



State of Louisiana

Division of Administration
Office of the Commissioner

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Contact: Michael DiResto or Greg DuPuis, 225-342-7038

Division of Administration announces the selection of FedBid for establishing 'reverse auctions' in state government procurement

BATON ROUGE – Commissioner of Administration Kristy Nichols announced today that the Office of State Purchasing has selected FedBid to establish and conduct reverse auctions for goods and services procured by state government. In November an RFP was issued to engage a private service provider. FedBid's proposal was reviewed alongside several other proposals and was determined to be the best option for going forward.

"We are always looking for ways to make government more efficient and better perform for the people of Louisiana. With this announcement, we are taking another step towards that goal," said Commissioner Nichols. "The benefit of using a reverse auction, as opposed to a standard bidding process, is that we can lower the cost of procuring specific materials, services or equipment needed by the state. This will in turn save taxpayers money."

As a result of legislation proposed by the Jindal administration, Act 210 (Senate Bill 83 by Senator Donahue) of the 2011 legislative session authorized the use of reverse auctions in lieu of the standard procurement process for the purchase of materials, supplies, or equipment.

In a reverse auction, a buyer puts a contract out for bid through an online marketplace. Multiple sellers offer bids on the item, competing to offer the lowest price that meets all of the specifications of the bid. In the standard competitive sealed bid process the vendors only make one offer which they hope will be the successful low bid.

As a reverse auction progresses, vendors have the opportunity to make more than one offer as competitors' prices are revealed. Bidding is performed in real-time via the Internet, and results in a dynamic, competitive process designed to lower prices as sellers compete to offer lower bids than their competitors.

FedBid will not only host the auction and provide bidders with training to participate in the auction, but will also advise the Office of State Purchasing on which particular supplies and services are best suited to a reverse auction, all at no direct cost to the state.

About FedBid

FedBid is a successful and proven reverse auction services provider who utilizes state-of-the-art technology in providing proven, secure, and compliant business processes to federal and state government clients. Once the contract is finalized, FedBid will immediately provide the state with access to their existing online marketplace consisting of over 60,000 suppliers. According to FedBid, in 2011 federal, state, and local governments used their reverse auction services for over 19,000 purchases while reducing their overall costs by 11 percent, which translated into taxpayer savings of \$150 million.

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