

## 17.802 Policy.

(a) The use of *reverse auctions* may be appropriate when *market research* indicates that—

(1) A competitive marketplace exists for the *supplies* and/or services being acquired;

(2) Multiple *offerors* can satisfy the agency's requirement; and

(3) The nature of the *supplies* and/or services being acquired ( *e.g.*, clearly defined specifications, less complex requirements) encourages an iterative bidding process ( *i.e.*, multiple *offerors* participate and at least one *offeror* submits more than one *offer* during the *reverse auction*).

(b) The *reverse auction* process is used to obtain *pricing* for an *acquisition*. When using the *reverse auction* process, *contracting officers* are still required to follow the *acquisition* policies and procedures ( *e.g.*, those prescribed in subpart 8.4 or 16.5, or part 13 or 15), as appropriate for the particular *acquisition*.

(c)

(1) A service platform for conducting *reverse auctions* may be provided by a commercial or Government entity.

(2) While some *reverse auction service providers* are paid directly by the Government for *reverse auction* services, other providers may incorporate a fee structure that uses an indirect payment method. When using an indirect payment method, the *reverse auction service provider* adds a fee(s) to the price of the successful *offer* that is provided to the Government at the close of an auction. The Government then pays the successful *offeror* the total price of the *offer*, which includes the fee(s) added by the *reverse auction service provider*. The *reverse auction service provider* then collects its fee(s) from the successful *offeror*.

(3) When acquiring *reverse auction* services from a commercial *reverse auction service provider*, agencies shall—

(i) Use competitive procedures, unless an exception applies;

(ii) Detail the provider's fee structure in the resultant contract or agreement for *reverse auction* services; and

(iii) Make the details of the contract or agreement for *reverse auction* services, including the provider's fee structure, available to *contracting officers* for consideration when determining whether to use a *reverse auction service provider*, in accordance with [17.804\(a\)](#).

(4) When acquiring *reverse auction* services, the *contracting officer* shall ensure the following information is provided in the *solicitation* and contract:

(i) Descriptions of Government data and Government-related data.

(ii) Data ownership, licensing, delivery, and disposition instructions specific to the relevant types of Government data and Government-related data ( *e.g.*, DD Form 1423, Contract Data Requirements List; work statement task; *line item*). Disposition instructions shall provide for the transition of data

in commercially available, or open and non-proprietary format and for permanent records, in accordance with disposition guidance issued by the National Archives and Records Administration.

(d) *Contracting officers shall only use the services of a reverse auction service provider that—*

(1) Does not assert or imply that it can or will obtain a Government contract for participants of a *reverse auction*;

(2) Allows entities to register, at no cost, as potential *offerors* for *reverse auctions* conducted on behalf of the Government on the provider's *reverse auction* platform;

(3) Allows each entity, as part of the registration process, the opportunity to execute a proprietary data protection agreement with the provider; provided that the terms in the agreement do not affect the terms and conditions of a Government *solicitation* or contract;

(4) Protects from unauthorized use or disclosure and does not release outside of the Government—

(i) All contractor bid or proposal information (see [3.104-1](#)) and *source selection information* associated with providing *reverse auction* services to the Government;

(ii) All information similarly generated to support the issuance of a *task order* or *delivery order* or order under a blanket purchase agreement; and

(iii) Information identified by an *offeror* as restricted from duplication, use, or disclosure—in whole or in part—for any purpose other than to evaluate the *reverse auction* participant's price or proposal;

(5) Allows *offerors* to see the successive lowest price(s) offered in the auction without revealing an *offeror's* identity;

(6) At the close of each auction—

(i) Provides the Government with the successful *offer*, along with information that separately identifies the *offeror's* price and the price for each provider fee or charge included in the total price; and

(ii) Provides the Government with all information and documentation received from *offerors* in response to the *reverse auction*.

(7) Does not participate as an *offeror* in any *reverse auction* which the provider is hosting on behalf of the Government. This prohibition includes participation in a *reverse auction* by any entity with which the provider has a relationship that raises an actual or potential conflict of interest; and

(8) Asserts no rights or license in the data gathered or generated during a *reverse auction*.

(e) Only a *contracting officer shall—*

(1) Exclude an *offeror* from participating in an auction;

(2) Determine the awardee(s) of any *reverse auction*; or

(3) Determine that the *offeror* is a *responsible prospective contractor* (see [9.103](#), [9.104-1](#), and [9.405\(d\)](#)).

**Parent topic:** Subpart 17.8 - Reverse Auctions