

LIMITED SOURCES JUSTIFICATION

ORDER >\$150,000

FAR PART 8.405-6

Acquisition Plan Action ID: VA261-16-AP-0789

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in par. 3 below is sole source, therefore, consideration of the number of contractors required by FAR Subpart 8.4 – Federal Supply Schedules, is precluded for the reasons indicated below.

**Restricted to the following source:**

Manufacturer/Contractor: Philips Healthcare Informatics

Manufacturer/Contractor POC & phone number: Ms. Pat McKay (425) 908-2172, Luke Wigger 760-777-7397

Manufacturer/Contractor Address: 4100 East Third Avenue, Suite 101, Foster City, Ca 94404

Dealer/Rep address/phone number: N/A

☒ The requested material or service represents the minimum requirements of the Government.

**(1) AGENCY AND CONTRACTING ACTIVITY:**

Department of Veterans Affairs

VA Sierra Pacific Network (VISN 21)

150 Muir Road

Martinez, CA 94553

**VISN:**

21

**(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:**

Radiology Picture Archiving and Communication System (PACS) Maintenance, Support and Ongoing Sustainment Services, VISN Wide. This will be a firm-fixed price task order with base and four option years. The current task order, VA612-C19189 (GS-35F-0134X) is under an extension, and will expire on September 30, 2016.

**(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:**

Vendor shall provide maintenance, support and ongoing sustainment for the existing VISN 21 IntelliSpace PACS system. The support will include furnishing all necessary hardware, software, upgrades and installation/support services required to maintain the VISN 21 PACS at a 99.99% uptime. The PACS covers all facilities in VISN 21: San Francisco, Palo Alto, Reno, Fresno, Hawaii, the Sacramento Data Center, with a future new implementation in Las Vegas. Support for Cardiology storage via a common IntelliSpace archive will also be provided by the vendor.

The PACS Software is being used on computers aligned with multiple radiology-type machines across the VISN, without respect to the brand of machine. The maintenance we are purchasing is for the software and hardware related to the Picture Archiving System – and not the actual radiology machines. The individual radiology machines are owned, not leased. This requirement is for the PACS hardware (servers) and the PACS support and maintenance.

**(b) ESTIMATED DOLLAR VALUE:** [REDACTED] over 5 years.

**(c) REQUIRED DELIVERY DATE:** October 1, 2016 to September 30, 2017 (Base Year)

Option Year 1: October 1, 2017 to September 30, 2018  
Option Year 2: October 1, 2018 to September 30, 2019  
Option Year 3: October 1, 2019 to September 30, 2020  
Option Year 4: October 1, 2020 to September 30, 2021

**(4) IDENTIFICATION OF THE JUSTIFICATION RATIONALE (SEE FAR 8.405-6), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE.**

☒ Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

PACS is a mission critical medical device/system with FDA 510k certification (section 510K of the Food Drug and Cosmetic Act requires medical device manufacturers to submit a premarket notification if they intend to introduce a device into commercial distribution for the first time, or reintroduce a device that will be significantly changed or modified to the extent that its safety or effectiveness could be affected. Such change or modification could relate to the design, material, chemical composition, energy source, manufacturing process, or intended use).

The vendor that provides ongoing support, updates, upgrades and sustainment must be authorized to provide the product, and have manufacturer specific ongoing training for support and upgrades to the system. The authority for system modifications and upgrades is held only by the original equipment manufacturer, Philips Healthcare.

The cost of moving to a different vendor would be astronomical in terms of activation, planning, data migration of hundreds of thousands of records, reconfiguration of all clinical workstations and imaging modalities. The time required for each site to bring a new system online would be two years, and the actual conversion would take approximately an additional 18 months. The Government would require several thousand man hours for this conversion, a resource in which the Government does not have. After conversion, there will likely be heavy clinical disruption to re-train all Radiologists, Radiology Techs, and Administrators on how to use a new system. The current contract expires on September 30, 2016. Implementation of a new system would take in excess of three years and would require significant additional cost and manpower. The PACS system is the only system/service that can continue to provide the Government these services without any significant down-time or disruption to patient care.

☒ A patent, copyright or proprietary data limits competition. The proprietary data is:  
(If FAR 8.405-6(a)(2)iii before posting. Do not include specific proprietary data. Only mention the type of equipment, procedure, etc. to show that proprietary supplies or services are being procured.)

V21's IntelliSpace PACS is FDA 510k certified medical device and software; software troubleshooting tools and training are proprietary to the manufacturer. The vendor provided documentation on company letterhead regarding the proprietary nature of the subject requirement. The vendor shared that while VA is free to convert to another system/vendor entirely, as long as they desire to keep Philips' PACS system, no other vendor is authorized to provide maintenance or support for it. The Government

may not switch either the server/equipment portion or the software/support/maintenance portion. The software/support/maintenance is proprietary to the server/equipment. This requirement includes both the server (equipment) and the software/support/maintenance.

☒ These are "direct replacements" parts/components for existing equipment.

☐ The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed/performing. Describe the equipment/function you have now and how the new item/service must coordinate, connect, or interface with the existing system.

☐ 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 must not have been previously issued under sole source or limited source procedures.

☐ An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

**(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.4 TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:**

The fixed prices for services listed under FSS Contract GS-35F-0134X have been determined to be fair and reasonable by GSA. Therefore, ordering activities are not required to make a separate determination of fair and reasonable pricing. However, the VA will seek additional discounts when negotiating the sole source action. The prices listed under FSS Contract GS-35F-0134X represent the best value (as defined in FAR 2.101) and results in the lowest overall cost alternative (considering pricing, special features, administrative costs, etc.) to meet the Government's needs. Significant price reductions were provided for the new contract estimate; maintaining the existing platform deployed across several thousand PCs in VISN 21 and up to 100 Radiology workstations would avoid the extremely costly and time consuming process of changing PACS vendors. Transition to an alternate vendor would take in excess of 18 months, consume several thousand hours of project time, and result in significant clinical disruption to a mission critical medical application.

**(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:**

Review of existing PACS system was completed to determine whether it continues to meet the needs of VISN 21. Continuing with the IntelliSpace system currently deployed allows for continued operation without a time consuming and costly change in service. The VISN 21 PACS SME reviewed the functionality of the current PACS system and has determined that it meets the current clinical need. Both clinical and technical input were utilized in making the determination. In addition, as part of

ongoing responsibilities of the Chief Healthcare Technology Manager for VA National Teleradiology Program (and PACS SME for Patient Care Services, under the Chief Consultant, Diagnostic Services) routine surveys of the commercial PACS marketplace are completed to identify new features/functionality that will positively impact patient care, and overall PACS operations. Focus is first on vendors with an implementation within VA, and secondarily a review of functionality from major vendors without VA deployments. VISN-wide VA deployments are exceptionally complex and require significant overhead for networking and security. Previous ability to deploy in VA is a significant predictor of future capability; the absence of VA experience similarly highly correlates with significant deployment challenges.

An intent to sole source notice was posted on FBO seeking capable vendors. The results of the notice confirmed that Philips Healthcare Informatics is the only vendor capable of providing the required maintenance, support and ongoing sustainment services. No vendors responded to the intent to sole source notice. A search on Vetbiz.gov was conducted. The search revealed nineteen SDVOSB/VOSBs, all nineteen vendors were informed of the intent to sole notice and encouraged to participate. Unfortunately none of these nineteen vendors responded to the intent to sole source notice. There are no known verified SDVOSB or VOSB vendors available to provide this service agreement. The Vendor, Philips healthcare Informatics, has provided documentation in support of an LSJ, relating to the proprietary nature of the hardware and software in use – which is necessary to meet the subject requirement.

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**(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:**

In addition to our PACS archive, the VA utilizes the Philips disaster recovery system in Philadelphia which Philips makes available to all VISNs using the product. This provides back-up and redundancy if any significant storage module should fail and contains in excess of 100TB of data; if the VA were to contract with another vendor, this would have to be re-created, . The Philips PAC system currently in use at each VAMC has been approved for use by the One-VA Enterprise Architecture (One-VA EA).

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**(8) A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE RESTRICTED CONSIDERATION BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:**

At the conclusion of this 5 year task order, it is anticipated that relative technology will have elevated to a degree that replacing the PACS could be a consideration. To provide sufficient time to determine whether a wholesale replacement vs. ongoing sustainment and upgrades is a preferred solution, planning and evaluation will begin at year three. For server and storage dependent medical systems such as PACS, a tech refresh of the hardware is typical on a 5 year cycle. The software functionality of the present system meets the needs of VISN 21, and the contract includes ongoing updates and upgrades assuring evolving needs will be met. To determine the state of the PACS marketplace and the action required for the next contract cycle, between years two and three of the contract, the VISN Chief Healthcare Technology Manager will begin a market survey and technology assessment. The PACS Software is being used on computers aligned with multiple radiology-type machines across the VISN, without respect to the brand of machine, The maintenance we are purchasing is for the software and hardware related to the Picture Archiving System – and not the actual radiology machines. As such, there is no need for the maintenance contract dates to be in line with every radiology type machine using it for picture archiving. The actual imaging machines are owned, not leased.

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**(9) REQUIREMENTS CERTIFICATION:** I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veterans Affairs and that the supporting data under my

cognizance, which are included in the justification, are accurate and complete to the best of my knowledge. I understand that processing of this limited sources justification restricts consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4. *(This signature is the requestor's supervisor, fund control point official, chief of service or someone with*

[REDACTED]

[REDACTED]

[REDACTED]

**(10) APPROVALS IN ACCORDANCE WITH THE VHAPM, Volume 6, Chapter VI: OFOC SOP:**

**a. CONTRACTING OFFICER'S CERTIFICATION (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

[REDACTED]

[REDACTED]

[REDACTED]  
NAME AND TITLE

[REDACTED]  
FACILITY

**b. Director of Contracting/DESIGNEE:** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

[REDACTED]  
Digitally signed by Samuel M. Harbin 689841

[REDACTED]

[REDACTED]

**HIGHER LEVEL APPROVAL (Required For orders over \$700,000):**

**c. VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$13.5 million):** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for restricting consideration of the Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4

