

LIMITED SOURCES JUSTIFICATION

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: The proposed action is for a firm-fixed-price (FFP) delivery order to be awarded under the General Services Administration (GSA) Federal Supply Schedule (FSS) 70 for an Enterprise Agreement (EA) for Microsoft products and services.
3. Description of Supplies or Services: VA requires an EA renewal to maintain and support current agency demands for Microsoft software and services as well as provide expansion capabilities in order to respond to changing agency needs. This EA will provide: 1) support services; 2) operational support and; 3) additional licenses. User access to VA's network is controlled by Microsoft products included in the proposed EA and VA's overall Information Technology (IT) infrastructure is implemented on, or heavily dependent upon, these products. The various Microsoft brand name licenses and subscriptions are required to provide VA employees with a broad range of IT capabilities necessary to meet agency mission needs. Agency mission needs include user authentication, exchange of information via electronic mail, enhancing information through SharePoint, enhanced communications and collaboration through Skype for Business (Lync), secure access of information by agency employees and Veterans, secure storage of various types of VA data, and publication of information both on-premises and in the cloud. These products support VA's mission by providing software for use on desktop workstations, laptop computers, tablet devices, portable devices, mobile phones, servers, and cloud implementations (both Microsoft and non-Microsoft based). Many of these implementations are mission critical with little or no tolerance for down-time.

One of the elements this EA provides is support services, which include software maintenance, updates, upgrades and Core Services. Software maintenance, commercially sold by Microsoft as Software Assurance (SA), keeps licenses viable and valid by providing updates, security fixes, patches and version upgrades to licenses owned and continually maintained. SA includes software version upgrades and updates to currently fielded software to ensure the software remains operational and secure both as a stand-alone implementation and as a key component of an integrated IT solution. VA currently procures SA to cover a broad base of Microsoft products which provides the ability to maintain, upgrade, enhance and expand the quantities and products necessary to support agency IT operations and projects. The Government's move to cloud-based software and hardware implementations adds demands for flexibility in implementation, operation, and maintenance of the Microsoft technologies. Finally, Core Services are required to sustain the existing \$1 billion asset of Microsoft licenses currently operating and providing key infrastructure

components. Specifically, Core Services include configuration management, daily system monitoring, and immediate access to Microsoft Tier 3 support for problems encountered through normal operation. These Core Services ensure operational security and integrity remains sound.

The second element of this EA is operational support for expansion of current licenses or expansion of existing licenses for both existing and new projects. Operational support is required both as an element of software maintenance operations and optional services to provide on-going support as infrastructure, and operational requirements expand or transform. Specifically, VA requires services which include dedicated technical support representatives and subject matter experts to support and assist VA in overall operation, management, implementation, expansion and use of products included in this EA. These services will allow VA to fully leverage, support, use, and deploy both the Microsoft enterprise product capabilities and their best practices that are required for an enterprise with the size and complexity of VA. VA's move toward cloud technologies is an additional driver related to operational support. Many cloud technologies are available and viable for VA use. The key constraint is the requirement for these cloud-based implementations to integrate and use the existing internal Microsoft-based infrastructure. Due to the proprietary nature of this infrastructure, Microsoft operational support services are the only viable means to facilitate that integration between the various cloud offerings and VA's existing infrastructure. While VA is only beginning its expansion into the cloud arena, Microsoft has been integrating and interfacing with these various cloud providers for years and has extensively developed tools, offerings and configurations to facilitate customers' move toward cloud operations.

The final element of this EA will provide licenses to support future needs for expansion of user-based software (e.g. Microsoft Office, Project) and server-based software (e.g. Microsoft SQL, SharePoint, Skype for Business). Licenses are included to enable VA to migrate from on-premises Microsoft product implementations to the cloud via Platform-as-a-Service (PaaS), Infrastructure-as-a-Service (IaaS), and Software-as-a-Service (SaaS) to expand the usage base as more demand, users, and/or devices are added. Additional quantities of Microsoft licenses are anticipated over the next five years which are driven by three requirements: expansion of the existing base, demand related to individual projects, and cloud-migrations. The dynamic nature of VA delivery of services to Veterans and their families drives expansion and contraction of IT system usage. An example of this is demand for access to IT resources usually increases when Veterans Health Administration opens a new clinic or adds clinical staff to expand the delivery of healthcare. The infrastructure and means of accessing patient data are based on the Microsoft products and services provided through this EA. Therefore, additional Microsoft licenses will be required to provide the added staff with the means of accessing the required systems and data.

The period of performance for this proposed EA will consist of a one (1) year base

period with four (4) one (1) year option periods. VA anticipates utilizing the current Microsoft infrastructure for a minimum of five years based on the following analysis. The proposed action represents the fifth EA in a series of uninterrupted agreements to acquire and support Microsoft products. Over this 19 year span, VA has built major segments of IT infrastructure using these Microsoft components. These include Active Directory (AD) which secures access to VA's network; Microsoft Office which provides secure communications at all levels across the entire enterprise and; System Center Configuration Manager which provides management and patching of workstations and servers for the majority of VA's software products (including non-Microsoft products). Other projects, components, and software tools are implemented and integrated with these core Microsoft-based infrastructures. These infrastructure components are provided and maintained by the Microsoft EA and must be in place and properly configured to ensure the proper operation and security profile of these other dependent applications and projects including Department of Defense sharing, Blood Bank, radiology archiving, MyVA, My Health-e-Vet, Veterans Benefits Administration Claims Transformation (Veterans Relationship Management), and many more. Specifically, the aforementioned support services will be provided in the base period and all subsequent option periods. Additionally, the aforementioned operational support will be procured as an optional task item in the base period and in all subsequent options periods. Finally, the aforementioned licenses will be procured as an optional line item in the base period and in all subsequent options periods. The total estimated price of the proposed action, inclusive of all options, is [REDACTED]

4. Statutory Authority: This acquisition is conducted under 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)(B). Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized.
5. Reason for Authority Cited: Based on market research as described in paragraph eight (8) below, the Government anticipates limited competition for the aforementioned brand name products and services. The required Microsoft EA software is proprietary to Microsoft. VA contacted Microsoft in December 2016 to ascertain if the proprietary software code is for sale. Microsoft advised that the proprietary code is not for sale. Microsoft did indicate that access to their proprietary code and their ability to sell an EA to VA is only authorized through their Licensing Solution Providers (LSPs). Therefore, VA intends to conduct a limited competition among the LSPs.

The Microsoft EA is utilized for critical tasks and core elements of VA's IT infrastructure. No other products or services are capable of meeting the Government's requirements due to the dependencies that are intertwined between Microsoft infrastructure components and other enterprise-wide VA applications. Only Microsoft products and services ensure complete secure access, interoperability, compatibility, and continuity of operations. Access to Microsoft's

proprietary data and source code is required to ensure the support services and operational support provided to the software is properly configured, and issues which adversely impact operations, are immediately remediated. For example, Microsoft releases patches, fixes and updates to their software to correct security and operational issues uncovered during normal operation of the software by customers around the world. For EA's sold to the Government, no source other than Microsoft through use of their LSPs has access to the proprietary data and code, which allows access to these patches, updates, and upgrades. Without these patches, updates, and upgrades, the software will become vulnerable to security attack thereby risking theft of data, loss of data, denial of access to systems/data, and interruption of critical operations. Additionally, because VA has integrated many third-party applications with the Microsoft infrastructure, the Microsoft software must be kept up-to-date in order to ensure that proper operation and compatibility with third-party applications is not compromised because of inability to update or properly configure the Microsoft components.

Furthermore, VA requires operational support from Microsoft, through the use of its LSPs to ensure proper operation, configuration, and integration with the products already licensed and operating, or those that will be added to the environment as VA demand expands. Inspection of the source code by Microsoft as part of EA services they provide has precipitated changes in both Microsoft and third-party software applications to facilitate VA requirement and application interoperability. VA's stated intent to move toward cloud-based implementations for many current and future projects also increases the need for Microsoft professional services, to ensure operational integrity of the software provided under this EA. Access to Microsoft proprietary data and products related to PaaS, IaaS, and SaaS type cloud implementations is necessary for seamless transition from on-premises operations to prevent disruption of critical VA operations. Microsoft owns the proprietary source code and is the only source able to facilitate all Microsoft license and service requirements without violating any license agreements, voiding product warranties, and jeopardizing operational integrity. This proprietary source code and authorized access to it provides the functionality and capabilities needed to fulfill IT requirements necessary to meet VA mission objectives.

Finally, only Microsoft brand name licenses can meet all of VA's interoperability and compatibility requirements. Specifically, the infrastructure currently in place is comprised of Microsoft products and operates through Microsoft's proprietary code. This proprietary constraint does not allow other brand name products to fully operate with the existing products currently fielded without severely compromising operational integrity of the existing infrastructure. Furthermore, no other brand name products can meet all of VA's functional requirements. Specifically, those requirements include VA security requirements, and product scalability to operate and meet mission critical needs within an enterprise the size of VA. Specifically, VA's security requirements are driven by the AD infrastructure component from the VA. AD controls authentication of all users and devices attempting to gain access to the VA network. No brand name products other than Microsoft can fully integrate

and adopt all necessary aspects of the AD security infrastructure without jeopardizing operational security. With regards to the products scalability requirement, no brand name products other than Microsoft products can function within the VA's current infrastructure based on VA's size, scope, and complexity.

6. Efforts to Obtain Competition: Market research was conducted, the details of which are in the market research section below. In December 2016, Microsoft provided a list of their authorized LSPs and informed VA of a change in their policy that requires their LSP to maintain a prime contractor relationship with the Federal agency to whom they are supplying the EA. As a result, limited competition will be pursued among Microsoft's nine LSPs. In accordance with FAR 8.405-6(b)(3), this Justification will be posted to e-Buy with the Request for Quotation. This proposed contract action is exempt from synopsis in accordance with FAR 5.202(a)(11).
7. Actions to Increase Competition: The Government will continue to conduct market research to identify new products that may provide similar functionality to that provided by the Microsoft products. Should such products become available, VA will consider these products for future requirements.
8. Market Research: The Government's technical experts conducted market research by posting a Request for Information (RFI) on March 16, 2016 on the Federal Business Opportunities page. The intent of the RFI was to ascertain the ability of any other brand name items and services with the capability to meet VA's needs. Market research from previous years failed to get responses for replacement of the entire Microsoft EA. The market research approach for this year was broken into requirements based on individual Microsoft products. A total of 10 focus areas were established. The focus area approach was intended to identify alternative technologies that could allow for competition in those identified focus areas. Each area required a product to meet our requirements of interoperability, security, and product scalability, as outlined in section 5 of this Justification. Respondents were allowed to respond to as many focus areas as they wished. The Government assessment of each respondents submission are as follows:

ForgeRock submitted its product in focus area 9 which is Identity Management. After reviewing this submission, VA's technical experts determined that this product could not meet VA's security and scalability requirements as outlined in section 5 of this Justification.

Affigent submitted its product in focus area 2 which is Electronic Mail. After reviewing this submission, VA's technical experts determined that this product could not meet VA's security and scalability requirements as outlined in section 5 of this Justification.

Proofpoint submitted its product in focus area 2 which is Electronic Mail. After reviewing this submission, VA's technical experts determined that this product could

not meet VA's security and scalability requirements as outlined in section 5 of this Justification.

Distributed Information Technologies submitted its product in focus area 9 which is Identity Management. After reviewing this submission, VA's technical experts determined that this product could not meet VA's security and scalability requirements as outlined in section 5 of this Justification.

Carahsoft submitted its product in focus areas 2-10. The findings are outlined below:

Focus area 2 Electronic Mail, focus area 3 Server Operating System, focus area 6 Configuration Management, focus area 7 Communication Services, focus area 8 Security and Access Control, and 9 Identity Management were reviewed. After reviewing this submission, VA's technical experts determined that this product could not meet VA's security and scalability requirements as outlined in section 5 of this Justification for these focus areas.

Focus area 5 Portal was reviewed. After reviewing this submission, VA's technical experts determined that this product could not meet VA's security requirements as outlined in section 5 of this Justification for this focus area.

Focus area 4 Database and focus area 10 Customer Relationship Manager were reviewed. After reviewing this submission, VA's technical experts determined that this product could not meet VA's interoperability and compatibility requirements as outlined in section 5 of this Justification for this focus area.

In addition, none of these five sources provided information which shows their ability to provide the services as outlined in section 3 of this Justification without access to Microsoft's proprietary code.

Based on the results of this market research, no other source provided a product that could meet all of VA's aforementioned focus areas, nor could they provide a product that could meet any individual focus area. The Government contacted all five respondents in May 2016 and advised them of the Government's assessment that they could not meet VA's needs. No objections were received and no other responses were submitted. Based on this market research, the Government's technical experts confirmed and concluded that only Microsoft brand name products and services can meet VA's needs in each of the identified areas.

9. Other Facts: The existing software and maintenance support source codes are proprietary to Microsoft, and VA has no license or ownership rights to release that software or source code to other vendors. Microsoft was contacted in December 2016 and indicated they are not willing to sell their source codes to VA.