

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 the award of a brand name firm-fixed-price Task Order issued under the National Aeronautics and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) V Governmentwide Acquisition Contract (GWAC) for Kofax Front Office Server (KFS) software suite and software maintenance.
3. Description of the Supplies or Services: VA, Financial Services Center (FSC), Office of Finance, has a requirement for KFS software suite and software maintenance. The software suite is composed of a quantity of 1 KFS server license, quantity of 70 software server connections, qty 1 Kofax image + text license, and a quantity of 1 Kofax image license to expand its existing Kofax Advanced Capture platform. The aforementioned KFS application will allow seven (7) Consolidated Patient Account Centers (CPAC) sites' remote scanners across the United States to scan invoices; insurance claims; and other documents and transmit electronically to FSC. Maintenance for the software licenses shall include upgrades, updates, and/or software fixes, as well as technical support services. The KFS server application shall be provided within 30 days from receipt of order. The period of performance for maintenance shall be 12-months from receipt of order. The order will include four 12-month options for continued maintenance. The total estimated price of the proposed action is \$ [REDACTED].
4. Statutory Authority: The statutory authority permitting this exception to fair opportunity is 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. Rationale Supporting Use of Authority Cited Above: Based on market research, as described in section eight of this justification, the Government has determined that limited competition is available for the required KFS server application and software maintenance. FSC implemented a Kofax platform in 2005. The platform converts paper documents into electronic format thereby allowing FSC to process and route documents electronically for storage, payment, and validation. There are 375K documents batched and processed monthly for CPAC, each document is comprised of 7-8 pages on average. VA intends to expand its existing Kofax platform via the acquisition of a KFS software suite. The KFS software suite will leverage existing resources in remote locations, reduce process delays; reduces storage costs and eliminate the time and cost of shipping documents from the CPACs to FSC; thereby improving workflow. KFS software suite is the only remote scanning software suite that meets FSC's requirement to integrate with existing Kofax platform. No other software suite providing this functionality is interoperable and compatible with Kofax. Failure to acquire the KFS software application will prevent FSC to fully utilize Kofax's capability, extend its functionality,

and will preclude CPAC sites from transmitting documents electronically to FSC. As a result, documents would have to be shipped to FSC for scanning. Shipping documents to FSC causes delays in transmission time; increases scanning times; claims processing times; and will ultimately require additional receiving, processing, and storage facilities as well as additional personnel at FSC to support these functions.

In addition, utilizing another manufacturer's application would require extensive reconfiguration of existing infrastructure. Furthermore, if another brand name was utilized in the Kofax platform, it would not communicate with the existing Kofax infrastructure due to the aforementioned proprietary constraints.

Only Kofax can provide the required software maintenance to include upgrades, updates, and the resolution of software bugs for the KFS software suite because no other provider has access to its proprietary source code. Access to the proprietary source code is required in order to modify, i.e. upgrade, update, and/or create software fixes. Without the continued software maintenance, the usefulness of KFS suite will decline as the software gradually becomes outdated and software bugs are left unresolved.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in section 8 of this justification. This effort did not yield any additional sources that can meet the Government's requirements. It was determined that limited competition is viable among authorized resellers for the required brand KFS software suite and maintenance. In accordance with FAR 5.301 and 16.505(b)(2)(ii)(D), notice of award of this action will be synopsisized and this justification will be made publicly available within 14 days of award on the Federal Business Opportunities Page. In accordance with FAR 16.505(a)(4)(iii)(A), this justification will be posted with the request for quotation on the NASA SEWP V GWAC website to notify all interested parties.

7. Actions to Increase Competition: The Government will continue to conduct 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 in September 2016 by technical experts to determine if products other than KFS can satisfy VA's requirements, and it was determined that no other like products are compatible with the existing Kofax platform. Specifically, VA subject matter experts looked at ABBYY OCR and IRIS licenses and maintenance and determined that neither product can integrate into the existing Kofax infrastructure. Based upon this market research, it was determined that no other brand name software suite and maintenance is compatible with the current infrastructure.

Additional market research was conducted by utilizing the Provider Lookup tool to determine whether the brand name Kofax licenses and maintenance is available from NASA SEWP V GWAC holders. It was determined that there are 60 SEWP vendors that offer the required software and software maintenance.

9. Other Facts: None

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 Signature]

Supervisory Financial Manager

[Redacted Title]

11. Fair and Reasonable Cost Determination: I hereby determine that the anticipated price to the Government for this contract action will be fair and reasonable based upon anticipated competition among NASA SEWP V GWAC holders who are authorized resellers of the required Kofax Front Office Remote Scanning modules licenses and maintenance herein. Additionally, NASA SEWP has already determined that the prices on the GWAC are fair and reasonable. Finally, price analysis will be conducted by comparing the successful quote to the Independent Government Cost Estimate.

[Redacted Signature]

[Redacted Title]

Procuring Contracting Officer

[Redacted Title]

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 \$700,000, the certification below required by FAR 16.505(b)(2)(ii)(C)(1) serves as my approval.

[Redacted Signature]

[Redacted Title]

Procuring Contracting Officer

[Redacted Title]