

ELECTRONIC BIDDING SYSTEMS

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ABSTRACT

In this guidance document, we will review the benefits of Electronic Bidding Systems.

Electronic Bidding Systems (EBS) offer government agencies software or web based options for the procurement of goods and services. Various programs are available to supplement and/or replace traditional paper-based bidding

models. Research indicates that use of EBS provide several benefits to both the agency and bidders. This guidance document summarizes the benefits of using EBS and provides a high level roadmap for implementation.

PROBLEM STATEMENT

Traditional paper-based bids can be tedious for contractors to compile and for agencies to review.

Prior to technological advances over the past 20+ years, most government agencies used the same general approach for procurement of goods and services related to public works projects. Agencies would issue a request for bids (RFB) detailing the procurement via local press and/or industry trade organizations. Bidders would then submit paper-based bids based on the requirements in the RFB. At bid opening, agency staff would review each bid for errors and an award recommendation was then issued to the apparent low bidder whose bid met all the requirements in the RFB. Bids with errors or omissions would be dropped from consideration regardless of the pricing submitted. From an agency perspective, this process is tedious and time consuming and errors can be made during the evaluation process. From a bidder's perspective, these RFBs often require numerous forms and supplemental data and the absence

of any information comes at the risk of being considered nonresponsive. Bids that are thrown out for this purpose negatively impact both parties. The bidder spends considerable time and effort putting a bid together and now must scramble to find alternative sources of revenue. The Agency may be forced to award the contract at a significantly higher price if the low bidder is deemed nonresponsive.

Key Issues:

- Contractors with competitive bids are more likely to have their bid rejected due to minor errors when submitting tradition paper-based bids
- Agencies may be forced to award the contract to a higher-priced bidder if minor errors force contractors to be deemed nonresponsive

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SOLUTION

Electronic Bidding Systems reduce many of the risks associated with paper-based bids for both contractors and agencies.

Fortunately, there is no shortage of programs designed to help reduce or eliminate these issues. EBS offers many benefits including:

- **Greater Visibility** – Many EBS programs offer prospective bidders the opportunity to sign up for notifications on future contracts.
- **Transparency** – EBS programs allow all bidders to be notified when addendums are issued, submit and review RFIs and view updates at any time.
- **RFI Management** – Agencies can respond to RFIs and all prospective bidders will see the response eliminating duplicate questions.
- **Contract Management Integration** – Some EBS programs integrate contract management components to provide additional efficiencies.
- **Consistency** – All bids are required to submit the same information on the same forms.
- **Electronic Submission** – This allows the program to check for math errors and ensure all required forms are filled out completely. This greatly reduces staff effort.
- **Environmentally Friendly** – Reduces costs associated with printing, copying and delivering.
- **Database of all past and current bids** – This saves time and money when viewing historical data. Many EBS have robust reporting capabilities enabling greater analysis and trend identification.
- **Easier Modifications** – Bidders can review and revise submittals at any time.
- **Vendor Registration** – Bidders can preregister and have certifications (DBE, DVBE, SBE, etc) verified.
- **Security** – Bids are sealed and secure and include bonding.



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Conversely there are some noted disadvantages to EBS (although most of them are mitigated by the efficiency and cost saving benefits noted above) including:

- **New process** – Some agencies may prefer their current process. “If it’s not broke don’t fix it.”
- **Acquisition Costs** – These start up costs vary greatly depending on the EBS. Some EBS may require specialized hardware and/or software.
- **Licensing Costs** – Ongoing cost for using the EBS program. These costs vary depending on features desired.
- **Training** – Agency staff will require one time training to become familiar with the EBS program. Bidders will also need training sessions and/or a manual to help them submit bids in a new system.
- **Compliance** – Some agencies may need to modify their procurement policies which could be a time-consuming process.



Key Take-aways:

- **Electronic Bidding Systems may have a learning curve but ultimately streamline the bid process for contractors and agencies**

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CONCLUSION

EBS offer agencies and bidders a streamlined process for securing goods and services. Agencies can reduce staffing effort and cost while simultaneously increasing analytic capabilities and reducing errors in bid analysis. Additionally, they create a database of historical bid results to more easily identify trends and areas needing improvement. Bidders can submit bids with confidence that all required components are included, and math errors are eliminated. In addition, the EBS creates a public marketplace where RFIs can be submitted and reviewed by all bidders. Many of the perceived disadvantages are completely offset or mitigated by the cost and efficiency savings offered by EBS. When looked at objectively, it's clear that the industry is trending in the direction of replacing traditional paper bidding with EBS. For agencies looking to get started consider:

- **Research** – There are many options when it comes to EBS from programs that supplement existing procurement processes to programs that fully digitize procurement. It's a good idea to look at several options.
- **Strategize** – Discuss EBS options with key stakeholders. Determine the pros and cons for each alternative. Often companies that offer EBS programs will offer trials or set up mock procurements to show off their capabilities. Some will even customize the program to fit agency needs.
- **Implement** – It's recommended that the EBS is first rolled out on a trial basis. This gives both staff and contractors time to get trained and comfortable using the new system. Agencies may consider providing training prior to full implementation. Most EBS come with technical support to assist with getting you up and running.

