Reverse Auction
User's Guide

GSA

U.S. General Services Administration

GSA Federal Technology Service

User's Guide
Reverse Auction

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Introduction

The Information Technology Acquisition Center (ITAC), Federal Technology Service (FTS) of the General Services Administration (GSA) awarded a total of seven contracts for Reverse Auction – four contracts in the Hosted Reverse Auction functional area and three contracts in the Desktop Reverse Auction functional area. The period of performance for all the contracts is a two-year base period with three one-year option periods.

Overall responsibility for the Reverse Auction contracts rests with the ITAC. The ITAC is co-located in Atlanta, GA, and Fort Worth, TX.

Who May Use the Reverse Auction Contracts?

Any Federal Agency may use the Reverse Auction (RA) Contracts. Federal Agencies must receive approval from the RA Procuring Contracting Officer (PCO) that provides the Federal Agency Direct Order Direct Bill authority. (See Attachment   _, Delegation of Authority and Interagency Agreement). The Delegation of Authority and Interagency Agreement must be signed by RA PCO and the client prior to the using the RA contracts.

The responsibilities of GSA and client agencies when GSA delegates contracting authority to another agency for order placement are not to be taken lightly. In fact, ongoing interface and oversight on the part of the Reverse Auction Administrative Contracting Officer (ACO) is of paramount importance and integral to the successful and appropriate use of the Reverse Auction vehicle.

Background of Reverse Auctions and Multiple Award Infinite Delivery Indefine Quantity Contracts

Prohibitions on use of auction techniques were removed as part of the FAR Part 15 re-write process in 1997. FAR 1.102-4(e) now states that if a practice or procedure is not expressly addressed or prohibited by statute or regulation, Government employees should feel free to innovate and use sound business judgment in making procurement decisions.

In accordance with FAR 15.306(e)(3) -- Government personnel involved in the acquisition shall not engage in conduct that reveals an offeror's price without that offeror's permission. Therefore, during the process of selecting potential bidders/suppliers to participate in the auction event, the bidder/supplier must agree to disclose their prices.

The Federal Acquisition Streamlining Act (FASA) authorizes the use of multiple award contracts. These contracts allow the Government to acquire an indefinite quantity, within stated limits, of supplies or services during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor. Thanks to the clarification provided in FASA, agencies can now use these contracts with greater confidence and, at the same time, realize the benefits of an ongoing competitive environment throughout the duration of the contract while minimizing the delays for conducting a separate procurement for each requirement.

In order for agencies to take continuous advantage of the benefits of competition after contract award, FASA provides that agencies may make multiple awards of task and delivery order contracts for the same or similar supplies or services (and from the same solicitation) to two or more sources. The use of multiple award contacts allows agencies to take continuous advantage of the competitive forces of the commercial marketplace which will result in lower prices, better quality, reduced time from requirements identification to award, and improved contractor performance in satisfying customer requirements.

FASA has established a "general" preference for use of multiple awards and in doing so:

- authorizes deletion of the public notice requirement when placing orders;

- limits protests in connection with the issuance of orders except on the grounds that the order increases the scope, period, or maximum value of the contract; and

- mandates that multiple awardees have a fair opportunity to be considered for orders in excess of $2,500.

Questions or comments concerning specifics of this document may be addressed by contacting the **Reverse Auction Call Center, 1-877-929-ITAC (4822)**, or by visiting the Reverse Auction website, **www.buyers.gov**. Because information on the website changes frequently, the ITAC encourages our clients to check it often.

Functional Areas

Hosted Reverse Auction (HRA)

The HRA is a full-service auction conducted by the HRA contractor for the ordering agency. Through close coordination with the ordering agency, the HRA contractor shall
- Develop the auction perimeters
- Pre-approve the suppliers/bidders to participate in the auction
- Insure all the suppliers/bidders are trained on using the software
- Run the auction

HRA Pricing Structure: Dollar ranges have been established based on the estimated dollar value of the products and/or services to be auctioned as follows:
- $500,000 - $2,000,000
- $2,000,001 - $5,000,000   (See Page 19 for HRA Ceiling Prices
- Over $5,000,000)

Desktop Reverse Auction (DRA)

The DRA is a self-service auction running on the ordering agency's desktop through the DRA contractor's server. The DRA Contractor provides the software subscription, help desk, and web-based tutorial training. The ordering agency is responsible for
- Develop the auction perimeters
- Pre-approve the suppliers/bidders to participate in the auction
- Insure all the suppliers/bidders are trained on using the software
- Run the auction

Functional Areas (Cont)

DRA Pricing Structure: (See Page 20 for Ceiling DRA Prices)

- **Monthly Subscription**: A monthly subscription allows for an unlimited number of auctions per month per user (individual person) using the contractor provided desk top software or access to contractor's software

- **Yearly Subscription:** A yearly subscription allows for an unlimited number of auctions per year per user (individual person) using the contractor provided desktop software or access to contractor's software.

   Note: Both monthly and years subscriptions include help desk support (9 AM – 9 PM EST), web-based tutorial training of the software program and software license agreement.

Definitions

Enabler: provider of the auction software to facilitate the reverse auction process ("Auctioneer" or "Host").

Help Desk: Assists users with desktop auction capability in the event of problems and or errors encountered during the execution or set up of an auction. Personnel knowledgeable of the capabilities of the auction software shall staff the help desk.

Supplier/Bidder – Vendors who are pre-qualified prior to auction event and who submit prices during the auction event.

Contract Administration

a. **Roles**
   The roles of the following individuals are integral to the successful initiation, placement and support of Reverse Auction orders.

b. **Reverse Auction Procuring Contracting Officer (PCO)**
   The Reverse Auction PCO shall have overall contractual responsibility for the Reverse Auction contracts. The PCO or his designee is authorized to take actions on behalf of the Government to amend, modify or deviate from the contract terms, conditions, and requirements, to exercise option renewals, to terminate the contract. The PCO may delegate authority to award tasks to Warranted Contracting Officers. The PCO may also delegate certain other authorities and responsibilities to Contracting Officer's Technical Representatives (COTRs). The PCO may delegate authority on an individual or class basis to issue delivery orders under the Reverse Auction contracts to GSA COs or other Government agency COs.

c. **Administrative Contracting Officer (ACO)**
   The Administrative Contracting Officer is delegated authority by the PCO of each Functional Area to issue and administer delivery orders issued against the Reverse Auction contract. The ACO is authorized to negotiate, amend, issue or modify delivery orders; accept or reject deliverables; delegate Contracting Officer's Technical Representative authority; as well as other contract administration issues such as resolving payment and performance problems, etc.

Ordering Provisions

Any services to be furnished under this contract will be ordered by issuance of written Delivery Order (DO). DO shall be issued in accordance with FAR 16.505. In addition:

   a. Only an authorized Government Contracting Officer can issue a DO under this contract.

   b. All DOs are subject to the terms and conditions of the master contract. In the event of conflict between a DO and the master contract, the master contract will take precedence.

   c. All costs associated with preparation, presentation, and/or discussion of the Contractor's DO proposal and postaward DO administration shall not be chargeable as a direct cost.

   d. Except as noted herein, it is the Government's intent to provide all contractors awarded a contract within the designated functional area a fair opportunity to receive the delivery order award. It is the Government's intent to issue DOs for every DO request. However, awardees need not be given an opportunity to be considered for a particular DO if the ACO determines that:
   (1) The agency need for such supplies or services is of such urgency that providing such opportunity would result in unacceptable delays;

   (2) Only one such contractor is capable of providing such supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized;

   (3) The order should be issued on a sole source basis in the interest of economy and efficiency as a logical follow-on to a DO already issued under the contract, provided that all awardees were given fair opportunity to be considered for the original DO; or

   (4) It is necessary to place a Delivery Order to satisfy a minimum guarantee.

   e. No work will be performed and no payment will be made except as authorized by a DO. Delivery or performance shall be made only as authorized by DOs. The Contractor shall furnish to the Government those products or services specified in the DO.

   f. The ACO's selection decision on each DO request shall be final and shall not be subject to the protest or disputes provisions of the contract, except for a protest that the DO increases the scope, period, or maximum value of the contract. Disputes related to other matters effecting the DO award may be directed to the Ombudsman designated for this Contract The Ombudsman will be responsible for the those duties described at FAR 16.505(b)(6).

   f. The Ombudsman for GSA is:
      Donald J. Suda
      U.S. General Services Administration
      Office of Acquisition Policy
      1800 F Street, N.W.
      Washington, DC 20405

   g. The Government intends to use electronic commerce methods to the maximum extent practicable for DOs. Awarded Contractors shall submit proposals via the GSA electronic system when applicable.

Ordering Procedures

Step 1 – Select a Reverse Auction (RA) Contractor

The RA Contracts have already been competed and ceiling prices determined to be fair and reasonable. However, the ordering agency may consider price and other factors when determining the best value selection for a delivery order. For example, the ordering agency may consider discounts, past performance, delivery time, and optional features as part of their best value selection. Two methodologies will be used to obtain proposal from the RA contractors:

Methodology I – Oral Quote: The ordering agency will contact each contractor to obtain an oral quote from the contractor for the service to be provided.

Methodology II – Written Quote: The ordering agency will issue a Request for Quote using an electronic system, if available.

The following are suggested steps in selecting a Hosted or Desktop Reverse Auction Contractor:

- Develop Statement of Work (SOW)

- Using Methodology I or II above issue the SOW to all RA contractors within the functional area – Hosted or Desktop

- Evaluate the proposals based on the evaluation factors listed in the SOW

- Issue a delivery order to the RA Contractor whose proposal represented the overall best value to the Government based on the technical and non-technical evaluation factors listed in the SOW

- Notify unsuccessful RA Contractors. The Government may provide debriefing information as requested

Step 2 – Conduct an Auction

A Reverse Auction is a tool that buyers use to obtain the best available pricing for a requirement in a competitive environment. It is part of the acquisition process; it is not the acquisition process. Therefore, keep in mind all Federal Acquisition Regulation Guidelines must be followed.

Government buyers can use the Reverse Auction price tool to obtain real time pricing for products or services utilizing both

1. Full and Open Competition using the procedures under FAR Part 12, 13, or 15,

   OR
2. Established Contracts such as GSA Federal Supply Service Multiple Award Schedules and other established contracts.

Hosted Reverse Auction:

The HRA Contractor conducts the auction event on behalf of ordering agency. All aspects of the auction event shall be coordinated with the ordering agency.

Ordering Procedures (Cont)

Desktop Reverse Auction (DRA):

1. The DRA Contractor provides software subscription, help desk, and web-based tutorial training to ordering agency.

2. Ordering agency coordinates all the aspects of the auction event; such as:
    a. Establish the auction requirement.
    b. Follow FAR regulations based on dollar value of products or services being purchased, such as, synopsis the requirements, utilized established GSA FSS MAS contracts or Government-wide Acquisition Contracts
    c. Evaluate and select suppliers/bidders to participate in the auction event
    d. Establish all the auction parameters
    e. Train supplier/bidders on auction procedures and software application, if necessary
    f. Conduct a mock auction with the suppliers/bidders to insure the supplier/sellers know how to submit bids and understand the entire auction process., if necessary
    g. Conduct live auction
    h. Based on the established evaluation criteria, select the supplier/bidder whose offer represents the best value to the Government

Reverse Auction Features

a. General Feature
   1. Enabler can recover from a catastrophic outage (i.e. ability to re-create from point of failure).

b. Technical Software Features
   1. The software architecture of the system is component-based, to the extent possible, and uses a multi-tier architecture.
   2. The system is designed to support the latest Internet protocols so that users will not be required to use specific hardware or software to connect to and use the system (hardware and software independence for users).
   3. All software incorporates the latest standards in the technology of choice (e.g. Java-based systems, etc).
   4. The system runs in a mission-critical environment and operates in a 24 x 7 (24 hours/day 7 days a week) year-round environment with an uptime guarantee of 99.8%, normal to most high-quality web hosting.
   5. Thin client - No special software or hardware is required (for buyers or sellers). A standard browser is sufficient.
   6. The system is hosted in a fireproof, power backed-up, multi-network connected, guarded facility.
   7. The system offers a high level of security with Secure Socket Layer (SSL) encryption, data integrity checks, strong authentication, and the speed (in the case of reverse auctions) to successfully conduct real-time bidding events.
   8. The system interfaces with the Buyers.Gov portal. Enabler has a URL accessible through the Buyers.Gov website.
   9. Auction software is capable of displaying the time remaining in the auction event (including any extensions or overtimes).

10. The desktop software versions as well as the web based software versions are technically consistent.
11. Reverse Auction services are available worldwide from the contractor's base of operations Hosted Application (HA) or Contracting Officer's desktop (DA).
12. Secure user registration: Software must allow secure registration of bidders and the Government.
13. Latest SSL (version) and encryption: Software must utilize the latest commercial version of Secure Sockets Layer (SSL) security and encryption capability.
14. Allow static preview of auction**:** Software allows a preview of the auction setup for participants to the auction event.
15. Auto extends an auction: An auction can be extended based on pre-specified criteria, such as last bid placed within a predetermined time interval.
16. Software Database captures the best and final bids from each bidder for possible post-auction evaluation.
17. Show two lowest bids: Software displays the two lowest (most competitive) bids, as opposed to the last two bids, regardless of competitiveness.
18. Automatic refresh: Software automatically refreshes at the Government-indicated time increments.

c. Government Buyer Related Features
1. Allows participation in real time, live, Internet Reverse Auction events.
2. The ability to request bids on line items, or lots, or the entire RFQ ("all or none" bids) as applicable.
3. The ability to invite specific suppliers to participate.
4. The ability to see real time, online bidding and all details of the bids at both a line item and total bid level.
5. The ability to assign aliases to bidders so only the government knows their identities.
6. The ability to display bid relationships - at a minimum the ability to see the descending relationship between the current bid and the current low bid.
7. The ability to maintain communication with bidders, allowing for a "pause" feature to "stop the action" if communication is interrupted with one of the bidders (or another mechanism adequate for dealing with a catastrophic system failure).
8. The Enabler must provide to a customer an ability to review the Enabler 's capabilities for competitive evaluation.
9. Review real time display of bids as they are received.
10. The ability to configure how the auction is conducted, such as allowing bid invitations, auto extension and bidding on all lines or only on a per line (lot) basis of authority.
11. Compare final bids on the system and identify the successful bidder after the auction event. (Award notification, however, will be issued with applicable award notification system the ordering agency uses).
12. The ability for the Enabler software to be modified minimum bid decrement parameters according to the Government's preferences. (A bid cannot be submitted below the minimum established parameter, so that the bids more quickly reach their lowest level, i.e., the Contracting Officer may not want bids to diminish in pennies or small dollar amounts if not warranted).
13. Proxy bidding, where if a bidder loses their connection, the Enabler or Contracting Officer - upon the bidder's request - can bid on their behalf.

14. View bidder information (e.g. line item description, quantity, price, time, identity of vendor, and any other evaluation factor used to determine competitive pricing) in historical "line item" format for each bid submitted during the auction event.

d. Supplier Related Features

1. Bid real time, in a live Internet Reverse Auction. Supplier access includes the ability to submit bids using previously obtained RFQ information and monitor progress of the auction with respect to their bids.
2. Sellers to bid on individual line items, line item groups/lots, or on the entire RFQ, as controlled by the Contracting Officer (or Contracting Officer designate).
3. Contract file documentation reports, where the system provides electronic and written documentation, in the form of a report, following completion of the event summarizing the history of bids during a Reverse Auction (e.g. line item description, number of bidders, quantity, price, time, identity of vendor for each bid, any periods of loss of connectivity, and any other evaluation factor used during the auction to determine awardee, etc).
4. Anonymity is maintained among bidders/suppliers.
5. Online Supplier submission of bids.
6. Obtain real-time status updates online: Suppliers can determine whether their bid was the lowest bid online.
7. Supplier registration: Suppliers are granted access to the event site based on the Contracting Officer's preferences and are allowed different levels of access to the site depending on their assigned pre-qualification to bid on one or more lots.
8. "Safety net" feature: Software imposes a bid safety net for each bidder, below which the bidder is not permitted to place bids, or prompt bidder to be sure it wants to submit a bid at the specified price.

Value Added Features

List of Contractors:
1 – B2e Markets Inc. GS07T0BGD0005
2 – Computer Information Specialists GS07T0BGD0006
3 – NB Ventures dba Global eProcure GS07T0BGD0007
4 – Orbis Online GS07T0BGD0008

X indicate the Contractor does provide that added feature

	CONTRACTOR			
	1	2	3	4
1. System support for selecting a winning bid and initiating an electronic transaction with the winning bidder	X	X	X	X
2. Ability to accommodate variables (other than just a price comparison, e.g. delivery time, warranty, stock availability, etc) for the government buyer to further evaluate bids.	X	X	X	X
3. A menu-driven facility to create online RFQ's (or to post agency created RFQ's) with multiple line items and/or lots - if applicable - within each	X	X	X	X
4. Select and invite bidders: The Government can select and invite bidders within the system, from those who submitted proposals or quotes.	X	X	X	X
5. Add items to auction: Software allows the Government to input items, such as extended item description, shipping information, notes to bidders, pricing parameters, and item-specific attributes when adding line items to an auction	X	X	X	X
6. Define evaluation criteria: The software allows the Government to define bid evaluation criteria for the auction, such as best value or lowest price. g. Stipulate/enforce a not to exceed starting price (starting price: the price at which the bidding starts and is prevented from going above).	X	X	X	X
7. View bidder information: The Government Buyer can view bidder information (e.g. line item description, quantity, price, time, identity of vendor, and any other evaluation factor used to determine competitive pricing) in graphical format for each bid submitted during the auction event	X	X	X	X
8. Include/display item - or auction - level notes and attachments (e.g., anticipated award date, product minimum specifications, and delivery point(s)).	X	X	X	X
9. Stipulate/enforce mandatory bid start price: Software allows the imposition of a mandatory maximum bid start price	X	X	X	X
10. Pause feature for government buyers: Software allows auction to be paused by the Government during the auction event, and to be resumed when deemed proper	X	X	X	X
11. Save bid(s) function for paused auctions: Software saves all bid information for auctions that are paused	X	X	X	X
12. Maintain past auction templates: Software allows past auction templates to be maintained by the Enabler	X	X	X	X

	CONTRACTOR			
	1	2	3	4
13. Copy previously created auction**:** Software allows the Government to duplicate a past auction for future use	X		X	X
14. Split-screen auction viewing: The split screen auction view allows the bidders and the government buyer to view multiple auction bid screens simultaneously (such as last two bids, along with bids over time).	X	X	X	X
15. Database of buyer information: Software records relevant buyer information regarding past auction purchases, and allows searching of the buyer database prior to future auction events.	X	X	X	X
16. Generate Purchase Orders: Software allows automated generation of purchase orders following the government's selection of winning bid.	X	X		
17. Customizable RFI/Q/P online: RFI/Q/P can be customized (posted, modified, etc.) online by authorized agents of the government	X	X	X	X
18. Customizable survey development: Software allows customizable development of surveys regarding supplier experiences	X	X	X	X
19. Real-Time Best Value evaluation capable: Software allows real-time evaluation of bids based on best value designated variables	X	X	X	X
20. Gather non-price information during auction: Software can gather bid information other than price during an auction	X	X	X	X
21. User profile and preferences: Users of the auction site can manage their own vital profile information, such as contact information, payment and freight terms, that apply to a particular transaction, as deemed appropriate by the Contracting Officer	X	X	X	X
22. Supplier review Requests for Quotes (RFQ): Supplier can review RFQ online	X	X	X	X
23. Attribute-based bidding (view): Supplier can bid products with varying attributes (specifications), and those attributes can be viewed real-time by the government buyer and suppliers, if specified	X	X	X	X
24. Review and submit bids: Bidders can review own bids before final submission of their bid, to prevent bids placed in error.	X	X	X	X
25. Power bidding: Software can revise bids automatically for bidders on those items on which they have previously bid. These revisions can consist of a bidder specified percentage or dollar amount until a pre-specified minimum is achieved			X	
26. Trading partner directory: The directory is comprised of all companies who have participated in relevant transactions on the site, allowing members to search the directory to determine which companies to include in an auction	X	X		X

Value Added Features (Cont)

	CONTRACTOR			
	1	**2**	**3**	**4**
27. Online messaging support during auction: Software allows instant messaging between suppliers and the government during auction	X		X	X
28. Easy Navigation -The system should be easy-to-use and intuitively designed, and buyers should be able to complete the auction event in the least amount of time.	X	X	X	X
29. The system should be future-oriented and preferably use industry standards (e.g. XML data transfer standards, etc) where applicable	X	X	X	X
30. A solution similar to the proposed system should have large-scale, large volume web site capability like E-Bay. **(HA)**	X	X	X	X

DA – Applies to Desktop Only
HA – Applies to Hosted Auction Only

Reverse Auction Master Contract Evaluation Criteria

The following evaluation factors were used to award the Reverse Auction Master Contracts.

1. Technical Software Solution

Each contractor present a "live" demonstration of their reverse auction software. The RA Contractor's software was evaluated based on the mandatory and value added features listed herein.

2. Past Performance

Each RA Contractor provided past performance narratives for online reverse auction projects that they performed within the last 12 months prior of the solicitation issue date. The following areas of the contractors past performance was evaluated
   1. Timeliness of Performance
   2. Quality of Product/Service
   3. Cost Control
   4. Cooperation with the Customer
   5. Customer Satisfaction

The narrative described the number of bidders, scope of work, type of auction (for example -. one to many, many to many), and dollar value of the products or services being auctioned. The narrative included any problems or issues that occurred during the auction and the corrective action taken. Complete surveys documenting the narrative with scores were provided by the RA Contractor's references.

Reverse Auction Master Contract Evaluation Criteria (Cont)

3. Performance Management

The following areas were evaluated:

(1) Comprehensive knowledge and understanding of Reverse Auction planning and implementation as it applies to the GSA FTS requirements outlined in the Statement of Work (SOW).
(2) A methodology overview guiding the performance of the technical requirements identified in the SOW, and a general description of how the technical approach will be applied to accomplishing the requirements.
(3) Provided a logical sequence of reverse auction management tasks that would be executed to meet the program requirements. Identified and described the specific techniques and steps that would be applied during the accomplishment of project tasks.
(4) A plan to staff and manage the Reverse Auction services stated in the SOW.
(5) A technical approach used to provide operational Reverse Auction support services.
(6) Addressed technical support provided before, during and after an auction for Hosted Reverse Auction Services and/or help desk support for Desktop Reverse Auction Services.
(7) Procedures to ensure high quality service is provided.
(8) Identified who is responsible for monitoring quality.
(9) Training accommodations for customer buyers who uses the offeror's services, and suppliers to participate in the auction events.
(10) Recognize likely problem areas and pose realistic solutions.
(11) Procedures for handling customer complaints
(12) Procedures for meeting urgent requirements.
(13) Adequacy of offeror's billing and collection system to provide timely invoices, collection and remittance to GSA of the User Fee.
(14) Ability of offeror to provide timely and accurate Contract Management Reports.
(15) The approach to ensure a simplified process between the enabler, GSA and end user in providing the Reverse Auction service.

4. Section 508 Standards

Section 508 Standards were considered a value add element of the contractor's software. Each of the vendor's Section 508 software capabilities can be found on their website.

Fair Opportunity

- The Federal Acquisition Streamlining Act (FASA), October 13, 1994, provides that "all contractors shall be provided a fair opportunity to be considered for each task or delivery order in excess of $2,500."

- FAR Subpart 16.505(b) specifies that "…the contracting officer need not contact each of the multiple awardees under the contract before selecting an awardee if the contracting officer has information available to ensure that each awardee is provided a fair opportunity to be considered for each order."

- The contracting officer may exercise broad discretion in developing appropriate order placement procedures.

Fair Opportunity (Cont)

- The contracting officer should keep submission requirements to a minimum.

- Contracting officers may use streamlined procedures, including oral presentations. In addition, the contracting officer need not contact each of the multiple awardees under the contract before selecting an order awardee if the contracting officer has information available to ensure that each awardee is provided a fair opportunity to be considered for each order. The competition requirements in FAR Part 6 and the policies in Subpart 15.3 do not apply to the ordering process.

Note: Fair opportunity and the competition that results is the cornerstone of multiple award contracts. In as much as there is a natural advantage to the incumbent, the use of staff retention as an evaluation factor sets the stage for an unfair advantage to said incumbent and thus weakens the element of fair opportunity.

Exceptions To Fair Opportunity

There are only four exceptions to the mandates to provide a fair opportunity for all contractors for each order[1]:

   a. The agency has an unusual **urgency** for the service and providing an opportunity to all contractors would result in unacceptable delays;
   b. only **one contractor is capable** of providing the service at the level of quality required because the service is unique or highly specialized;
   c. in the interest of economy and efficiency, the order should be issued on a sole-source basis as a **logical follow-on** to a previous order that was issued competitively; and
   d. it is necessary to place the order with a particular contractor in order to satisfy a **minimum guarantee**.

   a. **Urgency**

   The agency need for services is of such urgency that providing such opportunity would result in unacceptable delays. Use of this exception requires a detailed explicit justification that includes reasons and rationale.

   b. **Only One Contractor is Capable**

   Only one such awardee is capable of providing such services at the level of quality required because the services ordered are unique or highly specialized. Consideration may be given to this exception when the SOW is required to be written in a manner that would reveal proprietary information of a specific single awardee. Proprietary information could include a single awardee's technical or intellectual solution or a unique method of solving problems. Use of this exception requires a detailed, explicit justification as to why the services that are

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[1] The FAR requires that the CO make a "determination" that one of the four exceptions applies. It will be necessary, therefore, for Government technical representative to provide the CO with a written explanation of how and why the exception applies. The CO will use this explanation to make the required "determination." The determination, as well as Government technical representative's written explanation will be included as part of the official delivery order file.

Fair Opportunity (Cont)

being requested are so unique that none of the other Reverse Auction primes in the respective Functional Area are able to provide the requested service.

c. Logical Follow-on

The order should be issued on a sole-source basis in the interest of economy and efficiency as a logical follow-on to a Delivery order (DO) already issued under this contract (i.e., one of the Reverse Auction contracts), provided that all multiple awardees were given fair opportunity to be considered for the original order. "Logical follow-on to a DO already issued under this contract " refers to DOs issued and for which, at least a significant subtask has been completed, i.e. the follow-on is the next phase of task.

The "follow-on exception" to fair opportunity permits agencies to award a follow-on delivery order on a sole-source basis provided all awardees were given an opportunity to compete for the original order. If the original order was issued on a non-competitive basis, however, the follow-on order must be competed. Program officials and customers should also avoid situations where the requirements for the competed original delivery order are insignificant in dollar value, only to be followed by sole-source delivery orders that are much broader in scope and dollar value. This practice may be construed as contrary to the fair opportunity process.

d. Minimum Guarantee

The Reverse Auction Contract provides each Contractor with a minimum guarantee of $1,000 for the life of the contract The minimum guarantee exception will be monitored and exercised by the Reverse Auction PCO.

ATTACHMENT I

Sample Delegation of Authority / Memorandum of Understanding

DELEGATION OF AUTHORITY AND INTERAGENCY AGREEMENT
BETWEEN
THE GENERAL SERVICES ADMINISTRATION, FEDERAL TECHNOLOGY SERVICE
INFORMATION TECHNOLOGY ACQUISITION CENTER (ITAC),
SOLUTIONS DEVELOPMENT CENTER (SDC)
AND
(CLIENT NAME)

1. <u>Purpose.</u>

This Delegation of Authority establishes an Interagency Agreement between GSA's ITAC SDC hereafter referred to as GSA, and _____, hereafter referred to as the Client, to use direct order/direct bill procedures pursuant to the authority of the Clinger-Cohen Act, 40 U.S.C. 1412(e) (also known as the Information Technology Management Reform Act).

2. <u>Scope.</u>

Under this Delegation of Authority, GSA will delegate direct order, direct bill authority to the person(s) identified in paragraph 8 to issue a Delivery order under GSA's Reverse Auction Contract for the services described below. Any subsequent use of direct order/direct bill must be agreed to by both parties under a new interagency agreement. This agreement and any modifications thereto become effective when signed by GSA and the Client.

Reverse Auction Functional Area _____

Estimated dollar value of delivery order: _____

Description of Services: _____

1. <u>GSA Responsibilities.</u>

   (a) Only GSA can issue Delegations of Authority to Client Administrative Contracting Officers (ACOs).

   (b) GSA will provide complete support in the event of a protest, where issues raised go to the scope of the Master contract provided GSA is kept apprised and informed of all procurement activities as they occur.

   (c) GSA will respond to Client questions throughout the process in a timely manner.

   (d) GSA will inform the Client of all modifications to the master Reverse Auction contract.

   (e) As requested by GSA, the Delivery order file may be reviewed.

(f) Any contract administration functions not listed in 42.302(a), and not specifically delegated pursuant to 42.302(b), remain the responsibility of GSA.

2. <u>Client Responsibilities.</u>

(a) Client will fully comply with applicable procurement regulations and policies and the Reverse Auction contract terms and conditions.

(b) Client will take appropriate action to protect the Government's interests under the terms of the contract.

(c) The ACO authority to perform functions pursuant to FAR 42.302 and GSAM 542.302 is delegated to the Client.

(d) Client will ensure that Reverse Auction contractors in the applicable Functional Area are provided a fair opportunity for consideration prior to award in accordance with FAR 16.505(b). Additionally, Client will ensure that requirements issued under any exception to fair opportunity are fully documented. Client will obtain GSA concurrence on any exception to fair opportunity prior to proceeding on the basis of any proposed exception.

(e) Client will monitor the contractor's compliance with the requirements of the Delivery order.

(f) Client will ensure prompt payment of contractor invoices.

(g) Client will respond to any Freedom of Information Act (FOIA) requests for the Delivery order and applicable post-award actions.

(h) Client will serve as the central point for interpreting delivery order terms and contractor responsibilities or successful task performance. Client will provide the contractor final written interpretations of delivery order terms and conditions. The cognizant PCO retains responsibility for interpreting contract terms, conditions and contractor responsibilities.

(i) Client will determine the necessity for Delivery order terminations for convenience or default in accordance with the terms and conditions of the Master contract and issue action(s) as required. A copy of any termination and supporting documentation will be furnished to the cognizant Reverse Auction PCO.

(j) Client will prepare findings and fact and furnish to the Reverse Auction PCO recommendations thereof relative to termination procedures and any disputes arising under the Delivery order. Client will recommend the issuance of show-cause, cure, and stop-work order notices as appropriate. Additionally, Client will issue these instruments when requested by the Reverse Auction PCO. Client will adjudicate all delivery order related disputes with the contractor. Copies of dispute documentation will be provided to the cognizant Reverse Auction PCO.

(k) Client will provide a copy of the Delivery order and modifications thereof to the Reverse Auction PCO within seven calendar days of issuance.

(l) Client will close out the Delivery order after all actions are completed. Client, upon request, will provide the Reverse Auction PCO access to the Delivery order file for review.

3. <u>Security and Privacy Act Requirements.</u>

The Delivery order executed under this agreement is governed by the provisions of the Privacy Act and the Computer Security Act of 1987. Should other privacy or security conditions apply, these requirements will be included in the SOW, the contractor's proposal, and the approved Delivery order.

4. <u>Cancellation.</u>

Either party may cancel this agreement by 30-calendar day written notice. If this agreement is cancelled, the Delivery order issued under this agreement is cancelled. If this agreement, or the Delivery order under this agreement, is cancelled, the Client assumes responsibility for all costs resulting from cancellation.

5. <u>Disputes and Protests.</u>

If a dispute arises from the specifications, solicitation, award, performance, or termination of the Delivery order and the contractor appeals or protests to a forum such as the GSA Task and Delivery Order Ombudsman , the General Accounting Office, or a Federal Court, and the forum makes an award in favor of the offeror or contractor, Client will be responsible for damages.

8. <u>ACO authority.</u>

Pursuant to this agreement, _____ is delegated Administrative Contracting Officer (ACO) authority to issue a Delivery order award against RA contracts.

9. Signatures.

By signing below, the Client and delegated ACO acknowledge their understanding and responsibilities set forth in this agreement and the terms and conditions of the Reverse Auction Contract, including the contract scope, appropriate evaluation and award procedures. Client will ensure that this agreement is signed by an official who is authorized to sign interagency agreements. If there are any questions about this delegation, please contact Jim Brown at 817-978-8374.

CLIENT OFFICIAL	GSA ITAC SDC OFFICIAL
Agency:	Agency: General Service Administration Federal Technology Service Information Technology Acquisition Center Solution Development Center (7TS)
Agency Address:	Agency Address: 819 Taylor Street, Room 11A33A Fort Worth, TX 76102
Phone No.	Phone No.
E:mail Address:	E:mail Address:
FAX No.	FAX No.
Print Name:	Print RA PCO Name:
Print Title:	
Signature:	Signature:
Date:	Date:

CLIENT ADMINISTRATIVE CONTRACTING OFFICER (ACO):
Agency Name:
Agency Address:
Print Name:
Print Title:
Phone No.
E:mail Address:
FAX No.
Signature:
Date:

Reverse Auction Pricing

HOSTED REVERSE AUCTION FUNCTIONAL AREA			

	CONTRACTORS			
	Orbis Online	**B2e Markets Inc.**	**NB Ventures**	**Computer Information Specialist**
BASE PERIOD	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*
1A1 - $500K - $2M	$10,100	$20,200	$15,150	$20,200
1A2 – $2M - $5M	$20,200	$28,280	$25,250	$19,190
1A3 – Over $5M	$20,200	$35,350	$35,350	$18,230.50
1ST OPTION	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*
1A1 - $500K - $2M	$10,100	$21,614	$12,120	$19,190
1A2 – $2M - $5M	$20,200	$30,300	$21,210	$18,230.50
1A3 – Over $5M	$20,200	$37,875	$30,300	$17,321.50
2ND OPTION	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*
1A1 - $500K - $2M	$10,100	$21,614	$12,120	$18,230.50
1A2 – $2M - $5M	$20,200	$30,300	$20,200	$17,321.50
1A3 – Over $5M	$20,200	$37,875	$30,300	$16,457.95
3RD OPTION	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*	*Ceiling Price*
1A1 - $500K - $2M	$10,100	$23,230	$12,120	$17,321.50
1A2 – $2M - $5M	$20,200	$33,330	$20,200	$16,457.95
1A3 – Over $5M	$20,200	$40,400	$30,300	$15,634.80

No Alternate Pricing for the Hosted Functional Area

<table>
<tr><th colspan="4" align="center">DESKTOP REVERSE AUCTION
FUNCTIONAL AREA</th></tr>
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	CONTRACTORS		
	Orbis Online	**B2e Markets Inc.**	**NB Ventures**

BASE PERIOD	*Ceiling Prices*	*Ceiling Prices*	*Ceiling Prices*
2A1 – Monthly Subscription Per User	$1,010	$959.50	$6,060
2B1 – Yearly Subscription Per User	$11,110	$4040	$60,600

1ST OPTION	*Ceiling Prices*	*Ceiling Prices*	*Ceiling Prices*
2A1 – Monthly Subscription Per User	$1,010	$994.85	$5,050
2B1 – Yearly Subscription Per User	$11,110	$4,287.45	$50,500

2ND OPTION	*Ceiling Prices*	*Ceiling Prices*	*Ceiling Prices*
2A1 – Monthly Subscription Per User	$1,010	$994.85	$5,0500
2B1 – Yearly Subscription Per User	$11,110	$4,287.45	$50,500

3RD OPTION	*Ceiling Prices*	*Ceiling Prices*	*Ceiling Prices*
2A1 – Monthly Subscription Per User	$1,010	$1,030.20	$5,050
2B1 – Yearly Subscription Per User	$11,110	$4,545	$50,500

ALTERNATE PRICING

Contractor: Orbis Online

# of Auctions Per Agency	Monthly Subscription	Annual Subscription
1 to 10	$10,100	$111,100
11 to 50	$40,400	$444,400
51 to 100	$70,700	$777,700
101 to 200	$131,300	$1,444,300

Contractor: NB Ventures

# of Users Within an Agency	Monthly Subscription	Annual Subscription
Up to 15 Users	$15,150	$151,500