

## LIMITED-SOURCES JUSTIFICATION

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 action is for a modification to firm-fixed-price Task Order (TO) VA118-14-F-0219 issued under the General Services Administration (GSA) Federal Supply Schedule (FSS) contract GS-35F-0073U to Terremark Federal Group, LLC (Terremark), 460 Springpark Place, Suite 1000, Herndon, VA 20170-6219.
3. Description of the Supplies or Services: This proposed action is for continued support services for the Cloud Computing environment used to support the Veterans Benefit Management System (VBMS) and Identity & Access Management (IAM) applications, and incorporate support services for the Cloud Computing environment used to support the Chapter 33 Long Term Solution (CH33 LTS) application, originally provided under TO VA118-11-F-0072, also issued to Terremark. The VBMS, IAM, and CH33 LTS applications require hosting in external environments that have a connection to the VA network. The original services acquired under this TO were for hosting for the VBMS and IAM applications, including Infrastructure as a Service (IaaS) capabilities and necessary support services. Continued hosting services are required for VBMS and IAM, while VA acquires and implements a long-term solution. Continued hosting is also required for CH33 LTS as these services are being incorporated into the existing VBMS and IAM TO. These capabilities and services will enable the continued hosting of the VBMS, IAM, and CH33 LTS applications that are critical to the delivery of benefits to Veterans and reducing the benefits claim backlog. An optional task is included for migration support for the applications out of the Contractor's hosting environment at the end of the period of performance. This project will serve as a temporary solution to host the VBMS, IAM, and CH33 LTS applications, until the planned Transformation Twenty-One Total Technology (T4) Short Term Infrastructure Contract (STIC) is awarded and/or available. STIC will provide an interim hosting solution until the long term Hosted Infrastructure Virtual Environment (HIVE) contract that VA is currently pursuing is in place. HIVE will eventually take over the hosting of the VBMS, IAM, and CH33 LTS applications that are being supported by this effort. The modification will extend the existing TO period of performance by adding two 3-month option periods. The total estimated value of the proposed action is [REDACTED] (inclusive of options).
4. Statutory Authority: This acquisition will be conducted under the authority of the Multiple-Award Schedule Program. The specific authority providing for a limited source award is Federal Acquisition Regulation (FAR) Part 8.405-

6(a)(1)(i)(B), Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized.

5. Rationale Supporting Use of Authority Cited Above: The proposed source is Terremark. Terremark currently houses and operates VA's existing VBMS, IAM, and CH33 LTS environments. A modification is required to facilitate the continuation of existing cloud computing services while VA transitions support to STIC under the T4 contract, and eventually to an enterprise contract under the GSA Network Universal contract to design, build, and operate HIVE which will be able to take over the hosting of these applications. This immediate acquisition will serve as a temporary solution until STIC is in place. The proposed action will provide up to six months of support, which will enable continued operations of VBMS, IAM, and CH33 LTS while VA stands up STIC.

Terremark is currently providing hosting services for CH33 LTS under contract VA118-11-F-0072, which is set to expire on September 30, 2015. Terremark is also currently providing hosting services for VBMS and IAM under contract VA118-14-F-0219 which is set to expire on October 13, 2015. This planned modification is necessary to continue the IaaS services for VBMS, IAM and CH33 LTS until STIC is in place. If this action is not in place by the time the current contracts expire, then the VBMS, IAM, and CH33 LTS applications will become unavailable. Only Terremark is able to provide seamless support by October 1, 2015 for the CH33 LTS application and by October 14, 2015 for the VBMS and IAM applications.

In addition, the data involved in the VBMS, IAM, and CH33 LTS applications includes Personally Identifiable Information and Protected Health Information. VA policy requires that a vendor possess a VA Authority to Operate (ATO) at the Federal Information Security Management Act (FISMA) High level in order to properly protect this type of data. Terremark is the only source who possesses an active VA FISMA High ATO for the VBMS, IAM and CH33 LTS cloud infrastructure. The ATO process is estimated to take at least six months depending on the complexity and nature of the environment and the process does not start until the environment is available. The transition of environments is estimated to take 12 months, based on VA subject matter experts' familiarity with security, data, application, and network operations under similar application migration efforts, and could not begin until the ATO is achieved. Therefore, it is estimated that any other source would need a minimum of 18 months in order to provide seamless support.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in section 8 of this justification. This effort did not yield any additional sources that can meet the Government's requirements. There is no competition anticipated for the proposed action. In accordance with FAR 5.301 and 8.405-6(a)(2), this action will be synopsisized on the Federal Business Opportunities

Page (FBO) and the justification will be made publicly available within 14 days of award of the modification.

7. Actions to Increase Competition: VA is currently planning to issue a solicitation in August 2015 for a short-term solution to be competed under the T4 vehicle. The T4 STIC will be solicited on a competitive basis, amongst all small business T4 prime contract holders, and is on schedule for an award in October 2015. The STIC will serve as a temporary hosting solution until HIVE is in place. VA is also planning to issue a solicitation in August 2015 for a long-term solution through acquisition of an enterprise contract under the GSA Network Universal contract to design, build, and operate HIVE which will eventually be able to take over the hosting of these applications. HIVE is on schedule for award by November 2015, with an accredited infrastructure capable of providing hosting services that will be ready as early as July 2016. Once the HIVE infrastructure is accepted, VA will migrate thousands of VA Systems, consisting of mission critical vendor solutions, business applications, and VA system workloads, including VBMS, IAM and CH33 LTS, into HIVE. HIVE will be solicited on a competitive basis, amongst all GSA Network Universal contractors.


8. Market Research: The Government's technical experts conducted market research on May 12, 2015, by issuing a Request for Information (RFI) VA118-15-N-0124 on the FBO website. The RFI described VA's need for a sole source effort through Terremark to continue the IaaS services for VBMS, IAM and CH33 LTS until STIC is in place. The RFI requested that vendors respond to questions to assess their ability to meet VA's immediate requirements. Specifically, the RFI requested that vendors identify if they have an active VA FISMA High ATO, existing facilities with an operational 10 Gbps VA Business Partner Extranet (BPE), and if they can provide seamless support by October 14, 2015. Responses were received from three vendors to include, AOC Unitas (AOC), LLC, A&T Systems, Inc. (A&T), and Terremark. All three respondents addressed the RFI questions. Two respondents identified having an active VA FISMA High ATO for cloud infrastructure; Terremark and AOC. Although AOC does not hold an active VA FISMA High ATO itself, according to its response, it partnered with Carpathia as a sub-contractor to VA. Carpathia does possess a VA FISMA High ATO. Although A&T indicated that it would partner with Amazon to meet the requirement for having an active VA FISMA High ATO cloud infrastructure, the Government's technical experts determined that Amazon does not currently hold an active FISMA High ATO. A&T stated in its RFI response that it estimated receiving FISMA High accreditation in 6 months (November 2015). In addition, A&T indicated that Tier 3 applications would need to be re-architected, which A&T estimated would take an additional 4-6 months. Therefore, A&T does not meet the requirements in order to provide seamless support by October 2015.

Terremark and AOC (through its identified sub-contractor Carpathia) possess an operational BPE. Although AOC states that it can migrate all applications within 60 days, it failed to provide any detail on how any of the work would be


accomplished, simply stating that their sub-contractor Carpathia can meet the timelines. Prior to transitioning environments, AOC would need to modify its existing ATO to support the VBMS, IAM, CH33 LTS new environments, which is estimated to take 6-months or more to obtain; this would not allow them to meet VA's timeline requirements. Transition of the VBMS, IAM, CH33 LTS application environments is estimated to take 12-months, based on VA subject matter experts' familiarity with security, data, application, and network operations under similar application migration efforts. This timeframe is required to ensure no risk of loss of Veteran data, and to ensure seamless operation without impact to claims/benefits processing. Without this bridge effort, there is not sufficient time to allow for the establishment and transition to a new Contractor environment without putting VA at a high risk for critical VA applications being shut down or failing to meet the statutory requirements for security and privacy of Veterans records. On July 28, 2015 VA responded to AOC in response to its submitted claims; no additional inquiries and/or responses were received from AOC. Only Terremark can meet both of the critical requirements of this project without introducing a high level of risk to these key applications. Based on this market research, the Government's technical experts have determined that Terremark is the only source that can meet the requirements within the required timeframe with an acceptable risk tolerance.

9. Other Facts: None.

10. Technical and Requirements Certification: I certify that the supporting data under my cognizance, which are included in this justification, are accurate and complete to the best of my knowledge and belief.



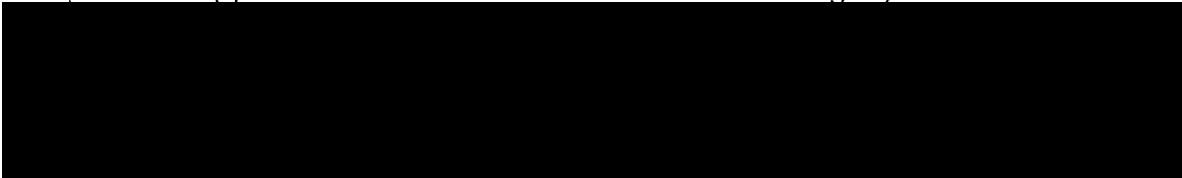
11. Determination of Best Value: I hereby determine that the proposed contract action will represent the best value to the Government consistent with FAR 8.404(d). GSA has already determined that the prices on the FSS contract are fair and reasonable. Further price analysis, to include an analysis of proposed level of effort and mix of labor, will be conducted and subsequent negotiations held as necessary. Additionally, price discounts will be sought.



12. Procuring Contracting Officer Certification: I certify that this justification is accurate and complete to the best of my knowledge and belief.



13. Legal Sufficiency Certification: I have reviewed this justification and find it adequate to support a limited source award and deem it legally sufficient.



Approval

Based on the foregoing justification, I approve the proposed action for a sole-source modification to firm-fixed-price TO VA118-14-F-0219 issued under GSA FSS contract GS-35F-0073U to Terremark, to continue support services for the Cloud Computing environment, in the estimated amount of [REDACTED] pursuant to FAR 8.405-6(a)(1)(i)(B), subject to availability of funds, and provided that the services herein described have otherwise been authorized for acquisition.

[REDACTED]