LIMITED SOURCES JUSTIFICATION
ORDER >$3,000
FAR PART 8.405-6

2237 Transaction # or Vista Equipment Transaction #: 589-15-2-1837-0032

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: Siemens Medical Solutions USA, Inc., Nuclear Systems Group
Manufacturer/Contractor POC & phone number: Johnathan Richardson 301-401-1772
Mfgr/Contractor Address: 51 Valley Stream Parkway, Malvern, PA 19355-1406
Dealer/phone number: Chad DeGroot 501-590-4539

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

(1) AGENCY AND CONTRACTING ACTIVITY: Department of Veterans Affairs
Kansas City VA Medical Center
4801 E. Linwood Blvd.
Kansas City, MO 64128

VISN: 15

(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:
Requesting a new firm and fixed priced software support and maintenance contract with a sole source vendor, Siemens Medical Solutions USA, Inc., Nuclear Systems Group, 51 Valley Stream Parkway, Malvern, PA 19355-1406, phone: (610)448-4659 for Siemens Medical, PET/CT Biograph16 including subsystems. The contract will be a base year, plus one option year under V797P-6029B, Siemens Medical Solutions U.S.A., Inc. maintenance agreement. 2237#: 589-15-2-1837-0032

(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:
Preventive maintenance, emergent maintenance when needed, software support for Siemens Biograph 16 Positron Emission Tomographic/Computerized Tomographic System including subsystems; Medrad/Bayer Contract Injector Stellant D and Kraus Chiller Circulator CT KPC108. Software is proprietary to Siemens Medical Solutions USA, Inc.

(b) *ESTIMATED DOLLAR VALUE:* $368,310.00 ($188,060.00 base year plus $180,250.00 option year which will be ending on 03-30-2017 because that is when V797P-6029B maintenance agreement ends).

(c) REQUIRED DELIVERY DATE: 04-21-2015

(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.

☐ 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.
N/A

☒ A patent, copyright or proprietary data limits competition. The proprietary data is:
Only Siemens technical support is certified to recalibrate their equipment with the operating software after the equipment has been modified/repaired; allowing the equipment to obtain medical certification.

☐ 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.
Only Siemens technical support is certified to recalibrate their equipment with the operating software after the equipment has been modified/repaired; allowing the equipment to obtain medical certification.

☐ 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 cost of this contract in 2014 was $180,647.00 compared to $188,060.00 in 2015. This is an increase of 1.04 %. The cost of this contract is considered fair and reasonable. After looking through various contracts listed in FPDS for similar services; the price is deemed fair and reasonable in comparison.

(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:
I did not continue market research after realizing that the software needed for recalibration of the equipment is proprietary. The equipment needs recalibration for medical certification. Siemens provided a proprietary letter.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:
A source sought synopsis was issued on March 5, 2015 on FBO. The synopsis number is VA25515Q0508. The sources sought was for market research looking for SDVOSB, VOSB, and/or SB capable of providing the services necessary to repair/maintain service for the PET/CT Scanner satisfying the need for it to be medically certified for use. I received written responses from 3 businesses; all three businesses provided capability statements. One company, **Eyak Services, LLC** , states they employee technicians that have training certificates from Siemens where they were previously employed. Another company, **SWMedical Resources, Inc.** states their engineers were either trained by Siemens or have been trained in a formal setting by a Siemens trained engineer. The third company, **Bitech Medical Corp.**, refers to their ability to provide products including Electronic Devices for Diagnostic and Surgical Medical applications; providing repairs and preventative maintenance for customer uptime (no mention of Siemens PET/CT specifically). None of the businesses imply that they can provide the update of software which must be made for recalibration purposes; making it eligible for medical certification.

Upon receiving responses from my sources sought, I talked to Bill Strobel, NCO 15's Small Business Liaison. I was concerned about the companies' ability to provide services that would result in the equipment receiving medical certification. Bill gave me the name of his counterpart who is employed by Siemens, Kelly M. Laurel, Director of Federal Healthcare. She in turn, set up a conference call with me and Jonathan Richardson, Service Department Supervisor for Siemens. Mr. Richardson did some research and acknowledged third party entities could purchase parts, from Parts Source, a Factory authorized distributor. He agreed that previously employed Siemens technicians can and do go to work for third party entities. Those technicians cannot receive updated training from Siemens. **The technicians are not legally allowed to access Siemens Proprietary Software. Once equipment has been modified the software has to be recalibrated on the system in order to obtain medical certification. This certification can only be achieved by Siemens certified technicians who have access to the software.**

(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:
This equipment may be replaced by the end of the fiscal year; when/if the new equipment warranty is due to expire we will compete the preventive maintenance if practical. Until such time the equipment is replaced it is in the government's best interest to initiate a preventive maintenance agreement using a base year plus one option year. The option year will expire on March 30, 2017; reflecting the end of the Siemen's maintenance agreement.

(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.)*

Arturo Delfin 1009891 Digitally signed by Arturo Delfin 1009891 DN: dc=gov, dc=va, o=internal, ou=people, 0.9.2342.19200300.100.1.1=arturo.delfin@va.gov, cn=Arturo Delfin 1009891 Reason: I agree to specified portions of this document. Date: 2015.04.13 14:48:15 -05'00'

SIGNATURE DATE

Arturo R. Delfin | Supervisor, Biomedical Engineer | Facilities

NAME TITLE SERVICE LINE/SECTION

Kansas City VA Medical Center

FACILITY

(10) APPROVALS IN ACCORDANCE WITH FAR 8.405-6(d):

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

Arnold J PAYNE 346570 Digitally signed by Arnold J PAYNE 346570 DN: dc=gov, dc=va, o=internal, ou=people, 0.9.2342.19200300.100.1.1=arnold.payne@va.gov, cn=Arnold J PAYNE 346570 Date: 2015.04.13 15:24:46 -05'00'

Arnold J. Payne

CONTRACTING OFFICER'S SIGNATURE DATE

Supervisor, Contracting Officer | Network Contracting Office 15

NAME AND TITLE FACILITY

c. **NCM/PCM/DESIGNEE**: I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Peggy S BECKER 345969 Digitally signed by Peggy S BECKER 345969 DN: dc=gov, dc=va, o=internal, ou=people, 0.9.2342.19200300.100.1.1=peggy.becker@va.gov, cn=Peggy S BECKER 34S969 Date: 2015.04.17 09:26:30 -05'00'

SIGNATURE DATE

NAME: Scott Fiscus
NCO 15 Director of Contracting
Facility: Network Contracting Office 15

Kay Brundage Digitally signed by Kay Brundage DN: c=Kay Brundage, ou=NCO 15, email=kay.brundage@va.gov, c=US Date: 2015.04.14 13:29:38 -05'00'