

DEPARTMENT OF DEFENSE**GENERAL SERVICES
ADMINISTRATION****NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION****Federal Acquisition Regulation;
Reverse Auctioning**

AGENCIES: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Notice and request for comments.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) are considering whether there is a need at this time for guidance on the use of reverse auction techniques and, if so, how it can be most effectively communicated (e.g., through the Federal Acquisition Regulation, best practice guides, agency instructions, or training). The Councils request that interested parties provide comments.

DATES: Interested parties should submit comments to the FAR Secretariat at the address shown below on or before January 2, 2001.

ADDRESSES: Submit written comments to: General Services Administration, FAR Secretariat (MVR), 1800 F Street, NW., Room 4035, Attn: Ms. Laurie Duarte, Washington, DC 20405.

Submit electronic comments via the Internet to: Auction@gsa.gov.

Please submit comments only and cite "reverse auction notice" in all correspondence related to this case.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, Room 4035, GS Building, Washington, DC 20405, (202) 501-4755, for information pertaining to status or publication schedules. For clarification of content, contact Mr.

Ralph DeStefano, Procurement Analyst, at (202) 501-1758. Please cite "reverse auction notice".

SUPPLEMENTARY INFORMATION: Recently, several agencies have taken advantage of technological advances in various commodity procurements by conducting pricing competitions on-line where competing vendors lowered their prices to obtain the contract. Use of this so-called "reverse auction technique" appears to be gaining interest in certain segments of the commercial marketplace. Additional agencies are now considering potential applications for this technique. A variety of considerations will likely shape these decisions and guidance may be beneficial.

The Councils understand that interested parties have varied opinions on the need for guidance on the Government's use of reverse auction techniques. The opinions include:

- There is insufficient agency experience upon which to develop meaningful guidance at this time.
- Explicit coverage in the FAR is not needed because FAR 1.102(d) permits any technique that is not expressly prohibited.
- Reverse auction policy should be included in the FAR.
- Other guidance is needed, such as best practices guides, agency instructions, or training.

Therefore, the Councils are seeking input that will help them determine the best approach to help inform thinking regarding the use of reverse auction techniques.

1. *Need for guidance.* The Councils ask that respondents discuss whether guidance related to the use of reverse auction techniques is needed at this time. Respondents are encouraged to discuss potential advantages and disadvantages.

2. *Form of guidance.* To the extent guidance is desired, the Councils ask

respondents to identify the form(s) of guidance that would be most beneficial (e.g., a FAR rule, best practice guides, agency instructions, training, other).

3. *Topics for coverage.* The Councils are interested in hearing respondents' ideas regarding topics that should be addressed if guidance is developed. Examples of topics might include the following—

- The goal(s) of using an online auction;
- The "ground rules" of the auction;
- Factors that must be considered in determining whether a requirement is suitable for use of reverse auction techniques;
- Ways to tailor the technique to reflect various contracting strategies and source selection approaches (including best value cost-technical "tradeoffs");
- Strategies for small business participation;
- Handling of preferences;
- Barriers to conducting auctions;
- Expected results from the auction;
- Potential advantages and disadvantages of reverse auction techniques for industry participants; and
- Potential advantages and disadvantages of reverse auction techniques for Federal agencies.

4. *Content of coverage.* Respondents are invited to share their ideas regarding possible content on the areas identified above, or other areas they have identified in their response to item 3. In doing so, respondents are encouraged to provide lessons learned from their experiences with online reverse auction techniques.

Dated: October 26, 2000.

Al Matera,

Acting Director, Federal Acquisition Policy Division.

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