

Alternative offers: evaluating alternative bids in the procurement process correctly

Alternative offers are alternative proposals to a main offer that bidders may submit additionally in tenders or RFQs. They deviate from the required specification in technical specifications, performance characteristics or lot structures, but fulfil the minimum requirements of the invitation to tender. For technical buyers, alternative offers are an opportunity to unlock previously unknown solution potential – but they require a clear evaluation logic so as not to jeopardise comparability and procurement law.

Key facts

- An alternative offer is an alternative proposal to the main offer and must be expressly designated as such.
- The bidder always encloses a compliant main offer with the alternative offer; an alternative offer on its own typically leads to exclusion.
- Alternative offers may contain deviations, provided they do not fall below the minimum requirements and mandatory technical standards.
- Evaluation requires a documented procedure: how alternative offers are weighted, compared and factored into the award decision.
- On award, an alternative offer becomes a binding contractual basis – subsequent changes are only possible via contract amendments.
- In practice, bidders frequently use alternative offers to achieve cost advantages in materials, standardisation or alternative lot structures.

Definition: alternative offer

An alternative offer is an offer submitted as an additional or deviating bid alongside a main offer in a procurement or tendering procedure. It deliberately deviates from the technical, commercial or contractual requirements of the specification without violating the defined minimum requirements. In procurement controlling, it counts among the variants of the offer comparison and is closely interlinked with negotiation management and offer evaluation.

Distinction from the main offer

The main offer fulfils the invitation to tender in all required respects and forms the basis of comparison for the award. The alternative offer supplements or replaces individual aspects of it – for example an alternative material, a different size or a modified service model. What is crucial is clear designation: unresolved hybrid forms, where it is not apparent which is the compliant offer and which is the deviation, carry exclusion risks and prolong the approval workflow of the evaluation committee.

Alternative offers in private procurement

The term originates in public procurement law but is also used in private industry for RFQs, RFIs and

framework tenders. In the corporate context there are no formal procurement regulations, yet the same logic has proven its worth: the main offer as reference, the alternative offer as an option with its own evaluation path. This keeps the offer comparison comprehensible and auditable even with creative bidder solutions.

Methods and approach: admitting and evaluating alternative offers in a structured manner

Whether alternative offers are admitted at all is decided by the buyer already when drafting the invitation to tender. Admission must be formulated unambiguously, including criteria for which deviations are permissible and which are not. Without this groundwork, a comparison problem arises in the evaluation process that can only be resolved with considerable manual effort.

Defining requirements in the invitation to tender

The tender documents typically specify: which items may be offered alternatively, which standards and interfaces are mandatory, the format in which alternative offers must be submitted and how they will be evaluated. A precise catalogue structure and unambiguous item numbers make it easier for bidders to designate deviations deliberately rather than hiding them in free-text comments.

Evaluation logic and cost-benefit analysis

Alternative offers are compared against the respective bidder's own main offer and the main offers of competitors. A two-stage cost-benefit analysis has proven effective: first a conformity check against the minimum requirements, then an economic and technical comparison. Lifecycle costs, spare parts supply, training, plant modifications and certification effort all belong in the calculation – a lower purchase price can quickly be eroded by higher downstream costs.

Involving specialist departments

Technical deviations require sign-off from engineering, production and quality assurance. A defined approval workflow with clear deadlines prevents alternative offers from becoming blockers at the end of the submission period. Modern eSourcing platforms can map alternative items in a structured manner and support evaluation semi-automatically; in every case, complete documentation of the decision remains essential.

Key KPIs: measuring alternative offers in procurement controlling

Alternative offers can be quantified and integrated into existing procurement KPIs. This makes it visible whether admitting alternative offers actually represents a procurement lever or merely generates evaluation effort.

Share and success rate

The share of alternative offers among all submitted offers shows how actively bidders use the option. The success rate – the proportion of alternative offers that lead to award – reveals whether the criteria have been set realistically: a rate close to zero indicates overly tight specifications or insufficient review depth, while a very high rate points to oversized baseline requirements.

Savings and process costs

The savings realised compared with the cheapest compliant main offer should justify the additional

review effort. In practice, the evaluation effort for an alternative offer is typically well above that for a standard offer, as technical deviations must be checked and coordinated. The KPI's value therefore lies in steering: where leverage potential is low in a category, admission can be deliberately restricted – a decision that belongs in the category board and Category Governance.

Risks and controls: typical pitfalls with alternative offers

Alternative offers expand the solution space but also create complexity and legal uncertainty. Anyone who knows the most common pitfalls can neutralise them through clear procedural rules.

Exclusion risks and missed deadlines

The most common source of error is unclear designation: if a deviating offer is declared as the main offer or the main offer is forgotten, exclusion looms – in public procurement law partly mandatory, in private law at least a negotiation risk. Material deviations, such as failing to meet required technical specifications or missing required certificates, also regularly lead to exclusion. Bidders in turn risk their alternative offer being ignored if they hide it in attachments instead of submitting it in the designated field.

Loss of comparability and transparency

Numerous different alternative offers make the systematic offer comparison more difficult and increase coordination effort in evaluation. Controls: standardised alternative forms, clear deviation lists (compliance matrix), four-eyes review for technical approvals and complete documentation of the award rationale. The latter is, particularly for publicly funded projects, the basis for defending against review requests.

Contract and implementation risks

If an alternative offer does not become an express part of the contract, disputes arise in operation over the design actually agreed. After award, specification, price sheet and side provisions must be adjusted consistently – a point that carries through into framework agreement maintenance and master data processes, such as vendor master data and material master. Incoming goods and inspection instructions must also be aligned to the alternative design.

Current developments: digitalisation and dynamic procurement models

Digitalised procurement processes are fundamentally changing how alternative offers are handled. Structured RFQ forms, API-based data transfer and accelerated evaluation workflows significantly lower the barrier for alternative offers.

Structured alternatives in eSourcing systems

Modern tendering platforms offer dedicated fields for alternative items, including automated price comparison at item level. Standards such as OCI for catalogue integration and structured catalogue structures make it easier for suppliers to maintain variants consistently. This reduces manual coordination effort and increases the three-way match rate of downstream processes, because deviating items are cleanly mapped from the outset.

Alternative offers in interplay with negotiation and supplier development

In negotiated procedures, alternative offers are increasingly used as a negotiation lever: buyers actively request alternative proposals in order to reveal price and solution potential – an element of strategic negotiation management and Category Intelligence. Bundling is also strategically interesting: bidders propose alternative offers across lot boundaries when they can supply several lots together. Buyers must here examine whether dependency and lock-in risks are acceptable and whether delivery capability is assured under multiple purchase obligations.

Typical metrics

Share of alternative offers: 5–20 % of offers

Typical guideline value in structured RFQs; lower values indicate tight specifications.

Success rate of alternative offers: > 0 %

A persistently zero rate signals unrealistic admission criteria or insufficient review depth.

Savings versus cheapest main offer: frequently 3–10 %

Based on total lifecycle costs; unit price comparisons alone are misleading.

Degree of documentation of the award decision: > 95 %

Share of complete, comprehensibly reasoned decisions; essential in public procurement.

Practical example

A medium-sized mechanical engineering company issues a tender for the framework supply of hardened shaft elements across several sites. An established supplier attaches an alternative offer to its compliant main offer: the same function, but a standardised shaft profile from an existing tooling series with lower unit costs and a shorter replenishment time. Engineering checks the deviation against the minimum requirements, the quality department evaluates the inspection planning, and procurement calculates lifecycle costs including retooling of production.

- Invitation to tender with clear admission of alternative offers and obligation to designate every deviation in a compliance matrix
- Two-stage evaluation: conformity check by the specialist departments, followed by a cost-benefit analysis over five years
- Pilot line before roll-out of the alternative design, with alignment of inspection plans and incoming goods criteria
- Inclusion of the agreed design in the framework agreement and updating of the material master data

Conclusion

Alternative offers are more than a formalism from procurement law: they are a genuine instrument for making technical alternatives and price levers visible in tenders. What matters is procedural clarity – admission, designation, evaluation criteria and documentation must be settled before the submission deadline. Those who involve specialist departments early and evaluate alternatives in a structured manner turn alternative offers into a measurable procurement lever. Those who neglect the rules risk exclusions, loss of comparability and renegotiation pressure. In both cases the same applies: an alternative offer is only as strong as the process that evaluates it.

Frequently asked questions

What is an alternative offer and how does it differ from a main offer?

An alternative offer is an additional, expressly designated alternative proposal that deviates from the requirements of the specification but still complies with the minimum requirements. The main offer fully complies with the invitation to tender and serves as the benchmark. An alternative offer is always submitted together with a compliant main offer.

When is an alternative offer permissible?

An alternative offer is permissible if the invitation to tender expressly allows alternatives and the deviation violates neither mandatory technical standards nor minimum requirements. In public procurement, the provisions of the relevant procurement procedures must be observed; in private procurement, the principle of equal treatment within the process applies. If in doubt, permissibility should be reviewed legally before contract award.

May the contracting authority accept an alternative offer even though the main offer is cheaper?

Yes, provided the evaluation criteria permit this and the alternative offer is economically advantageous overall. What matters are the total lifecycle costs, not the pure offer price. The decision must be comprehensible and documented, particularly in public procurement.

Must the alternative offer always be submitted together with a main offer?

As a rule, yes. Without a compliant main offer, the bidder is typically excluded because there is no basis for comparison. Exceptions arise only if the invitation to tender expressly stipulates otherwise.

How can alternative offers be evaluated fairly and comparably?

A proven approach is a compliance matrix in which every deviation is documented and checked against the minimum requirements. This is followed by a cost-benefit analysis over the lifecycle including downstream and conversion costs. The weighting must be defined in advance in the invitation to tender and applied equally to all bidders.

What happens to alternative offers that do not lead to contract award?

Alternative offers that are not awarded lapse at the end of the procedure unless the invitation to tender stipulates otherwise. Some contracting authorities nonetheless use rejected alternative offers as input for later tenders or for supplier development discussions. Providing feedback to bidders improves the quality of future tender rounds.