

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval (J&A) For Other Than Full and Open Competition (>\$150K)

Acquisition Plan Action ID: VA257-18-AP-3540

1. **Contracting Activity:** The contracting agency responsible for the proposed action in paragraph 2 is the Department of Veterans Affairs (VA), Network Contracting Office (NCO) 17 located in San Antonio, TX.
2. **Description of the Action Being Processed:** The VA intends to award a sole source firm-fixed-price indefinite delivery indefinite quantity contract (IDIQ) to Alliant Enterprises, LLC., doing business as Alliant Healthcare Products, located at 333 Bridge St. NW, Suite 1125, Grand Rapids, MI 49504. This will be a decentralized IDIQ using ordering officers at each healthcare network identified in paragraph 3. Alliant is a service disabled Veteran-owned small business (SDVOSB) that can provide Veterans Integrated Service Network 17 (VISN 17) the option to purchase brand-name Olympus fiber, video, and rigid endoscopes, to include related parts. Alliant Healthcare is registered in VetBiz.gov under DUNS 121170653.
3. **Description of Supplies Required to Meet the Agency's Needs:** VISN 17 requires a strategic partnership with Alliant to provide VA the option to purchase brand-name Olympus fiber, video, and rigid endoscopes, and related parts by the Ear Nose and Throat (ENT), Urology, Surgical, Gastro Intestinal, Bariatrics, and Pulmonary departments at the following healthcare networks:
 1. Amarillo VA Health Care System (Amarillo, TX)
 2. Central Texas Veterans Health Care System (Temple, TX)
 3. El Paso VA Health Care System (El Paso, TX)
 4. South Texas Veterans Health Care System (San Antonio, TX)
 5. VA North Texas Health Care System (Dallas, TX)
 6. VA Texas Valley Coastal Bend Health Care System (Harlingen, TX)

VISN 17 requires the availability to order all endoscopy products under Olympus' Federal Supply Schedule (FSS) contract **97P-2065D in Schedule 65 II A**, Special Item Number A-9 Medical Scopes, and open market endoscopes products compatible with the Olympus EVIS EXERA CV-190 tower component. All standard warranties will be covered by the original equipment manufacturer, Olympus, at no charge for the first year. The period of performance is expected to start July 1, 2018, through June 30, 2023. The total ceiling of the proposed action is \$31,000,000. The ceiling was determined by gathering all FY17 purchase order endoscope data in VISN 17 from logistics, Olympus, and Alliant. The past data did not include leases

nor orders issued off the Strategic Acquisition Center Blanket Purchase Agreement. The breakdown for total spent in FY17 was \$3.4 million to Olympus, and \$2.8 million to Alliant totaling \$6.2 million per year. The \$6.2 million was calculated by 5 years to determine the total ceiling for this sole source IDIQ.

4. Statutory Authority Permitting Other than Full and Open Competition:

(X) (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1

Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above: As of January 1, 2014, Alliant has been an authorized reseller for Olympus. Olympus formed an exclusive partnership with Alliant Healthcare to give the government an option to purchase products from an SDVOSB source on a price neutral basis prior to the Kingdomware decision on June 16, 2016. An example of neutral pricing would be Alliant's offering of Olympus' VA FSS products at an equal or lower price. Olympus and Alliant do not compete with one another in the open market.

Currently, VA has an estimated \$8.5 million invested in Olympus proprietary hardware and technology required to perform patient endoscopy procedures with several types of endoscopes, and related equipment, across VISN 17. There are 83 Olympus Tower Components installed throughout VISN 17 healthcare networks at ENT, Urology, Surgical, Gastro Intestinal, Bariatrics, and Pulmonary departments that offer a complete solution for service providers and patients. Over 90% of the towers are Olympus EVIS EXERA CV-190. Each tower component contains proprietary hardware and technology that is only compatible with Olympus video and fiber endoscopes, which communicates with VA's Electronic Healthcare Records system. Per VHA National Standardization of Endoscopes Memorandum signed by the Deputy Under Secretary for Health for Operations and Management on December 6, 2010, VA is moving towards the next generation of endoscopes. An important goal stated in the memorandum is to provide video endoscopes for each medical center that are of one model or generation (preferably the most recent generation) except when certain highly specialized endoscopes are only available from one manufacturer. Olympus is a preferred model/manufacturer throughout VISN 17 with an estimated \$8.5 million already invested in capital assets.

Furthermore, Olympus is the only manufacturer provides a complete Endoscopic Total Solution by offering:

- High definition video imaging platforms
- Incorporation of Olympus Narrow Band Imaging (NBI) technology
- Ability to connect with the VA facilities image storage and routing system
- Extensive local clinical and technical resources to ensure the installation and training process is completed with ongoing support as needed from the Olympus field service and clinical application specialist team

5. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** A pre-solicitation notice was posted on www.fbo.gov on March 28, 2018, notifying the public VA's intent to issue a solicitation as a SDVOSB set-aside for new Olympus endoscopes, related medical equipment, and provide endoscopy training to VA staff and affiliates. The notice also stated VA's intent to establish a strategic partnership resulting in a VISN 17 firm-fixed-price IDIQ contract. Two SDVOSB vendors responded to the pre-solciitation notice, Karl Storz on behalf of L1 Enterprises and Alliant Healthcare.

- Alliant Healthcare provided an exclusivity letter dated March 9, 2018, from Olympus's Chief Contracting Officer, Steven Wendt, confirming the partnership between Olympus and Alliant as an authorized reseller for all Olympus medical products to the federal government. The partnership was established as of January 1, 2014. Alliant is the only SDVOSB partner for Olympus healthcare products.
- Karl Storz responded on behalf of their SDVOSB partner, L1 Enterprises. The company requested for VA to open the solicitation to other endoscope products, such as Karl Storz scopes. After a few email exchanges from April 2 to April 5, 2018, it was determined that Karl Storz endoscopes do not integrate with Olympus CV-190 component towers.

6. **Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable:** As stated in paragraph 4, Alliant Healthcare shall offer all brand-name Olympus endoscope products listed in Olympus' FSS contract catalog V797P-2065D at an equal or lower price. In addition, all open market and FSS items will be compared to historical prices paid by the VA in FY17 in accordance with FAR 15.404-1(b)(2)(ii).

7. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** In order to meet the VA Rule of Two, the Contract Specialist reviewed the Vendor Information Pages (VIP) database in accordance with VAAR Class Deviation 810.001-70 to determine if two or more SDVOSBs and veteran-owned small businesses (VOSBs), in the appropriate NAICS code 339112. A search based on keyword "Olympus" and NAICS 339112 did not yield any results on VIP.

As described in Section 6 above, market research, in accordance with FAR Part 10, was conducted by synopsis of the proposed acquisition, advising industry of the pending acquisition and soliciting inquiries from interested parties.

8. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Alliant's partnership agreement letter with Olympus will be posted with this justification and approval on www.fbo.gov after award.

9. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:**

- a. Alliant Healthcare (SDVOSB)
333 Bridge St. NW, Suite 1125
Grand Rapids, MI 49504
www.allianthealthcare.com
888-307-1144
Point of Contract: Jennifer Salas
210-585-0097
jsalas@allianthealthcare.com

- b. Karl Storz & L1 Enterprise (SDVOSB Partner)
3721 Blue Lake Drive
Richmond, VA 23233
www.karlstorz.com
800-421-0837
POC: William M. Deeb
804-314-7300
William.deeb@karlstorz.com

10. A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required:

The VA will continue to do market research to determine if other SDVOSBs or small businesses can fulfill the endoscope requirement and integrate with Olympus hardware. Each year the VA will post a sources sought notice to engage with industry, and original equipment manufacturer for future SDVOSB partnerships with Olympus.

11. 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 and belief.

[Redacted Signature]

Assistant Logistics Chief, NCO 17

12. Approvals in accordance with the VHAPM Part 806.3 OFOC SOP:

a. **Contracting Officer or Designee's Certification:** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

[Redacted Signature]

Contracting Officer, NCO 17

b. **One Level Above the Contracting Officer:** I certify the justification meets requirements for other than full and open competition.

[Redacted Signature]

Division Chief, NCO 17

c. **Director of Contracting:** I certify the justification meets requirements for other than full and open competition.

[Redacted Signature]

Acting Director of Contracting

d. **VHA SAO HCA Review and Approval:** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and recommend approval or approve for other than full and open competition.

[Redacted Signature]

Executive Director, Service Area Office West
Head of Contracting Activity (HCA)