

eAuctions

This document informs Central Government departments of the Government's policy on the use of electronic reverse auctions (eAuctions) in procurement.

OGC strongly recommends departments to use eAuctions for delivering value for money savings and ensuring optimum utilisation of scarce budgetary resources. EAuctions also support the Government's policy on collaborative procurement requiring departments to use their collective buying power to get better value for money. Both central civil government and wider public sector organisations are building eAuctions into their sourcing activities and have had proven success. Their use is entirely compliant with both current legislation and the new EU public procurement legislative package, which specifically features eAuctions.

The attached guidance is designed to help departments make the optimum use of the value for money opportunity offered by eAuctions. These auctions are conducted online with pre-qualified suppliers being invited to compete on predetermined and published award criteria. eAuctions can bring a number of benefits to purchasing organisations including clear price reductions and a disciplined and transparent procurement process.

What to consider

The basic principles of eAuctions are:

- They are an appropriate tool in many competitive, specifiable procurements.
- They are not about price alone.
- The contract needs to be of a value that will attract competition.
- They require a clear and concise statement of requirements.
- Initial price proposals are needed.
- Commercial sensitivities must be respected.

The use of an eAuction in no way impacts upon Government's policy to award contracts on the basis of the most economically advantageous tender. An eAuction does offer the buyer the opportunity to arrive either at or close to the true market price in an efficient and transparent way, but does not encourage suppliers to submit bids at unsustainable levels. The EU favours the use of eAuctions because of their transparency and strong competitive element.

When to use eAuctions

Used correctly within a procurement process, eAuctions are a relevant tool for most goods and services. Most procurements that are of sufficient value to attract competition, with a clear requirement that can be accurately specified and for which there is a competitive market can be suitable for an eAuction. Examples of categories which have been purchased via eAuction include: telecoms, temporary staff, IT hardware, stationery, mobiles, photocopiers, office furniture, food services and food products, some NHS clinical products, construction products, cleaning and cleaning products, gas and electricity, fleet management, car hire, print and print services.

Links to Other Policies and guidance

Appendix 1: OGC eAuction guidance note

[Saving Money with IT eAuctions](#)

[EProcurement in Action](#)

[EProcurement Policy FAQs](#)

[Value for Money](#)

[Collaborative Procurement](#)

[EAuction FAQs](#)

[eAuction Decision Tool](#)

Further information regarding the OGC buying.solutions [Electronic Reverse Auction Framework](#)

Further information and case studies on the use of eAuctions can be found in "[eProcurement: Cutting through the hype](#)" and within the [eProcurement Case Studies](#) section of the OGC website.

Questions and Comments

Questions on this policy should be addressed in the first instance to the OGC Service Desk on **0845 000 4999** or at servicedesk@ogc.gsi.gov.uk