JUSTIFICATION
FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. <u>Contracting Activity</u>:   Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
23 Christopher Way
Eatontown, New Jersey 07724

2. <u>Description of Action</u>: The proposed action is for a firm-fixed price order to be issued under the National Aeronautics and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) V Government Wide Acquisition Contract (GWAC) for the renewal of existing enterprise-wide Red Hat Inc. (Red Hat) software maintenance and technical support subscriptions and options for additional quantities of new software licenses and corresponding software maintenance and technical support on those new licenses.

3. <u>Description of the Supplies or Services</u>: VA, Office of Information and Technology, Service Delivery and Engineering, Information Technology Service Management (ITSM), has a requirement for the renewal of existing enterprise-wide Red Hat software maintenance and technical support subscriptions for existing Red Hat software in use throughout VA's Enterprise Linux operating systems. This action also includes options for additional quantities of new Red Hat software licenses and corresponding software maintenance and technical support on those new licenses and software. VA currently uses approximately 4,700 Red Hat software licenses under ITSM in 5,664 Enterprise Linux systems supporting approximately 200 programs running on 1,672 physical servers and 3,992 virtual servers in over 150 locations across the United States, hosting many of its mission critical applications and programs such as Veterans Health Information and Technology Architecture, Pharmacy Re-Engineering, Virtual Lifetime Electronic Record Health Exchange, Joint Electronic Health Records Interoperability Program, My HealtheVet, Spinal Cord Injury and Disorders Outcomes, Nationwide Health Information Network, Enrollment System Redesign, Veterans Point of Service, Veterans Benefits Management System, eBenefits Network Portal, and the Bi-directional Health Information Exchange.

The Enterprise Linux operating system and its system management tools allow VA to automatically distribute and install tested and approved Linux software and configuration items, assuring reliable standardized system operations and effective system security. The existing Red Hat software architecture and infrastructure allows for VA to monitor the performance of the current computers controlled by the Enterprise Linux operating system to ensure reliable operations. This provides VA the capability to satisfy ongoing maintenance, security, and operational requirements for existing development, test, validation, and production systems executing on Linux-controlled computers. The required Red Hat software maintenance shall consist of version upgrades, patches, fixes, updates, and security resolutions. The technical support services shall provide for Red Hat Technical Account Management Service, which shall

be the focal point for this support, consisting of direct access to a senior Red Hat Support Engineer; early identification of deployment issues; weekly review calls; quarterly service performance metrics; 24 hours per day, 7 days per week, 365 days a year technical support access via telephone, email, and two on-site technical reviews per year. The technical support shall also provide for the analysis, troubleshooting, and resolution of any other software product-related problems or questions encountered by Government users with the specified software products. These software maintenance and technical support services will ensure the current software is continually updated and remains fully operational.

In addition, this action shall include options to acquire up to an additional 4,530 Red Hat software licenses to be used enterprise-wide over the life of the order. The new software licenses are for brand name Red Hat Learning Subscription Basic, Red Hat Enterprise Linux Server with Smart Management, Red Hat Enterprise Linux for Virtual Datacenters, Red Hat Enterprise Linux for International Business Machines System Z, Red Hat Load Balancer, Red Hat Resilient Storage, Red Hat Enterprise Virtualization, and Red Hat Certificate System. The options shall be in the form of three 6-month options (one at the mid-point of each 12-month period of performance). The options for 6-months of software maintenance and technical support subscriptions shall accommodate the need for expansion to new or additional computers and shall run concurrently with the annual 12-month subscriptions. The total estimated price of the proposed action is REDACTED, inclusive of a 12-month base period for the renewal of existing software maintenance and technical support subscriptions, two 12-month option periods for continued renewal of software maintenance and technical support subscriptions, and options for additional quantities of new software licenses and maintenance and technical support subscriptions.

4. <u>Statutory Authority</u>: 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 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. <u>Rationale Supporting Use of Authority Cited Above</u>: Based on the market research as described in section eight of this justification, it was determined that limited competition is available among authorized resellers of the required brand name Red Hat software licenses and maintenance and technical support subscriptions on the NASA SEWP V GWAC. VA specific managing and monitoring applications were developed based upon the currently fielded Red Hat brand name operating system. There are approximately 200 different programs within VA using applications hosted on Red Hat. These applications have already been developed, implemented, tested, validated, and certified using the VA Assessment and Accreditation (A&A) process. Any other alternate Enterprise Linux operating system and management solution would require a complete redesign, re-implementation, retesting, and A&A certification of the configuration of the Enterprise Linux operating system and management tools. Several

of these system computers support VA Mission Critical business application systems, and each of these systems would have to undergo validation testing to determine if it could be executed properly on an Enterprise Linux operating system from alternate Enterprise Linux solutions. VA has already performed all of these extensive actions on the Red Hat solution. Based upon past VA, Enterprise Operations A&A certification experience, new certification cost estimates are approximately $75,000.00 per program or $15 Million for the approximate 200 programs that are currently hosting Red Hat software. Executing these steps for an alternate Enterprise Linux solution would therefore be duplicative and the associated costs would be prohibitive and would not be expected to be recovered through competition. These efforts would also introduce the risk of delays and interruption of existing services currently provided to the Government and its customers, including Veterans. Due to the labor hours required and number of programs involved, if VA were to choose an alternate product at this time, all of VA's Linux servers would have to be reinstalled, taking a minimum of two-years, as redesign, re-implementation, retesting, and A&A certification would have to be completed on every application and all support utilities and monitoring tools would have to be re-evaluated and updated. Only software maintenance and technical support services provided by Red Hat or an authorized reseller can meet the requirements as the existing software is proprietary to Red Hat. Specifically, without access to Red Hat's proprietary source code, no other source is able to provide software upgrades, patches, fixes, updates, or security resolutions. Without the required software maintenance and technical support, the existing Red Hat software performance would eventually degrade and would not be usable by VA. In addition, VA would not receive security updates, which could compromise VA's entire network security posture. Finally, since the software is proprietary, no third party source exists that provides analysis, troubleshooting, and resolution of any software product-related problems other than Red Hat or an authorized Red Hat reseller.

The options for additional quantities of new Red Hat software licenses and corresponding maintenance and technical support subscriptions are to accommodate increasing demand given system capacity. VA's existing Enterprise Linux operating systems software infrastructure consists solely of the Red Hat's software. The procurement of another vendor's Enterprise Linux operating system and management tools would require a completely new software infrastructure of approximately 4,700 software licenses and impose significant technical risk as VA would have to implement that brand's entirely new software suite. Furthermore, no other vendor's software is compatible with or interoperable with the existing Red Hat infrastructure due to Red Hat's proprietary database structures, protocols, and software application programming interfaces. Specifically, no other brand name software would be able to communicate and function in the current infrastructure.

6. Efforts to Obtain Competition: Currently, no other companies other than Red Hat or an authorized reseller can provide the required software maintenance and technical support subscriptions, and options for additional quantities of new software licenses and maintenance and technical support subscriptions. Market research was conducted,

details of which are in section eight of this justification. 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 this brand name software maintenance and technical support. In accordance with FAR 5.301 and 16.505(b)(2)(ii)(D), notice of award of this action will be synopsized and this justification will be made publicly available on the Federal Business Opportunities Page within 14 days of award. This justification shall also be posted with the solicitation on the NASA SEWP V website for review by prospective offerors.

7. <u>Actions to Increase Competition</u>: The Government will continue to review and revalidate its requirements as Enterprise Linux operating systems continue to evolve. ITSM will continue to research and monitor whether there are emerging products that enter the marketplace that are interoperable and compatible with VA's existing Enterprise Linux operating system that would enable future actions to be fully competed.

8. <u>Market Research</u>: Market Research was conducted by the Government's technical experts in April 2016 to explore alternate software products. Enterprise Linux vendor websites were reviewed for specifications on Oracle Linux and Micro Focus International's SUSE Linux Enterprise Server (SLES) product offerings, including software maintenance and technical support. No other software products were found to be interoperable and compatible with the existing Red Hat software. Each product distribution has its own calibrations and many of the configuration files are in different places and in a different format. Use of software that isn't interoperable or compatible with the existing Red Hat software would lead to system outages to the detriment of patient care, as well as resulting in system administrator re-training on a new platform and additional software costs associated with replacing applications in use that are not certified on Red Hat software. An alternative Enterprise Linux operating system software solution would also require proprietary software maintenance and technical support which would not resolve the inability to obtain software maintenance and technical support from vendors other than through the respective software providers.

Additionally, these vendors cannot provide the required Red Hat software maintenance and technical support because these vendors cannot access the source code and technical data of the VA's current proprietary Red Hat software applications. Each software developer offers a proprietary system and associated services that will only operate with its respective hardware and software. Based on this market research, only Red Hat software licenses, software maintenance and technical support subscriptions can meet VA's technical requirements.

Additional market research was conducted in July 2016 by utilizing the NASA SEWP V Provider Lookup Tool. It was determined that there are numerous NASA SEWP V GWAC holders that are authorized resellers of the required Red Hat software maintenance and technical support subscriptions, and options for additional quantities of new software licenses and maintenance and technical support subscriptions under

North American Industry Classification System code 541519. Therefore, limited competition is anticipated for this requirement.

9. <u>Other Facts</u>: None.