

**LIMITED SOURCES JUSTIFICATION**

**ORDER >\$150,000**

**FAR PART 8.405-6**

**2237 Transaction # or Vista Equipment Transaction #: 580-15-4-5166-0234**

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: AETHON INC

Manufacturer/Contractor POC & phone number: TAMI CHINCHOR 412-322-2975 EXT223

Mfgr/Contractor Address: 100 BUSINESS CENTER DRIVE; PITTSBURG, PA 15205

Dealer/Rep address/phone number: CHRIS CULVER 817-401-3474

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

**(1) AGENCY AND CONTRACTING ACTIVITY:**

Department of Veterans Affairs

Alexandria VA Health CARE System

ALEXANDRIA, LA71306-9004

VISN:

16

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

The purchase and installation of additional 5 AETHON SMART AUTONOMOUS TUGS to connect to the EXISTING AETHON ATS. The existing Aethon Smart Autonomous can accept updates to the software to improve the overall Tug system; however the individual TUGs themselves are very close to exhausting its expected life cycle.

The TUG is a highly visible investment as it travels the halls, rides elevators and audibly speaks while performing its tasks. The Houston VA intends to augment the existing TUGs and upgrade the total system by introducing fastest more advanced TUGs in a serious effort to improve overall medical care efficiency. The upgrade of this system will also enhance their reputation of VHA and the MEDVAMC as being on the leading edge of advanced medical care.

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

MICHAEL E DEBAKEY VAMC is requesting the purchase and installation of additional 5 AETHON SMART AUTONOMOUS TUGS to connect to the existing AETHON ATS in order to provide automated laundry and delivery services throughout the main hospital.

The TUG system works around the clock on a 24 hour basis. The system provides the physical delivery of goods; track and monitor high value medication deliveries and ultimately improve hospital efficiency, clinical staff effectiveness and patient satisfaction. It is a valuable substitute for the labor needed to haul and transport goods; materials and clinical supplies needed to keep in the Houston V.A. Medical center

running smoothly and ensure uninterrupted medical care for our veterans. This system improves the Patient Experience by freeing Staff members to spend more time with patients or assist nursing instead of transporting goods through the over 250,000 Sqft medical center in Houston..  
More time with the patient translates to better care and improved patient satisfaction scores.

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(b) ESTIMATED DOLLAR VALUE: \$499,485.00

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(c) REQUIRED DELIVERY DATE: 10-30-2015

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**(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.

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☐ 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.)

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

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☒ 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.  
AETHON company is best known for its TUG autonomous mobile delivery robot which transports medications, meals and materials through hospitals. The current system installed in the MEDVAMC operates on a mobile robotics, tracking software, RFID, bar-code technology and web-based system that has the ability to accept upgrades without the VA needed additional funding to replace the total system. Aethon's Intralogistics™ solutions automate software is the sole property of Aethon and cannot interact with any other comparative TUG system. In addition, Aethon is also the developer of MedEx, a software system that tracks and maintains chain-of-custody control of medication delivery. Both software and AETHON SMART AUTONOMOUS TUGS are proprietary to Aethon, Inc, a small business.

The current system was purchased September 2013 (VA256-13-F-2327). This system enables MEDVAMC to automate and improve the delivery and retrieval process across all major functions – including medications, supplies, meals, linen, and waste removal. Additional 5 tugs will be utilized to bridge the maintenance and or repair timeframe and also cover additional parts of the hospital that currently have not been covered. These additional autonomous TUGS MUST CONNECT TO THE EXISTING AETHON ATS. The new TUGs will use most of the same infrastructure already in place at the facility. This infrastructure



was specifically configured to utilize the Aruba wireless system communication. Only new areas will have to be configured and integrated with the Aruba wireless controllers.

Competitor products would not be compatible with the existing Aethon produced system. Such an addition would pose serious threat to the operation of the system and could render any existing warranties null and void. The current TUGS receive operating instructions from a robust navigation system with an Omni-directional locomotion drivetrain. This allows the TUG to navigate in ways other autonomous robots or AGVs cannot. To attempt to add a non Aethon part or Tug to the existing system would run the risk of trying to fit an autonomous vehicle with an operating service that was not designed to respond and a GPS system that could miscalculate the final destination. Such a move could be interrupted as negligence on the part of the MEDVAMC and pose a danger risk to patient and employee safety.

For the mentioned reason, it would not be in the best fiscal interest of the MEDVAMC to install a new system in the facility at this time.

☐ 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.

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

**(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:**

These items are available on VA NAC FSS V797P-4652A WITH AETHON, INC. NAC CONTRACT PRICING IS CONSIDERED FAIR AND REASONABLE AT THE TIME OF AWARD. Competitor products would not be compatible with the existing Aethon produced system. Such an addition would pose serious threat to the operation of the system and could render any existing warranties null and void.

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

According to FPDS, AETHON, INC has provided this equipment to the VA on several occasions via NAC FSS. Aethon is the sole source vendor for these products. Nevertheless, total replacement of the TUG system has been evaluated by the FMS section of the MEDVAMC. The findings indicate the total system is still valuable and has a substantial amount life cycle left. However the TUG systems themselves need to be expanded and upgraded to match the demands of any upgrade to the operating system in place to guide the vehicles around the medical facility in a more efficient manner. Competitor products would not be compatible with the existing Aethon produced system. Such an addition would pose serious threat to the operation of the system and could render any existing warranties null and void.

**(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:**

Benefits of Automating Intralogistics with TUG

- Reduce labor costs by eliminating the tasks related to material movement. Automatically picks up and drops off carts.
- Improve worker safety by eliminating the movement of heavy loads or repetitive strain
- Create collaborative automation by connecting islands of automation as the TUG moves materials directly to where needed
- Support LEAN manufacturing by eliminating material movement waste
- Enable "Industry 4.0" automation through the integration of autonomous robotics and process flow

**(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:**

Market Research and a cost comparative analysis of replacing the entire Aethon Tug system would range at about \$3 million. The replacement of the total system would mean a total shutdown of the laundry and kitchen services in one of the nation's largest medical facilities and greatly disrupt the mission of providing timely, and quality medical service to our veterans. When compared to the \$499,358.00 being used to add 5 TUGS and at the same time upgrade the system the VA is executing fiduciary responsibilities to the tax payers with cost savings and savings of time that would equate to funding.

**(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.)*

  
SIGNATURE

09/28/2015

DATE

Joseph C. Ceasar Jr.

Electronics Supervisor

FMSL/ENG/Electronics Shop

NAME

TITLE

SERVICE LINE/SECTION

Michael E. DeBakey VA Medical Center.

FACILITY

**(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.

Renata Ott 659452

Digitally signed by Renata Ott 659452  
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0.9.2342.19200300.100.1.1=renata.ott@va.gov, cn=Renata Ott  
659452  
Adobe Acrobat version: 11.0.11

09/30/2015

CONTRACTING OFFICER'S SIGNATURE

DATE

RENATA OTT, Contracting Officer

Alexandria VAMCS

b. **Director of Contracting/DESIGNEE:** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Aaron Villalpando

SIGNATURE

09/30/2015

DATE

AARON VILLALPANDO

178014

NAME

NCO/PCO16 Director of Contracting

Digitally signed by AARON VILLALPANDO 178014  
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o=2342.10200300.100.1, email=aaron.villalpando@va.gov,  
cn=AARON VILLALPANDO 178014  
Reason: I am approving contents of this document  
Date: 2015.10.01 16:10:08 -05'00'