

LIMITED SOURCES JUSTIFICATION

ORDER >\$150,000

FAR PART 8.405-6

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in par. 3 below is sole source, therefore, consideration of the number of contractors required by FAR Subpart 8.4 – Federal Supply Schedules, is precluded for the reasons indicated below.

Restricted to the following source: Provide *original manufacturer's* name for material or contractor's name for service. (If a sole source manufacturer distributes via dealers, *ALSO* provide dealer information.)

Manufacturer/Contractor: Philips Healthcare, a Division of PENAC

Manufacturer/Contractor POC & phone number: Marc Goldman, marc.goldman@phillips.com; 518-469-2569

Mfgr/Contractor Address: 22100 Bothell Everett Highway, PO Box 3003 98041-3003; Bothell, Washington, 98021-8431

Dealer/Rep address/phone number: N/A

The requested material or service represents the minimum requirements of the Government.

(1) AGENCY AND CONTRACTING ACTIVITY:

Department of Veterans Affairs

Syracuse VAMC

800 Irving Avenue

Syracuse NY 13210

VISN:

VISN 2/ NCO2

(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:

Biomedical engineering is requesting a service contract for the Philips Healthcare imaging equipment for Cardiac Catheterization Lab, Imaging, and Nuclear Medicine at the Syracuse VA Medical Center. The service contract will be used for primary and support level service contract with onsite repairs, phone support, parts coverage, parts delivery, safety checks, preventative maintenance, quality assurance, device updates, labor, and travel for fiscal year 2015 and 2016 to reduce service costs and improve equipment turn-around time and reliability. There was a FY14 service contract for the Philips Allura Xper FD10, Brilliance CT64, Forte, and Sunblade with Philips through September 30th, 2014; an extension was put in place. A new task order for FY15 needs to be awarded with an one year option year. A firm-fixed price contract will be used. Request to purchase sole source from Philips Healthcare, 22100 Bothell Everett Hwy MS 665, Bothell, WA 98041. The approximate annual cost is estimated to be \$253,120.00. The service agreement will be a task order from VA Contract: V797P-6011B.

(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:

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Philips is to provide repair and maintenance for the Philips Healthcare medical equipment as part of the service agreement coverage. Covered equipment includes:

- One (1) Allura Xper FD10 at a service price of \$89,160.00 per year.
- One (1) Brilliance CT64 at a service price of \$118,600.00 per year.
- One (1) Forte gamma camera at a service price of \$40,440.00 per year.
- One (1) Sunblade workstation at a service price of \$4,920.00 per year.

(b) **ESTIMATED DOLLAR VALUE:** \$253,120 per year. Value of total contract (base plus 1 option year): \$506,240.00

(c) **REQUIRED DELIVERY DATE:** NLT 01/01/2015

(4) IDENTIFICATION OF THE JUSTIFICATION RATIONALE (SEE FAR 8.405-6), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE. (CHECK ALL THAT APPLY AND COMPLETE)

Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

It is necessary for the OEM (original equipment manufacturer) to provide the service agreement due to the fact that it is their product. Through market research on ECRI, the total replacement price of \$3,500,000.00 for the four devices is higher than service agreement on the existing medical equipment. Additionally, the service agreement will produce an acceptable turn-around time and improved patient care. During the previous service contract years, Philips has provided excellent service.

A patent, copyright or proprietary data limits competition. The proprietary data is: (If FAR 8.405-6(a)(2)iii before posting. Do not include specific proprietary data. Only mention the type of equipment, procedure, etc. to show that proprietary supplies or services are being procured.)
N/A

These are "direct replacements" parts/components for existing equipment.
N/A

The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed/performing. Describe the equipment/function you have now and how the new item/service must coordinate, connect, or interface with the existing system.

It is necessary for the OEM (original equipment manufacturer) to provide the service agreement due to the fact that it is their product. Additionally, if parts are required during any the course of service, the parts must be OEM/approved by the manufacturer (Phillips). If a non-Phillips service provider provided parts, they would have to be OEM. Without strict oversight, it would be feasible that non-OEM parts would be used.

The new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order must not have been previously issued under sole source or limited source procedures.

N/A

An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

N/A

(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.4 TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:

The anticipated cost to the government is fair and reasonable due to the fact that combined asset value of the four pieces of medical equipment is \$2,701,098.66 with all the purchased accessories at acquisition. The cost of the one (1) year service agreement is \$253,120.00, which is 9.4% of the value. An acceptable cost to service ratio for Biomedical Engineering contracts is between 3% - 20%, so this contract would be consider reasonable and a good value. Additionally, the GSA replacement price for this equipment is significantly higher than a full-service contract on the entire system. Service coverage includes preventative maintenance, onsite repair within 4 hours of a service call, telephone technical support, parts coverage, parts delivery next day, safety checks, quality assurance, device updates, labor, and travel. Utilizing the OEM's service agreement is the best value for the government.

(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:

Market research was conducted using GSA and the FSS Schedule sources, as well as general searches over the internet for similar sources of repair. Philips (V797P-6011B) was the only source who could provide a service agreement. A source sought notice was posted to www.FBO.gov for 5 business days with no results (December 4, 2014 – December 10, 2014).

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

This is high-tech medical equipment and the corresponding service and maintenance must, in accordance to OEM factory specifications and operating conditions, be provided only by the OEM. Philips has patented technology, special diagnostic tools and repair menus, and proprietary software and hardware used in the repair, maintenance and updates to the equipment.

(8) A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE RESTRICTED CONSIDERATION BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:

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In situations involving complex medical equipment, it is difficult to remove barriers to competition because the OEM is only qualified in the repair and maintenance of its own specialized medical equipment. This is especially true where proprietary software, specific diagnostic tools and specialized electronics are used to maintain the equipment in accordance with OEM specifications.

(9) REQUIREMENTS CERTIFICATION: I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veterans Affairs and that the supporting data under my cognizance, which are included in the justification, are accurate and complete to the best of my knowledge. I understand that processing of this limited sources justification restricts consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4. *(This signature is the requestor's supervisor, fund control point official, chief of service or someone with responsibility and accountability.)*

Keara C.
Ruether 277076



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va.gov, cn=Keara C. Ruether 277076
Date: 2014.12.10 07:52:31 -05'00'

Keara Reuther
Biomedical Engineer
Syracuse VAMC

(10) APPROVALS IN ACCORDANCE WITH THE [VHAPM, Volume 6, Chapter VI: OFOC SOP](#): *This part if filled out by Contracting Staff as part of the Justification*

a. CONTRACTING OFFICER'S CERTIFICATION (required): I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Cheryl M
Brimmer 193017



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@va.gov, cn=Cheryl M Brimmer 193017
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Cheryl Brimmer
Contract Specialist
NCO 2

b. Division Chief I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Julie A. McCann 302096



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Julie McCann
Supervisory Contract Specialist
NCO 2 Division Chief