

JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY

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: This proposed action is for a delivery 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 brand name IBM Fiber Connection (FICON) cards for IBM mainframes and disaster recovery platform including installation and configuration.
3. Description of Supplies or Services: VA, Office of Information and Technology (OI&T), Service Delivery and Engineering Enterprise Operation (EO) require a hardware upgrade to their existing mainframes. The proposed action is for an additional 10 IBM FICON Express8S cards and 10 IBM FICON Express16S cards to be installed and configured on the existing IBM Mainframe in the Austin Information Technology Center (AITC) and 10 FICON Express16S cards to be installed and configured on the Disaster Recovery Mainframe in the Philadelphia Information Technology Center (PITC). The additional ports are needed to accommodate the new Storage on Demand and Virtual Tape solutions being acquired. These additional parts will fit into the existing IBM mainframe chassis and will not require any additional power or cooling. The estimated period of performance is 30 days from date of award. The Contractor shall provide delivery and installation within 30 days after receipt of order. [REDACTED]
[REDACTED]
4. Statutory Authority: The statutory authority permitting other than full and open competition is 41 U.S.C.4106(c)(2) as implemented by the Federal Acquisition Regulation (FAR) Section 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. Rationale Supporting Use of Authority Cited Above: Based on the market research described in Section 8 of this justification, it was determined that limited competition is available for the aforementioned IBM FICON cards for IBM mainframe architecture. VA currently utilizes IBM mainframes in its AITC and PITC sites for the following administrative applications: finance; payroll; and Veterans Benefits. VA is not replacing its entire mainframe architecture but rather increasing the FICON capacity. Only IBM FICON cards can be fully interoperable and compatible within the existing IBM mainframe architecture. The existing IBM mainframe is proprietary to IBM and due to the proprietary code of IBM no other brand FICON cards are interoperable and compatible with existing IBM mainframes at use at AITC and PITC. Specifically, no

other brand name FICON cards will communicate and function within the current architecture due to the aforementioned proprietary constraints. This infrastructure will not support equipment provided by vendors other than IBM or its authorized resellers and to procure such equipment would result in the failure to support the multiple applications listed above. A replacement of VA's current infrastructure would result in duplicative costs that would not be recovered by competition. VA has a functional requirement to process large amounts of financial, personnel, statistical and transactional data supporting the objectives of delivering health, benefits, and cemetery services to veterans and those who support veterans. Failing to upgrade the mainframes will restrict the ability to perform these tasks and result in a reduced level for service to VA employees and Veterans.

Additionally, only IBM or an authorized reseller can provide installation and configuration service required due to the proprietary nature of the cards. Only IBM or an authorized reseller has the proprietary information required to install and configure the cards within the IBM mainframes. Without the aforementioned proprietary information, no source other than IBM and its authorized resellers can meet VA's needs.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in Section 8 of this Justification. Limited competition is viable among authorized resellers for these brand name products. In accordance with FAR 5.301 and 16.505(b)(2)(ii)(D), the resultant award notice will be synopsized and the justification will be made publicly available within 14 days of award on the Federal Business Opportunities page. Additionally, in accordance with FAR 16.505(a)(4)(iii)(A)(1) this Justification will be submitted to all applicable NASA SEWP V GWAC holders along with the Request for Quotation in order to fully notify all interested parties.

7. Actions to Increase Competition: In order to remove or overcome barriers to competition in future acquisitions for this requirement, the agency will continue to perform market research to ascertain if there are changes in the marketplace that would enable future actions to be competed.

8. Market Research: Market research was conducted by VA technical experts in January 2016. The market research was conducted by a review of similar server products to ascertain if these items could meet VA's requirements. Specifically, the government's technical experts conducted web based research on ORACLE, Hewlett-Packard, and Dell sites. This effort did not yield any additional sources that could meet the government's technical requirements. As a result of that market research the Government's technical experts confirmed that only brand name IBM FICON cards are compatible and interoperable with the existing IBM Mainframe products currently in use at VA. Accordingly, only IBM FICON cards from IBM or an authorized partner can meet all of the government's requirements. On August 1, 2016, additional market research was conducted by utilizing the NASA SEWP V GWAC Provider Lookup Tool which confirmed that there are 102 federal registered partners for IBM on the NASA SEWP V GWAC, including 20 Service Disabled Veteran-Owned Small Businesses. Based on the analysis of the responses there is

reasonable expectation that limited competition among IBM resellers exists on the NASA SEWP V GWAC for the FICON Cards for IBM Mainframes.

9. Other Facts: None.