

## **A Typical E-Auction Process**

*Below illustrates the duties and responsibilities of the parties involved in the e-Auction Process.*

**- Organisation (O)**

**- Service Provider (SP)**

### **Stage 1: Analysis of spend categories**

- 1.1 Identify possible auction category (O)
- 1.2 Determine item auction-ability (Application of frameworks) (O)
- 1.3 Determine unit/extension value per line item (O)
- 1.4 Determine lead times of items (O)

### **Stage 2: Develop unambiguous specification/ Vendor Listing**

- 2.1 Perform procurement block for items selected (O)
- 2.2 Detailed descriptions / Specifications (O)
- 2.3 Determine weights and extension weights per line item (O)
- 2.4 Establish date and prices as items were last purchased (O)
- 2.5 Determine current supplier contact list & (e-mail addresses) (O)
- 2.6 Obtain approval of e-Auction vendors from Executive Chairman

### **Stage 3: Approval of e-Sourcing service provider**

- 3.1 Contact e-Sourcing service providers: Review offerings (O)
- 3.2 Obtain Executive Tenders Committee (ETC) approvals for e-Sourcing service  
Provider (O)
- 3.3 Draft E-Sourcing service provider contract agreement (O)
- 3.4 Create service purchase requisition (O)

### **Stage 4: Develop e-RFP / Conduct pre-qualification**

4.1 Send the e-Sourcing service provider kick-off package (item list, suppliers'

email addresses, terms and conditions associated with items, pre-qualification questions, general conditions of purchase) (O)

4.2 Create, launch, test, receive and score RFP responses (SP)

4.3 Determine lot strategy (SP)

### ***Lot strategy***

A lot is the term given for the item or items that engage suppliers to submit bids. Lot strategy on the other hand is the strategic combination of these items to increase competition thus deriving best prices. By analyzing the market and supplier pre-bidding, lots can be structured to increase cost reduction opportunities.

### **Stage 5 - Confirm E-Auction event training & E-Auction event time (SP)**

### **Stage 6 - Train participants (SP)**

Holding a pre-auction training session allow suppliers to overview the tool, answer any questions, and hold a mock auction that allows suppliers to become familiar with the use of the too before the real live auction begins.

### **Stage 7 - Conduct and monitor the e-Auction (SP)**

Monitoring the auction carefully to make sure bidding activity is running smoothly is of paramount importance. A buyer or company representative should be ready to intervene to solve possible problems.

**Stage 8 - Evaluation of bids-** Event Analysis (SP & O)

The sourcing team and user departments conduct post auction analysis based on pre-defined criteria.

## **Stage 9: Award (O)**

- 9.1 Confirm e-Auction results, deliveries, prices and terms
- 9.2 Value proposition analysis and ETC approval
- 9.3 Place purchase order(s) with supplier(s) and create service entry
- 9.4 Payment to the e-Sourcing service provider

### ***Value proposition analysis (9.2)***

The supplier with the lowest e-auction bid price does not necessarily receive the contract to supply. A post-auction analysis is required to select the supplier that is considered to minimize the buying firm's total cost of ownership (TCO) and or deliverance of best value in terms of delivery and conformance to terms and conditions pre qualification.

**Figure: A typical e-Auction process flow**

