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Rensselaer

A Case Study in Reverse Auctions

How Rensselaer Polytechnic Institute (RPI) is
Leveraging Technology & World-Class Processes
to Mine Greater Cost Savings

Agenda:

- Reverse Auctions...What Are They and Why Use Them?
- RPI's Journey to Reverse Auction Success and Savings
- Procurex Full Service Overview
- Q&A

Speakers:

- Ron Moraski, Rensselaer Polytechnic Institute
- Nicole Runyon, Rensselaer Polytechnic Institute
- Bret Grady, Procurex, Inc.



Overview of RPI and Procurex



Rensselaer

- Founded in 1824
- Faculty and Staff: 1,850
- Students: 7,442
- Located in Troy, NY
- Motto: Knowledge and Thoroughness
- Alumni include designers of the Brooklyn Bridge and inventor of the Ferris wheel



Procurex

- Founded in 2002
- Full-Service – People, Platform, Processes
- More than 40,000 sourcing events
- More than \$50 billion in total spend
- Includes RFI, RFQ and Reverse Auctions
- Clients save an average of 18%
- Commodities, including energy; services, such as waste hauling; and complex goods, including supercomputers.

What is a Reverse Auction?

It's like a reverse "eBay"

If this is a "normal eBay"

- One seller
- Infinite buyers
- Compete for purchase
- Price goes up

THIS is a "reverse eBay"

- One buyer
- Pre-screened, qualified sellers
- Compete to sell
- Price goes down!



Reverse Auctions: Why Use Them?



- Pre-qualified suppliers compete for the opportunity to supply goods and/or services to the institution.
- They create price compression and cost savings for the institution.
- Targeting the right categories is key to success.
- They allow suppliers to make real time pricing decisions.
- Customers save an average of 18%!

Why Use Them? The Savings!



RPI's Journey to Reverse Auction Success and Savings

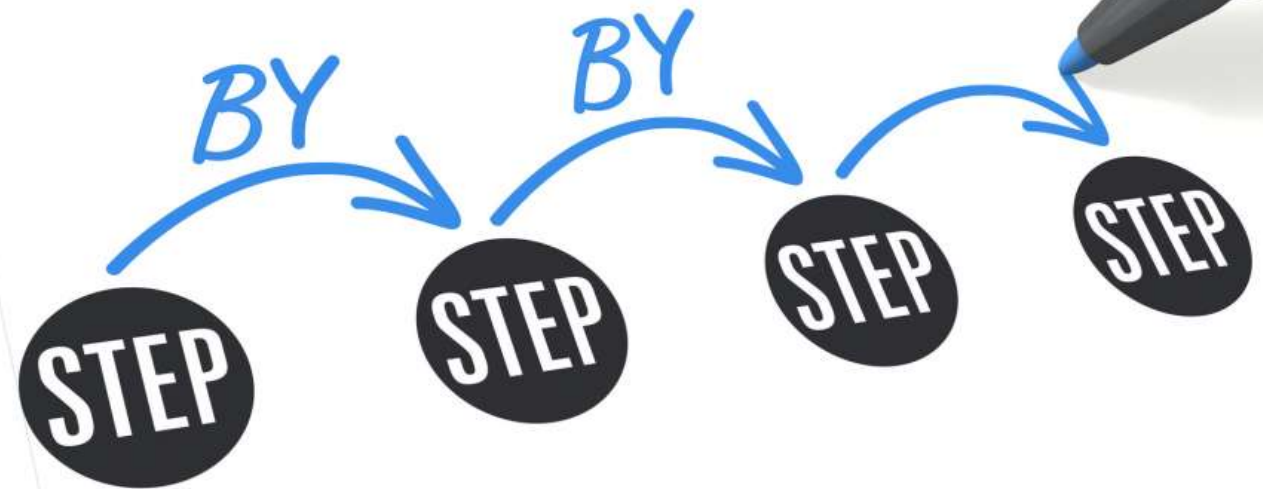
The situation before

- Looking for new ways to save.
- Normal RFPs, Consortium contracts.
- Found Procurex via E&I contract.
- Started with an energy purchase.
- There was reluctance and resistance because department heads didn't want to offend suppliers.
- Had to educate them: It is not price only.

RPI's Journey to Reverse Auction Success and Savings

Process

- Simple, comes with knowledgeable assistance.
- Similar process to other RFPs or bid templates, without the pricing component.
- Success breeds success.





Rensselaer is seeking proposals for XYZ for our Troy, NY, Campus.

Please confirm your intent to bid by mm/dd/yy.

Important dates to remember:

- Sept. 14 Supplier questions due
- Sept. 15 Site meeting & visit, Troy, NY (Location and time TBD)
- Sept. 17 Supplier submission of unpriced proposal
- Sept. 23 Supplier presentations/Q&A (Location and time TBD)
- Sept. 24 Reverse auction (Time TBD)
- Sept. 25 Review of decision matrix
- Sept. 28 Estimated award notification
- Oct. 15 Signed contracts
- Nov. 1 Supplier start date



RPI's Journey to Reverse Auction Success and Savings

What have we learned?

- Biggest challenge is on-boarding our campus partners.
- Positive stories help with change.
- Evolution, not revolution. (Hopefully we can get past that here, today!)
- You can still award on “**best value.**”
- Success is contagious.

Observations About “Best Value”

Little Known Points About Reverse Auctions

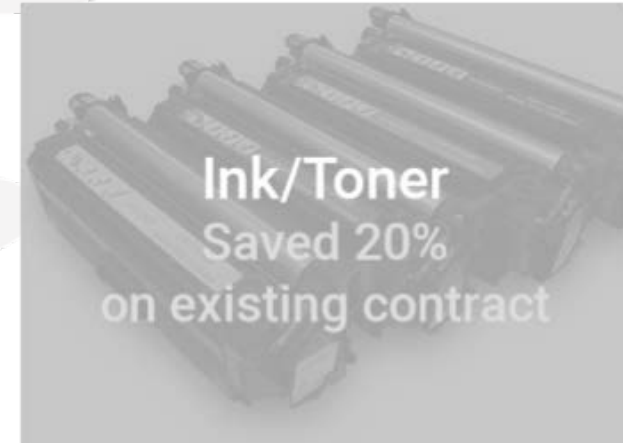
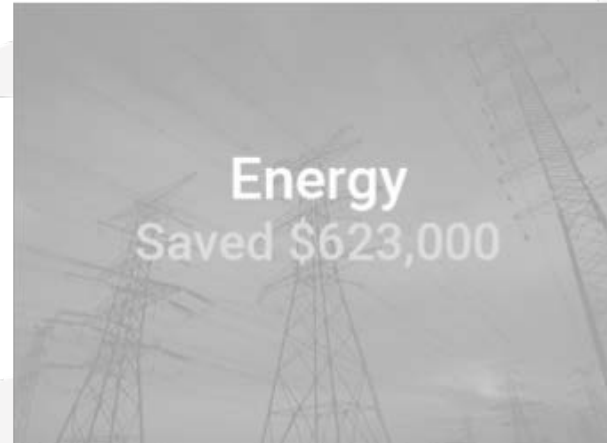
- More than price-only competition.
 - Weights, scores, and preferences still apply.
- More than just commodities.
 - RPI examples: Laptops, security services
- Vendors actually appreciate the transparency.
 - They may grumble initially ...
 - ... but they are probably already doing reverse auctions with other customers.

RPI's Journey to Reverse Auction Success and Savings

Biggest Positives

- Win / Win
- Savings AND other benefits
- Knowledge extension of your team
- Another set of eyes
- Supplier base

Why Use Them? The Savings!



RPI's Journey to Reverse Auction Success and Savings

An Illustrative Example: Laptop Computers

- RPI needed collaboration by a large committee.
- High profile project had board-level visibility.
- Procurex provided industry expertise.
- Internal stakeholders were skeptical.
- Vendors stepped up to the plate and sharpened their pencils.
- The auction had strong vendor participation.
- Savings totaled more than \$200,000 annually.

Procurex Overview

The Procurex Advantage

The single **best way** to get the **lowest prices** from the most **qualified vendors**.



People – Hands-on experts with 15+ years of experience.



Process – More targets, better specs, more vendors, lower prices.



Platform – Modern. Sophisticated. Easy.

Reverse Auction Process



Working with Procurex

- Full Service: we make it easy
- Second set of eyes
- Market expertise
- Intuitive and ease to use
- Reporting and dashboards
- Easy for suppliers too
- Transparency and privacy



“The difference is the partnership. We would never buy our own reverse auction software. We’re never going to be the energy experts, never the IT experts, etc. We don’t have to be. We get it all from Procurex.”

Procurex Screenshot

Dashboard Company Events Suppliers Tools & Resources Support Admin

Dashboard Procurex - Dev

Home » Dashboard Admin View

11
BUYERS

105
SUPPLIERS

316
USERS

4
OPEN SUPPORT TICKETS

29
PENDING EVENTS

1
UPCOMING EVENTS

1
LIVE (IN PROCESS) EVENTS
13 SUSPENDED

1085
COMPLETED EVENTS

EVENT SUMMARY Select: All

Page < 1 > of 156 | View 10 records | Found a total of 1553 records

Event Status	Type	Event ID	Event Name	Pre-bid Start Date	Pre-bid End Date	Start Date	Company Name	Emails
Completed	AUCTION	00804-00009	Clone of Test Auction 4	n/a	n/a	01/25/2018 8:00 (EST)	D L A	View
Activated	AUCTION	00804-00010	Event Auction 4 Clone	n/a	n/a	01/25/2018 8:00 (EST)	D L A	View
Initiated	AUCTION	00804-00006	Event Auction 2	n/a	n/a	01/24/2018 10:00 (EST)	D L A	View
Initiated	AUCTION	00804-00007	Event Auction 3	n/a	n/a	01/24/2018 10:00 (EST)	D L A	View
Initiated	AUCTION	00806-00001	DEMO AUCTION JAN 2018	n/a	n/a	01/20/2018 8:00 (EST)	Penn State University	View

Procurex Screenshot

Procurex - Dev 08 13 47
HRS MIN SEC

Event Menu View Auction Parameters Live Chat Turn Chat Off Bids in last 2 minute(s) extend auction by 2 minute(s)

This Event is Live Click here to hide —

Auction Parameters

- Split Lot
- View Lead/Not Lead Bidder
- View Lowest Bid
- Automatic Extensions - Low Bid Only
- Starting Price is Not Visible

Page Last Refreshed: 01/19/2018 11:46:06 AM (EST)
 Bidding Starts On: 01/16/2018 1:15:00 PM (EST)
 Scheduled End Time: 01/19/2018 8:00:00 PM (EST)
 Current End Time: 01/19/2018 8:00:00 PM (EST)
 Currency: USD
 Bids in last 2 minute(s) extend auction by 2 minute(s)

Show/Hide Columns: Quantity | Unit of Measure | Reserve Price | Start Price | Extended Start Price | Minimum Decrement | UPDATE

Item	Qty	Start Price	Ext. Start Price	Min Dec	Lowest Bid	Ext. Lowest Bid	Item Components				Lead Bidder	View Bid Info	
							Item Name	Qty	UoM	Start Price			Lowest Bid
Parent Item 1	5.00	100.00	500.00	1.00	100.00	500.00	Child Item 1	0.50	ea	1,000.00	100.00	Ken Second Test Company	Bids - 1 Graphs
							Child Item 2	0.50	ea	1,000.00	100.00		

SUSPEND
BROADCAST MESSAGE
REFRESH

EXTEND EVENT
END EVENT

What's Next for RPI?

Future Reverse Auction Candidates

- Mobile Computing Program (Laptops)
- Air Conditioning Project
- Course Paper
- Public Safety Vehicles
- Residential Cleaning Services

Advice for your colleagues?

- It's more than just the software.
- Think: Treadmill vs. Personal Trainer.
- You can't be experts in everything (energy, IT, etc.).
- Get everyone on board.
- Success breeds success.
- Procurex makes us look good.

Q&A

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