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Press Release

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[MTA Headquarters](#)

IMMEDIATE

MTA Saves \$8 Million Through New Procurement Method

Agency Savings Is Dramatically Higher Than Expected on Three Contracts; More Savings Expected

The Metropolitan Transportation Authority (MTA) today announced that by making necessary purchases through a new form of real-time online reverse auctions, the agency had saved \$8 million on three recent contracts, including two that were approved today. Contracts approved today for desktop computers and for custodial and security services came in at 51% and 8% below expectations, respectively.

Under the new procurement method, known as e-procurement, companies hoping to do business with the MTA log into a website that allows them to place bids in real time and simultaneously track whether they are currently the low bidder, or have been underbid.

"The savings we've been able to achieve through our first uses of e-procurement have been well beyond our most hopeful expectations," said MTA Chairman Joseph J. Lhota. "We are looking to expand our use of e-procurement as quickly as we can. We expect to switch to it for all of the purchases where it makes sense."

For appropriate purchases, the MTA notifies pre-qualified vendors of the time of the online auction and invites their participation. In a regular auction, buyers set the price they're willing to pay and the price rises. In these reverse auctions, suppliers submit progressively lower prices within the allotted time.

Last December, after its first successful use of e-procurement, the MTA approved a contract for necessary office supplies that reduced expenses by 17.5%, or \$4 million over 5 years.

Today, the MTA Board approved two contracts that had been bid out using e-procurement. One contract was for desktop and laptop computers that will be used to retire obsolete equipment and standardize equipment across MTA agencies for improved efficiency. Thanks to aggressive bidding from five competitors, the MTA saved \$3,038,544 over two years, or a whopping 51% over what it expected to pay, for desktop computers. Similarly, the agency saved \$528,733 over two years, or 46%, for its purchase of laptop computers. The total savings for this contract is \$3.57 million. The desktop component was won by Dell Marketing, LP, and the laptop component was won by Derive Technologies.

In the second contract approved today, the MTA saved \$772,229 over three years. This contract, for custodial services and security personnel at eleven MTA facilities, including its headquarters, brought expenses down by 8.1% compared with current expenses. The bidding process attracted seven bidders, and was won by Guardian Service Industries, Inc.