

## JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

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 contract for a technology refresh of portions of the fully configured Picture Archiving and Communication System (PACS) solutions and associated support services with Intelera Medical Systems Incorporated (Intelera).
3. Description of Supplies or Services: VA National Teleradiology Program (NTP) has a requirement for a highly complex mission-critical medical system technology refresh of its existing PACS system. The current PACS system was installed in 2013 as part of the NTP second generation PACS deployment, which was a turn-key medical system from Intelera via competitive contract VA261-13-C-0192. The PACS system is comprised of various interrelated components of hardware, IntelPACS brand name software and licenses to include workstations, monitors, servers, software, etc that collectively constitute the complete medical system. This action is primarily for the upgrade of the servers/software. Workstations and monitors have a longer lifecycle and do not need to be upgraded at this time. The overall completed PACS system is deployed at a total of 25 locations throughout VA, including Data Centers, Regional Centers, and Reading Centers. The PACS system is comprised of core application servers and storage at the Regional Center and Data Center co-located in Sacramento, CA, Digital Imaging and Communication in Medicine (DICOM) ingest servers located at the Veterans Integrated Service Network (VISN) Data Centers in Sacramento, CA, image cache and Speech Utility Servers (SUS) located at each of the four original Reading Centers located at Durham, NC, Menlo Park, CA, San Bruno, CA, and Honolulu, HI, and 80 PACS workstations also located at four Reading Centers. An additional contract was awarded to Intelera via VA18-17-C-1905 in April 2017 to deploy the PACS system at an additional Reading Center in New York, New York (Manhattan) and incorporate an additional module/functionality to the existing PACS system to allow for a dedicated worklist separate from the current production system so that the external peer review workflow does not negatively impact ongoing clinical interpretations.

Since deployment, in September 2013, the PACS system has seen a much higher than projected breakdown frequency, which can be attributed to an increase in the volume of individual imaging exams being processed through NTP and existing hardware performance limitations. Therefore, this technology refresh is required to replace a portion of the completed PACS system at the Sacramento Data Center located in Sacramento, CA; five Regional Centers, located in Cleveland, OH, New Jersey, Orlando, FL, St. Louis, MO, and the Regional Center co-located at the Sacramento Data Center; and four NTP Reading Centers located at Durham, NC,

Menlo Park, CA, San Bruno, CA, and Honolulu, HI. Specifically, NTP requires the replacement of IntelPACS core PACS Servers consisting of 2 Master PACS Database servers, 1 Monitoring Server, 1 Fax Server, and 2 Fax Boards; 11 IntelPACS Virtual Servers and Licenses; 16 IntelPACS DICOM/HL7 Ingest Servers; 1 IntelPACS Archive for diagnostic image storage consisting of 1 Nimble Controller to include 150 terabytes (TB) usable storage, 34TB Solid State Drive (SSD) Flash, 1 Storage Expansion (150 TB usable), and 2 Brocade Switches; PACS infrastructure hardware including 3 Juniper Switches, 8 Uninterruptible Power Supply-Power Distribution Units (UPS-PDUs), 1 lot of Cables, and 2 Racks; 8 IntelPACS Reading center cache servers; 4 Nuance SUS Servers. This required technology refresh will permit NTP to optimize the configuration of the PACS infrastructure, replace failing hardware and move from a VISN-centric to a Region-centric approach which will align with the new VISN composition and streamline the architecture so that 63 VISN-centric image/report ingest servers can be collapsed into the 20 Region-centric image/report ingest servers. In addition, the refresh will leverage virtualization to the greatest extent possible and increase the capacity of new study volumes to beyond one million annual exams and expand image archival to include a projected two years' worth of storage for new imaging exams (current capacity is approximately two months).

All hardware includes three-year extended warranty support beginning on the date of system cut-over. Extended warranty support includes 24x7x365 hardware and software troubleshooting and repair or replacement with 4-hour on-site response for critical repairs and 48-hour on-site response for non-critical repairs that cannot be resolved via remote service. Deployment support services consist of migration of the existing database, system and user configurations, installation, integration, testing, along with end user and administrative training. Deployment support is required to upgrade the integrated PACS voice recognition system from Powerscribe 360 version 2 to version 4. Optional tasks for the purchase of 100,000 additional licenses are included to account for incremental increases in the number of annual exams. Delivery and installation of the PACS system shall be completed within six months after contract award. Configuration, implementation, validation and cut-over to full production shall be completed within 12-months after contract award. The period of performance for extended warranty support services shall be 36 months after the system is placed into production. The total estimated value of the proposed IntelPACS brand software and associated services is [REDACTED] (inclusive of optional tasks).

4. Statutory Authority: The statutory authority permitting other than full and open competition is 41 U.S.C. 3304(a)(1) as implemented by the Federal Acquisition Regulation (FAR) Subpart 6.302-1 entitled, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Rationale Supporting Use of Authority Cited Above: The proposed source is Intelrad Central Station, 895 de la Gauchetiere W. Suite 400, Montreal, QC, Canada, H3B 4G1. The fully functioning PACS system is currently deployed at 25

different locations throughout the VA and a technology refresh is required to replace a portion of the system so the entire PACS system remains fully functional. Intelrad configured the existing PACS system that is comprised of various interrelated components of hardware and IntelPACS brand name software and licenses. The IntelPACS software is proprietary in nature and is the intellectual property of Intelrad. Therefore, only Intelrad can access the proprietary source code for IntelPACS software that is needed to deploy and configure the hardware components which comprise the PACS system. Similarly, only Intelrad can access the proprietary source code for IntelPACS software that is required to complete a system refresh of a portion of the interrelated hardware components and IntelPACS software so the PACS system continues to be interoperable and compatible with the hardware components within the currently fielded environment. Also, no other brand name hardware and software is interoperable and compatible with the existing Intelrad brand name items that are currently used on the PACS system that are not being refreshed. Specifically, use of any other brand name hardware and software will not function and communicate in the existing system. Therefore, only Intelrad will meet VA's requirements due to compatibility and interoperability with the proprietary IntelPACS software in the existing PACS, as only Intelrad can communicate with the hardware in the existing infrastructure. As this is a refresh and upgrade of an existing Intelrad PACS medical system, it requires source code knowledge of the IntelPACS software in order to properly configure the system so it operates seamlessly as an integrated system. Intelrad owns the source code for IntelPACS software and is not sold through resellers. No other source is available for Intelrad deployment and integration support. Failure to procure the refresh and upgrade for IntelPACS will prohibit NTP's ability to increase the capacity of new study volumes to support the increasing number of annual exams which can lead to a significant number of delayed clinical interpretations for critical radiology exams which will have an adverse clinical impact on VA patients.

Additionally, only Intelrad can provide the required warranty support for the PACS system. Intelrad coding is proprietary in nature and is not released to any other party. The source code is also not available for sale to VA. Therefore, only Intelrad has the experienced staff trained in the enterprise best practices and advanced features of Intelrad. In addition, due to the proprietary nature of the software, only Intelrad staff has the detailed understanding of the software capabilities and function to immediately address any software functionality issues. Since Intelrad does not sell through resellers, Intelrad is the only source that is able to provide the software warranty support for the PACS system.

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 that can meet the Government's requirements. There is no competition anticipated for this acquisition. Additionally, the proposed action will be synopsized on the Federal Business Opportunities Page in accordance with FAR 5.201. Any proposals that are received shall be evaluated.

7. Actions to Increase Competition: The Government will continue to conduct market research to ascertain if there are changes in the market place that would enable future actions to be competed.

8. Market Research: PACS is a commercially available off-the-shelf medical system that is comprised of various interrelated hardware components, software and licenses currently in use by NTP. When conducting market research in April and May 2017 the Government's technical experts reviewed similar clinical products such as Philips Intellispace, Agfa Impax and McKesson PACS to ascertain if these items could meet VA's requirements for the technology refresh and IntelePACS license increase. Specifically, the Government's technical experts conducted research on web sites and utilized first-hand knowledge of commercial PACS that are deployed within VA. As a result of the market research, the technical experts confirmed that all of the products researched were unable to meet the interoperability and compatibility requirements as outlined in Section 5. Based on the above, only an Intelrad PACS system and associated support services meets all of the Government's requirements. Additionally, on March 14, 2017, the Government received confirmation from Intelrad, the original equipment manufacturer, that it is the only source for the required PACS system and that no other source can refresh and upgrade the existing suite of software management products and services.

9. Other Facts: None.