

ONLINE AUCTION SOFTWARE – The Right Platform

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Howdy TAA members! Covid required each auctioneer to evaluate their auction company and their use of technology. The auction industry has long debated the use of online auctions and how it fits in with the auction industry. Well, as 2020 made that decision for us, we all learned that online auctions have to be a tool within our toolbox if we want to continue to run our businesses. Whether that is through simulcast auctions or strictly online-only auctions, auctioneers have had to latch on to the concept and drink from a firehose if they were not already using those technologies.

So, I'm happy to say, "Congratulations," to those auctioneers that have weathered the storms and made it through 2020. Hopefully, you have seen the benefits many of us auction companies have seen from online sales and the better auction prices this year. Take some time to evaluate in January how your business is running. Maybe you jumped full force into a platform and now it is time to make sure that that technology is going to serve your business needs the best. Maybe you have been using a platform even before 2020 and these questions and information can help you evaluate what you are currently using. Maybe you are still holding out to see if the lingering effects of COVID-19 are going to make you use online auctions?

I hope you can glean some valuable information from this article.

The biggest question you need to answer for yourself and about software is, does this package include all of the features and functionality that I need to run my auction business? Now, unfortunately, unless you develop your own software, which we will cover some later, there is not going to be the perfect software out there. You will need to balance what you have, and what features you can deal with or without. Consider what type of auctions you are doing now and want to do in the future. Are you doing live in-person auctions, simulcast auctions, online auctions, or a combination of three types? Does the software allow for all these? What about non-profit auctions? Does the software allow for ticket sales, does it track Fund A Needs, can you do a non-profit event simulcast? Make a list of needs and wants so that you can compare.

Is this software a downloadable program, or a cloud-based web application? As an auctioneer, is it on your computer or is it all cloud-based, and therefore you will need an internet connection all the time? Are there aspects of the software that can be done without an internet connection? With online auctions, what is required to bid for my bidders? Do they need to download an app or is it web-based and uses the browser? Some software packages have developed downloadable apps for mobile devices and that is how bidders will access your page, so consider do you think your clients want to download that app? Sure, your repeat customers may do that, but what about the first time visitors? How likely are they to download an app if they want to bid on something now? What is the experience on the browser version from their phone, tablet, and desktop? Is the experience similar, or different between the apps and the browsers?

Let's talk a little bit more about your buyer's experience. Make sure you evaluate and use the software from the buyer's side. Ask the provider for an auction company that is using the software, and try it out as a buyer. Go to the website and create an account, find items that you are looking for. Place bids on those items, see what the experience is like. Is that what you want for your auction experience? Did you get frustrated with the number of clicks? Could you find a specific type of item you were looking for? Were you confused at any point? I recently was buying some items from another auction company and I had a list of 50+ items I was watching during the auction. I got super frustrated at the closing time. So, I made notes on ways to improve the experience for our bidders, and what would have made sense for me when I was spending the money. The bidder experience is just as important to your auction company as the admin experience that you will be using.

What are the experience and processes for the auction company staff? Make sure you get a demonstration of the admin user side. How are auction items added one at a time? How are auction items added in bulk? How are pictures added to items? If I have a bidder or seller contact me, how do I find the information that I need to answer that phone call or email? Can I access my information from any type of device (phone, tablet, laptop, etc)? What type of reports are available? How do I provide support to my bidders when they are having trouble using the software? And a resounding, YES, you will have bidders that have trouble using the software, no matter how simple it is. When evaluating these bidder and admin experiences, something to think about is how likely that software company is going to be able to make changes and updates at your request. Can you submit feature requests and bug reports?

Online auction software falls within two broad categories; either they are a white label branded solution, or they are an aggregated platform with other auctioneers. A white label product is one that is branded to your auction company. Your web address will be www.myauktioncompany.com. The color branding and logos will be that of your auction company. There may or may not be any mention of who developed the software. The webpage will only list your auction items, and bidders will have to register for your page specifically. An aggregated platform has multiple auctioneers listing auction items on the website. An auctioneer may have a marketing webpage that tells about the auction company, but the online bidding will be done on the platform's pages. Bidders will have to register with the platform, and then register to bid on your items.

There are pros and cons to both types of software. For the white label products, you get to promote your auction company and auction website. You keep your bidders on your website, and you have control of what types of items they are seeing. You are in more control of the experience. The pros of the aggregated websites are that your auction items have the potential of being seen by an established audience. These aggregated platforms have large audiences already coming to their websites looking for items. They can also provide you with ways to market your items to their bidder base. Whereas, with the white label platform the marketing is on you as the auctioneer. You have to get people to come to

your website, register, and bid. So, you will need to ask yourself, do I want my items to be listed with others, or do I want my bidders to go to another page for the actual bidding? Can I create interest in my items and my auctions to get people to look at my website, or would it be helpful to have an established bidder base? Each auctioneer is going to answer that question differently. That is why there are two broad categories.

There is a third category that can be included, and that is having a program or website custom developed for your company. Developing software is not an, "I've got great ideas. Let's have a young developer put a couple of months into the project and we will have exactly what we want," prospect. If you start to talk to a development firm, they will say it is a simple project; the technology and coding are easy, and it probably is a very basic application. However, if the company has never built an auction software, they will grossly underestimate the size and complexity of what is required. Trust me, I've been through that a couple of times now. Having exactly what you want will be a never-ending project. Technology changes; you will always want another feature. So once you develop that first product, there will be maintenance costs to keep the software up to date for security reasons. There will be updates to code for browser and operating system changes. There will be bugs that pop up while using the code. All of which will take a developer time to fix and developers make a really good salary. If you talk to a development company, take their estimate and triple it. That might get you a product that you can limp on for a couple of months. Then double what you have spent again to get to the next stage of the project. Then add the budget back in for yearly maintenance costs, add some more for additional features, and now you are in the ballpark of what it will cost. Needless to say, it is a very expensive proposition to have software custom-built for your company. There are cases where a company is large enough and/or has specific enough needs, that all the software applications that are available do not fill the need. So, an auctioneer has to have their software custom-built. That is great that you have the need. It is really a lot of fun to create the system exactly how you want it.

Several of the questions from the Town Hall Meeting revolved around data privacy and concerns about how bidder, seller, and bidding data is shared and used. All of the software companies are invested heavily in securing the data they store. All companies take the privacy of the information seriously and do not want a bad actor outside the software company to access anyone's information. I think auctioneers are concerned with what happens with the data internally for software companies. Does the auction software share the information with the marketing company that owns the software? Is the information accessed by other auctioneers on the system? It was clear that with all the software companies, only auctioneers that need the information are allowed to see the information. So, evaluate what your desires in a platform are.

Sales taxation is becoming an issue within the auction industry, and software providers will need to provide solutions in the future. Currently, most software allow for you as the auctioneer to set tax rates, report what taxes you have collected, and to help

you submit those taxes to the proper agencies. As this issue develops with states starting to charge taxes based on where the buyer is located, the software companies will need to address that further.

Online auction software is complicated, there are lots of features and functions to learn. **Discuss with the software companies what their training and onboarding processes are.** Will you have an account person to contact? Is there online support? Chat support? What are the support hours? Where is the support team located, US or foreign-based? Are training documents provided? Written instructions versus video-based instructions? How do you learn the best, and can they accommodate that?

The last piece that I want to cover and one of the biggest you will consider is cost. Cost factors will probably be the hardest to compare because each company is going to have a different way of charging. It will be hard to compare apples to apples. With most companies, there will be some kind of startup cost. White label products will probably have a higher startup cost because of the customization and branding they will do to make the website look and feel like your company. These types of software tend to have a monthly fee that includes the hosting of the webpage, and may have packages you purchase based on the features you use. You will likely be charged the monthly fee, no matter if you have auctions running or not. The aggregate websites will have usage fees for the features you use along with typically charging a percentage of the sales volume. A monthly fee may or may not be charged if you have access to certain features all the time. So, the best advice I can give you is to be realistic with your expectations of how you will use the software, and create a spreadsheet that calculates the fees for a sample auction. Ask the software company to come up with a quote for running the software for the month using your best estimates for your usage, and have them include any additional fees that you may incur.

There will be lots of similarities when you talk to the software companies. All auction software do the same basic functionalities and do them similarly, so find out what makes each software different and why they developed their software. What problems were they trying to solve when they developed the software? Lots of you have been asking questions and gaining knowledge, so continue to research. Continue to look at what is out there available for you to use. After evaluating them, make a decision and use that product for 3-6 months. See how you have to adjust your auction company. See what the experience is like to use the software day in and day out. Then evaluate it again. Business software is never easy to switch, and you certainly do not want to change the software that your bidders will be using on a regular basis, but not all change is bad.

If you ever have questions please reach out to me and I will answer any questions I can to the best of my abilities. Lance Swigert, CAI; President S3 One Goal.