

**From:** Bohl, James  
**Sent:** Monday, March 21, 2011 12:14 PM  
**To:** Black, Tobie  
**Subject:** FW: Reverse Auction Notes to the City

**From:** "Matt Miller" <[matt.miller@k2sourcing.com](mailto:matt.miller@k2sourcing.com)>  
**Date:** March 21, 2011 11:15:27 AM CDT  
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**Cc:** "Mary Ellen Groh" <[meg@k2sourcing.com](mailto:meg@k2sourcing.com)>  
**Subject:** Reverse Auction Notes to the City  
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Dear Finance Committee Members:

Regarding the proceedings surrounding reverse auctions Friday, March 18th, I would like to make sure you have complete and correct information.

- K2 Sourcing and has provided information and education with the intent for the City to allow the practice. As taxpayers please accept our gratitude for allowing the use of proven more effective procurement tools and methods than currently being employed.
- Please note there has never been any indication, suggestion, expectation or assumption on the part of K2 Sourcing that the competitive bidding process would not be utilized to select a Reverse Auction partner. Again our focus was on education to allow the practice.

There also was discussion regarding building software internally vs. buying because outside fees to software companies were exorbitant.

- Regarding excessive fees, Ms. Kelsey provided a single pricing option. The option mentioned utilized a consulting firm to run the auctions and requiring the awarded supplier to pay a fee.
- Other payment options exist. The City may pay a provider directly. As a benchmark starting price, the cost of reverse auction can be \$139 per month / per seat. Or individual auctions can be purchased for under \$1500. Multiple vendors offer such pricing models.
- I would further note that these systems are designed to handle complex procurements. While the City of Milwaukee may have an excellent IT department, with little experience with reverse auctions the resulting system will most likely miss the

mark again as it did in the early 2000's. It is my opinion, the City would need to hire a consultant to design the system.

I applaud the decision the Committee has made, and look forward to reviewing the progress in 6 months. In the interim, we are happy to continue to provide any requested information. I also want to assure the Committee we will work with integrity regarding the City's process for selecting the best methodology for the City.

Sincerely,

Matt Miller

President

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