

# Reverse Auction Primer

Reverse Auction Primer  
Unlike a traditional auction, bid prices go down.

## **Some of the many benefits:**

- Promotes competition
- Level playing field for all participants
- Saves money and processing time
- Reduces the need for large IDIQ contracts and blanket purchase orders

## **Auction enablers:**

- Permitted by the Federal Acquisition Regulation (FAR)
- No hardware or software configuration changes needed
- Technology exists in the commercial marketplace
- Auctioning services are available through GSA's Federal Supply Schedules
- Recent Comptroller General and Court of Federal Claims decisions favor reverse auctioning arrangements.

## **Reverse Auctions are suitable for:**

- Commercial Item purchases (FAR Part 12)
- Simplified acquisitions (FAR Part 13)
- Negotiated procurements (FAR Part 15)
- "Best value" procurements

## **Examples of savings achieved using the reverse auction model:**

- The Navy has saved 29% (\$1 million) on ejection seat components.
- The Army's Communications - Electronic Command has saved between 12% and 53%.
- The Defense Finance and Accounting Service has saved 22% on thousands of desktop computers, printers and laptops

## **Testimonials:**

David Oliver, Defense Undersecretary for Acquisition and Technology has written, *"The Office of General Council has advised that, if properly structured, auctioning is permitted within the framework of existing law and regulation."*

Steve Kelman, former Administrator of the Office of Federal Procurement Policy has said, *"When FAR Part 15 was rewritten in 1997, the ban on auctioning during discussions was eliminated..."*

### **For more information**

Visit GSA's Website [www.buyers.gov](http://www.buyers.gov)

or contact:

Geoff Gauger (202) 622-0203 [geoff.gauger@do.treas.gov](mailto:geoff.gauger@do.treas.gov)

At the Department of the Treasury's Office of Procurement

Note - precautions must be taken prior to conducting an online auction