

JUSTIFICATION  
FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. Contracting Activity: Department of Veterans Affairs (VA)  
Office of Acquisition Operations  
Technology Acquisition Center  
23 Christopher Way  
Eatontown, New Jersey 07724
  
2. Description of Action: The proposed action will limit competition for the brand name award of a firm-fixed-price delivery order under the National Aeronautics and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) IV, Governmentwide Acquisition Contract (GWAC). Limited competition is expected due to the availability of numerous authorized resellers of the brand name PegaSystems (hereinafter referred to as Pega) brand name products and services.
  
3. Description of the Supplies or Services: VA Financial Services Center (FSC) requires brand name Pega software, consulting support, training, and maintenance services for VA to establish a Customer Process Management (CPM) Call Center to take customer inquiries in a call center environment regarding enterprise wide questions, issues, and systems support including but not limited to accounts payable, receivables, invoice processing, financial transactions, travel, payroll, medical claims, and VA wide payments. This proposed action is to purchase perpetual licensing for Pega CPM software to integrate with the current system for 53 total Call Center users. The components of the Pega software suite are Pega Rules Process Commander 7 for Government, Customer Process Manager, Internet Application Composer, Autonomic Event Services, Pega Call, and Pega Chat. The Call Center will receive Lead Systems Architect consulting Services and Training classes consisting of: Business Architect Essentials (5 days) and Direct Capture of Objectives Project Workshop (3 days). The Pega CPM software is a configurable software package that can be used for a variety of applications thereby eliminating the need for additional commercial off-the self package procurements. VA-FSC already purchased the Pega Business Process Management (BPM) suite under a prior procurement in support of its customer operations. The Pega CPM software licenses shall be delivered within 30-days of receipt and processing of the delivery order. The period of performance for software maintenance and support shall be 12 months from date of award, with one optional task for 400 hours of Leads Systems Architect Services for PegaSystems review and advisory engagement, if exercised. The total estimated price (inclusive of one optional task) of the proposed action is [REDACTED].
  
4. Statutory Authority: The statutory authority permitting an exception to fair opportunity is Section 41 U.S.C. § 4106(c)(2) as implemented by the Federal Acquisition Regulation (FAR) 16.505(b)(2)(i)(B), entitled "Only one awardee is

## PegaSystems Customer Process Management Software Suite, Maintenance and Services

capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized.”

5. Rationale Supporting Use of Authority Cited Above: This is a brand name justification in accordance with FAR 11.105, Items Peculiar to One Manufacturer. Based on extensive market research, as described in paragraph 8 of this document, it was determined that limited competition is viable among authorized resellers for this brand name software, consulting support, training, and maintenance services. Brand name Pega software is the only brand that meets VA's requirement to integrate with the existing VA-owned Pega BPM suite. FSC intends to leverage and build off the existing Pega BPM suite as the baseline, therefore eliminating duplicative expenditures for new baseline software suites. By leveraging the existing Pega BPM suite, it allows VA to reuse application development assets for future projects resulting in a reduction of time, cost, and risk. The CPM software will assist FSC to process over 100,000 commercial payments per month, while ensuring commercial vendors are receiving timely payments without jeopardizing delivery of benefits and healthcare to Veterans. In addition, the CPM software will assist with non-VA healthcare referral and authorization, enrollment and eligibility, and hospital notification services provided by FSC to the Veterans Health Administration. The CPM software will eliminate over/under payments made to non-VA care providers which, will allow non-VA providers to process claims in a timely manner without delays. This approach will allow FSC to avoid healthcare risk for Veterans. Lastly, Pega owns all proprietary programming language and intellectual property associated with the CPM software. There is no support available for the required Pega CPM software suite outside Pega and its resellers; therefore, only Pega or its resellers can provide software updates, customer support, and technical updates for this product.
6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section of this document. This effort did not yield any additional sources that can meet the Government's requirements. It was determined however that limited competition is viable among authorized resellers for the required brand name software, consulting support, training, and maintenance services for the VA CPM Call Center. In accordance with FAR 16.505(a)(4)(iii)(A) (2), the justification for use of a brand-name product will be provided with the solicitation to all appropriate NASA SEWP IV vendors. Furthermore, in accordance with FAR 5.301 and 16.505(b)(2)(ii)(D), the resulting award will be synopsisized and the justification will be made publicly available within 14 days of award of the order on the Federal Business Opportunities Page.
7. Actions to Increase Competition: The Government will continue to conduct market research to ascertain if there are changes in the market place that would enable future actions to be competed.
8. Market Research: Market research was conducted in January 2015 to ascertain the ability of any source other than Pega or an authorized reseller to provide the aforementioned CPM Call Center software licenses, consulting support, training, and

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maintenance services. [REDACTED]

[REDACTED] VA technical experts reviewed software offered by other sources who produce similar products and offer similar maintenance support services [REDACTED]. However, these similar products do not meet all of VA's functional and interoperability requirements as outlined in paragraph 5 of this justification. The CPM software must integrate with current PegaSystems, Inc.'s BPM software products currently owned and utilized by VA. Implementation of other brand name software requires that FSC ensure the perpetual licenses are compatible with current Pega BPM software. If not, the entire BPM software package must be changed to comply with the new perpetual license to process medical claims and payments. No product other than Pega's software and maintenance services provides VA with daily customer service for problem resolution, software updates, upgrades, and access to the Pega developer network for VA's BPM software suite.

A Request for Information (RFI) was issued in February 2015 on the NASA SEWP IV website and responses were received from three GWAC holders [REDACTED] [REDACTED] service-disabled Veteran-owned small business value added reseller (VAR) in Contract Group B, [REDACTED] small business VAR in Contract Group C, and [REDACTED] other than small business VAR in Contract Group D. Based on all of the market research efforts listed above, VA's technical experts determined that only Pega or its authorized resellers have access to the proprietary tools and information necessary to provide support for Pega's product line of software currently operating within VA.

9. Other Facts: None.

