



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

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Department of the Interior Acquisition Policy Release (DIAPR) 2011-08

Subject: First Consideration to Use FedBid Reverse Auction Service

References: Federal Acquisition Regulation (FAR) Part 1.102-4 (e), *Role of the Acquisition Team*;
FAR Part 2, *Definitions of Words and Terms*;
FAR Part 4, *Electronic Commerce in Contracting*;
FAR Part 6, *Competition Requirements*;
FAR Part 8, *Required Sources of Supplies and Services*;
FAR Part 12, *Acquisition of Commercial Items*;
FAR Part 13, *Simplified Acquisition Procedures*; and
FAR Part 19, *Small Business Programs*
Office of Federal Procurement Policy (OFPP) Memorandum, *Utilization of Commercially Available Online Procurement Services*, May 12, 2004

1. Purpose:

This DIAPR establishes agency policy and procedures for using the FedBid Reverse Auction Service tool for buying commercial item products and simple services. This DIAPR supersedes DIAPR 2010-12, *Electronic-Procurement Tools to Implement More Effective Acquisition Practices*.

2. Effective Date: Upon signature—with exception of the Departmental 25% goal—this will be effective in FY 2012.

3. Expiration Date: This DIAPR will remain in effect until cancelled or superseded.

4. Background and Explanation:

The Office of Acquisition and Property Management (PAM) issued policy promoting the use of electronic commerce systems in the acquisition arena (DIAPR 2010-12), conducted a reverse auction pilot program, and developed an agency enterprise contract for Reverse Auction Services to promote acquisition savings and to assist staff with their acquisition streamlining efforts. The contract was awarded to FedBid, Inc. (FedBid).

Experience with the FedBid web-based reverse auction marketplace has provided acquisition savings, increased competition, and resulted in a significant number of contract awards to small businesses. In addition to acquisition savings, employee efficiency and greater quality control are achieved. Additionally, the FedBid Reverse Auction Service provides the documentation required for end-of-year certification as well as an audit trail. The Deputies Operating Group endorsed the use of the FedBid Reverse Auction tool. Reverse auctions work best for commodity purchases where price is the primary evaluation factor and commoditized services, such as overnight delivery, where technical evaluations are unnecessary.

5. Action Required: Contracting officers shall consider the FedBid reverse auction marketplace first when buying commercial products and simple services over the micro-purchase threshold and up to the test program threshold established in FAR 13.5 following the procedures in Attachment A and the guidance in Attachment B. FedBid Reverse Auction Service is a tool that streamlines the acquisition process. Contracting officers shall follow appropriate acquisition statutes, regulations, and policies when using the tool. The Reverse Auction tool can support the accomplishment of small business goals. Contracting officers shall review the small business goals for their bureau when using the tool. Priority shall be given to socio-economic small business classifications in which the bureau or office is currently not meeting its goal or goals. Contracting officers shall continue the practice of making a determination of fair and reasonable prices. FedBid Reverse Auctions allow buyers to re-post if they determine the initial results are not advantageous. Contracting officers must use discretion as to whether reverse auctioning is appropriate and can meet the competitive and source selection standards for other than commercial items. Contracting officers shall document the contract file when a determination is made not to use reverse auctioning for the purchase of commercial products and simple services. The Determination Not to Use FedBid Reverse Auction Service template in Attachment C may be used to provide the documentation.

A Departmental goal of 25% of items eligible for reverse auction, based on the value of actions, is established for all bureaus for FY 2012. The goal includes procurements below the test program threshold established in FAR 13.5 and above the micro-purchase threshold. PAM will monitor the goal for each bureau on a quarterly basis using the Reverse Auction Performance Matrix (see Attachment D) and convey the progress to the bureaus.

6. Additional Information: Questions may be directed to Scott Curit, Senior Procurement Analyst, at (202) 254-5515 or Scott_Curit@ios.doi.gov, or Brigitte Meffert, Senior Procurement Analyst, at (202) 254-5514 or Brigitte_Meffert@ios.doi.gov.



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Office of Acquisition and Property Management

Attachments

Attachment A

Procedures for Posting Procurements on FedBid Reverse Auction Service

1. Prepare a fully developed solicitation including all data values, item details, solicitation document, and any required support documents that a seller would need to respond with an offer
2. Go to www.fedbid.com
3. If this is your first time on FedBid, register as a Buyer
4. Sign in as a Buyer
5. Enter your DOI email address and password and click “Log In”
6. Set the parameters for the buy, e.g., Buy End Date and Time, Contract Type and Payment Type, etc. **Note:** input into the “Target Price” field the lesser of the funding amount or lowest market research quote from the Suggested Source, including shipping, and check the “Active Target Price” box. The only time the Active Target Price box should remain unchecked is when there is no funding amount or market research quote
7. Select a Category and Subcategory for the type of item being purchased
8. Input detailed line item description, including salient characteristics, as applicable
9. Attach any required support documents into the FedBid buy for review and acceptance by sellers who wish to bid, however, do not release solicitations to FedBizOpps via IDEAS or PRISM –**Caution:** SF 18, Request for Quotation, and SF 1449, Solicitation/Contract/Order for Commercial Items, shall not be attached
10. Enter Suggested Seller information, which is the source of market research quote; enter shipping information; and view summary data to ensure you have a complete package
11. Start reverse auction process and monitor marketplace questions and comments
12. View bids with links to each seller’s bid detail, where the Buyer may select/accept a bid
13. View ActivityCard and About Seller features for more seller information and conduct normal pre-award due diligence
14. Make a selection, award in FedBid, and post required notices

If no bids are received through FedBid in response to a limited procurement strategy, do not cancel the buy. Instead, repost the buy and use a broader procurement strategy.

For assistance, contact FedBid Client Services at: Clientservices@fedbid.com or 703-877-9333.

Attachment B

Reverse Auction Definitions and Guidance

DEFINITIONS:

Best Value – The expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.

Commodity – A mass-produced unspecialized item.

Change Agent – A person who takes extraordinary interest in the adoption, implementation, and success of a cause, policy, program, project, or product.

Commercial Item – Any item, other than real property, that is of a type customarily used by the general public or by non-government entities for purposes other than Governmental purposes, and has been sold, leased, or licensed to the general public, or offered for sale, lease, or licensed to the general public.

FedBid – A provider of web-based reverse auction services for procuring commercial items, satisfying competition, and publicizing requirements.

FedBizOpps – The Federal Government website that provides a single point-of-entry for commercial vendors and Federal buyers to post, search, monitor, and retrieve business opportunities solicited by the Federal contracting community.

Reverse Auction – A web-based procurement process where potential sellers compete with one another to meet a buyer’s requirement. A reverse auction allows sellers to submit multiple bids until the specified time for bids has ended.

GUIDANCE:

FedBid is the provider of web-based reverse auction services for procuring commercial item products and simple services such as office equipment, tools, instruments, IT components, software, and maintenance services. Contracting officers and other authorized buyers shall consider the FedBid reverse auction tool first when buying commercial item products and simple services. The tool is authorized through a task order with FedBid issued under a General Services Administration Federal Supply Schedule Contract.

Contracting officers are required to document the contract file when a determination is made not to use reverse auctioning for a purchase of commercial item products or simple services. The contracting officer shall complete the Determination Not to Use FedBid Reverse Auction Service template and maintain the form in the contract file.

Only authorized buyers shall register as FedBid buyers and initiate procurement actions under the FedBid Task Order. Program office staff cannot register as buyers or initiate procurement actions in the FedBid online tool.

Attachment B

FedBid works effectively for commodity procurements where price is the most important evaluation factor. Service areas where FedBid may work effectively include:

- Training Services
- Conference Services
- Maintenance Services
- Orders with fixed-rate labor hours, where the number of hours required are specified

Contracting officers should consult the bureau designated change agent or their supervisor on commercial procurements with non-standard services, more complex services requirements, best value procurements requiring a multi-faceted trade-off analysis, or procurements with complex specifications before using the reverse auction tool.

The use of FedBid Reverse Auction Service provides for full compliance with FAR Part 13 competition standard of “maximum practicable competition” for procurements conducted under Simplified Acquisition Procedures. Contracting officers may use one or more technical factors, such as past performance, as well as price in evaluating offers. The contracting officer has broad discretion in using evaluation procedures and, pursuant to FAR Part 13, is not required to state the relative importance assigned to each evaluation factor and subfactor or even to include subfactors.

Contracting officers may use FedBid for more complex best value procurements to take advantage of the FedBid reverse auction capabilities in obtaining the best competitive price. In these competitions, contracting officers use a multi-step process:

1. The contracting officer solicits vendor technical proposals outside of FedBid using traditional competitive procedures
2. Vendors submit technical proposals to the contracting officer
3. The contracting officer (and a Technical Evaluation Team, if appropriate) evaluate the proposed solutions
4. The contracting officer posts a solicitation for pricing on FedBid to only those vendors determined to be technically acceptable using the FedBid Seller Community function, and
5. The contracting officer makes an award based on the best value to the Government

The FedBid reverse auction tool provides the following benefits to the procurement process:

- Promotes greater competition for all posted requirements by sending the solicitation to FedBid’s large network of vendors for commodity buys
- Fulfills the requirement outlined in FAR 5.101(a)(2) for posting of contract actions expected to exceed \$10,000 but not expected to exceed \$25,000
- Fulfills the requirement outlined in FAR 5.101(a)(1) for synopsisizing contract actions expected to exceed \$25,000 by an automated feed to FedBizOpps
- Provides opportunity for increased small business utilization
- Buyer selects a seller’s bid only if the buyer finds it to be advantageous
- Provides business processes including enhanced auditable transaction data, improved efficiency and transparency, web-based application that can be used as a fast, effective means of completing commercial item buys anywhere with Internet access

Attachment C

Determination Not to Use FedBid Reverse Auction Service	
PR Number:	
Date:	
Bureau/Region:	
Name of Buyer:	
Customer Name:	
Customer Office:	
Brief Description of Requirement:	
Rationale for Not Using FedBid for this commercial purchase <i>(provide additional information as necessary)</i>	
<input type="checkbox"/> Non-standard services <i>(explain)</i> :	
<input type="checkbox"/> Complex requirements <i>(explain)</i> :	
<input type="checkbox"/> Best value procurement requiring multi-faceted trade-off analysis <i>(explain)</i> :	
<input type="checkbox"/> Brand name or equal not available from reverse auction marketplace vendors <i>(explain)</i> :	
<input type="checkbox"/> Non-commercial product or service <i>(explain)</i> :	
<input type="checkbox"/> Other <i>(explain)</i> :	
Contracting Officer's Signature: _____ Date: _____	

Attachment D

Reverse Auction Performance Matrix

Department of the Interior											
Reverse Auction Performance Matrix											
Goal: 25% of Eligible Actions (Value of Actions)											
Scale: Green = 25% or Greater, Yellow = Within 5% of achieving goal, Red = Less than 20% accomplishment											
Bureau	Total Procurement ⁱ		Reverse Auction Eligible Items ⁱⁱ		Reverse Auctions Achieved ⁱⁱⁱ		FY 2012 ^{iv} 1st Quarter Goal Achievement (% of Value)	FY 2012 ^v YTD Goal Achievement	YTD ^{vi} Savings		YTD ^{vii} % Small Business Awards
	Actions	Value of Actions	Actions	Value of Actions	Actions	Value of Actions			Actions	Value of Actions	
BIA											
BLM											
BOEMRE											
BOR											
FWS											
NBC											
NPS											
OSM											
USGS											
DOI-Wide											

Attachment D

Reverse Auction Performance Matrix

ⁱ Source: FPDS-NG. Includes all procurement actions for the quarter.

ⁱⁱ The Reverse Auction Eligible Items 'Actions' and 'Value of Actions' will be derived from the data DOI self-reports to FPDS-NG. The data will be filtered to exclude actions:

- under the micro-purchase threshold;
- that are outside the simplified acquisition threshold;
- that are identified with a service code;
- that are not Firm Fixed Price, Fixed Price;
- that are identified as modifications;
- for which Fair Opportunity was not given;
- that have less than one offer.

Any action reported to FPDS-NG is after-the-fact (the procurement is already complete). The Performance Matrix reflects actions taken to promote the use of reverse auctions (actions before the competition takes place). These actions may include: dissemination of the DIAPR, designating a "change agent" (to champion the use of reverse auctions, monitor the implementation of the initiative, and communicate the excitement, possibilities and details of reverse auctions to others within the organization), providing training, establishment of an award program (time off, on-the-spot cash award, etc), establishment of internal bureau goals, and discussing the Performance Matrix results with staff members.

ⁱⁱⁱ Actual reverse auction buys for the quarter recorded in FedBid.

^{iv} Calculated by dividing the value of reverse auctions achieved by the value of reverse auction eligible items for the quarter.

^v Accumulation of quarterly goal achievements.

^{vi} Dollar savings calculated by subtracting the purchased price from the original funded value for each transaction. The percentage savings computed by dividing the dollars saved by the original funded value.

^{vii} Calculated by dividing the value of awards to small business entities by the total value of awards made through FedBid.