

Dollar diplomacy

In fiscal 2002, the State Department began a yearlong trial program using FedBid's reverse auction Web site. The goal was to see whether State could purchase commercial information technology and other goods at significant savings compared with retail or contract prices. Based on the results of the test, State chose to continue the program.

Here are results from fiscal 2002 and fiscal 2005.

	FISCAL 2002	FISCAL 2005
Number of transactions	1,108	1,693
Average number of firms bidding	6	7
Average number of bids per transaction	15	16
Independent government estimate of costs	\$41,027,531	\$72,438,793
Final awarded price	\$36,894,011	\$64,586,511
Net savings	\$4,133,519	\$7,852,281
Net savings as percent of estimated costs	10%	10.8%
Percent of dollars to small business	50%	54%

Source: FedBid