your auction Point of Contact at (614-692-6365) and also to Ariba Customer Support at 866-218-2155 Any questions concerning the procurement should be addressed to the contracting officer listed on the solicitation. Do not use the instant message feature on this Ariba website</p>								
Commercial Terms								
Unit Cost:					\$105,000.00 USD	\$105,000.00 USD		
Reverse Auction Breakout <small>Less... ▾</small>		<input type="checkbox"/>	<input type="text" value="975"/>	USD	100 each	\$105,000.00 USD	\$105,000.00 USD	\$1,000.00 USD
Vendor Walkthrough								
Unit Cost:		\$1,050.00 USD						
Decrement selected items by <input type="text"/> <small>value</small> <input type="button" value="Apply"/> <small>* indicates required field</small>								
<input type="button" value="Submit Entire Response"/> <input type="button" value="Take Lead"/> <input type="button" value="Update Totals"/> <input type="button" value="Reload Last Bid"/> <input type="button" value="Save"/> <input type="button" value="Compose Message"/> <input type="button" value="Excel Import"/>								



Way Forward





Questions and Discussion



Contact Information



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Carmen Pillitteri
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614-692-6365

Ariba
<http://www.ariba.com/>
Ariba help at 1-866-218-2155



Thank you!



Please take advantage of the optional pre-registration/practice auction sign-up sheet.

