

P E R S U I T TM



Session 7: Reverse Auctions and the Virtual Pricing Room

PERSUITTM

Today's Agenda

- What is a Reverse Auction?
- Bidding Transparency
- 5 Myths about Reverse Auction
- PERSUIT Auction Functionality

What is a Reverse Auction?

Reverse Auction

Definition: a time window during which the firms have an opportunity to revise their initial price offerings.

Advantages

- Drives the true market price
- Takes the pricing out of the equation
- Aligns incentives between client and firm providing a win-win situation
- Runs on a voluntary basis and any firm can choose to opt out
- Offers different levels of bidding transparency



Reverse Auction Bidding Transparency

Bidding Transparency

Rank Only



Low level of bidding transparency. The firms are only able to see their own ranks and the ranks of their peers during the auction.

Rank and the Lowest Bid



Moderate level of bidding transparency. The firms are able to see their own ranks, the ranks of their peers and anonymous fee amounts of the lowest bidder during the auction.




Rank and all the Bids



High level of bidding transparency. The firms are able to see their own ranks, the ranks of their peers and anonymous fee amounts of all the bidders during the auction.

Type 1: Firm View - Rank Only

Low level of bidding transparency

	<p>Price ranking #2 of 3</p> <p>Kuhic Partners</p> <p> VIEW PROPOSAL</p> <p> REVISE PROPOSAL</p>
Total price	<p>\$330,000 AUD</p> <p><i>Fixed Fee AUD</i></p> <p>Last bid 4 months ago <i>9 June 2022, 12:43PM</i></p>
Proposal Summary	<p>Dear Maddie, thank you very much for the opportunity to quote for Project Moon, which is an extremel...</p> 




Type 2: Firm View - Rank and the Lowest Bid

Moderate level of bidding transparency

	Price ranking #1 of 3 <u>Current lowest bid</u>	Price ranking #2 of 3
	Proposal from competitor firm	Kuhic Partners VIEW PROPOSAL REVISE PROPOSAL
Total price	<u>\$254,000 AUD</u> <i>Fixed Fee AUD</i> Last bid 14 days ago 20 September 2022, 7:34AM	\$282,000 AUD \$330,000 AUD <i>Fixed Fee AUD</i> Last bid a month ago 24 August 2022, 7:04AM

Type 3: Firm View - Rank and All the Bids

High level of bidding transparency

	<u>Price ranking #1 of 3</u>	Price ranking #2 of 3	<u>Price ranking #3 of 3</u>
	Proposal from competitor firm	Kuhic Partners  AWAITING REVISION  VIEW PROPOSAL  REVISE PROPOSAL	Proposal from competitor firm
Total price	<u>\$240,000 AUD</u> <i>Fixed Fee AUD</i>	\$315,000 AUD \$330,000 AUD <i>Fixed Fee AUD</i>	<u>\$335,000 AUD</u> <i>Fixed Fee AUD</i>
	Last bid 2 months ago 21 July 2022, 10:53PM	Last bid 20 days ago 13 September 2022, 12:33PM	Last bid 4 months ago 8 June 2022, 9:29AM

5 Myths about Reverse Auction

Myth 1: The Lowest Proposal Always Wins

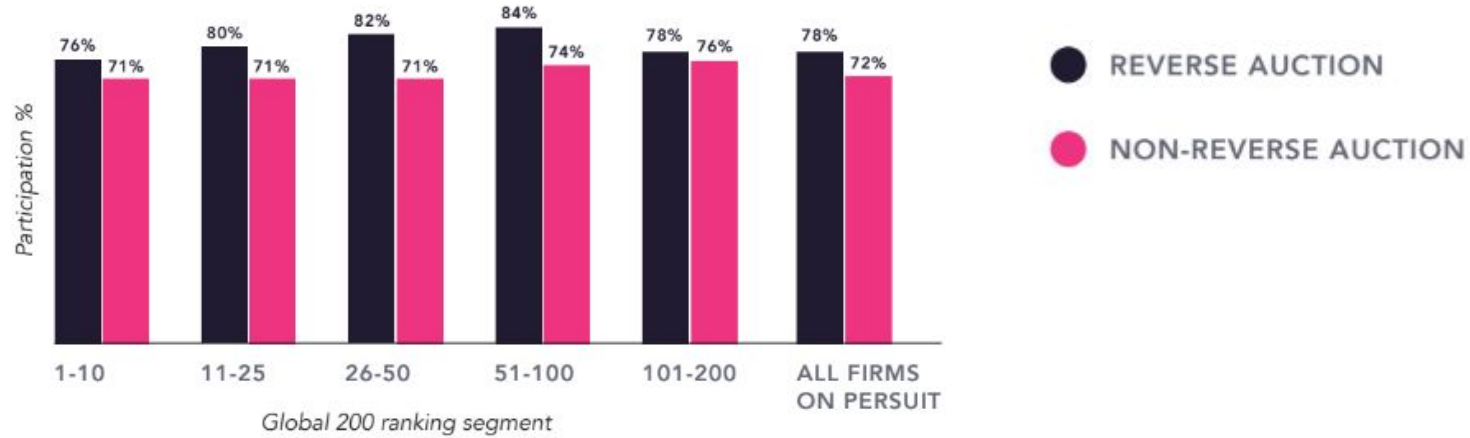


Debunked: The lowest-priced proposal is selected only about half the time **(51 %)** in reverse auctions on PERSUIT

Myth 2: Top Firms Won't Participate in a Reverse Auction



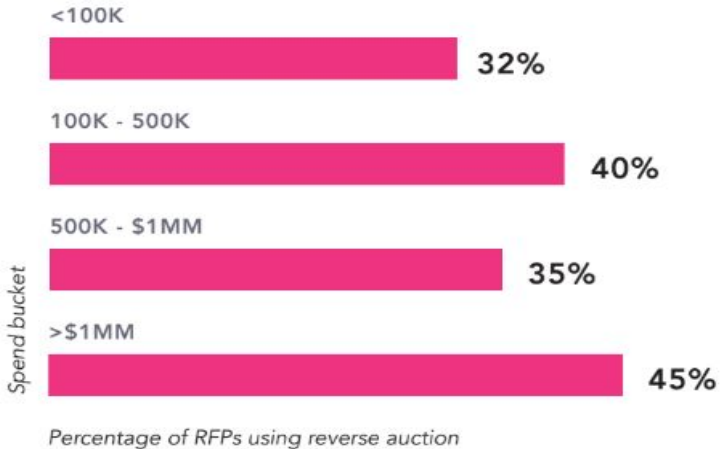
Debunked: on average, firms participate **more frequently** in RFPs with a reverse auction on the PERSUIT platform



Myth 3: Reverse Auctions Don't Work for High-Spend Matters



Debunked: reverse auctions are actually equally, if not more, likely to be used for high-spend matters



Myth 4: Other In-House Legal Teams Don't Use Reverse Auctions



Debunked: In 2022, **97%** of companies on PERSUIT used a reverse auction at least once

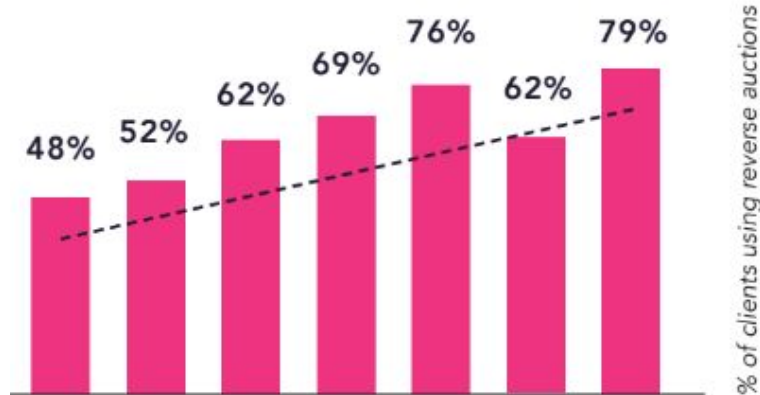


PERSUIT clients using reverse auctions

Myth 5: Reverse Auctions Damage Firm Relationships



Debunked: 79% of companies that try reverse auctions on PERSUIT are still using them over one year later



Persuit Auction Functionality

Auction Functionality

1. Confidentiality

Firm names, individual names, and answers to qualitative questions are always hidden from view.

3. Live Bidding

Any change in ranking as a result of firms revising their pricing will be shown to all firms in real-time.

2. Transparency

Firms cannot see price ranking or other firms' proposed pricing until the moment the auction begins.

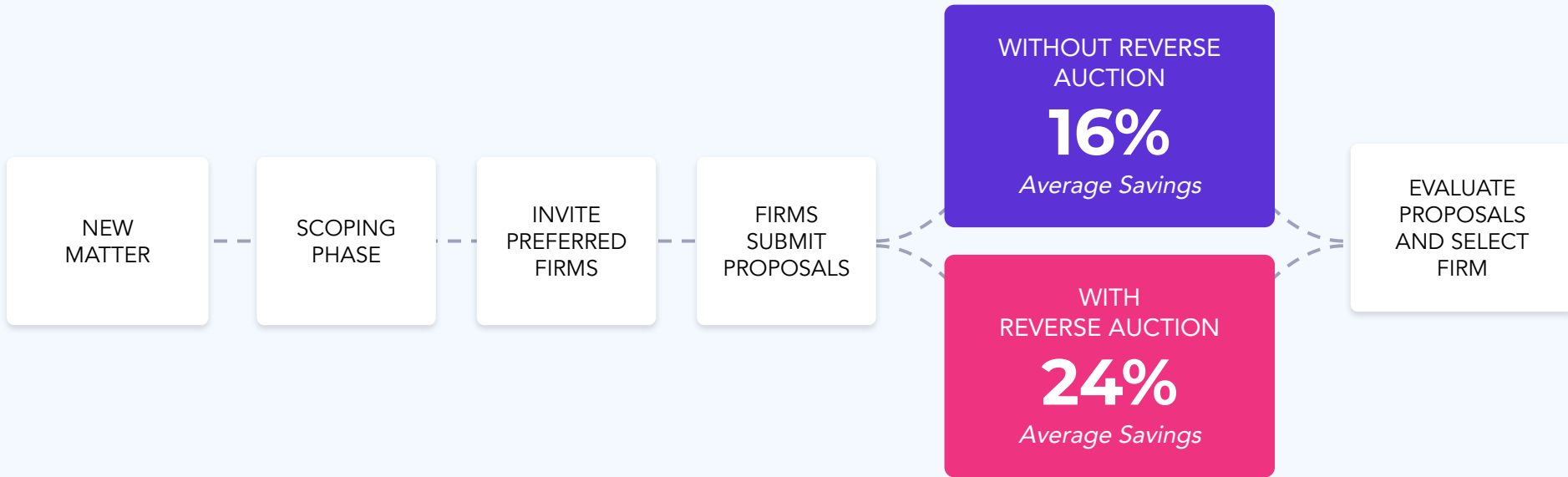
4. Time Extensions

if there are any revisions submitted by a firm in the last 5 minutes of the auction, the clock will reset to 5 minutes.



For any assistance during an auction reach out to support@persuit.com

Auction Impact on Savings



PERSUIT Recommends

When and how to run a Reverse Auction?

- Consider running a reverse auction for all the projects on PERSUIT when the number of participating firms is 3 and more.
- Please feel free to reach out to your dedicated PERSUIT Manager for any support before and during the auction.
- The best auction duration is from 30 min up till 1h.

What is the best bidding transparency?

- Consider full transparency per default when setting up a new RFP. The transparency level can be adjusted later on.
- Make sure your proposals are “apples to apples” for the full bidding transparency. In case of an outlier, consider changing the bidding transparency to “rank only”.
- If your preferred firm has the most expensive offer, the “rank and the lowest bid” might be a good bidding transparency level to reduce the price variation.