

## G-1 Definition

An online Reverse Auction (RA) is an internet-based (electronic commerce) acquisition tool that allows the government to procure goods and services from suppliers in a competitive environment in which sellers, anonymously, bid prices down until the auction is complete.

A reverse auction is simply the opposite of a traditional auction. In a traditional auction, the seller offers an item for sale and multiple potential buyers submit sequentially higher bids for the item. Conversely, in a reverse auction, there are multiple sellers of items that compete for the business of a single buyer. During this competition the sellers ultimately drive the price of the item down.

### **ONLINE REVERSE AUCTION TOOLS ARE BEST USED FOR:**



- *Healthy price competition*
- *A well-defined requirement*
- *Bulk commodity type procurements (i.e., IT equipment, spare parts)*
- *Procurements in which there is a well-defined supplier base*
- *Procurements where the award evaluation criteria is not subject to interpretation (i.e., lowest price versus multiple criteria for tradeoffs and subjective judgments)*

**Parent topic:** [Appendix G Online Reverse Auctions](#)