

## LIMITED SOURCES JUSTIFICATION

1. Contracting Activity: Department of Veterans Affairs  
Office of Acquisition and Logistics  
Technology Acquisition Center  
1701 Directors Blvd  
Austin, TX 78744
2. Description of Action: The proposed action is for award of an estimated two-month, Firm-Fixed-Price modification to order number VA118A-15-F-0279 with McKinsey & Company, Inc. for strategic planning for a new Department of Veterans Affairs (VA) strategy to transition the National Service Desk to a fully-managed service model. The task order was awarded June 16, 2015 with a base and all options value of \$6,524,737.25. This effort is being conducted under the authority of the Multiple Award Schedule Program; General Services Administration (GSA) Federal Supply Schedule (FSS) contract number GS-10F-0118S.
3. Description of the Supplies or Services: The VA Office of Information and Technology (OI&T), Service, Delivery, and Engineering (SDE) current support services task order scope is to develop a strategic model in alignment with the IT Infrastructure Library (ITIL), which includes the transformation of VA's National Service Desk (NSD). This proposed action is for a more detailed strategic plan that in particular will develop a strategy to transition the National Service Desk to a fully managed service model. The support services include research of industry and Government best practices and standards. This research will focus on key business areas, to include service level standards (critical and key), operating processes, Service Level Agreements, disincentives, earn-back criteria, continuous improvement criteria and metrics, as well as the division of roles and responsibilities between the service provider and Government employees. The results of the research will be applied to develop a future end state for the fully-managed service model that will be documented in a strategic plan. This strategic plan will also provide a transition plan to the desired end state, to include a cost model for operations, and key acquisition factors to implement and execute the plan. These additional services shall be provided from September 20, 2016 through November 25, 2016, and the total estimated price of the proposed action is [REDACTED]. IT funds will be used for this procurement.
4. Statutory Authority: This acquisition is 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)(C), logical follow-on. It states that "[i]n the interest of economy and efficiency, 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 or BPA must not have been previously issued under sole-source or limited-sources procedures.”

5. Reason for Authority Cited: This is a limited source justification for continued work on an existing contracting that was placed in accordance with applicable FSS ordering procedures awarded to McKinsey & Company, Inc., 1200 19<sup>th</sup> Street NW, Suite 100, Washington, DC 20036 (McKinsey). The original order was competed among FSS contract holders. Over the course of the current contract, McKinsey has become proficient with VA’s business and operational processes in order to assist VA with the development of its new organizational model in alignment with ITIL, as well as assisted VA on a number of other SDE transformation efforts related to the VA Secretary’s MyVA transformation from September 2014 through July 2016. Transformational activities related to the National Service Desk are included in the existing order. Consequently, McKinsey is the only source that has the required detailed knowledge of all relevant programs, as well as detailed knowledge of SDE business operations and transformation plans. McKinsey is uniquely positioned to assess how the NSD transformation impacts all business areas and operations across the SDE and OI&T enterprise in their post-transformation states. In addition, only McKinsey has the depth of understanding of SDE business practices to be able to execute the required research and provide the required deliverables within a two month timeframe. Also, SDE requires this additional work to be completed as soon as possible in order to be able to award follow-on implementation contract actions for NSD in late 1QFY2017 in order to meet an urgent organizational need that was not identified before the original order was awarded. It took McKinsey the entire 12 month base period of the contract to develop its current level of organizational proficiency. Additionally, the VA spent \$239,089.92 in the base period with McKinsey to develop support services models related to the MyVA transformation effort, which included efforts related to the National Service Desk. SDE projects an equal or higher investment would be required to enable an outside vendor to achieve the same level of organizational proficiency that currently exists with McKinsey. However, it is not feasible to expect an outside vendor to come in at this late stage and overcome the extensive learning curve to develop the same level of VA organizational proficiency to execute the proposed modification in the required timeframe. Therefore, in the interest of economy and efficiency, the new work is a logical follow-on that leverages the intellectual capital and financial investments made to date and apply them to an immediate need to transform the National Service Desk to a fully-managed service model.
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 capable of completing the Government’s requirements. There is no competition anticipated for the proposed action. In accordance with FAR 8.405-6(a)(2), this action will be synopsisized at award

on Federal Business Opportunities Page (FBO) and the justification will be made publically available.

7. Actions to Increase Competition: No barriers to future competition are anticipated. A competitive contract vehicle is anticipated to implement the outcome of the proposed task in December 2016 timeframe. Future acquisitions will be awarded on a competitive basis.
8. Market Research: Market research for this proposed action was conducted by the Government's Project Manager in the July and August 2016 timeframe. The Business Consulting Solutions section of the GSA MOBIS contract (SIN Number 874-1) was reviewed and a random sample of three comparable large consulting services business was identified: Booz Allen Hamilton, CACI, and ICF Incorporated. Labor categories, labor rates, and total estimated task costs were compared to the McKinsey cost figures. Next, information, experience, and expertise from each vendor's website was reviewed. The market research concludes McKinsey's estimated costs were the lowest among the four vendors. In addition, the comparable vendors would need to overcome a significant learning curve to attain the required depth of knowledge related to SDE and OI&T business processes, operational processes, and the VA's IT Infrastructure Library before they could start executing productive work on the required tasks. Further details are documented in the Market Research Memo.
9. Other Facts: McKinsey is the logical follow-on. Considering the agency's need to obtain the required services, it was determined that McKinsey is the only source that satisfies the agency's need to quickly provide program support with no ramp up. Any other company would require a significant and lengthy learning curve which would prevent the VA from performing the critical tasks required, as well as significantly delay follow-on implementation procurement actions that are targeted for execution in late 1QFY2017.

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.

[REDACTED]  
Director, IT Service Management,  
SDE

Date: [REDACTED]

Signature: [REDACTED]

11. Fair and Reasonable Cost Determination: 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.

[REDACTED]  
Procuring Contracting Officer

Date: 8/26/16

Signature: [REDACTED]

12. Procuring Contracting Officer Certification: I certify that this justification is accurate and complete to the best of my knowledge and belief. As this contract action does not exceed \$650,000, the certification below required by FAR 8.405-6(d)(1) serves as approval.

[REDACTED]  
Procuring Contracting Officer

Date: 8/26/16

Signature: [REDACTED]

13. Legal Sufficiency Certification: I have reviewed this justification and find it adequate to support other than full and open competition and deem it legally sufficient.

[REDACTED]  
Legal Counsel

Date: \_\_\_\_\_

Signature: [REDACTED]