

# Open procedure: transparent procurement without a restricted bidder circle

The open procedure is a procurement procedure in which any interested company may submit a bid without prior selection or qualification screening. It is regarded as the most transparent procurement procedure because competition is formally open to all market participants. In public procurement it is defined by law; in the private sector it is frequently used, in modified form, as the principle of open tendering.

## Key facts

- In the open procedure, any supplier may in principle submit a bid without prior screening.
- It is the standard procedure for public procurement in Germany and the EU.
- In practice, minimum qualifications are often only checked after bid submission via exclusion and suitability criteria.
- Typical advantages are maximum competition, high transparency and a low risk of discrimination.
- Disadvantages are greater processing effort with many bids and limited suitability for complex services.
- In private-sector B2B purchasing, the open procedure serves as a reference model for market-open tenders.

## Definition: Open procedure

The open procedure is a non-discriminatory procurement procedure in which all interested companies can be invited to submit bids without any prior bidder selection taking place. The assessment of suitability takes place only after the bids have been received, based on the criteria stated in the procurement documents.

## Distinction from the restricted procedure

In the restricted procedure, buyers deliberately select the companies to be invited to submit bids. In the open procedure, this selection stage is omitted; every bidder can take part but must demonstrate compliance with the suitability criteria. For buyers, this means greater effort in bid evaluation, but in return broader competition and a lower risk of overlooking suitable suppliers.

- Open procedure: open access, suitability assessment after receipt of bids
- Restricted procedure: bidder selection in advance, faster processing

## Legal framework

For public buyers in Germany, the Procurement Regulation (VgV) and the sub-threshold procurement regulations govern the requirements for the open procedure; EU procurement directives apply to EU-wide tenders. Private-law procurement can be freely designed but in practice often follows these structures. Legal details should in individual cases be reviewed by a qualified professional.

- VgV: thresholds, deadlines, suitability and award criteria
- Sub-threshold area: simplified rules, free design subject to the standard of good faith
- Private sector: no statutory procurement obligation, but liability- and compliance-related due diligence

### **Significance for B2B purchasing**

In industry, the open procedure serves as a blueprint for market-open tenders, for example for standard parts, services or construction and investment projects. It helps buyers systematically test supplier markets, identify price dynamics and use the order history as a benchmark. The buyer must define the appropriate Incoterms such as DAP or CIF and payment terms, e.g. via BIC/SWIFT, at an early stage.

## **Methods and approach in the open procedure**

An open procedure follows a structured process from requirements analysis to award. The cleaner the preparation, the more comparable the bids and the lower the subsequent coordination effort.

### **Requirements analysis and tender documents**

The basis is a precise requirements analysis: what is needed, in what quantity and quality, and with what delivery date? From this arise the specification of requirements, technical specifications and commercial terms. For standard items, catalogue data and attribute maintenance in the material master can significantly simplify the specification and increase the comparability of bids.

- Exact technical specification or specification of requirements
- Clearly defined Incoterms (e.g. DAP, CIF) and delivery dates
- Defined award criteria with weightings

### **Publication and bidder queries**

The tender is published so that it is accessible to all potential bidders. During the bid submission period, companies may raise questions; bidder queries and the corresponding answers are usually made available to all bidders in order to maintain equal treatment. Structured handling via an enquiry platform significantly reduces the communication effort.

### **Bid evaluation and award**

After the deadline has expired, bids are checked for formal completeness, suitability and economic efficiency. The award is made according to the criteria announced in advance, frequently to the most economically advantageous bid based on price and award criteria such as quality or delivery time. A documented bidder complaint option creates transparency and reduces the potential for disputes. After the award, changes should be governed by a change-order clause in the contract.

## **Key KPIs for open procedures**

The success of open procedures can be measured using metrics covering efficiency, intensity of competition and result quality. This data typically feeds into supplier evaluations and sourcing strategies.

### **Competition and process metrics**

Key performance indicators are the number of bids received per tender and the order rate per catalogue or tender. High bidder numbers indicate functioning competition; however, very high numbers can also indicate a lack of target-group precision. The average procedure duration from publication of the notice

to award shows how efficiently the process is organised.

- Bids per procedure (typically 3–5 for well-placed tenders)
- Average procedure duration
- Rate of on-time and complete bids

### **Result quality after the award**

After the award, delivery and quality performance count: Delivery Performance and the complaint rate show whether the selected bid was economically viable. High costs of poor quality (COPQ) or frequent returns are indicators that the suitability assessment or the specification could be improved. These figures are derived from order and invoice data and should be visible in an Inventory Health Dashboard or procurement dashboard.

### **Data quality as a prerequisite**

Meaningful metrics require clean master data. Data quality KPIs for material master maintenance and bid structure ensure that bids remain comparable and that evaluations are reliable. In catalogue procurement in particular, the catalogue rate depends directly on the quality of the attribute-based data.

## **Risks and controls in the open procedure**

Despite its high transparency, the open procedure carries specific risks: unsuitable bidders, overloaded assessment capacity and subsequent requests for changes. Targeted controls keep the effort manageable.

### **Risk: assessment effort and unsuitable bids**

Since any bidder may submit a bid, in practice many formally inadmissible or commercially unsuitable bids may be received. Buyers counter this with precise suitability criteria, clear exclusion criteria and a structured bid evaluation matrix. For standard requirements with many simple items, framework agreements or dynamic purchasing systems can provide relief.

- Minimum requirements regarding references, certifications and capacity
- Automated pre-checking of formal criteria
- Clear weighting of the award criteria already in the documents

### **Compliance and traceability**

Transparency requires complete documentation: communication, bidder queries, evaluation and award decision must be traceable. A contractually agreed right to audit allows buyers in public procurements, or internal audits, to review calculations and process steps. Compliance requirements such as export controls must be checked early for international bidders.

### **Risks in order processing**

After the award, typical risks emerge in delivery and invoice verification: adherence to deadlines, quality and invoice accuracy. Delivery Performance, the backorder rate and a defined invoice approval workflow ensure the economically sound handling at this stage. Complaints and returns should run through defined processes with clear allocation of responsibility.

## Current developments: digitalisation of the open procedure

Electronic procurement platforms, AI-supported enquiry creation and standardised data exchange formats are significantly changing the open procedure. For buyers, the administrative effort decreases while the comparability of bids increases.

### E-procurement and platform solutions

E-procurement via digital platforms automates publication, bidder queries, bid submission and evaluation. In practice, this noticeably reduces processing times and increases traceability. Such tools are also becoming established in the private sector, as they document process efficiency and compliance even without a statutory procurement obligation.

### AI-supported enquiry creation and bid evaluation

AI tools assist in creating enquiries from technical drawings or specifications and in the preliminary evaluation of large volumes of bids. The final evaluation remains the buyer's task; the systems provide suggestions and structured data. This opens up particular opportunities for small and medium-sized manufacturers to conduct formally sound open procedures without a large procurement department.

### Link with supplier management and catalogue procurement

Open procedures are increasingly being integrated with ongoing supplier management: insights from tenders feed into supplier evaluations and S&OP cycles. For repeat demand, volume often shifts to catalogue procurement or framework agreements; the catalogue rate rises while open procedures are reserved for new demand and investments. Hybrid models such as modular sourcing also combine open tendering for building blocks with existing supplier relationships.

## Typical metrics

### Bids per procedure: typically 3–5

Guideline value for functioning competition in well-placed tenders

### Rate of bids submitted on time: > 95 %

Indicator of clear documentation and well-chosen deadlines

### Delivery Performance: > 98 %

Delivery reliability of award recipients after completion of the procedure

### Complaint rate: < 2 %

Quality indicator, usual guideline value varies by industry

## Practical example

A medium-sized mechanical engineering company launches an open procedure for its annual requirement of steel sheet structural components. Instead of writing to the three known suppliers as before, the purchasing department publishes the tender with a technical specification, bill of materials, DAP delivery terms and defined award criteria (price 60 %, delivery time 20 %, quality 20 %). After the deadline, bids have been received from eight companies, including three new suppliers from Germany and elsewhere in Europe. Following assessment of the suitability criteria, a new supplier is awarded the contract and, in its first year, delivers with a complaint rate within the usual tolerance range.

- Precise specification using attribute-based material master data instead of customer-specific

drawings

- Structured handling of bidder questions via a digital enquiry platform
- Weighted evaluation matrix with weighted award criteria and a documented bidder complaint option
- Delivery Performance and complaint rate as follow-up KPIs in the first delivery year

## Conclusion

The open procedure is the most transparent procurement procedure and thus a reference model for fair, competition-oriented purchasing. It maximises market breadth but requires a clean specification, clear criteria and a structured bid evaluation. For standard demand with many suppliers, it is often the most efficient choice in practice; for complex, trust-intensive services, selective procedures are frequently more suitable. Digitalisation and AI support significantly reduce the historical barrier of high assessment effort. Those who consistently integrate open procedures with supplier evaluation, KPI measurement and catalogue procurement turn them from a one-off competition into a lasting control instrument of procurement.

## Frequently asked questions

### What is an open procedure in a tender?

The open procedure is a procurement procedure in which all interested companies may submit a bid without any prior bidder selection. The suitability of bidders is only assessed after the bids have been received, based on criteria published in advance. It is regarded as the most transparent procedure and is expressly provided for in public procurement law.

### What deadlines apply in the open procedure?

For EU-wide public tenders, statutory minimum deadlines apply which depend, among other things, on the contract value and the complexity of the service; typical guideline values are around 30 to 35 days from publication of the notice. For sub-threshold and private tenders, buyers may set the deadlines freely; in practice, two to four weeks is common. The specific deadlines should always be checked against the current legal position.

### What is the difference between the open procedure and the restricted procedure?

In the open procedure, any interested supplier may submit a bid, and the suitability assessment takes place only after bid submission. In the restricted procedure, the buyer selects certain companies in advance and invites them to submit bids. The open procedure offers more competition and transparency, while the restricted procedure involves less assessment and administrative effort.

### What are the advantages and disadvantages of the open procedure?

The advantages are maximum competition, high transparency, a low risk of discrimination and potentially better prices thanks to a large number of bidders. The disadvantages are the greater processing effort when many bids are received and limited suitability for complex or trust-based services. A large number of unsuitable bids can burden the evaluation if the suitability criteria are not precisely formulated.

### Can private companies also use an open procedure?

Yes, private-sector buyers are not bound by procurement law and can design open tenders freely. In practice, many industrial companies follow the structures of public procurement law in order to ensure

transparency, compliance and comparability. The principle is particularly widespread for standard parts, capital goods and services.

### **How many bidders do you need for a meaningful open procedure?**

There is no statutory minimum number of bidders for an award; what matters is that sufficient competition existed. In practice, three economically comparable bids are often considered a sound basis, and well-placed tenders attract significantly more bids. What is decisive is documented evidence that access was open to all interested bidders.