e-Auction
Supplier Handbook

for

suppliers

(in following called '**bidder**')

of

Knorr-Bremse Rail Vehicle Systems

(in following called '**KB**')

Content

1   Introduction

KB invited or will invite you to contribute within an e-auction. This description shall summarize an e-auction at KB in general.

Related materials, volume, validity period, drawings, and other documents – in the following called 'scope' – you will find attached to the invitation to the e-auction. Alternatively, you receive it within an RFQ (request for quotation) prior to the e-auction. In case of further questions regarding the scope please ask the inviting buyer or your purchasing contact at KB.

The aim of an e-auction is to conclude a delivery agreement on the scope for the 'winning price' in the e-auction. Prices given in the e-auction are legally binding. Non-participation in the e-auction is equivalent to a rejection of the scope and leads to an exclusion from the tender.

In case the scope includes a bundle of materials which are combined to a package within the e-auction the 'winner' of the e-auctions gets contracted for all materials of the package part number by part number.

Winning bidder is the one who finally made the best offer for KB. When the e-auction is finished all bidders will receive an information about their result. In general, this will be an email sent from the system timely after the end of the e-auction.

2   General description of the e-auction process

The e-auction will be performed via the KB supplier portal JAGGAER DIRECT ('JD')[1].

2.1   Preliminary RFQ[2]

Prior to the e-auction KB will perform an RFQ – preferably via JD. Via this RFQ you will receive all necessary information and documents needed to prepare an offer. This involves especially drawings, documentations, volume information, delivery conditions etc. It is obligatory to clarify all open question during this step! Based on the preliminary RFQ the e-auction will be prepared. During the e-auction the only open topic will be the price.

KB will check all offers from the preliminary RFQ and will decide, which bidders are approved to be invited to the e-auction. The offers from the RFQ will become the starting offer in the e-auction. In case materials are bundled to packages, the starting offer will be calculated as weighted average based on offered prices and underlying volumes. An appropriate information is given by KB.

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[1] A permanent account in JD is recommended although not mandatory from a technical point of view. In case of any questions please ask your KB contact.
[2] In very specific cases (i.e. standard parts) KB may do without an RFQ prior tot he e-auction.

2.2 e-auction training

When taking part within an e-auction at KB for the first time, bidders may request an e-auction training (see also 2.3 Supplier Readiness Declaration). The aim of this training is to make the bidder familiar with the system and the process. Within the training several steps and situations of the e-auction are shown and explained. Same information is shown in this document in section 3 System description of the e-auction process ('handbook'). The training will be performed in the live system. The e-auction training includes a training protocol form. Bidders are requested to fill in, sign and return the training protocol to KB. By signing bidders declare that all listed steps were shown, are understood, and accepted.

None of the parties, neither KB, nor the bidder may claim any rights on the later contract based on the result of the e-auction training.

2.3 Supplier Readiness Declaration

Attached to the e-auction invitation you will find the 'Supplier Readiness Declaration' form. By this declaration you may request your individual e-auction training or declare your readiness to participate within the e-auction.

Please fill and return the declaration timely upfront the e-auction start – especially when you request a training. Without the declaration you will not be allowed to participate the e-auction.

2.4 Performing the e-auction

2.4.1 General

- It is highly recommended to log into the e-auction in time before the start to make sure access is functioning[3].
- In case of system issues – and only in this case – call the emergency phone number given prior to the e-auction. Besides this named reason no phone conversation is intended during the e-auction.
- In case of severe technical or other unforeseen issues the e-auction may be paused. In the worst case the e-auction may be aborted and postponed.
- If activated, a chat function between bidder and administrator of the e-auction is possible.

2.4.2 Framework

- Standard e-auction type at KB is the 'English Dynamic' e-auction. It has a defined start and end date/time and can be extended as long as bids are being placed. More details are given in chapter '3 System description of the e-auction process ('handbook')'.
- The e-auction automatically starts when the given stating date/time is reached and ends automatically when the end date/time is reached.[4]

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[3] Permanent users log in with their individual username and password. Non-permanent users receive a username and password which is only valid for the specific e-auction linked to the invitation.

[4] Depending on the type of the e-auction and it's set up these settings are visible in the e-auction header or not (bidders then are enabled to toggle visibility individually)

- 'English Dynamic e-auction' only:
  In case a bid is placed close to the end time, the e-auction is automatically extended[4]. On the one hand this should prevent bidders to bid at the 'latest second' which may involve the risk that the bid is not registered due to run time deviations. On the other hand, it should give all bidders the chance to react on every bid.
  Depending on the settings[4] a new bid must underbid either the current best bid or individually each bidder's latest bid.
  Also, there might be rules set about the value of reduction steps. Depending on the set up these settings are visible in the header of the e-auction screen.
  Based on the setting bidders may see their rank and/or current best offer during the e-auction.
- Depending on the performance of your local network and the web the registration of bids may be time delayed. This may cause that a bid very close to the end of the e-auction 'gets lost'![5]

2.4.3 Initial offer

- 'English Dynamic e-auction' only:
  To participate in the e-auction bidders need to confirm their initial offers at the beginning of the e-auction. The offer from the preliminary RFQ has been set as initial offer. Bidders must check and confirm the initial offer.
  By confirming the initial offer, a bidder is activated, and his rank is shown. While not all bidders have confirmed their initial offers the rank shown may differ from one's real rank. Depending on the settings it may not be possible to confirm the initial offer because another bidder already confirmed his initial offer which randomly was of the same value. In this case the bidder must alter his value and confirm this new offer.
- 'Ticker' e-auctions only:
  Within 'ticker' e-auctions bidders must confirm given values within a given period (countdown) to qualify themselves for the next round. Without the confirmation at the end of the countdown the bidder is out. The last bidder being 'in' is the winner.

2.4.4   Secure Bidding

- The standard set up requests a confirmation (pop-up window) before sending the bid ('secure bidding'). This should prevent typing errors as well as impulsive entries.
- Technically bidders can deactivate the secure bidding function on their own risk. As every bid is legally binding it is highly recommended to keep the function active!

2.4.5 End of the e-auction

- At the end of the given time or latest extension round (English dynamic e-auction) or at the end of the latest countdown round (ticker e-auction) the e-auction ends automatically.
- In general, bidders receive an email by the system regarding the success of the e-auction: being winner or not.
- Hereafter the responsible KB buyer or commodity manager will contact the winner regarding the preparation and signing of the corresponding contracts.

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[5] It is recommended not to place bids at the very latest seconds. This only involves the risk of the bid getting lost. Due to the automatic extension of the e-auction there is no advantage for doing so.

2.4.6 Reservation price

- KB may define a reservation price which has to be achieved during the e-auction. If this reservation price is not achieved during the e-auction KB may void the e-auction.
- In case a reservation price exists, bidders will be informed prior to the e-auction that a reservation price exists. The value will not be announced.
- From a technical point of view, it is currently not possible to indicate the achievement of a reservation price during the e-auction. Therefore, the handling of it must be manually.

2.4.7 Weighted bids ('bonus/malus')

The best price is not mandatorily the lowest price. KB reserves it's right to weigh offered prices bidder specific (for example based on supplier delivery performance data). In that case the rank shown during the e-auction will be based on these weighted offers. KB will inform prior to the e-auction in cased weighted offers will be applied.

3 System description of the e-auction process ('handbook')

This description shows e-auctions at Knorr-Bremse Rail Vehicle Systems ('KB') performed with the KB Supplier Portal JAGGAER DIRECT ('JD'). It shows the process based on system screenshots in a nutshell. It is meant to help suppliers ('bidders') to go through the process on their own.

Nevertheless, in case of any doubts or questions bidders are encouraged to ask their contact person at KB for support, if needed.

Screenshots etc. shown in this description may vary in detail, depending on individual settings of bidder account or set up of specific e-auctions. Don't feel confused – the main information / details are valid.

Based on the web browser screens may look different. Also, permanent users can choose different skins.

3.1 Invitation to e-auction / access to the system
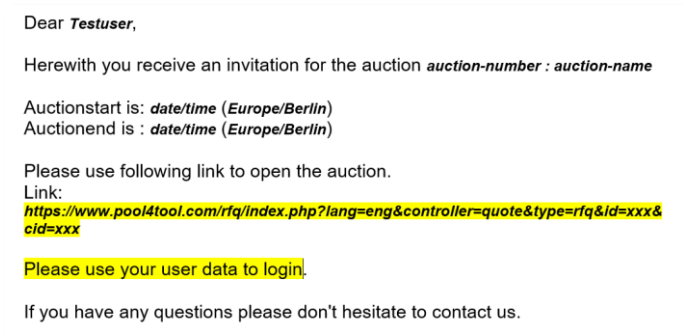
Bidders are invited to an e-auction via email sent by KB supplier portal 'JAGGAER DIRECT' (JD). This email provides a link to directly access the e-auction. Based on the supplier profile in JD, there are two different types of email:

- Email to registered suppliers (users)
- Email to non-registered suppliers (users)

Based on your own profile refer to the corresponding email.

3.1.1 Invitation to registered suppliers (permanent users)

Based on your profile you will receive an email analogous to this sample:

The given link will lead you directly to the JD Supplier Portal logon screen. To logon, use your personal username and password.

3.1.2 Invitation to non-registered suppliers ('one-time account')

Based on your profile you will receive an email analogous to this sample:

Dear *Testuser*,

Herewith you receive an invitation for the auction *auction-number : auction-name*

Auctionstart is: *date/time* (*Europe/Berlin*)
Auctionend is : *date/time* (*Europe/Berlin*)

Please use following link to open the auction.
Link:
https://www.pool4tool.com/rfq/index.php?lang=eng&controller=quote&type=rfq&id=xxx& cid=xxx

User name: xyz#1234
*Password: *****

If you have any questions please don't hesitate to contact us.

The given link will lead you directly to the JD Supplier Portal logon screen. To logon, use the username and password given in the email.

3.1.3   Supplier Readiness Declaration

Attached to the invitation amongst others you will find the 'Supplier Readiness Declaration' form. Please fill out and return this form at an early stage before the start of the e-auction!

With this form you tell us whether you need a training to the e-auction, and you declare your acceptance and willingness to the e-auction.

3.2   JD Supplier Portal logon screen

Following the link given in the email, you will get to the JD Supplier Portal logon screen:
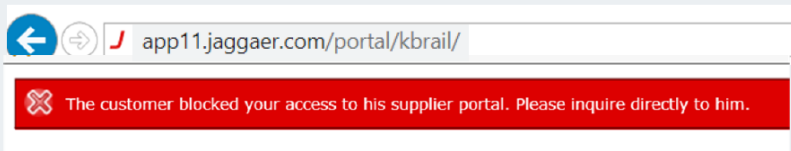
Depending on your status enter your personal username and password, or username and password given in the invitation email.

If you are a registered user and have forgotten your password, you can apply for a new password here using the 'I forgot my password' link or ask your JD supplier portal administrator within your company to reset your user account.
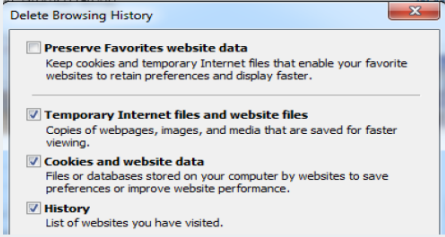
3.2.1   Logon failure – Account blocked

Sometimes the logon fails, and the system is showing a message that the account was blocked by customer (KB). Usually this message is wrong, and the issue **is caused by cookies and temporary internet files** within the web browser. By deleting those the issue is solved. Based on Microsoft Internet Explorer following steps need to be done (analogous with other web browsers):

3.3 First steps

When entering an e-auction for the first time, bidders see an initial screen layout. You do not see details on e-auction positions and are not able to bid, yet. To do so, several steps are required.

(Bidders having a 'one-time account' will get a pop-up window to confirm system language and time zone. It is recommended to keep/use English language)

3.3.1 Initial screen layout

In the initial screen you will find some header info, such as

- auction name,
- auction number and version,
- start and end time,
- KB buyer name and contact information,
- your time zone and date/time format,
- also, you will be able to change the language of the screen descriptions. (English language is recommended)
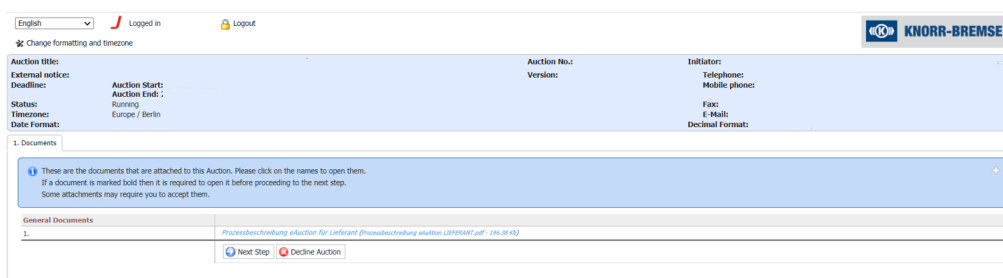
3.3.2 Document section

The initial screen shows the documents section, only (folder '1. Documents'):
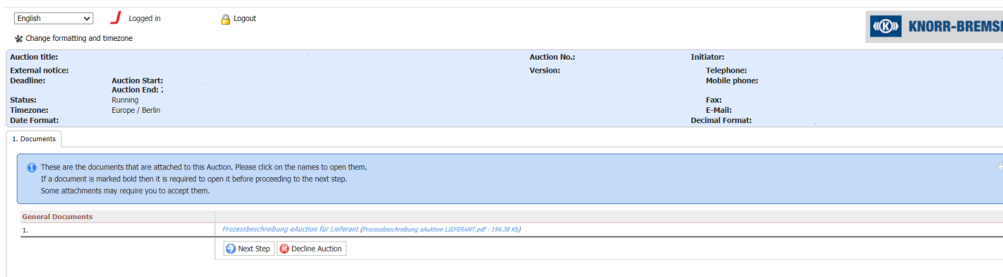
The reason is, that you can open/download general documents that have been attached to the e-auction. There are different degrees of how documents are attached to the e-auction:
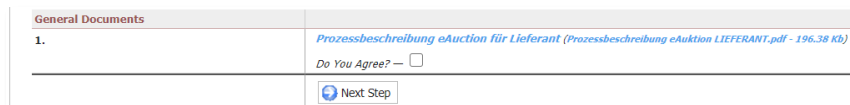
1   Standard document

2   Reading mandatory (bold letters)

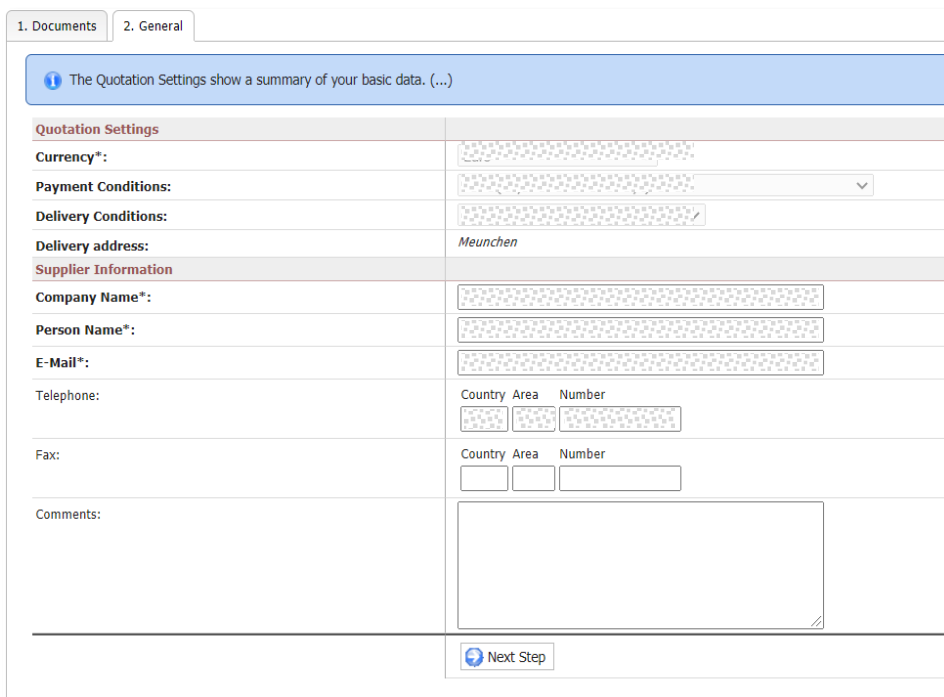*(document must be opened)*

3   Reading and accepting mandatory

(document must be opened and "do you agree?' box must be ticked)

To proceed, you must press the 'next step' button. Depending on the 3 types of documents of the 'next step' button may be inactive until you have performed mandatory actions (type 2 and 3). Otherwise, you will get an error pop-up screen.
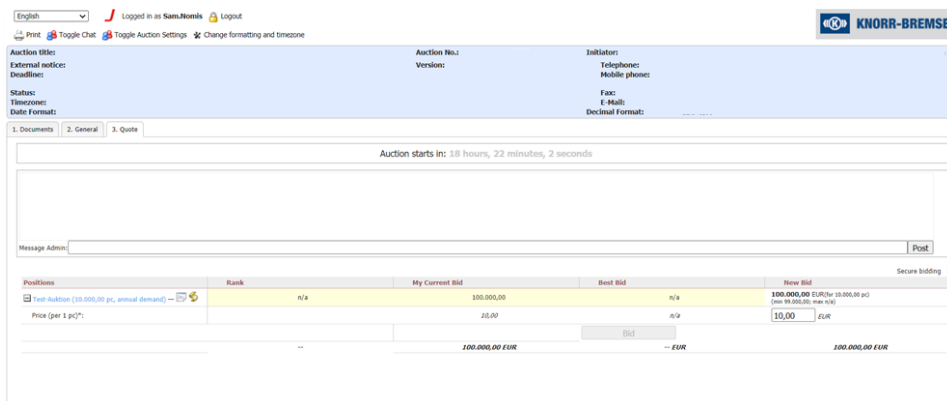
3.3.3 General section

Once the 'next step' button in the 'documents' section is pressed, a new section 'General' appears. There you get some general information about currency, payment, and delivery conditions as well as your own contact data.

Again the 'next step' button must be pressed to get to the next section.

## 3.4 Quote section – bidding area

The 'Quote' section is the main section for the e-auction, in the example below the 'English Dynamic':

The screen is split into several areas: header menu, header, status bar, chat box and position area including entry field and 'bid' button.

3.4.1 Quote section – header menu

In the header menu there are several options, mainly regarding the layout of the screen:
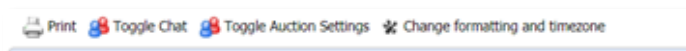
- Print: a pdf-report about the e-auction is created
- Toggle Chat: Change between showing or hiding the chat box. Initial set is showing the chat box. The chat may not be available due to KB e-auction settings.

- Toggle Auction Settings: Change between showing or hiding settings that have been made by KB. Initial set is hidden settings. KB may decide to deactivate this option, then it will not be possible to show the settings. An example of these settings – mainly the standard setting for KB - is shown here. KB purchasers may decide to set up a different setting.

- Change formatting and time zone: mainly the time and number format and time zone can be changed here in case of a 'one-time account'. In case of a 'permanent account' the setting must be changed in the administration area of the supplier portal.
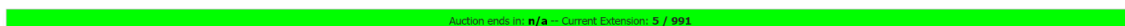
3.4.2 Quote section – status bar

The status bar is telling the time until the e-auction starts or ends, depending on whether the start is in the future, e-auction is running or finished already. Some examples:

- Before the e-auction start:

- Running e-auction:

Caution: the last two status bars do not automatically mean that the auction is over! Due to different speed of different networks (internal, external, firewall, WIFI etc.) there are delays. The status bar may remain unchanged for seconds and then the next extentsion round is shown or the status changes to finished!

- Paused e-auction:
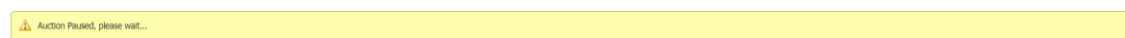
- Finished e-auction:

3.4.3 Quote section – chat box

By using the chat function messages can be sent to the KB administrator who is supervising the e-auction. Usually there should be no need for further communication during the e-auction is running.

Mainly this function is used by the KB administrator to inform bidders in case the e-auction needs to be paused.

3.4.4 Quote section – bidding area

This is the most important part of the screen. Here bidders place their bids and information regarding current bid is given, for example total volume, current rank etc.:


In this example it shows

- that the price must be entered as price per 1 piece (see left side)
- the initial offer is 10,00 Euro (100000 Euro in total), prefilled in entry field (see right side)
- Initial offer is not confirmed so far (no rank shown, no best bid shown)

The bidding process is described in detail in the next main chapter.

3.4.5 Quote section - Secure bidding

Secure bidding does ask to confirm bids using a popup screen:
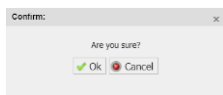
In the initial setting 'secure bidding' is activated. Bidders can deactivate this function.

Secure Bidding should prevent typing errors as well as impulse entries. Bidders can deactivate the secure bidding function on their own risk. As every bid is legally binding it is highly recommended to keep the function active!

3.5 Bidding process

As soon as the e-auction is running, the 'Bid' button is getting active. At first, every bidder must confirm his initial offer to get part of the e-auction. While the e-auction is running, bidders can place their bids. Depending on the set up, the e-auction can automatically be extended in case a bid is placed very close to the end time. When the end time is reached, and no further bid was placed the e-auction is finished. Usually, all bidders receive a notice via email whether they were successful or not.

3.5.1 Initial offer

Every bidder must confirm his initial offer. This is the price that was quoted within an RFQ prior to the e-auction. This price was entered by the KB administrator during the set-up process for the RFQ. The bidder checks that the price was entered correctly. The confirmation is done by pressing the 'Bid' button for the first time.

Second function of the initial offer is to actively sign in the bidder into the e-auction. Without this first bid the bidder does not take part within the e-auction! A visible indicator is rank. Without initial offer no rank is shown.

- Before initial offer:

- After initial offer:

In the shown set-up the best bid so far is shown. In this case the rank indicates that there is a better bid.

3.5.1.1 Initial offer is not accepted by the system

Usually, it is no problem to confirm the initial offer. But there is one situation, when the system does not accept the bid:

- The set-up does not allow that two bidders place an equal bid (i.e., both offer 10,00 Euro)
- Another bidder has given an equal initial offer and confirmed it already.

In this case the second bidder is not able to confirm his initial offer and gets following error message:

The bidder then must reduce his price and bid again.

3.5.1.2 Rank deviation during initial offer phase

As described earlier the rank indication will be activated by confirming the initial offer. While not all bidders have confirmed their initial offer, the shown rank may not be correct.

There is no indication, when all bidders have confirmed their initial offer. As soon as one has confirmed his initial bid, he is able to bid.

3.5.2 Bidding

3.5.2.1 Entering a price/bid

The bidding price must be entered in the price box on the right side. On the left the price unit is shown. In this case the price is valid for 1 piece.

When entering a price, the system automatically calculates the total
(in this case 100000 Euro: 10 Euro per piece times 10000 pieces).

3.5.2.2 Rank indicator

Depending on the set-up, different rank indicators are possible. The most common set-up at KB is the 'traffic light':

- Best Rank / Best offer:

(Best rank is indicated by green traffic light)

- Not best rank:

(Not the best rank is indicated by red traffic light)

3.5.2.3 Error: no entry field / no bid button visible

In case there is no entry field and no bid button visible the bidder must make them visible by clicking the position link or the little + box at the left. The button will become visible again.

3.5.3 Automatic extensions

Depending on the set-up the system will extend the e-auction in case a bid is placed very close to the end time. Usually, the set-up can be displayed by using the 'Toggle Auction Settings' button. In the given example any bid placed within the last minute of the e-auction extends the e-auction for another minute. The number of extensions is not limited (999).

The e-auction ends automatically when no further bid is made.

On the one hand the automatic extension should prevent bidders from bidding at the 'latest second' which may involve that the bid is not registered due to run time deviations (web/network issues). On the other hand, it should give all bidders the chance to react on every bid.

3.5.4 End of e-auction and awarding message

When the e-auction has ended no entries are possible anymore. Usually, every bidder is receiving an email by the system telling whether the e-auction was won or not.

3.5.4.1 Email to 'winner' bidder

The winner of the e-auction will receive an email like this example:

Sent: Date/timestamp
From: no-reply@app11.jaggaer.com
To: bidder@bidder.com
Subject: e-auction

Dear bidder,

Congratulations to a sussessful e-auction!
You will be awarded for:

e-auction position name

I will contact you within a short time regarding the contracting.

Yours sincerly

3.5.4.2 Email to non-successful bidders

All non-successful bidders of the e-auction will receive an email like this example:

Sent: Date/timestamp
From: no-reply@app11.jaggaer.com
To: bidder@bidder.com
Subject: e-auction

Dear bidder,

Thank you very much for participating this e-auction.
Unfortunately your offers were not successful for:

e-auction position name

For further questions do not hesitate to contact me.

Yours sincerly

3.5.5 Follow-Up activities

The KB Buyer or commodity manager will get in contact with the winner regarding the contracts. There is not automatic contract generation by the e-auction. Contracts at KB must be created in SAP. The KB responsible will prepare them in SAP and send it to the winner for signing.