

eAuctions Beverley Lewis – e-Three 30th October 2007



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Agenda

- Background to SWCoE eAuction programme
- What is an eAuction?
- Progress so far – SWCoE eAuction programme
- Critical success factors for running eAuctions
- Benefits and challenges of collaborative eAuctions
- Discussion

Background to SWCoE eAuction programme



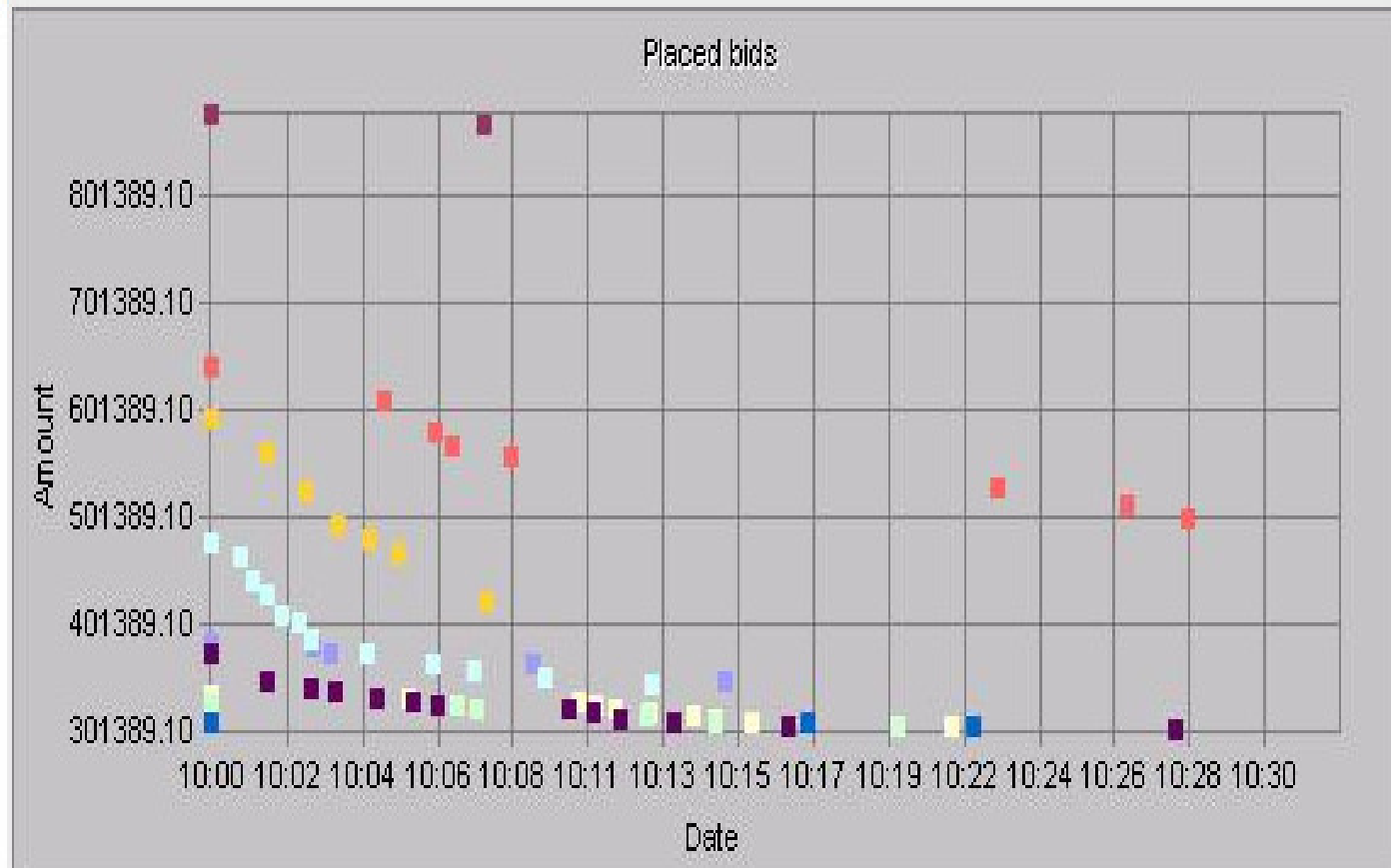
- 2005 Successful collaborative eAuction on agency staff led by Wiltshire County Council – 25% saving
- 2006 SWCoE & Dorset County Council tendered for an eAuction provider
- e-Three participated in the ITT and were awarded the contract
 - Preferred eAuction provider for the South West Region
 - e-Three are a spend management company who help organisations optimise the sourcing of best value contracts
- SWCoE allocated financial resource to the eAuction programme for South West region

What is an eAuction?

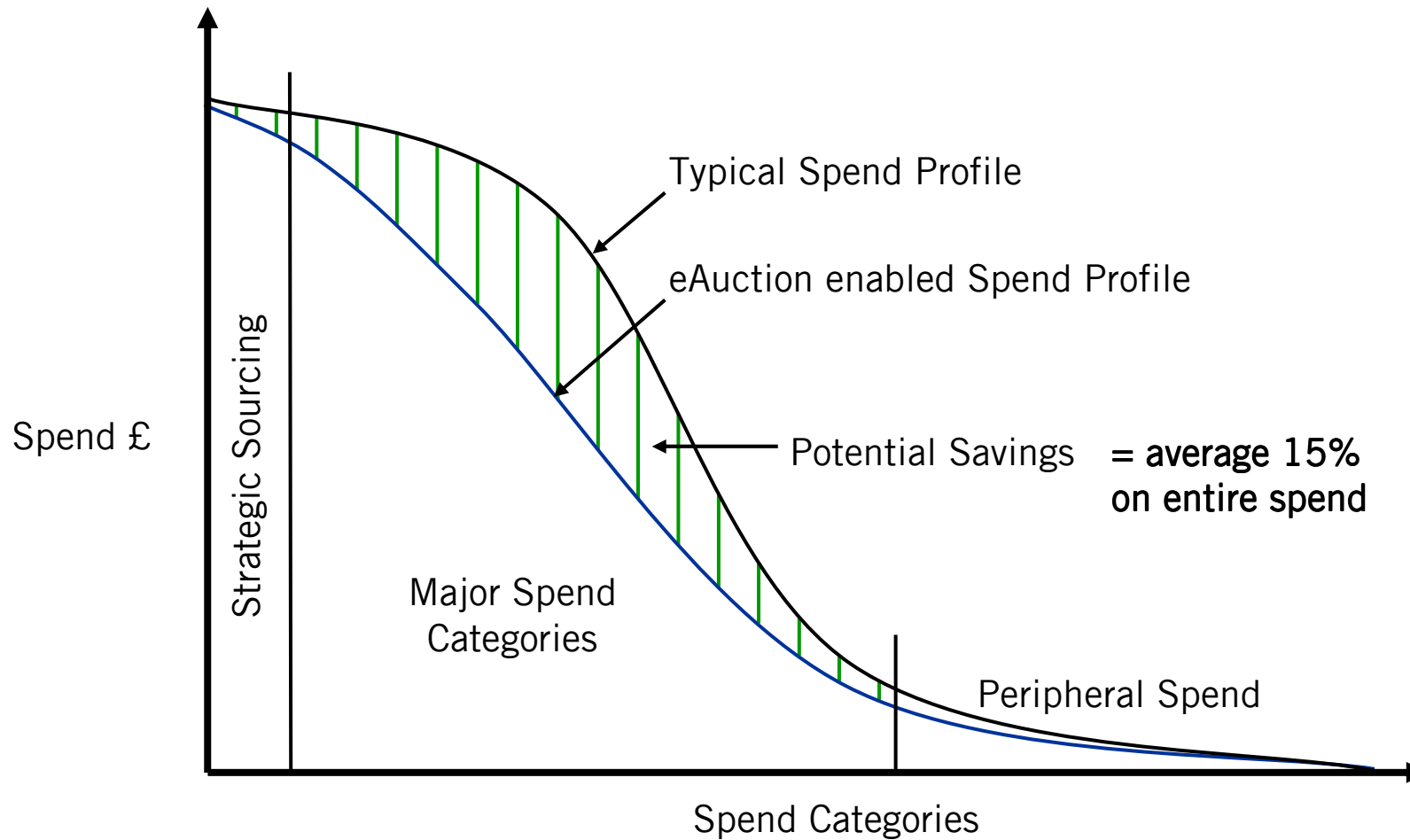
“A dynamic online negotiation process between pre-selected suppliers for a specific piece of business.”

Example eAuction Graph

Placed bids



eAuction spend profile



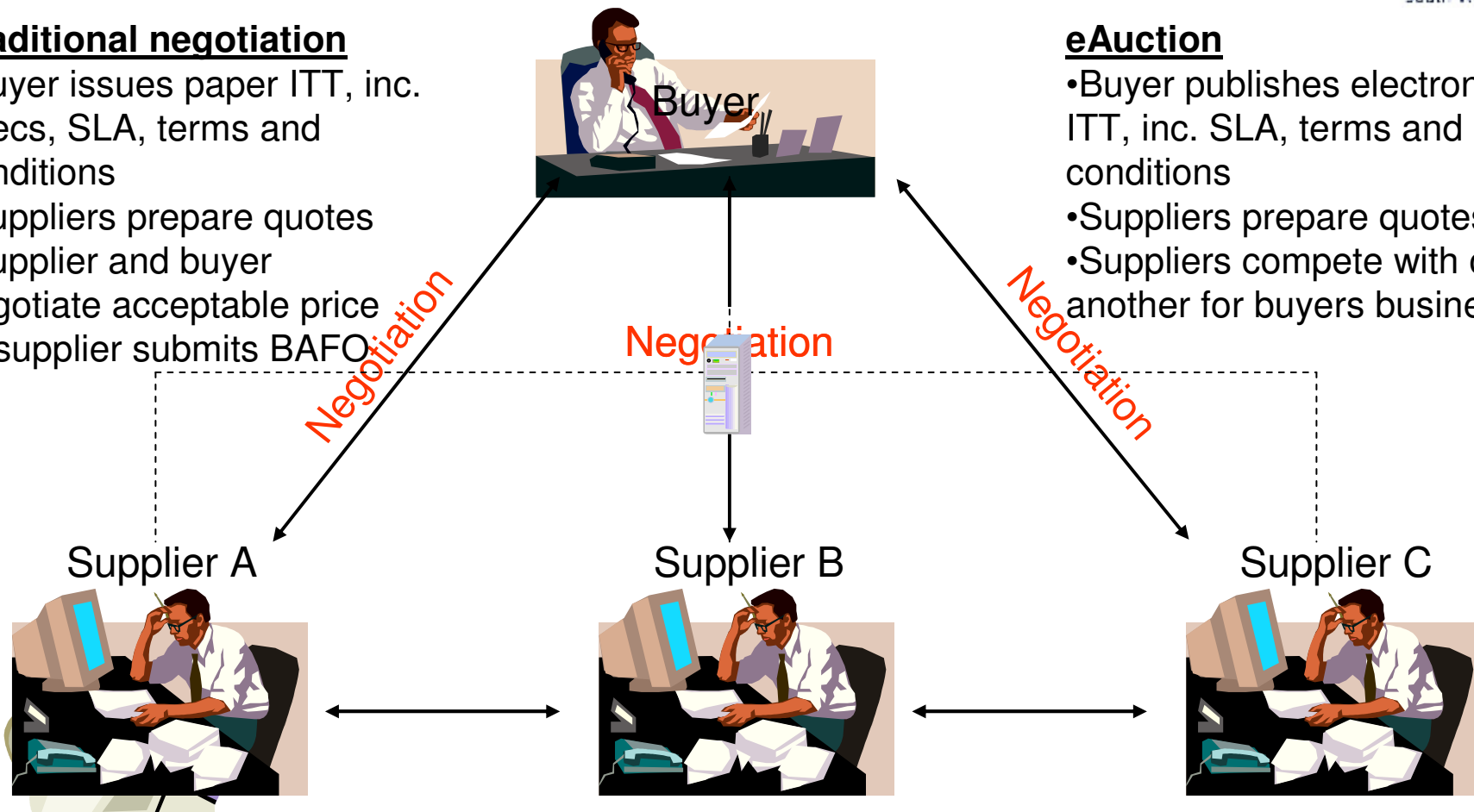
eAuction versus traditional - key differences

Traditional negotiation

- Buyer issues paper ITT, inc. specs, SLA, terms and conditions
- Suppliers prepare quotes
- Supplier and buyer negotiate acceptable price or supplier submits BAFO

eAuction

- Buyer publishes electronic ITT, inc. SLA, terms and conditions
- Suppliers prepare quotes
- Suppliers compete with one another for buyers business



eAuction versus traditional - similarities

- Lowest price does not always win
- Price is one decision factor
 - Quality & service are still important
- Suppliers must compete to win your business
- Still requires a lot of work!

Types of auction?

- Price only eAuction
- Transformation eAuction
 - Quality score built into the eAuction
- Dutch
- Japanese
- English Ticker

EU guidelines on use of eAuctions

- Potential use of eAuction must be indicated at OJEU stage
- Evaluation must be completed before the eAuction
- eAuction must be 1st place wins
 - Price only
 - Transformation (quality and price)
- Competitive Dialogue
 - Use of eAuctions is omitted
 - Does not expressly state that they can't be used
- Intellectual property
- Must be clear at the end of an auction if a supplier has won a specific Lot
- Weighting criteria needs to be clarified at ITT phase

Progress so far – SWCoE eAuction programme

- Projects completed

Project	Lead Authority	Collaborative	Savings %
Wheeled Bins	East Devon	Yes	15
Examination Gloves	Bristol Council	Yes	40
Office Furniture	South Gloucester	Yes	26
Sheds & Fencing	Swindon Council	Yes	0
IT desktops	Bristol Council	Yes	34
Audio Visual Equipment	Bristol Council	No	30

- Savings delivered - £4,617,667
- ROI – 42:1

Progress so far – SWCoE eAuction programme

- Projects ongoing

Project	Lead Authority	Collaborative	Savings %
Print	South Somerset	Yes	TBD
PPE	Poole	Yes	TBD
Rock salt	Bristol Council	Yes	TBD
Self drive hire	Dorset	Yes	TBD

- There is still opportunity for you to get involved!

Critical success factors for running eAuctions

- Involvement of key stakeholders
- Compliance with EU regulation
 - Ensure this filters down to stakeholders
- Deployment of a best practice tender process
 - Understand the importance of weighting and scoring
 - Clear and concise specifications and SLA's
 - Evaluation completion prior to auction
- Preparation and support for the supply base
 - Consistent communication
 - Tailored support and guidance

Benefits and challenges of collaborative eAuctions

- Benefits
 - Leverage volume to deliver best value
 - Process synergy
 - Shared resource, knowledge and expertise
 - Shared best practice
 - Supplier rationalisation
 - Shared costs higher ROI
 - Reduced cost of sourcing contract
 - Eliminates duplication of effort
 - Common supply base management
 - No need to compromise on your specific requirements

Benefits and challenges of collaborative eAuctions

- Challenges
 - Lack of commitment
 - Differing priorities
 - Lack of resource
 - Lack of knowledge/expertise
 - Lack of leadership
 - Stakeholder involvement
 - Quality/accessibility of management information
 - “One size fits all approach”

Discussion

- What are your experiences of eAuctions?
- Are you using them? If not, why not?
- What are your key concerns about using eAuctions?
- What areas are suitable for eAuction?

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**Centre of
Excellence**
South West

Thank you

