

# Collaboration Nets Savings

**R**egion Six Fleet and Acquisitions (AQM) collaborative efforts for the purchase of Type 3 Engines resulted in saving the program nearly as much as what was spent.

Utilizing current pricing represented on GSA contracts for Type 3 Engines (turnkey), fleet personnel programmed \$987,000 for four Engines (turnkey) in 2010 and \$1.1 million for five Engines (turnkey) in 2011. Acquisitions and fleet had previously been discussing the potential for obtaining savings by combining regional fleet requirements.

During the discussion with fleet, AQM recalled a statement before the Committee on the Budget United States Senate issued by Daniel Gordon, Administrator for Federal Procurement Policy, Office of Management and Budget on July 15, 2010. In his statement, Mr. Gordon states;

*Agencies are increasingly obtaining the economies and efficiencies made possible by conducting web-based "e-procurements." In particular, agencies are using electronic reverse auctions, where vendors use an online site to bid prices down to win an agency's work, in order to generate greater competition. This practice is helping agencies obtain lower prices, especially on their purchases of commercial off-the-shelf products, and these web-based tools have become a routine part of how we conduct procurements in the 21st century: agencies conducted thousands of electronic reverse auctions last year.*

Fleet and AQM decided to conduct an online reverse auction pilot utilizing the procurement of the Type 3 Engines (Government furnished chassis). An agreement was made with FedBid.com to host the auction at a rate no higher than the micro purchase threshold. Research of the sellers (vendors) registered in the FedBid database revealed the two Region Five BPA contractors were already registered. Utilizing the desktop sharing via USFS SAMETIME meeting program, some members of R6 AQM and the National Specifications Committee watched the live posting of the 2010 Engines. During the auction period the additional five Engines were added bringing the total auction to nine Type 3 Engines with a programmed value of \$2.1 million.

The morning the auction was scheduled to end, the first bid of nearly \$1.2 million was received. In the last 10 minutes of the reverse auction, a flurry of activity resulted in the final successful bid of \$1,056,542.95, which included the fee for hosting the reverse auction.



## SUMMARY OF ACTION:

Program Amount (turnkey):	\$2,156,602.00
Award Amount (body only):	\$1,056,542.94
Award Amount (Chassis):	<u>\$ 710,000.00</u>
<b>TOTAL SAVINGS:</b>	<b>\$ 390,059.06</b>
Reverse Auction Savings:	\$ 143,457.06 (13.58%)
Savings (Turnkey vs. Govt Chassis):	\$ 246,602.00

Region Six AQM is now collaborating with Region Four, Region Five and the Washington Office to solicit and award a national contract for Reverse Auction Services to be made available for USFS, USDA and Service First Contracting Officers.

For more information on Mr. Gordon's statement, see:

[http://www.whitehouse.gov/sites/default/files/omb/legislative/testimony/ofpp/Gordon\\_testimony\\_715.pdf](http://www.whitehouse.gov/sites/default/files/omb/legislative/testimony/ofpp/Gordon_testimony_715.pdf)

For more information about Federal Reverse Auctions, see:

[https://www.acquisition.gov/articles/feb2007\\_art5.htm](https://www.acquisition.gov/articles/feb2007_art5.htm)