

JUSTIFICATION
FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
23 Christopher Way
Eatontown, NJ 07724

2. Description of Action: The proposed sole source action is for a three month, firm-fixed price (FFP) modification with three, one-month option periods for hardware and software maintenance support of the Veterans Benefits Administration (VBA) Insurance Imaging System hosted and managed in Philadelphia, PA with MTS Software Solutions, Inc. 225 Executive Drive Suite 4 Moorestown, NJ 08057-4237.

3. Description of Supplies or Services: The proposed action is a modification to an existing contract, VA118-12-C-0037, to provide technical support and maintenance services for the continued hardware and software support, for the current VBA Insurance Imaging System hosted and managed in Philadelphia, PA. This imaging system is the backbone of the VBA Insurance Enforcement and Payment System and supports the processing of the VBA Insurance Enforcement and Payment System application which is a critical application that handles the maintenance and administration of insurance policy coverage for service members. VBA requires continuation of this required support from the original developer and provider of this system, MTS Software Solutions, for VBA Insurance's Imaging System while the new imaging system is tested and implemented.

4. Statutory Authority: The statutory authority permitting other than full and open competition is 41 U.S.C.3304(a)(1) as implemented by the Federal Acquisition Regulation (FAR) Subpart 6.302-1 entitled, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Rationale Supporting Use of Authority Cited Above: In June 2012, VA118-12-C-0037 was awarded to MTS for maintenance on the existing imaging system. MTS was responsible for the design, development, and creation of the current imaging system under a proprietary, custom fit software package for the automated VBA Insurance Imaging system application in 1999. Although the system is comprised of standard commercial off the shelf (COTS) software and hardware components, customization of the system/application by MTS was necessary to satisfy VBA requirements. A competitive solicitation was issued on Federal Business Opportunities (FBO) website on May 27, 2013 for a new imaging system. MTS was awarded the new contract in September 2013. The Insurance Center had planned an award date for June 2013, but due to an extended review process and internal document approval, the award date was delayed for three months. The old imaging system is continuing service to the workflow system, and the option period will expire on June 19, 2014. The current estimated installation completion date for the new imaging system is set for the end of August 2014. However, due to

Insurance Imaging Maintenance Extension

migration issues, delayed deliverables, and user training concerns, it is anticipated that there will be delays. In the interest of ensuring that there is not a lapse in the Insurance System workflow and to cover delays while the new system is installed, a three month extension with three, one-month options is required. The application contains several MTS's proprietary features such as a bar code label feature (which is a primary index for all documents) that can only be read by MTS's proprietary software, which is then interfaced and sent to the proper insurance employee for processing the file within the Veterans Information Callup Tracker and Request System (VICTARS). VICTARS is a VBA Insurance tailored database that determines the VBA Insurance file numbers for applicable claims, and has a custom scanning controller program feature that selects the appropriate scan profile from 19 profiles. All incoming insurance benefits, mail, and correspondence relevant to Veterans claims are analyzed in the VBA imaging system to ensure there is an existing record in VICTARS, and to determine the VBA Insurance file number.

MTS created a proprietary, custom fit software package for VBA Insurance in 1999. They also matched the hardware, and programmed the scanners to fit VA's specific scanning needs. The imaging unit hardware and software are one unit, and cannot be replaced in separate pieces without extensive programming resources. MTS's proprietary software was programmed and tested to guarantee a smooth interface with VBA Insurance's homegrown database, VICTARS. No third party vendor can use this software and would be required to recode a new system from scratch. With over 14.6 million vital images of Veteran's insurance information stored, if VBA Insurance were to lose MTS's imaging software and maintenance support, VBA Insurance specialists and staff members will be unable to process claims, preventing payment of a Veteran's claim, effectively crippling VBA Insurance.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section of this document. Due to the proprietary nature of the current insurance imaging system, there are no other vendors that are capable of supporting the proprietary software imaging system created and maintained by MTS. This effort did not yield any additional sources that can meet the Government's requirements. There is no competition anticipated for this acquisition. Additionally, the proposed action will be synopsized on the Federal Business Opportunities Page in accordance with FAR 5.201.

7. Actions to Increase Competition: This is a sole source request. VBA Insurance requires this contract to run simultaneously as the new Fiscal Year (FY)14 imaging system is tested and implemented. The new FY14 imaging system will be an entire refresh of both hardware and software.

8. Market Research: As this is a proprietary, custom fit software package, there are no other vendors capable of managing this maintenance and software creation and support task for an interim period. VBA Insurance's imaging environment is designed around the interactions with MTS's proprietary imaging software which has been in place since 1999, and only MTS will be able to continue this custom

Insurance Imaging Maintenance Extension

maintenance and software support. In May 2014, the Contracting Officer verified that MTS' imaging software remains proprietary, and no third party resellers are authorized to perform or sell maintenance on the insurance imaging system.

9. Other Facts: This is a modification for three months, with three, one-month option periods to provide continued maintenance support. VBA Insurance will be implementing a full imaging replacement system, both hardware and software, in FY14.