

Guide for Manufacturers

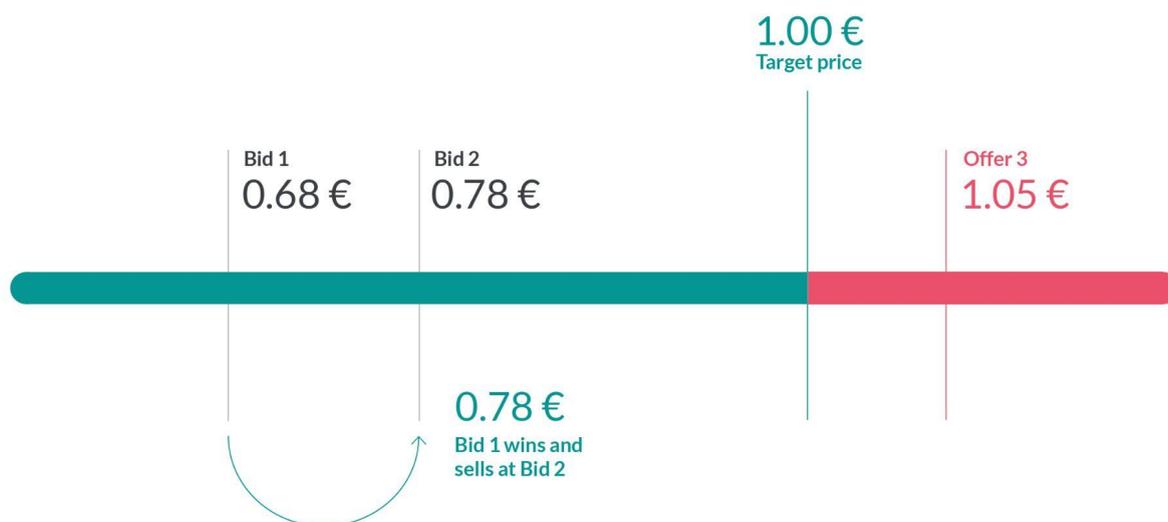
In our ongoing effort to simplify the RFQ bidding process and better match producers and buyers, we tested a simple, transparent and fair "second price" sealed-bid auction over the summer months. The results were clearly positive and therefore the new bidding process will apply to all MBO (*Managed by Orderfox*) requests starting **6 September 2021**.

Maximized outcomes guaranteed: the second-price mechanism is one of the most trusted auctions in theory and practice. It ensures, as our Orderfox marketplace grows, that all participants will systematically benefit. The bidding process becomes more efficient, and the quoting process is simplified, which will lead to more RFQs being matched successfully. Things will get easier - not more complicated - with better outcomes for all parties.

Quoting in the upgraded process:

1. Calculate your production costs (including material, manufacturing and shipping costs), and submit them on Orderfox using the provided quote excel template.
2. We will present the best supplier for each RFQ at the best possible price (above costs!).

Note: Your contract runs directly with your new client, as before.



Pricing in the upgraded process (see explainer above):

1. The supplier with the **lowest offer wins** at the bid price of the **second lowest bidder**; i.e. the winner is adjusted and always paid above his bid cost. Bids are evaluated within tiers defined by buyer preferences, lead time, manufacturing technology, region, etc., with the leading bid of each tier presented to the buyer. Therefore no one is disadvantaged and the customer has every option.
2. **Offers must be binding** (obligatory), with a specific expiry date. That means manufacturers commit that they are able to deliver at quoted prices. This ensures that others cannot strategically undercut

you just to win, and there will be rules penalizing such attempts. Secondary bidding and re-negotiating to higher prices after an RFQ is awarded are strictly **forbidden**.

Note: To protect your interests and to get you the best deals, we screen RFQs and quotes with price dumping checks filtering both buyers' max prices and manufacturers' quotations.

Key benefits: Easier quoting. More RFQs awarded. If you win a contract, it will be at a price above your quote. Sometimes the price upgrade and therefore your gross margin may be rather small, but even then, on the upside, you would still have acquired a new (possibly long-term) client. So please think of this rare-case scenario as a "customer acquisition effort."

Hint: In sum, it is quite simple: the best/dominant strategy is to bid exactly at costs that need to be covered. Do not go below costs just to win, or else you might have to produce at uncomfortable prices, unless you are explicitly willing to incur higher "customer acquisition costs."

Good luck!

Protection measures

All our users are guaranteed fair treatment and reliable outcomes on Orderfox. We take great care to ensure that you are protected against re-negotiation post tender, quote withdrawals and fake requests. Please inform us in case you have bad experiences with a counterparty!