

## How can we help you?

Saving money with IT eAuctions



- Get more for less
- How to join in

- New regulations
- Collaborative eAuctions

# The Office of Government Commerce

We're here to help you

All of us in the public sector face the challenge of making scarce resources go further by achieving efficiency savings. With ambitious targets of £21.5 billion annual savings by 2008, including over £6.5 billion from local government, there is no doubt that the challenge is tough. For those of us involved in procurement, which is expected to make the single largest contribution to efficiency savings, the challenge is even more urgent.

The first step in meeting these challenges is collaboration. We need to work together to secure better deals, by aggregating demand where appropriate and competing more effectively in the marketplace. As you will see in this short guide to IT eAuctions, the experienced procurement professionals and sector specialists here at the Office of Government Commerce are a resource for you. Whether you need an informal chat with an expert about managing an existing contract, or are looking for a new and better deal, our team offers you the advice, contacts, information, and tools to assist you to meet and exceed the strategic and financial goals of your organisation.



Please let us know how we can help. We look forward to hearing from you.

John Oughton  
Chief Executive, Office of Government Commerce

## How to find out more about saving money with IT eAuctions

### Email us

Email the eAuctions team with your questions at:  
**eauctions@ogc.gsi.gov.uk**

### Go online

There is helpful guidance on how to decide if eAuctions are right for your organisation at:  
**www.ogc.gov.uk/eauctions**

### Call us

Whatever your query, the OGC Service Desk can direct you to the right person to help:  
**0845 000 4999**  
OGCBuying.Solutions Service Desk:  
**0845 410 2222**  
Press enquiries:  
**020 7271 1318**

### Why pay more than you need to for PCs and laptops?

Since September 2005, the Office of Government Commerce's IT eAuction programme has helped over 40 public sector organisations representing over 300 individual bodies – ranging from district and county councils to central government departments and NHS Trusts – to answer that question decisively. By aggregating their forecast demand for IT hardware in eAuctions, these organisations have saved nearly £16 million on purchases worth £52 million at pre-auction prices: an average saving of 30%.

In addition to realising cash savings from eAuctions, public sector organisations also gain extra efficiencies through avoiding separate, costly and time-consuming OJEU procedures, and by co-operating on the evaluation of products and development of common standard specifications.

In May 2006, the OG successfully ran the first collaborative public sector eAuction under the new EU Consolidated Directive, which saved twelve public sector organisations an average of 41% on their IT hardware purchases.

#### Products successfully eAuctioned to date

- Desktop PCs
- TFT (flat) screens
- Ultra-small PCs
- Laptops
- Thin client devices
- Tablet PCs
- PDAs
- Servers

**“Public sector organisations have already saved nearly £16 million on purchases worth £52 million at pre-auction prices”**

#### What's in this guide?

We'll explain:

- How eAuctions work
- What the process involves
- What kind of support we'll offer you
- How other organisations have benefitted
- How to find out more.



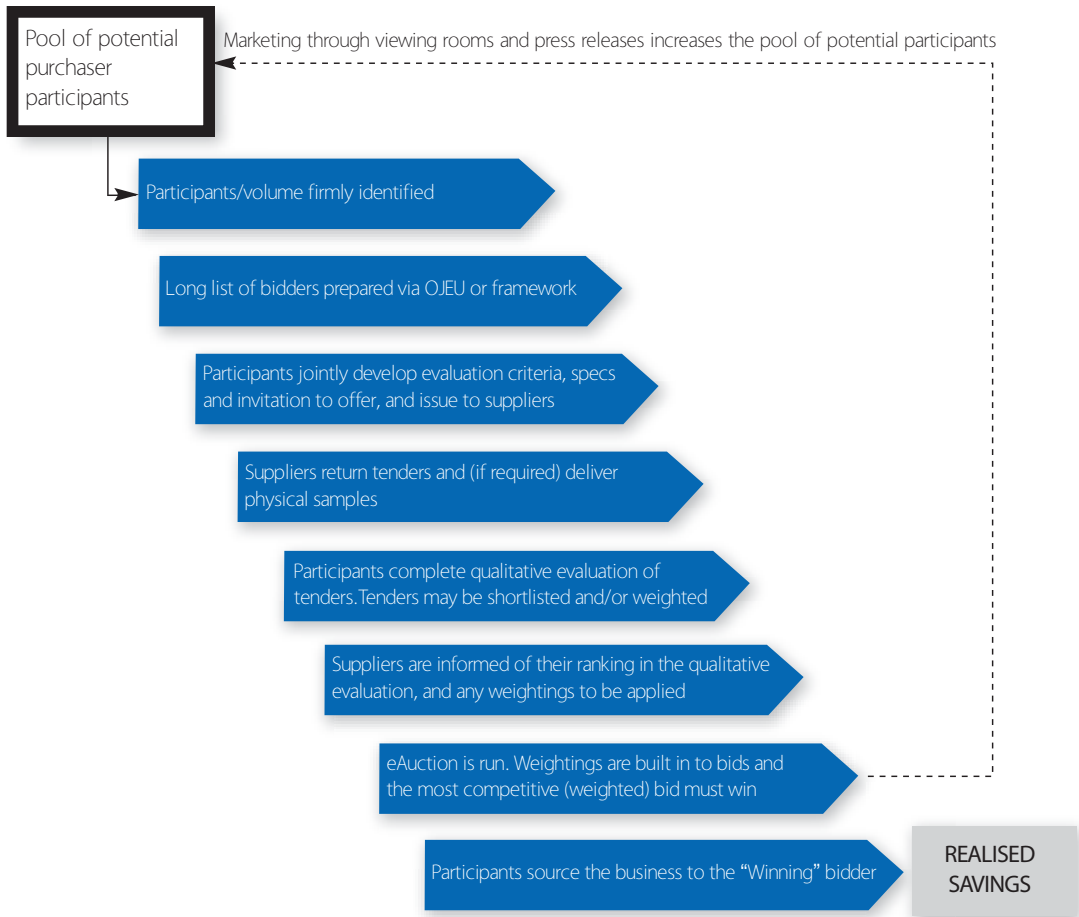
## How do eAuctions work?

The eAuctions run by OGC are ‘reverse’ auctions with suppliers bidding decreasing prices for a contract offered by a customer or group of customers.

During the auction, which is conducted online using specialised software, sellers progressively reduce their prices in response to competitors’ bids. Only the buyer can see who is offering each price. Since the auction software is able to

combine qualitative scores and pricing instantly to measure overall competitiveness, the successful supplier is the one leading when the auction closes.

### OGC’s eAuction process



# Getting involved

## Why not consider joining in?

### What support can I expect?

Successful eAuction savings have been achieved by a large variety of public sector bodies, although an eAuction strategy may not be right for every organisation. If you are considering an eAuction, the Office of Government Commerce has a specialist team and tools available to help you through the decision making process.

If you do choose to participate in the eAuction programme, your organisation can rely on our support, including:

- For major collaborative events, we typically facilitate the entire eAuction process, working closely with participants to ensure that the eAuction delivers precisely the products and service levels that you need.
- A vital benefit of the rolling eAuction programme is that it has supported the development of a robust process and supporting documentation. We can provide you with the project plans and document templates (including specifications and tenders) you need.

- OGC also provides focused strategic guidance for organisations running smaller eAuction events of their own, and/or which are expert enough to manage a large part of the eAuction process.



“A vital benefit of the rolling eAuction programme is that it has supported the development of a robust process”

#### How can I find out more?

**Go online:** Our website has a wealth of further information on taking part in eAuctions, including a decision tool. Go to [www.ogc.gov.uk/eauctions](http://www.ogc.gov.uk/eauctions)

**Contact us:** If you're interested, and think eAuctions could be right for your organisation, talk to us. You can email us at: [eauctions@ogc.gsi.gov.uk](mailto:eauctions@ogc.gsi.gov.uk) or call: 0845 000 4999

## Collaborating across sectors

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### The NHS and eAuctions

Successful collaborative eAuctions were run on behalf of NHS customers in September and October 2005. These eAuctions generated a lot of interest in the rolling programme, and also highlighted the potential for collaboration across multiple sectors of Government. These opportunities were exploited in the third eAuction in the rolling programme, involving eleven participants – more than ever before – from local government, central government, and the NHS.

“Surrey and Sussex will benefit hugely from the savings achieved”

Co-ordinating the efforts of the participants as they worked to agree product and service level specifications, forecast future volume requirements, and communicate these clearly to suppliers, was a formidable challenge. OGC took



the roles of project lead and co-ordinating agent, providing strategic guidance and ensuring that preparations were completed to suitable deadlines and to a high standard.

As a result of this collaborative effort, an eAuction was completed, on time, in December 2005, capturing business worth over £10 million at pre-auction prices and delivering savings of £2.4 million for the participants.

Michele Hartin, Procurement Information Analyst at the Surrey and Sussex NHS Supply Management Confederation commented:

“Surrey and Sussex will benefit hugely from the savings achieved and every single one of our 31 Trusts will now be in a position to purchase IT hardware at a greatly reduced rate. The OGC conducted a well-organised event and achieved an excellent result.”

# Keeping up to date with new regulations

## eAuctioning under the new EU Procurement Directive

In May 2006, the Office of Government Commerce ran the first collaborative public sector eAuction, under the new EU Procurement Directive 2004/18. Twelve participating buyers, from central and local government, schools and the NHS, worked together to buy IT hardware, worth £6.6 million at current prices.

The new directive requires that the eAuction, and a preceding tender evaluation stage, are closely integrated, with qualitative preferences being factored into the eAuction through a process of “transformational bidding”. This technique ensures that eAuction results are determined by lifetime costs, rather than merely low prices.

The requirements of the new directive are daunting for many organisations, and the OGC’s previous eAuction successes were crucial in winning the support of the 12 organisations willing to take part under the new process. We also spent considerable time guiding suppliers to work to new bidding rules, as required by the directive.

The eAuction reduced prices by £2.7 million (41%) on the £6.6 million current spending. Additional benefits:

- An integrated evaluation and eAuction process supports rapid sourcing decisions, with some participants forming agreements one week after the eAuction.

- The up-skilling of buyers in 12 participating organisations, regarding the use of eAuctions and the new EU Procurement Directive 2004/18.

“The OGC has steered the participants through the new procedures required for eAuctions, resulting from the Consolidated Directive. This leadership and expertise has laid a solid foundation for the formation of robust, compliant and commercially advantageous agreements with suppliers.”

**Janet Chinnery, Procurement Specialist,  
Procurement Agency for Essex**



“eAuction results are determined by lifetime costs, rather than merely low prices”

Contact us to discuss your needs. Please email us at [eauctions@ogc.gsi.gov.uk](mailto:eauctions@ogc.gsi.gov.uk) or call 0845 000 4999 to find out how we can help you.



Office of Government Commerce

#### About OGC

OGC - the UK Office of Government Commerce - is an Office of HM Treasury.

The OGC logo is a registered trademark of the Office of Government Commerce.

#### OGC Service Desk

OGC customers can contact the central OGC Service Desk about all aspects of OGC business.

The Service Desk will also channel queries to the appropriate second-line support. We look forward to hearing from you.

You can contact the Service Desk 8am - 6pm Monday to Friday

**T:** 0845 000 4999

**E:** [ServiceDesk@ogc.gsi.gov.uk](mailto:ServiceDesk@ogc.gsi.gov.uk)

**W:** [www.ogc.gov.uk](http://www.ogc.gov.uk)

#### Press enquiries

**T:** 020 7271 1318

**F:** 020 7271 1345

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