

Reverse Auction Overview

HB 1109 of the 2017 Regular Session, effective January 1st, 2018 has mandated reverse auctions to be the primary method to receive competitive bids within the State of Mississippi. A reverse auction is a real-time electronic procurement practice in which suppliers compete online to bid freely on specified items within an allotted timeframe. Prices will be entered into a secure web-based procurement portal in decrements. The vendor with lowest price, meeting bid specifications, in most cases will be awarded a contract. Reverse auctions will not be used for any public contracts for design or construction of public facilities, including buildings, roads and bridges.

The State of Mississippi requires vendors to register in MAGIC (Mississippi Accountability System for Government Innovation and Collaboration) to compete for bid opportunities published by State agencies conducted via reverse auction. **State of Mississippi Supplier Registration**. The registration is free of charge, and vendors receive the pleasantries of automatic email notifications of all Mississippi bid opportunities for selected product categories. Current vendors, who have completed registration prior to January 1st, 2018, will not have to re-register to participate.

In addition to the registration, all bidders will be required to confirm compliance with all administrative and technical requirements prior to the start date and time of the reverse auction. All reverse auctions conducted by State agencies will specify the time and date of when the auction will take place within the bid proposal. Proposals will contain item specifications, and the estimated time to enter pricing. Pricing decrements will be set and sellers compete to offer lower bids than their competitors. At the expiration of the auction, bids will rank from highest to lowest. The buyer may award the contract to the vendor with the highest ranking bid (lowest price) that meets specs.

Reverse Auction Benefits:

- Free of charge- The State of Mississippi does not charge any initial fees for MAGIC registration nor is a fee payable after the contract is awarded and executed via reverse auction.
- Automatic reverse auction bid opportunities notifications- vendors will receive emails of all reverse auction bid opportunities for product categories chosen at the time of registration.
- Real-time transparent view of competitor's pricing- all bidders will have access to prices entered by all companies competing for the award. The auction gives all potential awardees updates in seconds to determine how they rank and get insight on competitor's pricing intelligence.
- Real-time question and answering during bidding –bidders can chat messages that are visible to only the agency buyer
- Reduction of time to award contracts – awarding bids is almost instantaneously. Buyers and bidders are able to justify the winning bid. But offers must still be evaluated to ensure awardee is compliant with all bid requirements.