

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity:

Department of Veterans Affairs (VA)
Office of Acquisition Operations (OAO)
Strategic Acquisition Center – Frederick (SAC-F)
321 Ballenger Creek Drive, Suite 125
Frederick, MD 21703

2. Description of Action:

This activity proposes to negotiate a new, noncompetitive award (sole source, logical follow-on) with Deloitte Consulting, LLP (“Deloitte”) for the procurement of program management support services for the Medical Surgical Prime Vendor (MSPV) and Healthcare Commodity Program Executive Office (HCPEO) programs previously awarded under VA contract/task order number VA798-11-D-0124 VA119A-16-J-0067. The existing task order was previously competed and awarded under VA’s Services for Program Excellence and Corporate Transformation (SPECTRUM) Indefinite Delivery/Indefinite Quantity contract vehicle. VHA requires continued support services while it finalizes the deployment of the HCPEO and MSPV program offices and obtains sufficient Government staffing to take over from the contractor. A sole source, firm fixed price contract is requested to be awarded to Deloitte for continued program support services for a twelve-month period of performance, after which time the Government should be ready to support the program offices, itself. This procurement would be conducted under the authority of the indefinite delivery vehicle General Services Administration (GSA) schedule GS-00F-0028Y, which ends on May 9, 2020. The current task order awarded to Deloitte is set to expire on September 25, 2017. The anticipated period of performance of the follow-on contract is from September 26, 2017, to September 25, 2018. The total estimated value of this acquisition is [REDACTED].

3. Description of Supplies or Services:

VHA manages the United States’ largest integrated healthcare system. In 2016 the system consisted of 18 Veterans Integrated Services Networks (VISNs) with approximately 150 VA Medical Centers (VAMCs), 820 outpatient clinics, and various other facilities to include Community Living Centers (CLCs), Vet Centers, and Domiciliaries. Together these health care facilities, and more than 53,000 independent licensed health care practitioners who work within them, provide comprehensive care to about 9.3 million enrolled Veterans. A projected 6.7 million Veterans are expected to use the healthcare system in Fiscal Year (FY) 2018. The healthcare system receives a significant portion of its medical and surgical supply support via a national MSPV program that is supported by four contracts. In addition, the system is supported by a variety of disparate supply programs including, but not limited to, the General Service Administration’s (GSA) Federal Strategic Sourcing Initiatives (SSI) for office supplies, janitorial/sanitation, and Ability One procurement list items.

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VHA designed the HCPEO and MSPV PMOs to provide a customized distribution system that offers an effective, efficient, and expeditious means for VA medical facilities to obtain routinely ordered expendable medical, surgical and other supplies. The advantages of a properly managed expendable supply chain program include fast order turnaround, reduction of administrative workload, consolidated deliveries and receiving, reduced product pricing, and product standardization. To deliver on this mission, VHA established the MSPV Program Office within the Procurement & Logistics Office's (P&LO) HCPEO. As the primary entity responsible for the procurement and distribution model of VHA commodities and related services, the HCPEO must examine opportunities for efficiency, cost avoidance, and enterprise solutions to supply chain challenges. This may include integration of coordinating systems (including the Generic Inventory Package (GIP), Point Of Use (POU), and the Medical Products Data Base (MedPDB); providing data analytics support to analyze information received from the field to develop the required MSPV Formulary; continuously improving a joint VHA/ Office of Acquisition Operations (OAO) process to allow rapid access to needed supplies as transition occurs; establishing the concept of operations (CONOPS) for the maintenance of the catalog through the commodities or product lifecycle; planning the integration of new supply chain programs with the current VA data repository and all required enterprise IT systems, including, but not limited to those mentioned above.

Due to the scope, complexity, and level of effort required to administer the HCPEO and MSPV programs, and to plan the implementation of similar non med/surg supply chain programs, VHA requires coordinated and comprehensive program management support services to maintain MSPV operations until the office can be fully staffed with VA employees, and to establish, plan and initially staff the additionally contemplated supply chain program management offices. The Contractor shall support VHA in administration of the MSPV Program, to include the implementation of a clinician driven sourcing model, as well as the continuous planning and implementation of other/additional products or commodities that are not included in the MSPV program but are required for the operations of VHA facilities. This will include the programmatic planning that will result in a comprehensive strategy to support the phased transition from current state to full implementation of the MSPV and the HCPEO office. This includes spend analysis; elicitation of product requirements to populate the catalogs; planning a joint VHA/OAO process to allow rapid access to needed supplies as transition occurs; establishing the CONOPS for the maintenance of the catalogs through the program lifecycle; planning the integration of program data with the current VA data repository and all required enterprise IT systems; plan the development of a program training components; assist in the development of program strategic communication and organizational change management plans as well as developing COAs and managing risks to ensure no gap in coverage from current to future state program implementation.

The contractor shall continue to provide support to the HCPEO and MSPV PMOs with the following tasks:

- **Task 1:** Integrated Baseline Review and Kickoff Meeting

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- **Task 2:** HCPEO Charter for each PEO Subtask
- **Task 3:** Project Management and Reporting for each PEO Subtask
- **Task 4:** Transition Plans for each PEO Subtask
- **Task 5:** PEO Organizational Change Management, Communications, and Training Strategy Execution
- **Task 6:** Core Support Tasks, including continued support of Program Analysis and Recommendations/Gap Analysis, Catalog Management Plan, Program Control Plan, and Implementation Plan

The dollar value of this contract is projected to be [REDACTED].

4. Statutory Authority:

The statutory authority permitting an exception to fair opportunity is Section 41 U.S.C. 4106(c) as implemented by FAR Subpart 8.405-6(a)(1)(C), entitled: "In the interest of economy and efficiency, the new work is a logical follow-on to an original Federal Support Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures."

5. Rationale Supporting Use of Authority Cited Above:

SAC-F awarded the existing task order to Deloitte on February 19, 2016 against SAC-F's Services for Program Excellence and Corporate Transformation Umbrella (SPECTRUM) Indefinite Delivery/Indefinite Quantity (IDIQ) contract. SPECTRUM was a multi-award contract that was competed among GSA Mission Oriented Business Integrated Services (MOBIS) Federal Supply Schedule holders. Deloitte is one of the SPECTRUM awardees and the contract was awarded against its GSA Schedules GS-100F-0083L and GS-23F-0044V. The SPECTRUM contract vehicle has since expired and no new orders or extensions may be placed against the contract.

The purpose of this proposed task order is to provide the Government with continued program management support over the next twelve months in order to complete the final phase of developing the MSPV and HCPEO Programs. Following the proposed twelve-month extension, both programs are expected to be in a state whereby the Government can manage the program by itself, without further contractor support. This support includes implementation of a clinician driven sourcing model, programmatic planning of a comprehensive strategy to support the phased transition from current state to full implementation of the MSPV and the HCPEO office, and development of a joint VHA/OAO process to allow rapid access to needed supplies as transition occurs. Additionally, the contractor will assist in establishing the CONOPS for the maintenance of the MSPV catalogs through the program lifecycle, integrating program data with the current VA data repository and IT systems, as well as development of program strategic communication and organizational change management plans.

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Deloitte has provided the support services to VHA for 18 months and has spent considerable time and effort developing the MSPV and HCPEO programs, in coordination with VHA, to ensure the programs will be functional, as well as accepted and implemented VHA-wide. Over this time, Deloitte has gained detailed understanding of the requirement, which includes tasks and deliverables to ensure consistent execution, implementation, and maintenance of the MSPV and HCPEO program offices. This detailed and historical understanding of the MSPV and HCPEO programs makes Deloitte extremely well-suited to provide the required, continued services without any down-time or introductory period, which could otherwise be inefficient to the Government and cause substantial delays. During performance of the existing task order, Deloitte successfully provided the required services, has worked through recruitment costs, and has established a system for providing staff that have a well-rounded understanding of the current state of development of the MSPV and HCPEO programs. A change of contractors at this time would require a complete change in existing staff, with added costs associated with reviewing new credentialing packages and conducting orientation, during which time no services would be provided.

As the current task order's period of performance ends September 25, 2017, it is necessary for VHA to avoid the risk of a break in service for the MSPV and HCPEO program office development, considering the fact that the programs are critical to ensure efficient management of providing medical care and facilities to Veterans. Failure to award this additional few months of final development would severely impact VHA's operations as the MSPV and HCPEO programs would be overwhelmed with program management requirements from across the VHA and face serious challenges to successfully bringing the MSPV and HCPEO programs to the stability. VHA fully expects the programs to be fully staffed by VHA employees by the end of this proposed task order. Under the existing task order, Deloitte has invested an immense amount of time to understand and assist the development of the MSPV and HCPEO programs. Awarding an order to a different contractor without a comprehensive transition period, which involves workload transition, potential staff exchange, knowledge transfer, and a probable program management learning curve, would be damaging to the final implementation of the programs. Re-competing this requirement is not feasible and would result in substantial duplication of cost to the Government that is not expected to be recovered through competition.

6. Efforts to Obtain Competition:

Market research was conducted, details of which are in the market research section of this document. Specifically, two Requests for Information (RFIs) were issued on FedBizOpps in an effort to identify interested and capable businesses. The market research did not yield any additional sources that can meet the Government's requirements.

7. Market Research:

- A query of the VetBiz.gov Vendor Information Pages (VIP) identified 1,146 VOSB/SDVOSB vendors within the geographic area of DC and surrounding states.

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- To assess the interest and capability of VOSB/SDVOSB vendors, a Request for Information (RFI)/Sources Sought Notice (VA119A17N0145) was issued on March 9, 2017, and was available for review through April 8, 2017. The RFI targeted capable and interested small businesses. A copy of the draft Performance Work Statement was provided, as well as several questions intended to help ascertain the respondents' capability to successfully perform the required work. Three responses were received from the following small businesses:

i. The Red Gate Group, Ltd. (VIP Verified SDVOSB)

4455 Brookfield Corporate Dr, Ste 106
Chantilly, VA 20151
DUNS: 791330488
Phone: (703) 657-2777
Email: ernest.benner@redgategrp.com
Web: <http://www.redgategrp.com>

ii. Enterprise Resource Performance, Inc. (ERPi) (VIP Verified SDVOSB)

2751 Prosperity Ave., Suite 260
Fairfax, VA 22031
DUNS: 040249091
Phone: (703) 209-3367
Email: whummel@erpi.net
Web: <http://www.erpi.net>

iii. Sigma Health Consulting, LLC (VIP Verified SDVOSB)

204 Eldrid Drive
Silver Spring, MD 20904
DUNS: 962411067
Phone: (301) 622-4252
Email: fran.murphy@sigmahealthconsulting.com
Web: <http://www.sigmahealthconsulting.com>

Upon review by VHA's program office, none of the three respondents met all the required capabilities to successfully perform this requirement without significant delay. While Sigma had some relevant experience, its response failed to present potentially qualified staff. Red Gate presented a full complement of qualified key staff to fulfill the requirement, but failed to reflect the required experience. ERPi fell short in both relevant experience and qualified personnel. The program office noted that the critical nature of the MSPV and HCPEO programs to the success of VHA's provision of medical care to Veterans must not be compromised by settling for less than highly qualified firms capable of meeting all requirements. None of the respondents offered the necessary required capabilities to successfully perform the work.

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- As the initial RFI failed to result in any capable small businesses, a second RFI/Sources Sought Notice (VA119A-17-N-0244) was issued on May 5, 2017, and was available for review through June 4, 2017. This second RFI was open to responses from all business sizes, small or large. A copy of the draft Performance Work Statement was provided, as well as several questions intended to help ascertain the respondents' capability to successfully perform the required work.

i. Atlas Research, LLC (VIP Verified SDVOSB)

805 Fifteenth St NW, Ste 910
Washington, DC 22005
DUNS: 827560744
Phone: (202) 717-8710
Email: rsuh@atlasresearch.us
Web: <http://www.atlasresearch.us>

ii. Deloitte Consulting, LLP (Large Business)

1919 North Lynn Street
Arlington, VA 22209
DUNS: 019121586
Phone: (571) 882-5000
Email: lboggs@deloitte.com
Web: <http://www.deloitte.com>

iii. Accenture Federal Services, LLC (Large Business)

800 N. Glebe Road, Suite 300
Arlington, VA 22203
DUNS: 139727148
Phone: (703) 457-2892
Email: p.ohagan@accenturefederal.com
Web: <http://www.accenturefederal.com>

Upon review by VHA's program office, only one of the three respondents met all the required capabilities to successfully perform this requirement without significant delay. Only Deloitte presented both highly relevant experience and qualified personnel to successfully perform the work without significant program delay and expense. Atlas presented a full complement of qualified key staff to fulfill the requirement, but offered an experience level that only partially assures that it could successfully complete the work without significant delay or expense to the Government. Accenture fell short in both relevant experience and qualified personnel. Of the three respondents, only Deloitte offered the necessary required capabilities to successfully perform the work.

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- Recognizing that Atlas was the only small business vendor that came somewhat close to matching both the experience level and capability needed, the Contracting Officer sought further information from Atlas to determine if Atlas might present an opportunity to do the work. Given that Atlas failed to offer the level of experience necessary to complete the work without significant delay and expense to the Government, the Contracting Officer was interested to determine if Atlas would be utilizing subcontracting support from the incumbent contractor, Deloitte. Atlas confirmed that it would not be using any subcontractor support, including that of Deloitte. While it is possible that Atlas might have hired on Deloitte staff, should an award be made to it, dependency on this transfer of knowledge presents significant risk to the Government. As a result, the Contracting Officer, in coordination with the Program Office, cannot find Atlas to be a capable vendor that could perform the required work without significant delay and expense to the Government.

8. Other Facts Supporting Other than Full and Open Competition:

While other contractors may have experience with the development and implementation of program offices, none have the unique knowledge of complexities related to the MSPV and HCPEO programs that Deloitte possesses. This knowledge is necessary to seamlessly and expeditiously complete the final implementation phase of program office development, which will stabilize performance under the programs and be completely staffed by Government employees, as opposed to contractor employees.

Based on the Program Office's review of the responses to both RFIs, as well as through the additional information exchanged between the Contracting Officer and the most capable small business, the Contracting Officer lacks any reasonable expectation that two or more small business concerns owned and controlled by Veterans will submit offers that would allow for award at a fair and reasonable price that offers the best value to the United States. Accordingly, the Contracting Officer intends to proceed with a logical follow-on procurement as previously approved under the existing Sole Source Justification.

9. Actions to Increase Competition:

The need for continued contractor support for the MSPV and HCPEO program offices is expected to end following conclusion of this proposed twelve-month contract; however, should future support be required by VA, 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.

SIGNATURES

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.

Technical Representative

Date

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 on a comparison of proposed prices to historical prices paid, as well as comparisons to the Government's estimate, if historical pricing does not provide a suitable basis of comparison.

Contracting Officer

Date

12. Contracting Officer Certification:

I certify that this justification is accurate and complete to the best of my knowledge and belief.

Contracting Officer

Date

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13. Approval

In my role as Contracting Activity Competition Advocate, based on the foregoing justification, I hereby approve the acquisition of increased support for the preparation of acquisition packages on an other than fair opportunity basis pursuant to the authority cited in paragraph 4 above, subject to availability of funds, and provided that the property and services herein described have otherwise been authorized for acquisition.

Competition Advocate
Deputy Director, SAC-F
Office of Acquisition Operations

Date