


JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
1701 Directors Blvd
Austin, TX 78744
2. Description of Action: The proposed action is for a 12-month firm-fixed-price task order, with one 12-month option period for eCloud Services. This is a sole source action for an open market item that will be added to an order awarded under General Services Administration (GSA) Federal Supply Schedule (FSS) GS-35F-401BA to Equinix, Inc., One Lagoon Drive 4th Floor, Redwood City, CA 94065-1562.
3. Description of Supplies or Services: The proposed action is to provide interconnection to Microsoft Exchange Cloud services in accordance with the Federal Cloud Computing Strategy, and will comply with Department of Homeland Security (DHS) Trusted Internet Connection (TIC) and Office of Inspector General (OIG) requirements for encrypted electronic communications. In order to meet both operational goals for connectivity to the Microsoft Exchange Cloud and remain compliant with regulations for encryption, an intermediary service provider is necessary. An intermediary service provider will allow for the use of VA-owned equipment for regulatory requirements, and also have the capability to provide interconnectivity to various cloud resources. The Contractor will provide routing and forwarding of network communications entering each of the Equinix Chicago and Ashburn facilities, to Cloud Service Provider points of presence for any negotiated virtual circuits which are supported by the Contractor. The Contractor shall also provide routing and forwarding service for VA network communications exiting Cloud Provider networks, destined for VA network boundaries.

The majority of these services are provided under the GSA schedule of the proposed contractor. However, one specific offering (Interconnect CH1 - Ethernet Exchange - 10GbE Fiber (SM) - Buyout Option) is not currently available under the GSA schedule. The open market offering is a 10 Gig port to the Cloud Exchange switch fabric which will allow the VA to create discrete virtual circuits to multiple clouds all over the same 10 Gig port, without additional connection fees. It's an automated service which allows the turn up and turn down of new circuits within 15 minutes.

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4. Statutory Authority: The statutory authority permitting other than full and open competition is 41 U.S.C.3304(a)(1) as implemented by the Federal Acquisition Regulation (FAR) Subpart 6.302-1 entitled, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Rationale Supporting Use of Authority Cited Above: The proposed source is Equinix, Inc., One Lagoon Drive 4th Floor, Redwood City, CA 94065-1562. VA requires the use of Microsoft Express Route for cloud services, which are virtual private connections for the VA cloud environment and provide Email as a Service (EaaS) through Office 365. There are currently only three intermediary service providers for Microsoft Express Route that are collocated at the existing VA TIC Gateways. Additionally, there are several regulations, including Federal Information Processing Standards 140-2, VA Handbook 6500, and the Health Insurance Portability and Accountability Act of 1996, which require encryption of Personally Identifiable Information (PII) data. Equinix is the only known service provider that can ensure compliance with security, privacy, and encryption regulations as they relate to this requirement.

VA uses Multiprotocol Label Switching (MPLS), which is supported by current network communication carriers. However, the carrier MPLS networks do not inherently employ encryption and are bound to restrictions that do not allow for interconnectivity between cloud service providers, nor do they facilitate VA Network Operations to remain compliant with encryption regulations regarding PII. VA Network and Security Operations Center requested a waiver for the VA IG WAN Encryption requirement and submitted the memo to VA senior leadership for approval, but the request was denied.

VA technical experts conducted market research as described in Section 8. Below is a summary of each contractor and its' ability to meet the requirement, including the encryption regulations.

- AT&T

Product: Netbond – The AT&T solution is a MPLS-based solution compatible with the existing VA design and circuits, but does not meet the encryption requirements. The product creates a virtual connection dedicated to VA over the carrier MPLS cloud to the Microsoft cloud edge. At the cloud edge, AT&T provides a virtualized router, not dedicated hardware. AT&T noted that in order to have “Net Bond” solution support encryption according to the aforementioned requirements, VA would need control of the network end-to-end, which AT&T would not allow. Due to the design of their offering, encryption of the WAN traffic is unavailable and does not meet VA security requirements.

- Verizon

Product: Secure Cloud Connect - The Verizon solution is an MPLS-based solution compatible with the existing VA design and circuits, but does not meet the encryption requirements. The product creates a virtual connection dedicated to VA over the carrier MPLS Cloud to the Microsoft cloud edge. At the cloud edge, Verizon provides a virtualized router, not dedicated hardware. Due to the design of their offering, encryption of the WAN traffic is unavailable and does not meet VA security requirements.

- Equinix

Product: Equinix Cloud Exchange – The Equinix solution is based on a dedicated Physical connectivity at select Equinix locations. The dedicated physical handoff is provided to a secured cabinet or cage at customer-selected Equinix locations. The customer must then provide the physical hardware to receive the Cloud Exchange connection and provide connectivity back to the customer's network. This solution requires VA to procure a router to be installed in a secured dedicated cabinet at the Equinix locations. In addition, VA must install circuits from the VA gateway locations to the selected Equinix locations. Due to the dedicated hardware provided by VA in this design, VA can encrypt the WAN traffic. This service meets VA security requirements.

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. There is no competition anticipated for this acquisition. Additionally, the proposed action will be synopsized on the Federal Business Opportunities Page in accordance with FAR 5.201. Any proposals that are received shall be evaluated.

7. Actions to Increase Competition: No barriers to future competition are anticipated. As cloud services mature, it is expected that more service providers will be able to offer solutions in accordance with TIC/OIG requirements as described.

8. Market Research: VA technical experts conducted market research in April-May 2016 to identify viable compliant solutions. The team communicated directly with Microsoft, the current Exchange/Email as a Services (EaaS) contractor. Microsoft identified only three contractors that are currently capable of providing dedicated non-internet based connectivity to the VA TIC gateway locations (see <https://azure.microsoft.com/en-us/documentation/articles/expressroute-locations/>), including AT&T, Verizon, and Equinix. The team thoroughly reviewed the solutions by directly contacting each contractor. The results of this research are summarized in paragraph 5 above. Based on this market research, it was determined that only Equinix can provide the required services.

9. Other Facts: None

