

## ELECTRONIC BIDDING

**Cell phones and Smart Phones. Blackberries and email. More websites than we can count. Technology is such an integral part of our daily lives that we take for granted the conveniences and efficiencies it provides. The rapid development and deployment of new products puts exciting new technology in our hands faster than ever. And over the past few years this has been true for Surety Bonds as well.**

With the passage of bills such as the Uniform Electronic Transactions Act and the National Commerce Act, new opportunities have been created in which electronic transactions and documents are treated as though they were written on old-fashioned paper. This also opened the door for Surety Bonds to be created, signed and submitted electronically to owners, all while still being recognized as valid, legal documents.

In a typical transaction, Willis executes the bond in an electronic application, such as SurePath®. After the execution process, a Bond Validation Number is provided to the Contractor. The Contractor uses that authenticator (which checks data such as the Surety Name, description, bond amount, etc.), along with other validating data – a digital signature and contract number, for example – to submit the bid electronically to the owner.

Contractors use various required web-based applications such as Bid Express ([www.bidx.com](http://www.bidx.com)) or custom systems (PA Turnpike, for example) that essentially validate the bond data, thereby treating the electronic submission as though it were a traditional paper bond. Most of the major sureties have worked with SurePath and other vendors to grant electronic powers to authorized agents, thereby creating a valid Power of Attorney with each individual bond. This process ensures that all parties involved in the submission have the ability to verify the information and ensure compliance, while providing a valid legal document.



The first groups to endorse and encourage the use of electronic bonds were primarily State Departments of Transportation (DOTs). More than 30 states and one Canadian province are accepting electronic bids and bonds, with more currently in testing. There are also other owners online, including the City of Toledo, Ohio and the Port of Lake Charles in Louisiana, while NJ Transit and other agencies are currently in testing and will soon further expand the use of these new technologies.

These advances are exciting, but why is this technology becoming so widely accepted and implemented? The benefits are many. Owners can scale back processing costs and increase quality. Contractors can submit changes and correct bid information right up until the letting. For construction clients with regional or national operations, electronic bidding provides an avenue to consolidate resources, better control submissions and

improve reporting. Surety companies can better control the use of Powers of Attorney. And with our greater reliance on technology, the integration of systems reduces rekeying while increasing the quality and validation controls of data. All of these efficiencies allow the involved parties to work remotely and review the data without having to send overnight packages. Finally, it removes the anxiety over getting that last-minute bid delivered in time, since it is no longer subject to the vagaries of traffic and package delivery companies!

Technology will continue to play a major role in our personal and working lives. The acceptance of new technological advances can take time and understanding, with a little patience mixed in, but the benefits are immeasurable. The submission of electronic bids and bonds brings the surety world into the 21<sup>st</sup> century while still providing the safeguards required to validate the documents.

## **CONTACT**

For further information on how electronic bidding and bond issuance will benefit your firm, please contact your local Willis Construction team or:

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