

LIMITED SOURCES JUSTIFICATION

ORDER >\$150,000

FAR PART 8.405-6

Acquisition Plan Action ID: VA242-17-AP-10320

- 1. Contracting Activity:** Department of Veterans Affairs, Veterans Health Administration (VHA) Network Contracting Office (NCO) 2, 2875 Union Road, Suite 3500; Cheektowaga, NY 14227.

2237 Funding: 528-18-1-7607-0008

- 2. Description of Action:** This acquisition is conducted under the authority of the Multiple-Award Schedule Program ([41 U.S.C. 251](#) and [40 U.S.C. 501](#)). This requirement involves the trade-in and renewal of FSS Lease Order VA528-14-F-2204 for trade-in replacement of various newer Evis Exera endoscopes and processors as well as endoscopic ultrasounds as presented in Olympus Equipment Lease Quote Q-00368162 dated May 24, 2017 and Service Quote FS-73-00236-A under Federal Supply Schedule (FSS) V79P-2065D. The lease term proposed for the equipment lease and service agreement consists of a base period plus two (2) option periods for a total term of 36 months.

Order against: ☒ FSS Contract Number: V797D-2065D

Name of Proposed Contractor: Olympus America, Inc.

Street Address: 3500 Corporate Parkway
P. O. Box 610

City, State, Zip: Center Valley, PA 18034-0610

Phone: 1-800-848-9024

3. Description of Supplies or Services:

The estimated value of the proposed action is \$1,785,545.61

This requirement is for the lease of endoscopes, endoscopic ultrasounds and supporting operational equipment to be located within the gastroenterology (GI) department at the Syracuse VA Medical Center. The VA has determined that the scopes should be leased in order to have the flexibility to trade them in at the end of the performance period and lease the newest model(s) on the market at that time. Leasing newer-modeled endoscopes ensures that the standard of care is maintained consistently, efficiently and effectively by managing lifecycle

maintenance costs and simplifying user training due to product familiarity. This lease agreement will allow the Syracuse VAMC to continue providing state of the art diagnostic and treatment services and minimize patient risk in addition to maintaining the highest levels of scope availability and operational readiness.

(4) IDENTIFY THE AUTHORITY AND SUPPORTING RATIONALE (see 8.405-6(a)(1)(i)(A), (B), and (C) or 8.405-6(b)), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE. (CHECK ALL THAT APPLY AND COMPLETE)

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

☒ **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;** These are upgraded endoscopes designed to ensure the highest quality of care for the Veterans served by the Syracuse VA Medical Center. The Syracuse VA Medical Center is trading in the Evis Exera II 180 endoscopes for newer Evis Exera III 190 endoscopes. Additional endoscopic ultrasound (EUS) scopes have been added and the current Aloka EUS processor will be traded in and upgraded as it is obsolete and provides poor quality images that result in repeat procedures and the possibility of missing lesions. The marketplace for endoscopes is dominated by two manufacturers – Olympus and Pentax – both of which are large businesses. VISN 2 Leadership, in accordance with the VHA National Standardization of Endoscopes, made the decision to standardize endoscopes in each of the three, network tertiary care facilities (Syracuse, Albany, and WNY). The decision to standardize around the Olympus endoscopes was based on the following: 1.) The preponderance of endoscopes in use at that time at the Syracuse VAMC were made by Olympus; 2.) A significant portion of those in use were within their useful life; and 3.) Continued utilization of the endoscopes that were predominantly in use maintained the standard of care, minimized patient risk associated with large scale changes in clinical practices associated with those endoscopes, and reduced training and transition cost associated with use of the same manufacturer. While endoscopes from both manufacturers have comparable functional characteristics, clinician familiarity with a given scope dramatically influences the quality of the procedure, its outcome, and the patient experience. Sterile processing equipment and techniques are in place at the Syracuse VAMC to service Olympus endoscopes. Standardization to one manufacturer will enhance the safety and quality of patient care by reducing the variability in the number of different processes required for endoscope setup and reprocessing, thus reducing the potential for error. For these reasons, maintaining Olympus endoscopes in Syracuse as the sole source supplier provides the best value to the VA and ensures optimal patient outcomes.

☐ In the interest of economy and efficiency, 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.

- ☐ Items peculiar to one manufacturer:
- ☐ 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.)
 - ☐ 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.

(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.404(d) TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE

DETERMINATION: Syracuse VAMC has standardized their endoscopes and used Olympus exclusively since at least Fiscal Year 2009. To use a supplier other than Olympus would cause the Syracuse VAMC to incur significant cost as well as risk to patient care. The prices offered on Olympus’s FSS contract have been determined to be fair and reasonable at the base contract level. The Contracting Officer was able to secure a 15% discount off the list price of the included scopes as well as a trade-in credit of \$34,000. For these reasons, as well as the reasons in (4) above, Olympus offers the best value to the government under FSS Schedule 65IIA Contract V797D-2065D.

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

The product quality, reliability and clinical capability needed to deliver endoscopic procedures can only be provided by one of the two major endoscope manufacturers. Syracuse VAMC GI providers met with representative from the Pentax Corporation who brought in their products for demonstration. The GI providers were not pleased with the way this equipment functioned. Market Research was conducted. A search of VIP and SBA’s DSBS returned no results. A notice of intent to sole source was posted to FBO.gov on September 13, 2017, and Olympus provided a statement to the effect of “while they do have small business authorized distributors, they do not have authorized distributors capable of providing a lease.” Federal Supply Schedule 65IIA, SIN A -9 was reviewed. While the schedule’s contractor listing for SIN A -9 presently contains 51 contractors (39 of which are certified as small business concerns), none of the small business concerns sell endoscopes that meet the medical center’s needs, nor are any authorized dealers for Olympus America, Inc. For these reasons, and for the reasons outlined above, Olympus is the only viable, cost-effective source for this procurement.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION: The medical center has worked closely with the VISN 2 Network Office to standardize the make and model of endoscopes utilized in order to reduce training costs and lifecycle maintenance costs.

(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: Work with the VA National Acquisition Center (NAC) to identify other manufacturers that can offer endoscope products comparable to Olympus. Explore sub-contracting maintenance services or establish a dealer program with small business concerns.

(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 responsibility and accountability.)*

<hr/> SIGNATURE	<hr/> DATE
<u>Michael Campeau</u>	<u>M&T Administrative Officer</u>
NAME	TITLE
<u>Syracuse VAMC</u>	
FACILITY	

(10) APPROVALS IN ACCORDANCE WITH THE [VHAPM Part 806.3 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.

<hr/> CONTRACTING OFFICER	<hr/> DATE
<u>Michelle A. Harsch, Contracting Officer</u>	<u>VISN 2 NCO Upstate NY</u>
NAME AND TITLE	FACILITY

b. One Level Above the Contracting Officer (Required over \$150K but not exceeding \$700K): I certify the justification meets requirements for other than full and open competition.

SIGNATURE

DATE

Cherie Widger-Kresge
NCO 2 Director of Contracting

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

c. VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$68 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.

Joseph P. Maletta
Executive Director, SAO East
Head of Contracting Activity, SAO East

DATE