How to set up and perform auctions?

Buyer manual

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1 About this Manual

This manual contains the description of setting up and performing an auction.

The setup takes place in SupplyOn within the module **Sourcing.**

Currently the following types of auctions are available

- Preferred Auction Type(s) for Hitachi Astemo

    o **Rank Auction**

- Secondary Auction Type(s)

    o (Ranked) Dutch Auction

    o First Price Sealed Bid

    o Japanese Auction

    o Price / English Auction

    o Rank Auction

    o Traffic Light Auction

1.1 Intended Audience

This manual is intended for buyers, who have a working knowledge of SupplyOn Sourcing.

1.2 Typographical and Graphical Conventions

The following typographical conventions are used throughout the manual:

Example	Meaning
command	Text, which are you required to type at a command line, is identified by Courier font.
Screen text	Text, which is visible in the user interface, is **bold**.
Reference	Reference material is in *italics*.
Parameter	A command parameter or a method name is identified by Courier font.

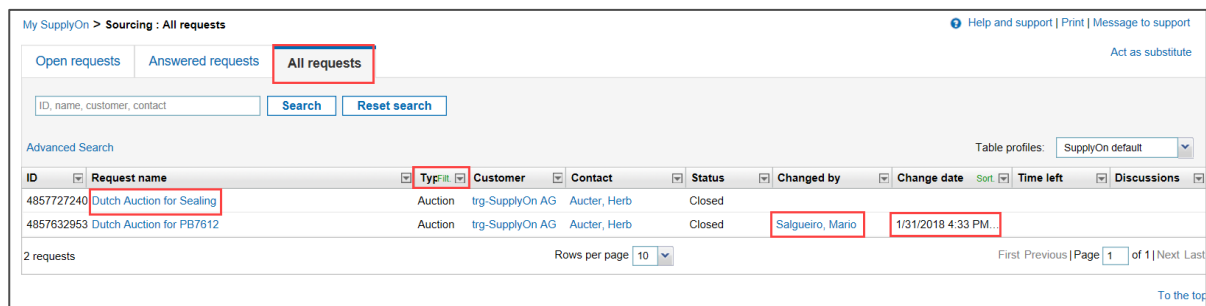The graphical convention is used throughout the manual:

Figure: **Red borders are used to indicate special areas.**

Red borders indicate special areas on the screenshot. They are *not* part of the user interface.

2 Set up auction

Auctions are performed typically by the purchasing departments. There are two scenarios:

- You invite the suppliers to perform an auction from scratch

or

- You start with a request for quotation (RFQ), to get more detailed information from your supplier upfront, and then you invite the suppliers to attend in an auction. The benefit for this approach is that you are able to decide which supplier may get a bonus or a malus during the auction due to special incoterms or payment conditions.

You use the SupplyOn **Sourcing** module to setup an auction.

NOTE: You need the role **SourcingBuyerStandard**, to be able to set up the auction. If you do not have the appropriate role, you must request it from your user administrator.

2.1 Set up an auction (start)

1. Log on to SupplyOn
2. On the main menu, point to **SupplyOn Services,** and then click on **(A) Sourcing.**
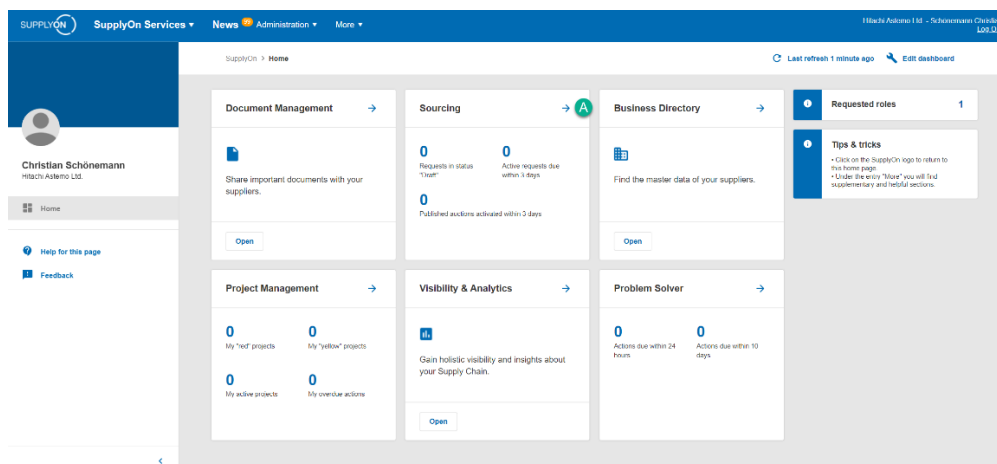
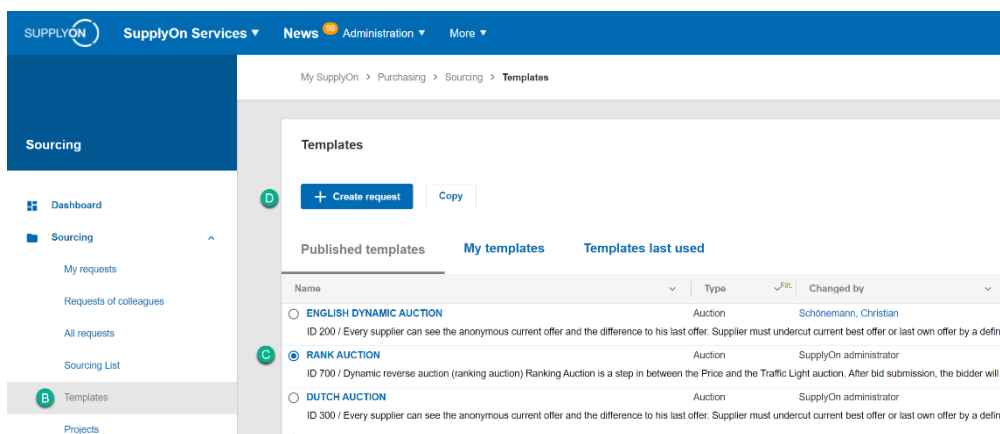Then the click on **(B) "Templates"** on the right side menu

Figure: Templates/**Published templates**

3. Under "Published templates" you can choose an **(C) Auction Template** standardized for Hitachi Astemo (primary use: "RANK AUCTION)

4. Click on **(D) Create request**

5. The Create Auction, **Request details** screen is displayed.

NOTE: The displayed fields in the screenshot are an example.

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6. Name the Auction in the field **Request Name**

7. Select the **Auction type,** depending on whether you want to conduct a live auction or test auction

Figure: **Request details**

NOTE: Test auctions are used to train suppliers to get familiar with the auction environment. If you may want to create a new Version of this auction you have to select Live auction.

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8. In case you want to change the **Response options** or **E-Mail Notifications** define it here:

- Just select the „Request currency" for the Auction
- Hitach Astemo users can skip "Alternative currencies allowed"

- Sends out an email reminder to invited suppliers X days before the auction starts to get them prepared early enough

- Get a bidder overview by Email X days before the auction starts. This email with status table show which suppliers are already confirmed participation

- If Auction is set for "Automated awarding" application can send eails notification to…
  - the winner of the auction and/or
  - the rejected supplier

Figure: **Response options & E-Mail Notifications**

Following please see samples for such eimal notifications

- Notify supplier before start date:
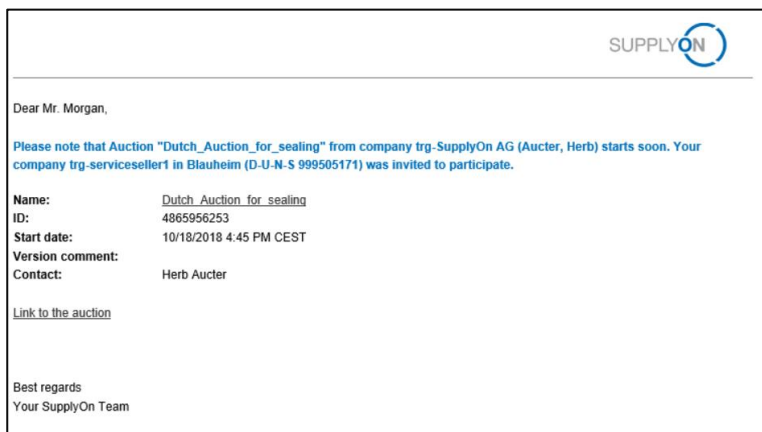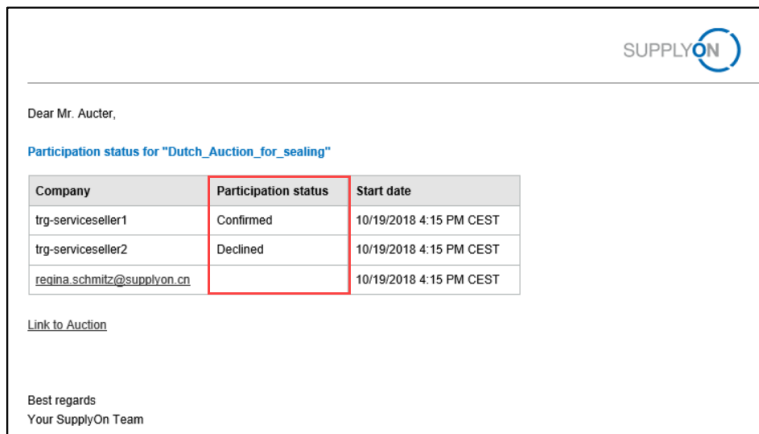
Figure: **Supplier reminder**

- Receive participation overview:
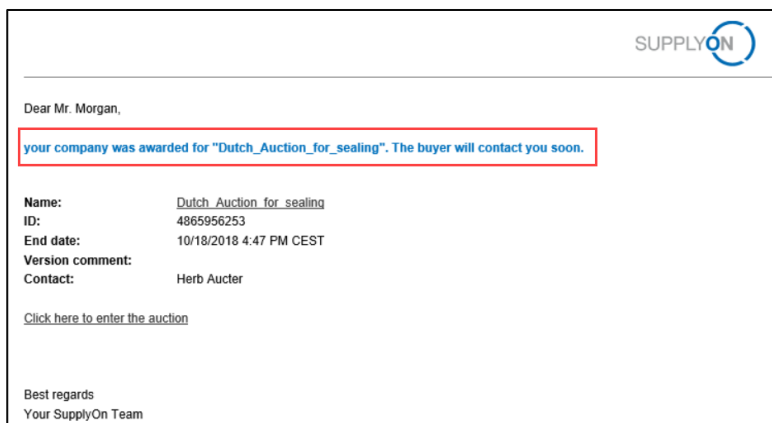
Figure: **Participation overview for buyers**

- Notify supplier about (supplier) awarding:
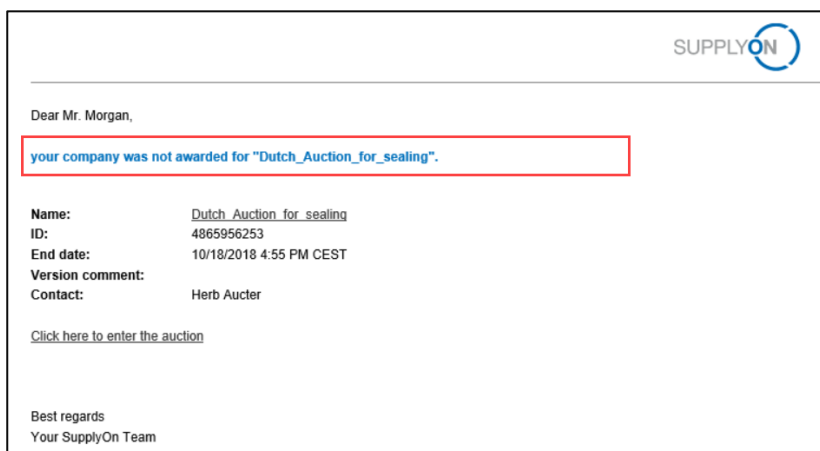
Figure: **Awarded notification**

- Notify supplier about (supplier) declining:

Figure: **Declining notification**

2.2 Add items

9. Add the items of the auction with a click on **Add / modify items**

Figure: **Add/ modify items tab**

10. Fill in all mandatory fields like **Item Name, Part Number, Quantity** and **Currency**
11. Confirm with **OK**

Figure: **Modify Line items**

NOTE: Quantity can contain two fields one with the actual quantity and one with the unit of measurement (e.g. Piece, Pack, Liter, Meter, etc.).

Fields with grey background are filled in by the bidder.

If the field **Price unit** is empty, it automatically will be set to 1.

12. If you want to request items over multiple periods you have to click on **Add scenario**

NOTE: This is only available if scenarios are activated on template level and scenarios are configured for your company by consulting**.**
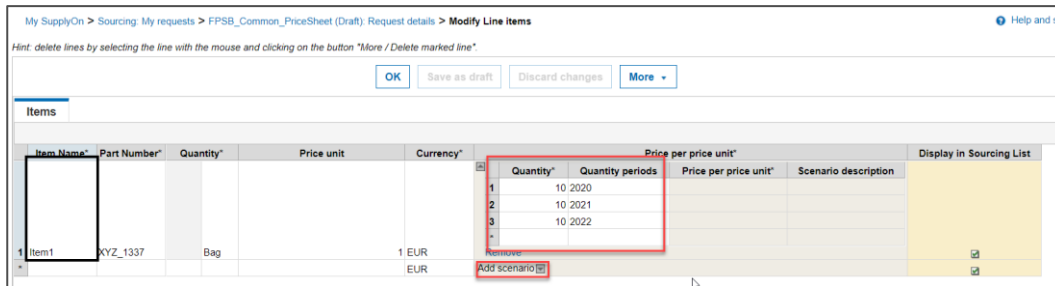
Figure: **Add scenario**

If scenarios are activated, all items must contain the same **Quantity periods**. When you want to request only one item over more periods, then add the additional **Quantity periods** to all other items and insert quantity 0 for the extra periods you don't want to request.

2.3 Invite registered suppliers

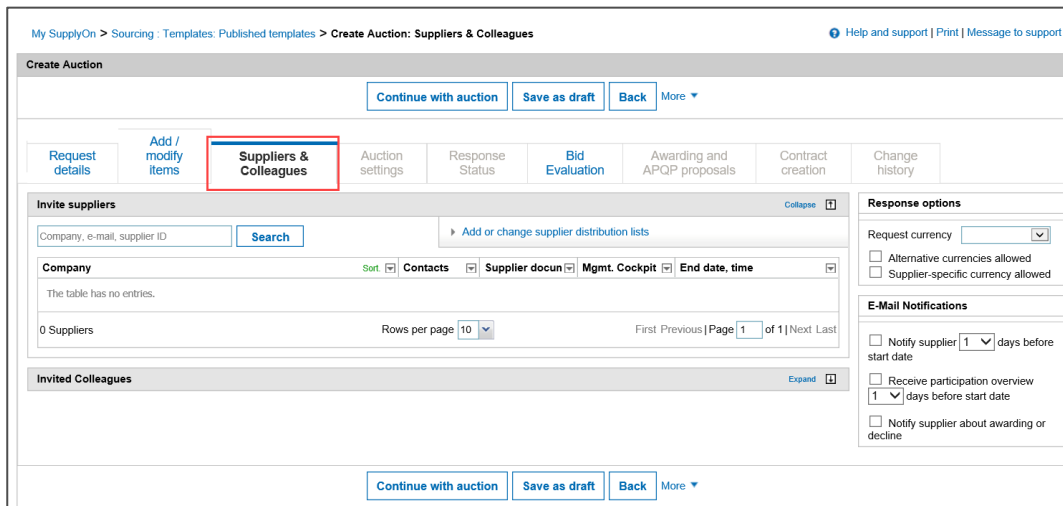13. Invite supplier(s) with a click on the tab **Suppliers & Colleagues**

Figure: **Suppliers & Colleagues**

The invitation principle is the same as for a RFQ:

- Invite registered suppliers

- Invite unregistered- also known as e-Mail access suppliers

- Invite colleagues

14. Enter a company name/ e-mail/ supplier ID and click on **Search.** All registered suppliers are displayed

15. Select the relevant supplier(s) and confirm with **OK**

Figure: **Add suppliers**

Additionally you can:

- Add or change a distribution list

- Save the suppliers as a distribution list

- Change the invited suppliers

Figure: **Suppliers & Colleagues: additional options (invite suppliers)**

2.4 Invite E-Mail Access suppliers

16. Enter the e-mail address, then click on **Search,** check the address again and confirm the invitation with a click on **Add to invited suppliers** and **OK.**

Figure: **Add e-mail access suppliers**

The screenshot displays the two invited registered suppliers and one e-mail access supplier.

Figure: **Suppliers & Colleagues: invited suppliers**

2.5 Invite colleagues

To introduce the auction solution, or to define a substitute, you can easily invite colleagues to the auction.

17. To invite your colleagues click on Expand

Figure: **Invite Colleagues**

18. Either enter the name of your colleague, or click on **Search.** You will find only users with a SupplyOn account and the assigned role **SourcingBuyerStandard** within your company.

19. Select the colleague and confirm with **OK.**

Figure: **Find and invite colleagues**

Additionally you can:

- Add or modify a group of colleagues

- Create or modify personal groups

- Save as a personal Group

- Modify invited colleagues (modify write or reading role)

Figure: **Suppliers & Colleagues: additional options (invite colleagues)**

> **NOTE:** A group of colleagues is already predefined and cannot be changed. Either the whole group can be assigned to a request or individual members of the group of colleagues.
>
> Personal groups can be created and all current group members are added to the request when assigning a personal group to a request. The user can also specify whether an individual colleague is given read or write access.

2.6 Define Auction settings

20. To define the start time, visibility and price-settings click **Continue with auction**

Figure: **Continue auction**

Then the auction overview is displayed on one page. The available settings depend on the auction type, customer specific settings. This example shows a Dutch auction.

Figure: **Auction settings**

NOTE: if you have left the **Auction settings** and saved the auction as draft, you can click again on **Auction settings** if you want to continue with the auction.

Figure: **Request details**
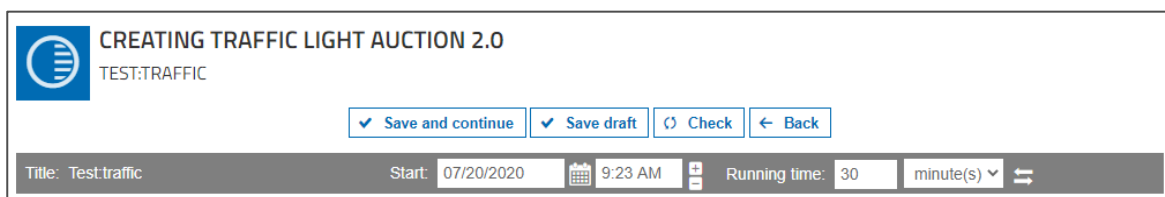
3 Auction Setup (general)

The auction setup is divided into five parts: **Auction type**, **Price fields**, **Items**, **Selected bidders** and **Auction settings.**

In addition there are some parts which are only visible for a particular auction type for example: **Further price fields**, **General prices and costs** & **Periods**,**Select item structure** (Price, Rank, Traffic Light and FPSB Auctions).

3.1 Define the auction Start date and time

Depending on the auction type The **End date** is calculated automatically as a result of your entries or has to be entered manually

1. Define the start and end date or how long the auction is running.

Figure: **Start and End Date**

3.2 Auction type

The **Auction type** settings depend on the Auction type. Every type has got different settings. Here for example we use a Dutch auction. The settings are always split up in **Auction mode, Control elements** and **Visibility settings**.

In the first paragraph the selected auction type is shortly described.

In the **Auction mode** you can choose between a reverse auction with falling price or a forward auction with rising price.

In **Control elements,** you can select the Tie break option, where several bidders can confirm the current price level without ending the auction. Those bidders will be forwarded to the bid confirmation and you define the **Winner selection in case of equal best biddings**.You can also define a **Bonus** or **Malus** per supplier. You decide how to use this functionality best. By default it is not visible for the supplier what you have entered. And you can decide if the bidder has to underbid his/her last bid or not.

Figure: **Control elements**

In **Visibility settings,** supplier names can be replaced by fictitious names during the auction, the reason for the auction end can be hidden and Bonus / Malus can be set visible for bidders.

Figure: **Visibility settings**

3.3 Price fields

In this setting you can adjust the price. The mandatory fields (marked with a orange star) are not the same for every type of auction. In the table below there are explanations for some available price fields in a Dutch auction.

STARTING PRICE	DEFINE THE STARTING PRICE FOR THE AUCTION
End price:	Define the **End price** for the auction. This is the maximum price you are willing to pay.
Price level:	Define the amount for each step. You either ensure that the amount for the bidding step can be divided by the difference between the end price and the starting price, or if the price step can't be divided equally, the last step

	will be not the exact price step, but fill the gap to the end price.
Number of price steps:	Is calculated automatically.
Step duration:	This is the time until the next price step starts.
Pause between two steps:	This is also called the quiet time. This pause is there to have synchronous bids as there can be delays because of some bidders have slower internet connections than others. For example you can set it to 5 seconds.
Total Times:	Is calculated automatically.

Figure: **Price settings**

In other auction types there are for example the following price fields avaiable: **Maximum price / Reservation price**, **Minimum bid difference**, **Maximum bid difference**, **Historical price**, **Target price**. A short description is underneath every field.

In addition you can create new price fields if something is missing.

3.4 Items

Here you can see the **Line Items** with **Part number**, **Quantity**, **Price Unit**

6 Items

No.	Item name ⌃	Part number ⌃	Quantity ⌃	Price unit ⌃
1	Item 1	11	10 Unit(s)	1 (unit price)
2	Item 2	22	20 Unit(s)	1 (unit price)
3	Item 3	33	30 Unit(s)	1 (unit price)
4	Item 4	44	40 Unit(s)	1 (unit price)
5	Item 5	55	50 Unit(s)	1 (unit price)
6	Item 6	66	60 Unit(s)	1 (unit price)

Figure: **Item settings**

3.5 Selected bidders

In this tab you can see all the invited bidders with their location and if selected earlier, you can provide Bonus/Malus by clicking on the tool icon.

Figure: **Selected bidder settings**

3.6 Auction Settings

In the area **Auction Settings** you define the **Date of publication**. From this time on the suppliers will see the auction on their Open requests screen.

You also define the **Automatic award of contract**.

Figure: **Auction settings**

> **NOTE: Automatic awarding** compares all bids automatically and gives the awarding to the supplier with the best bid.

If you do not check the option **Automatic awarding**, you need to award the supplier manually.

Figure: **Manual awarding**

> **NOTE:** In **Manual awarding** you can give the awarding only to suppliers that have submitted a bid. It does not necessarily have to be the supplier with the best bid.

3.7 Finalize the auction

After defining the settings click on **Check.** You either receive messages (in blue) or warnings (in red).
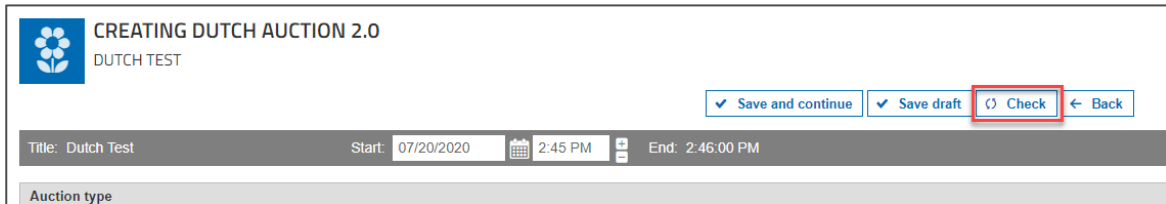

Figure: **Check all auction settings**

> NOTE: **Check** validates your entries against system conditions and restrictions.

The auction can be published with a click on **Save and Continue.**
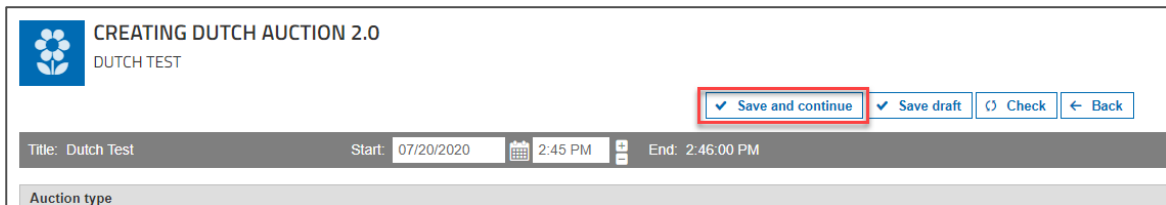
Figure: **Save and continue**

Finally send the auction to the invited suppliers with the button **Send auction**.
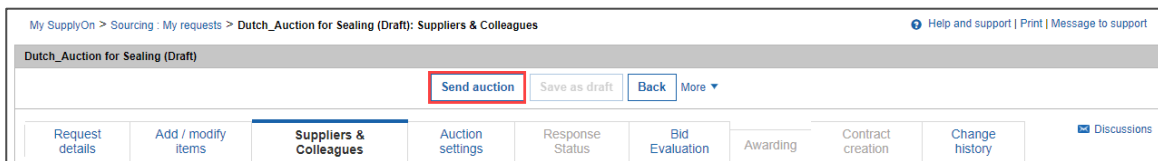
Figure: **Send auction**

4   Perform Auctions (general)

This chapter shows how active, closed and awarded auctions look like. This chapter is focusing on common parts, which are available for most auction types . The differences between the auction types are described later.

4.1   Published Auction

A published Auction has got an orange time bar. You can see how many invited bidders already read and confirmed or declined the auction.

AUCTION OVERVIEW
ENGLISH

← Back   → More ⌄

() Update

Running time | History

Reference:	4955069183
Publication: (?)	July 21, 2020 12:55 PM (instantly)
Start of auction:	**July 21, 2020 1:10:00 PM**
End of auction:	**July 22, 2020 7:10:00 PM**
Time zone:	Central European Time (ECT)
Extension:	☑
Extension trigger:	New bids in the trigger time activate an extension
Allowed extensions:	Unlimited
Trigger time:	3 minute(s)
Prolongation by:	5 minute(s)

→ Start 07/21/2020 **1:10:00 PM**   End 07/22/2020 **7:10:00 PM**   Auction starts in **00:11:30**

1 Messages

ℹ Note   The bid precalculation phase is active for the bidders until the start of the auction.

Feedback | Invited bidders

Confirmed	Read by	Declined	Invited
0	**1**	**0**	**2**
0%	50%	0%	

Items

2 Items			
No. Item name ⌃	Part number ⌃	Quantity ⌃	Price unit ⌃
1 Item 1	123	100 Unit(s)	1 (unit price)
2 Item 2	456	250 Unit(s)	1 (unit price)

Auction type | Price settings

If you want to check which supplier has confirmed, click on the tab **Invited bidders**.

Figure: **Auction settings**

NOTE: Bidders that confirmed their participation are marked as green. Bidders that have not answered yet or have declined are marked as red.

4.2   Active Auction

Because of the green bar where the Start and End date of the auction is displayed, you can identify an active auction.
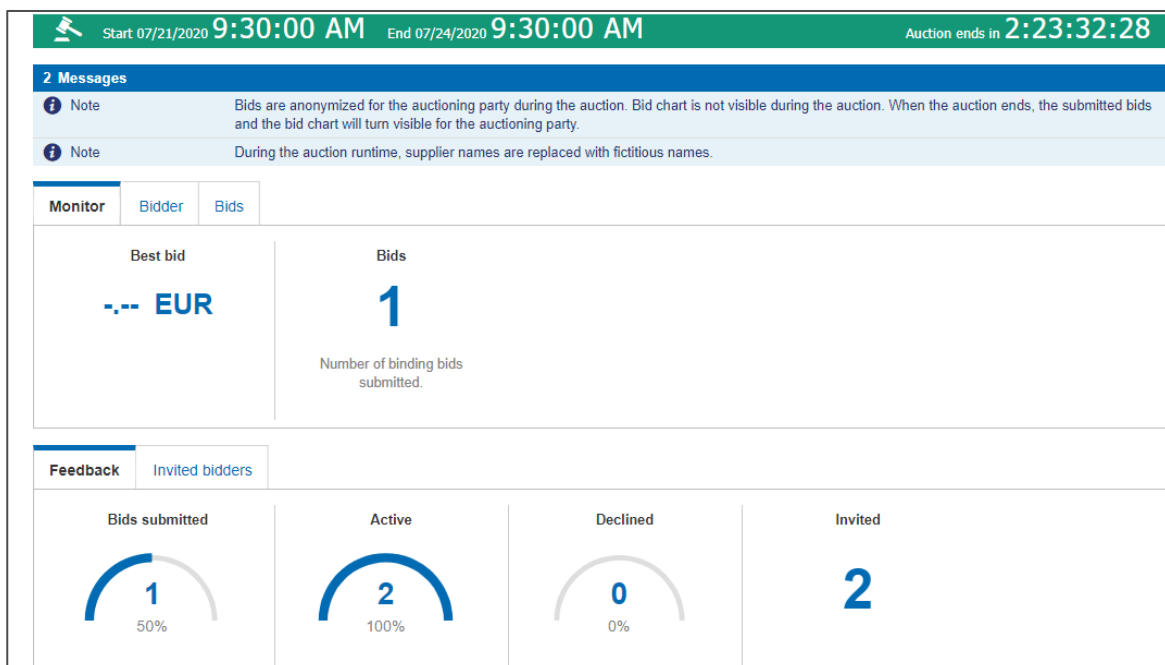
4.3   End of the Auction

The auction can be closed by several options:

- End Date is reached
- Bidder accepted the current price step (Dutch auction)
- All bidders submitted their bid (FPSB auction)
- last remaining bidder who confirms the currently displayed price step (Japanese auction)

After the auction was closed you can see the results in the auction settings.

In the screenshot below you can see an example for a price auction. This overview also depends on the auction types. It does not exactly look like this for every type of auction. The exactly structure for every auction type is explained later. (see capital 5)

Below those tabs with the results, you can see your items, auction type and price settings.

4.4 Extend / Shorten, Pause or Close Auction

Depending of the auction type you have the possibility to extend, shorten, pause or close an auction. With a click on the drop down next to **More** you can select what you want to perform.

Figure: **Auction settings**

4.5 Bonus/ Malus

You can define a Bonus or Malus here or directly in the supplier overview.

1. Click onto the red marked area.

3 Selected bidders			
Bidder	**Location**	**Bonus/Malus**	**Calculated starting price**
regina.schmitz@supplyon.cn		No bonus/malus provided ✖	10.00 EUR
trg-serviceseller1	🇩🇪 Germany	No bonus/malus provided ✖	10.00 EUR
trg-serviceseller2	🇩🇪 Germany	No bonus/malus provided ✖	10.00 EUR

Figure: **Auction settings**

You have the possibility to enter individual values per supplier. Define a **Bonus** or **Malus** as a percentage or as a fixed rate per supplier.

Bonus/Malus for 'trg-serviceseller1'   ✖

ⓘ Please enter a rating for the chosen bidders. Bid prices can be calculated with a bonus or malus as a fixed rate or a percentage relative to the bid. Bonus/Malus applied to the total bid price.

Percentage: ⓘ   Bonus   0.00   %
                    Malus
Fixed rate: ⓘ   Bonus ▼   0.00   EUR

Calculation basis: ⦿ 1. percentaged, 2. total (default)
                     ○ 1. total, 2. percentaged

Internal comments: [   ]

                          ✔ Save   ✖ Cancel

Figure: **Auction settings: Bonus/ Malus**

> **NOTE:** The supplier will see a different starting price and price step, but it is not obvious for him, if a Bonus or Malus has been added.

For further details of using this Bonus / Malus functionality contact your internal key user for auctions.

4.6 Auction Excel Report

You can download an auction Report when the auction is finished. To download it please click on **Excel download.**
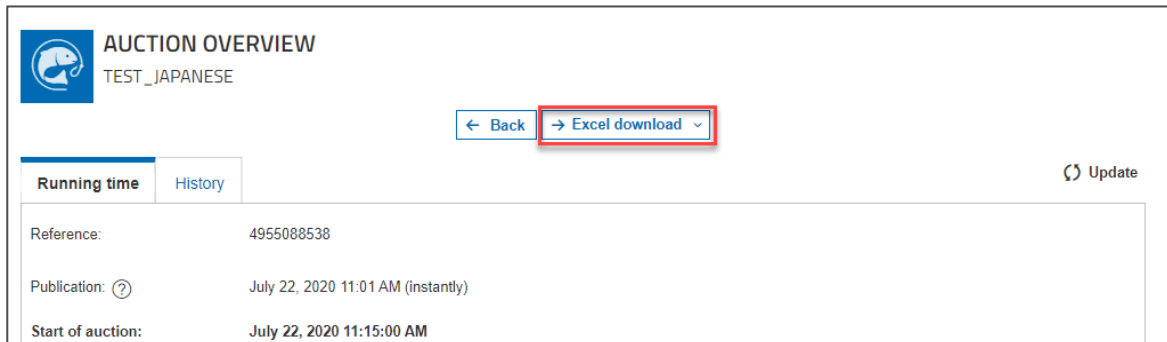
Figure: **Excel download**

Now you see this screen. A download automatically starts.
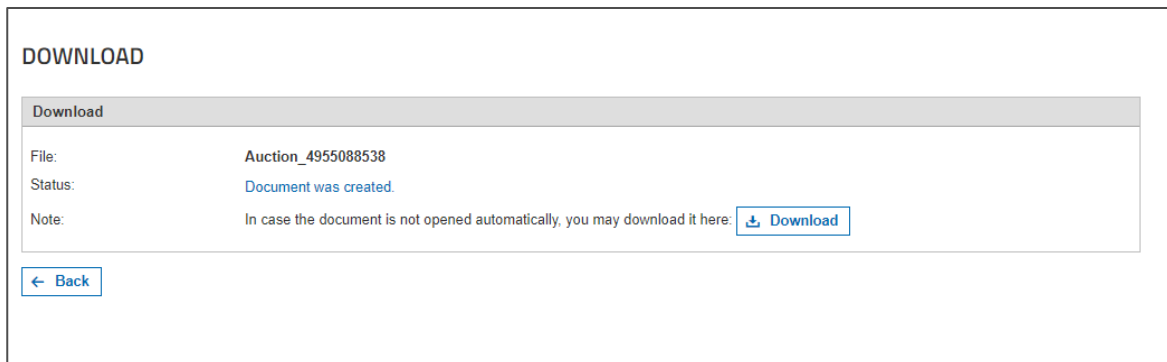
Figure: **Download**

This Report contains a cover, Items, Bidder data, Bidder comparison, Bidder camparios 2, Bids and the invited Bidders tab in Excel.
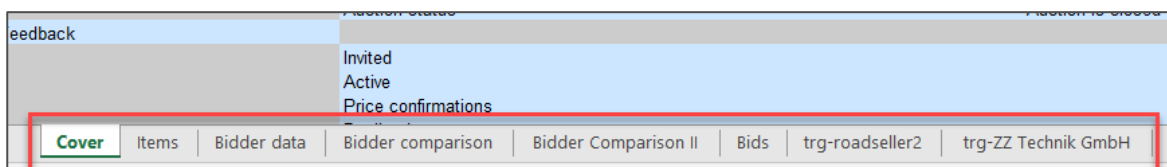
Figure: **Report Overview in Excel**

5 Auction Setup & Performance (specific)

5.1 Item structure

If enabled and you if you have more than one Line item you can change the item structure between **Multi-item auction**, **Single item in a multi-lot auction** and **Multi-item in a multi-lot auction**. This choice has got impact on the **Price fields** and **Items** settings.

This setting is only enable for Price, Rank, Traffic Light and FPSB Auctions.
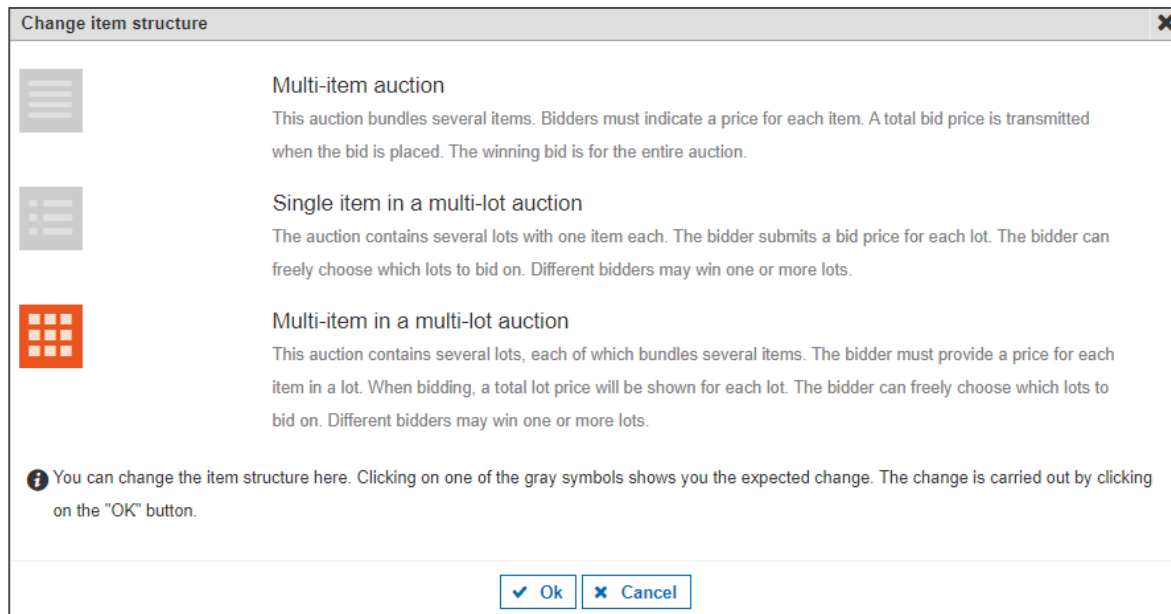
Figure: **Change item structure**

Default option is **Multi-item auction,** this is the structure explained in the auction Setup (general) (see chapter 3.).

If you choose the other item structures, the **Price fields** and **Items** settings disappear and are summarized in a new tab (see below).
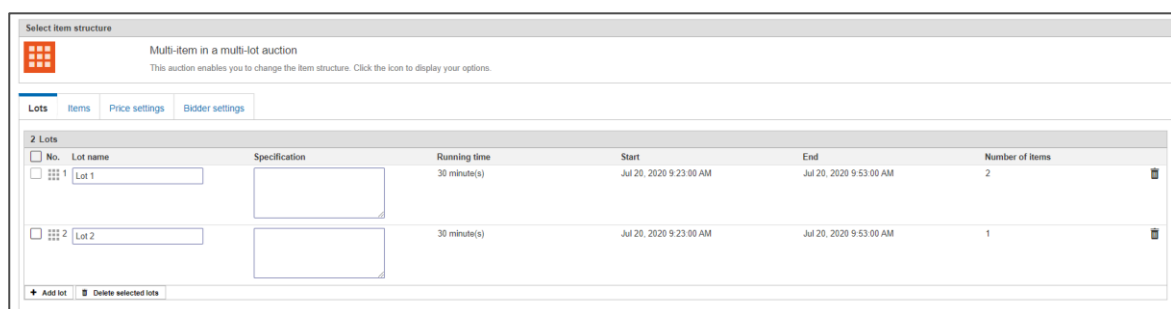
Figure: **Lot settings**

You can edit the settings of the price and items here. There is also a new tab **Bidder settings** where you can decide who can bid for which lot.

5.2 Period settings

When you entered a Period for the Line items additional options appear in the auction settings.

For example you can set price reduction levels in the **Auction settings**

Additionall price fields e.g. Tooling Costs which should apply over all periods can be setup by SupplyOn Consulting

Figure: **Period Settings**

Figure: **Item details**

Figure: **General prices and costs**

5.3 Rank Auction (Hitachi Astemo Standard Auction)

HITACHI Astemo

REMARK: Rank Aucion is the defined standard auction type for Hitachi Astemo Users.
Pls. consider this type as your preferred auction type

The ranking auction represents an intermediate stage between the price auction and the Traffic light auction. Depending on the auction setup, the bidder must reduce (purchase auction - falling price) or increase his best bid (sales auction increasing price). After each bid, bidders are only shown their rank in relation to other bidders for positioning in the field of participants. Bidders receive no information about the currently best competitive bid.

This is the auction overview when editing the auction settings.

Figure: **Overview auction settings**

When the auction is active you can see a chart where the submitted bids are displayed. The best bids with supplier and the number of bids are also shown in this overview.

Figure: **Overview of an active RANK auction**

When the auction finished the awarding volume, best bid, number of bids, status of award and the awarded bidder are shown.
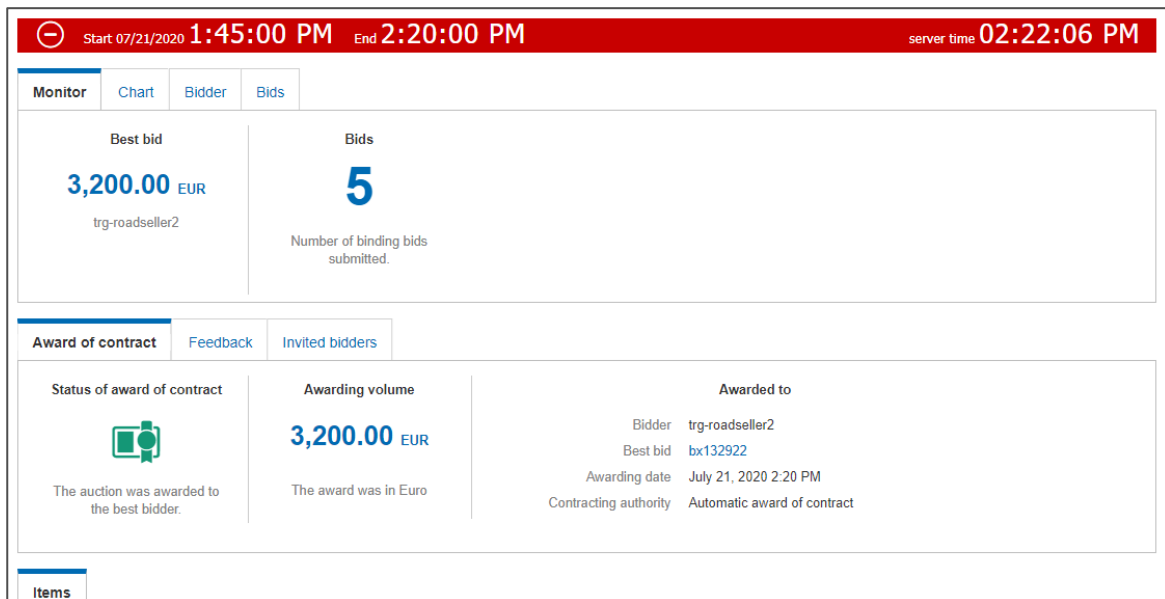
Figure: **Overview of an closed Price auction**

For more details have a look at the other tabs (**Chart**, **Bidder**, **Bids**).
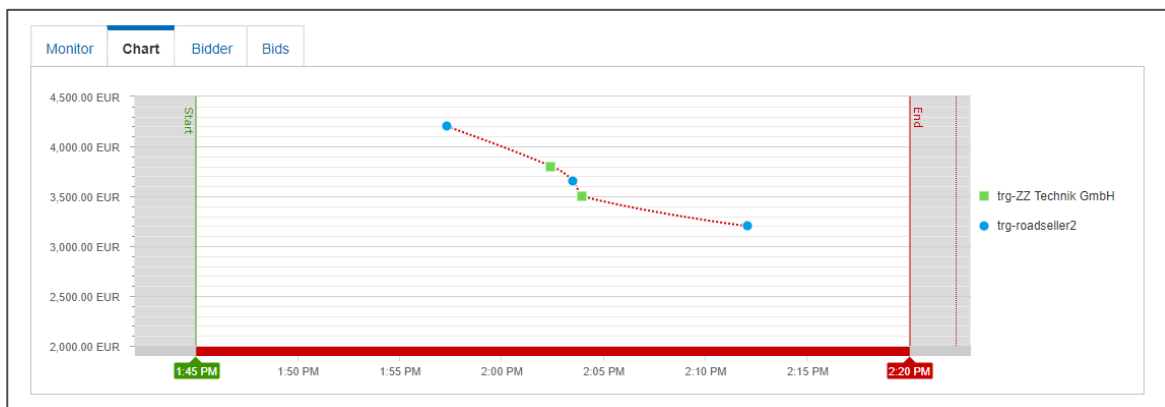
Figure: **More auction details**

HITACHI Astemo

Remark: Next chapters explain further available auction types for use by Hitachi Astemo users

5.4 Dutch Auction

A Dutch auction is a one click auction. At the Dutch auction, the auctioneer defines a relatively low starting price. The offer price automatically increases in a defined time interval by a specified bid increment depending on the setting until a bidder accepts the current bid. If no tie-break option is activated, the first bidder accepting the current bid closes the auction for all participants.

The price steps are depending on your settings (see Screenshot below).
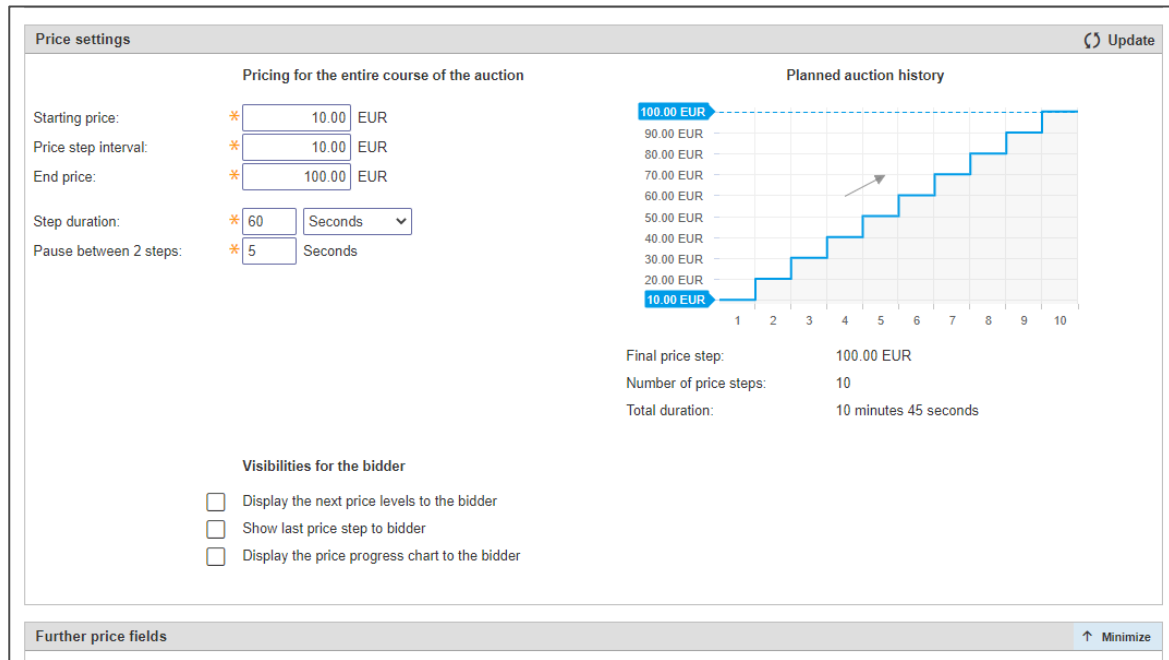
Figure: **Price settings**

This is how an active Dutch auction looks like.
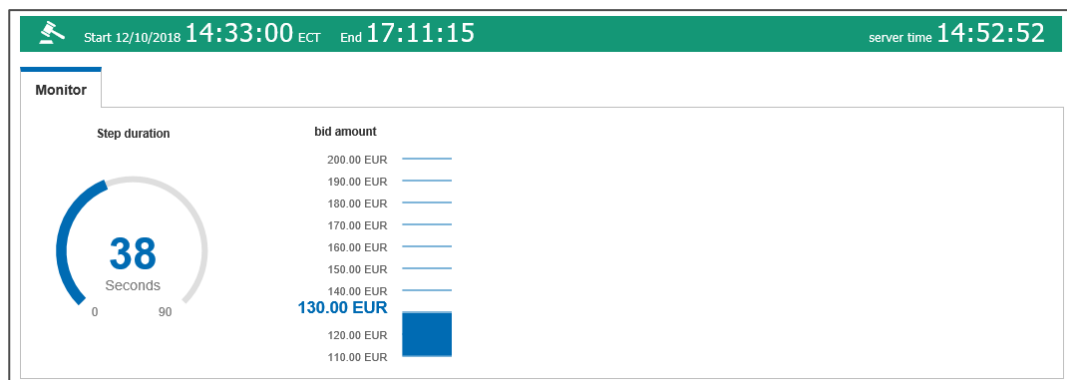
Figure: **Overview of an active Dutch auction**

The auction stops immediately after one supplier confirmed the price. The **Monitor** displays the price of confirmation and your saving is displayed in percentage and total amount.

5.5 First Price Sealed Bid

This auction type can be used for example after a standard auction or in tie break situations.

The first price sealed bid is a common type of auction. It is also known as blind auction. In this auction, the bidders may submit only one concealed bid. The bids of the competing participants are not disclosed at any time by the system. The awarding to the best bidder can only take place upon completion of auction.

This is an auction overview when creating an FPSB auction.

Figure: **Overview of the auction settings**

The duration of the auction is displayed like this. You see how long the auction is running and where the bids of the suppliers are placed on the chart.
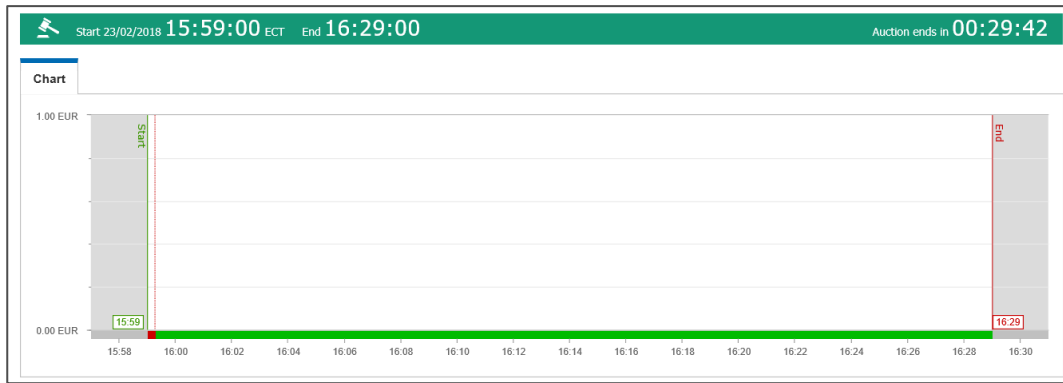
Figure: **Overview of an active FPSB auction**

If you have defined that you are able to see bids the screen looks like this. Two bids were submitted shortly after the start of the auction.
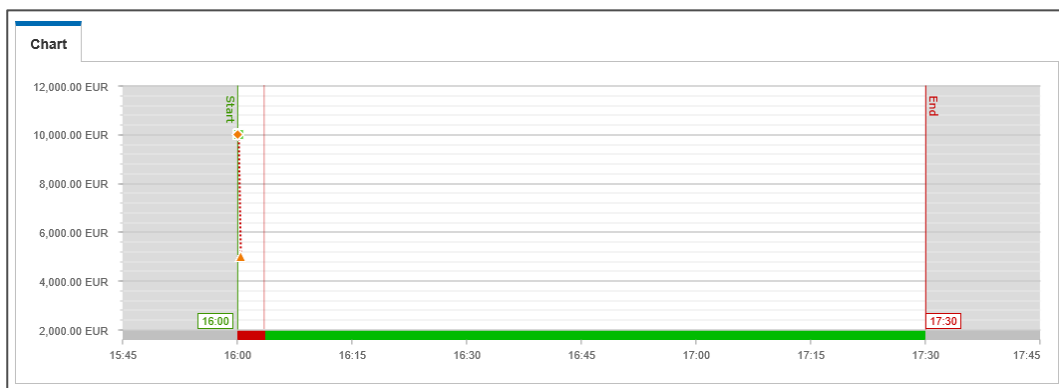
Figure: **auction chart with submitted bids**

You can find the bids also in the **Monitor**.
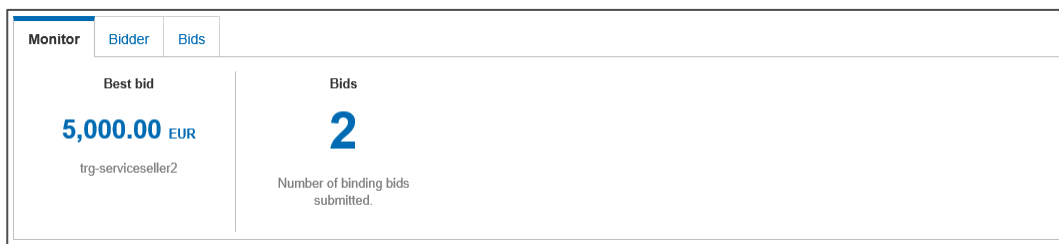
Figure: **Auction Monitor**

More details are displayed in the tab **Bidder.**

Bidder		Bid			
Bidder ▲	Bids ∧	ID	Time ∧	Bid price ∧	Performance ∧
trg-serviceseller1	1	bx101889	16:05:21	680.00 EUR	0 %
trg-serviceseller2	1	bx101891	16:06:10	675.00 EUR	0 %

Figure: **Bidder Overview**

Further details can be found in **Bids.**

Figure: **Bid details**

5.6 Japanese Auction

The Japanese auction is a ticker auction, in which the offer price increases or decreases automatically in a defined time interval by a specified price step depending on the setting. Bidders should confirm each currently displayed price step with a click in order to qualify for the next price step. The bidders will not be informed who has already left or how many other competitors have remained. The last remaining bidder who confirms the currently displayed price step ends the auction immediately.This is the auction overview when editing the auction settings.

Figure: **Auction settings**

In the active auction you see how many suppliers confirmed the currently displayed price and the time left for the next price step.
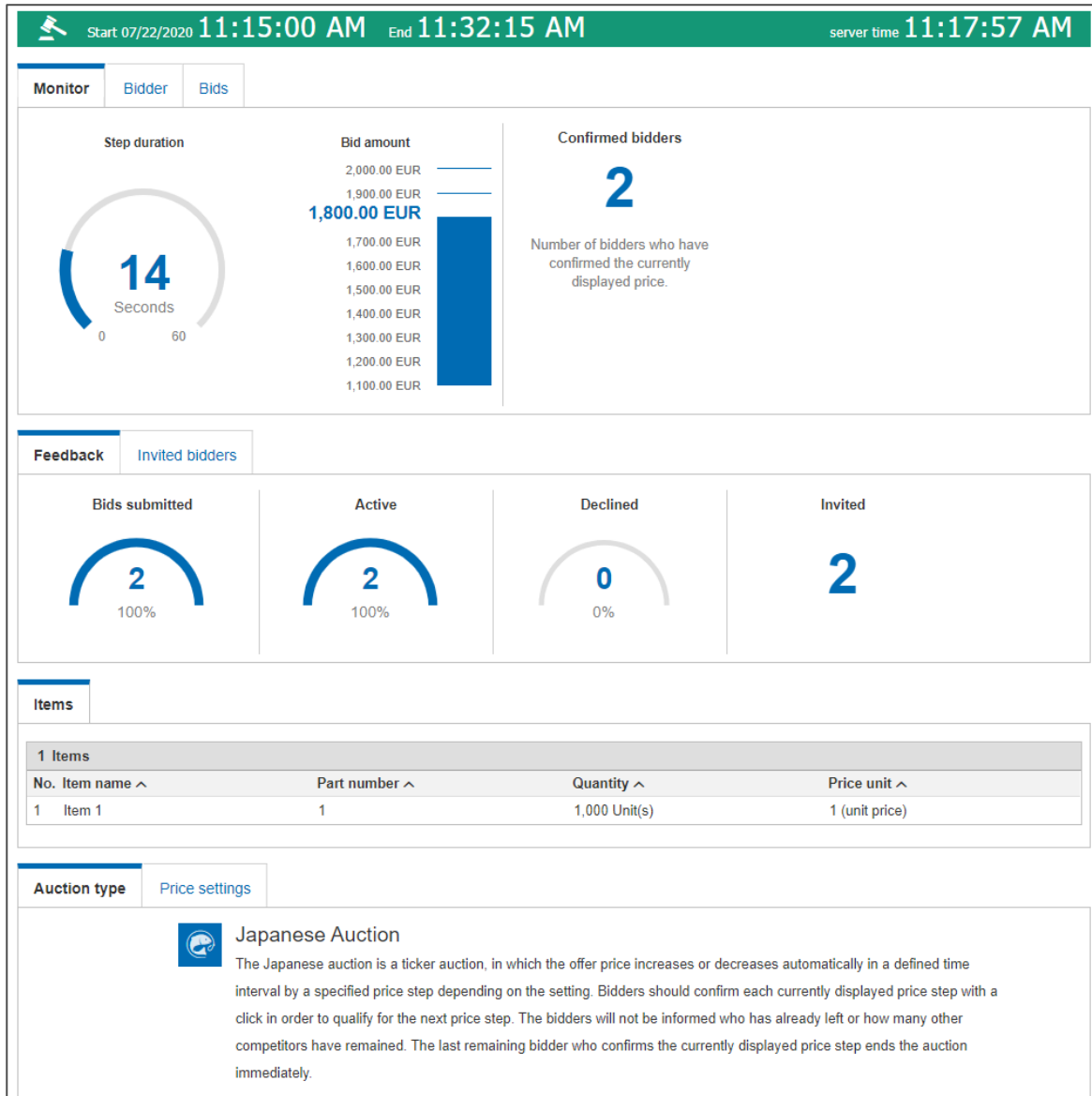
Figure: **Overview of an active Japanese auction**

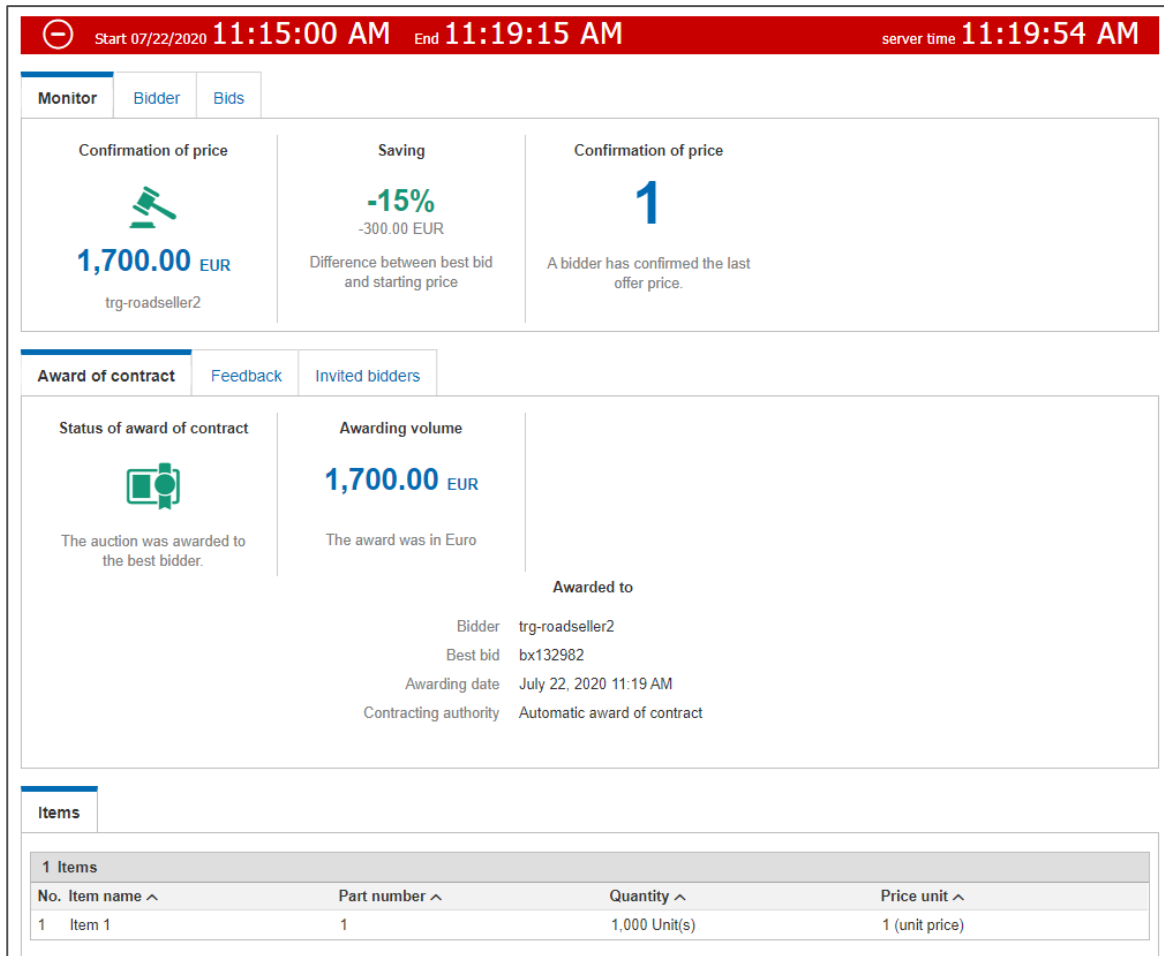When the auction has ended you can see the confirmed price, your saving and the awarded supplier.

Figure: **Overview of an closed Japanese auction**

5.7 Price/ English Auction

Based on a starting price and depending on the auction setup for example, bidders have to reduce (purchase auction - falling price) or increase (sales auction - increasing price) the bid price. Bidders can submit bids multiple times based on their own last bid or the current best bid of a competitor. During the auction, all bidders receive anonymized information about their competitors' bids.

This is the auction overview when editing the auction settings.

Figure: **Overview auction settings**

When the auction is active you can see a chart where the submitted bids are displayed. The bids of the suppliers and the number of bids are also shown in this overview.
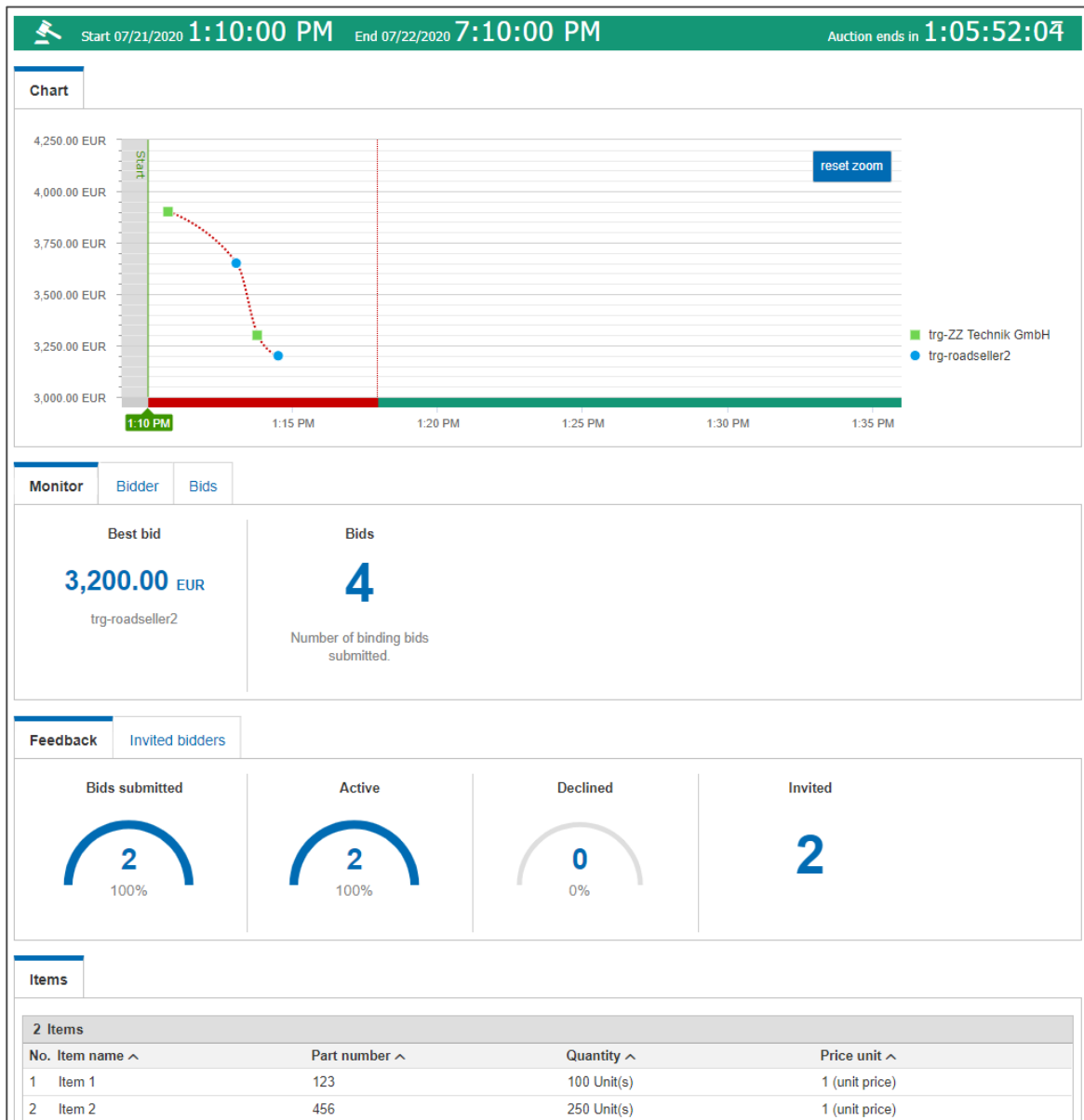
Figure: **Overview of an active Price auction**

More details are displayed in the tabs **Bidder** and **Bids**.

Figure: **More details**

When the auction finished the awarding volume, best bid, number of bids,status of award and the awarded bidder are shown.

Figure: **Overview of an closed Price auction**

5.8 Traffic Light Auction

Depending on the auction setup, the bidder must reduce (purchase auction - falling price) or increase his best bid (sales auction - increasing price). After each bid, bidders will be shown one of the three traffic light colors (red, yellow, green) for positioning in the participant field. With the auction setup, information on the neutral range and target price are mandatory, since they control the display of the corresponding traffic light color. Only one bidder can see green at a time.

This is the auction overview when editing the auction settings.

Price fields   ↓ All functions

☑ Target price
* [400.00] EUR
The target price corresponds to the amount of the expected final value of the negotiations. The target price is only visible to the auctioneer.

☑ Neutral area for status yellow
* [600.00] EUR   ↻ (400.00 EUR ... 1,000.00 EUR)
● Define range amount in EUR
○ Define range amount in percent
○ Define upper range limit in EUR
In a Traffic Light auction, a neutral area is stored for the status color 'yellow'. If the bidder reaches or underbids the lower limit, the status color 'green' will be displayed. If the bid price is above the neutral area, the status color 'red' will be displayed. The neutral area is not fixed, and may shift lower with each new best bid. Only one bidder may see the color status 'green' at a time.

☑ Minimum bid difference
* [10.00] EUR   ☐ percentaged
Also referred to as the minimum bid step. In order to submit a further bid, the new bid must be superior to the previous bid by at least this specified amount.

Figure: **Overview auction settings**

In the Traffic Light auction there is a chart with the yellow neutral area and the submitted bids. The **Monitor** tab shows the current traffic light status of the best bidder and the belonging best bid. You can also see the number of bids and the difference between the best bid and the given target price.
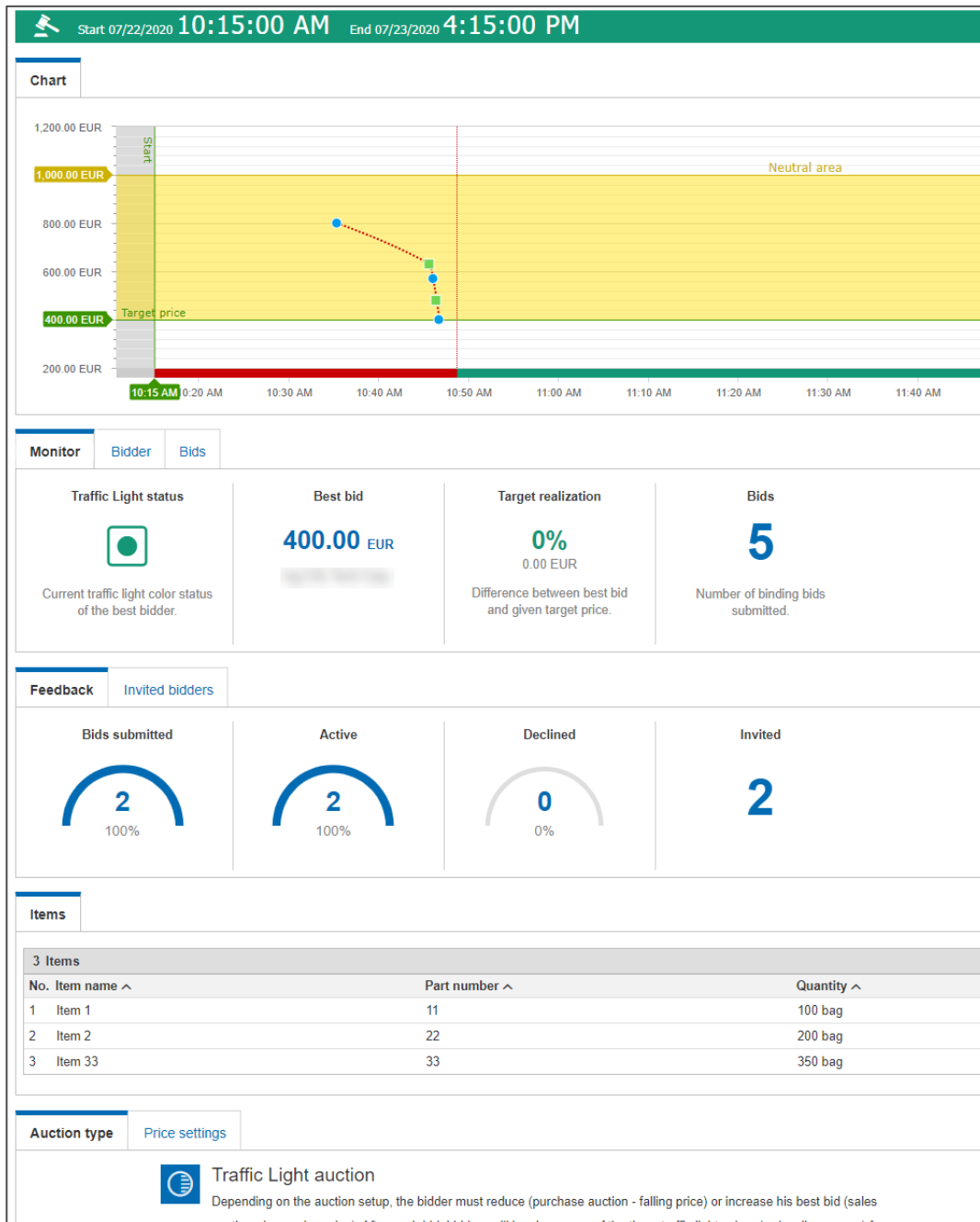

Figure: **Overview of an active Traffic Light auction**

When the auction finished the awarding volume, best bid, number of bids, status of award, the awarded bidder and traffic light status are shown.
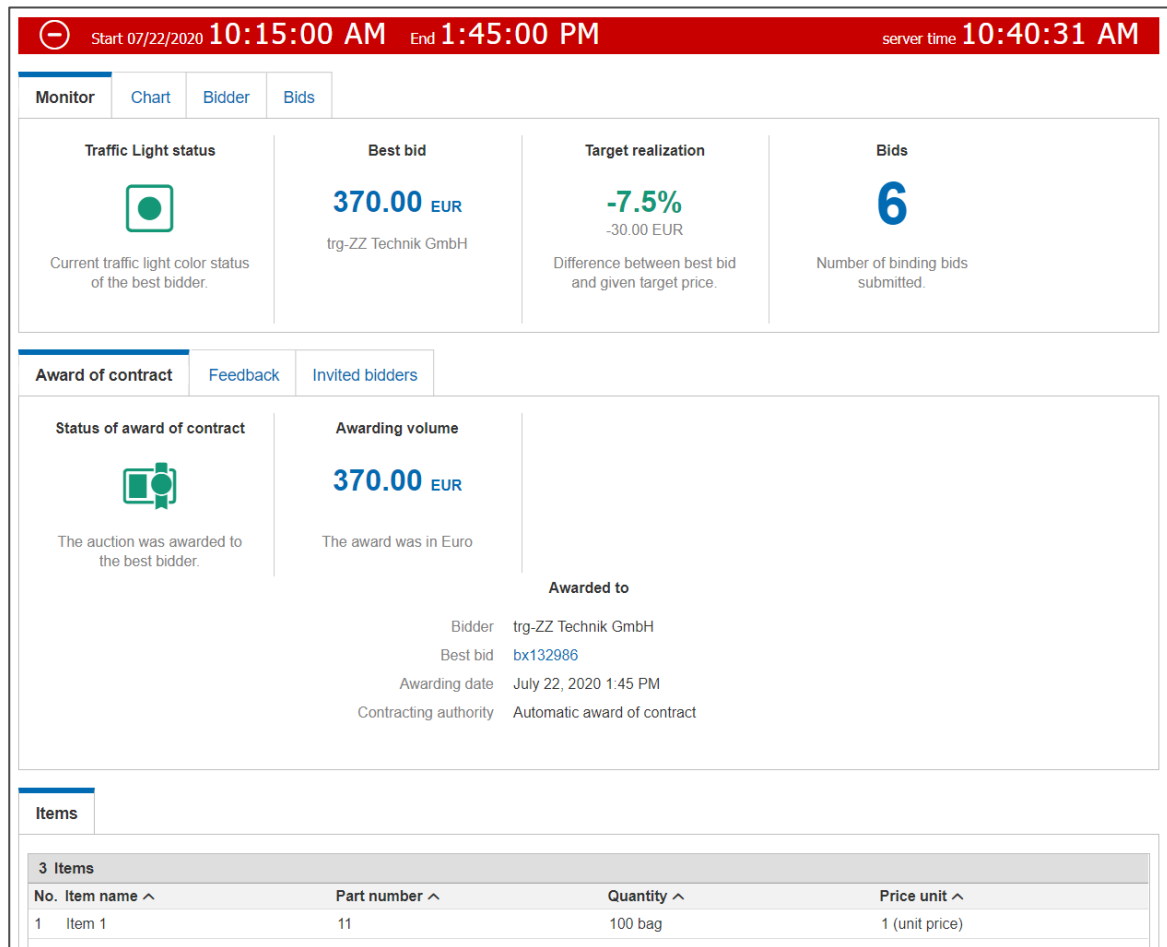
Figure: **Overview of an closed traffic light auction**

For more details click on the tabs **Chart**, **Bidder** or **Bids**.

Bidder		Best bid						
Bidder ∧	Bids ∧	ID	Time ∧	Bid price ∧	Performance ∧	Rank ▲	Traffic Light status ∧	Award of contract ∧
trg-ZZ Technik GmbH	3	bx132986	1:35:27 PM	370.00 EUR	41.3 % ⓘ -260.00 EUR	1	🟢	🖼
trg-CAL Tech Corp.	3	bx132971	10:46:43 AM	400.00 EUR	50 % ⓘ -400.00 EUR	2	🟡	❌

Figure: **More auction details**

6 From RFQ to Auction

HITACHI Astemo

REMARK : Chapter "From RFQ to Auction" to be introduced after SAP implementation in Hitachi ASTEMO.

You may want to start with an RFQ first before you invite the suppliers to an auction. Set up the RFQ within SupplyOn Sourcing (or your internal system) with the relevant template. You can get all detailed information you need from your suppliers before you want to start an auction.

After the suppliers have created their bid, delivered your requested details and the RFQ is closed, create a new version and switch the template.

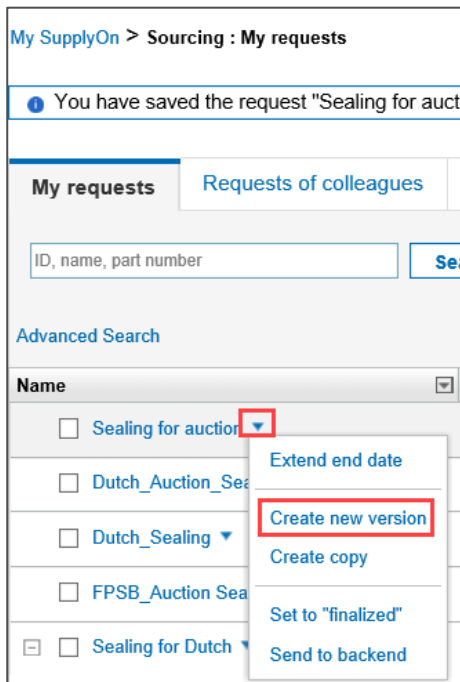1. Click on the drop down menu next to the closed RFQ and select **Create new version**

Figure: **My requests**

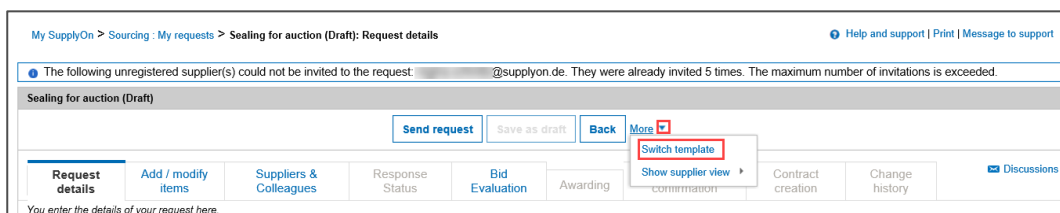2. Click on the drop down menu next to **More** and select **Switch template**

Figure: **Request details**

3. Select the relevant auction template and continue to set up an auction as described in this manual.

NOTE: In case you want to perform a Test auction with the data of the RFQ, you need to create first a Live auction via Template switch, then copy the Live auction and set it as Test auction.

7 Copying and Versioning of Auctions

You can create a **copy** or a **new version** of an already existing Live auction.

- To create a new version click in the **My requests** screen on **Create new version**

Figure: **Create new version**

> **NOTE:** The **new version** can be created from a **closed** or an **awarded** auction. Previous quotes from a RFQ or Auction event are automatically added to the new version as default start price values.

- To copy an auction click in the **My requests** screen on **Create copy**

Figure: **Create copy**

> **NOTE:** You can create a copy from a **draft**, **published**, **active**, **closed** or an **awarded** auction.

To finish the auction creation process, follow the steps in the previous chapters.

GENERAL NOTE:

The layout and functionality of auctions is constantly evolving. On top of that available options, auction types etc. can be dependent on your company setup. Therefore there might be some differences in your specific layout and the described behavior in this document.

If you have any specific questions about auctions contact your internal auction expert or SupplyOn Consultant. In case of any technical issues or errors you can also contact the SupplyOn Customer Support.