

JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Procurement Acquisition and Logistics
Technology Acquisition Center
23 Christopher Way
Eatontown, NJ 07724
2. Description of Action: This proposed action is for a modification to extend the period of performance on firm-fixed-price (FFP) issued under the Transformation Twenty-One Total Technology Next Generation (T4NG) Contract Number VA118-16-D-1013 Task Order (TO) VA11816F10130002 with Accenture Federal Services LLC (AFS), for additional functionality for the VA Loan Electronic Reporting Interface-Redesign (VALERI-R).
3. Description of Supplies or Services: The current TO with AFS was competitively awarded in September 2017. The TO requires all functionality of the legacy VALERI system, which is currently being supported under managed service contract number VA118-16-C-1168 with Black Knight Financial Services (BKFS), into a new solution hosted within the VA firewall on VA cloud environments. However, in requirements elaboration during the course of the TO with AFS, Veterans Benefits Administration (VBA) Loan Guaranty (LGY) subject matter experts (SMEs) identified capabilities within the existing system provided by BKFS that were not explicitly known at the time the procurement package was created for the TO with AFS.

At this time, the VA, Office of Information & Technology, Enterprise Program Management Division (EPMD), Benefits, Appeals and Memorial Affairs (BAM) Unified Digital Experience (UDE) requires a 6-month extension (two 3-month builds) to the base period of performance of Contract VA118-16-D-1013 Task Order VA11816F10130002 with AFS, which expires in March 2019. This extension is necessary to complete development of the VALERI-R system so that it can mirror and fully replace the legacy VALERI system being provided by BKFS. Specific requirements required under this proposed action include maintenance of data across three user groups simultaneously updating data as well as the creation and support of business analytics that were previously unknown in the current system. Additional requirements that were less obvious are follow-on processes of automated functions in the existing project such as Loan Pre-Approvals, Bills of Collection and Financial Analysis. The complex interconnectivity and automated operation of these required processes for the VA users were only able to be identified during existing requirements elaboration sessions, include. The 6-month period of performance extension would be from March 23, 2019 through September 23, 2019. [REDACTED]

4. Statutory Authority: The statutory authority permitting an exception to fair opportunity is Section 41 U.S.C. 4106(c)(2) as implemented by the Federal Acquisition Regulation (FAR) Subpart 16.505(b)(2)(i)(B), entitled "Only one awardee

is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized”.

5. Rationale Supporting Use of Authority Cited Above: The proposed source for this action is AFS, 800 North Glebe Rd #300, Arlington Virginia 22203. VA requires a completed VALERI-R solution that must be able to house the existing data currently stored on the legacy VALERI. AFS is currently in the process of developing a replacement solution however the new solution needs the aforementioned existing functionality to meet VA's needs. Use of any other source to add this functionality would require a complete and extensive review of the coding efforts already completed by AFS. VA anticipates that these efforts would take a minimum of 6 months to access and test with any new coding effort by another source. In addition, multiple coding efforts on the same solution will result in severe configuration issues. Specifically, additional impacts would be seen in conflicts or duplications in the code pushed by the separate vendors and a resultant unacceptable low quality and inefficient code base. Each vendor would require separate branches within the configuration management tool, and when the branches are merged, there will be configuration conflicts between servers and deployments. AFS is still in the development stage of the VALERI-R solution and is currently developing additional code which is still proprietary to AFS. No other source can access this code developed by AFS and would thus have to duplicate those efforts. That would result in extensive delivery delays and duplicated costs of \$2M that would not be recovered through competition. These estimates are based on the current development effort for the VALERI-R solution. Two or more different companies working simultaneously on configuration of the code-set for the VALERI-R replacement system would have disastrous impacts to the project. Introduction of a new vendor at this stage in the process when the configuration of the software and interfaces are highly complex would have negative impacts to the code that would affect capabilities delivery or potentially failure of the overarching project to replace the managed service contract with BKFS prior to its expiration, which would ultimately impact VBA LGY's ability to keep Veterans in their homes. This risk is due to the fact that VA-guaranteed loans will not be reported to VA for monitoring so that VBA LGY can provide early intervention of delinquent loans where necessary to enable Veterans to keep and stay in their homes.

It is VA's estimate that any vendor other than AFS would require a minimum 10-month learning curve to understand the nature and complexity of the VALERI solution architecture, system capability requirements, commercial lender partners, and system interfaces in order to finish the VALERI-R system from its current point in development. This 10-month learning curve estimate was derived by considering the lead time that would be required to establish integration with the legacy vendor so that transfer of VA-owned data to the new system can be completed no later than May 2019. This intimate knowledge of the system cannot be replicated or learned by a new vendor in time to successfully transfer the VA-owned data from the managed service system to the new system in accordance with the data migration lead time and learning curve requirements outlined in the paragraph above. Additionally, the learning curve associated with understanding the intricacies of interacting with LGY,

lenders, and Veterans uniquely qualifies AFS to deliver the additional capabilities identified as being required in the replacement system. Any inability to migrate the data by May 2019 would lead to loss of VA-owned loan historical data that will not be recoverable and may impact Veteran homeowners when the legacy managed service contract expires in June 2019. Lastly, without a replacement system in place by June 2019, the VA risks impacting external VA home lending partners who have VBA LGY policies and regulations requiring any loan servicing or mortgage company servicing VA-guaranteed loans to report those loans to VA for tracking. Without an operational replacement system in place to report these loans to, external partners will be unable to meet these regulatory requirements.

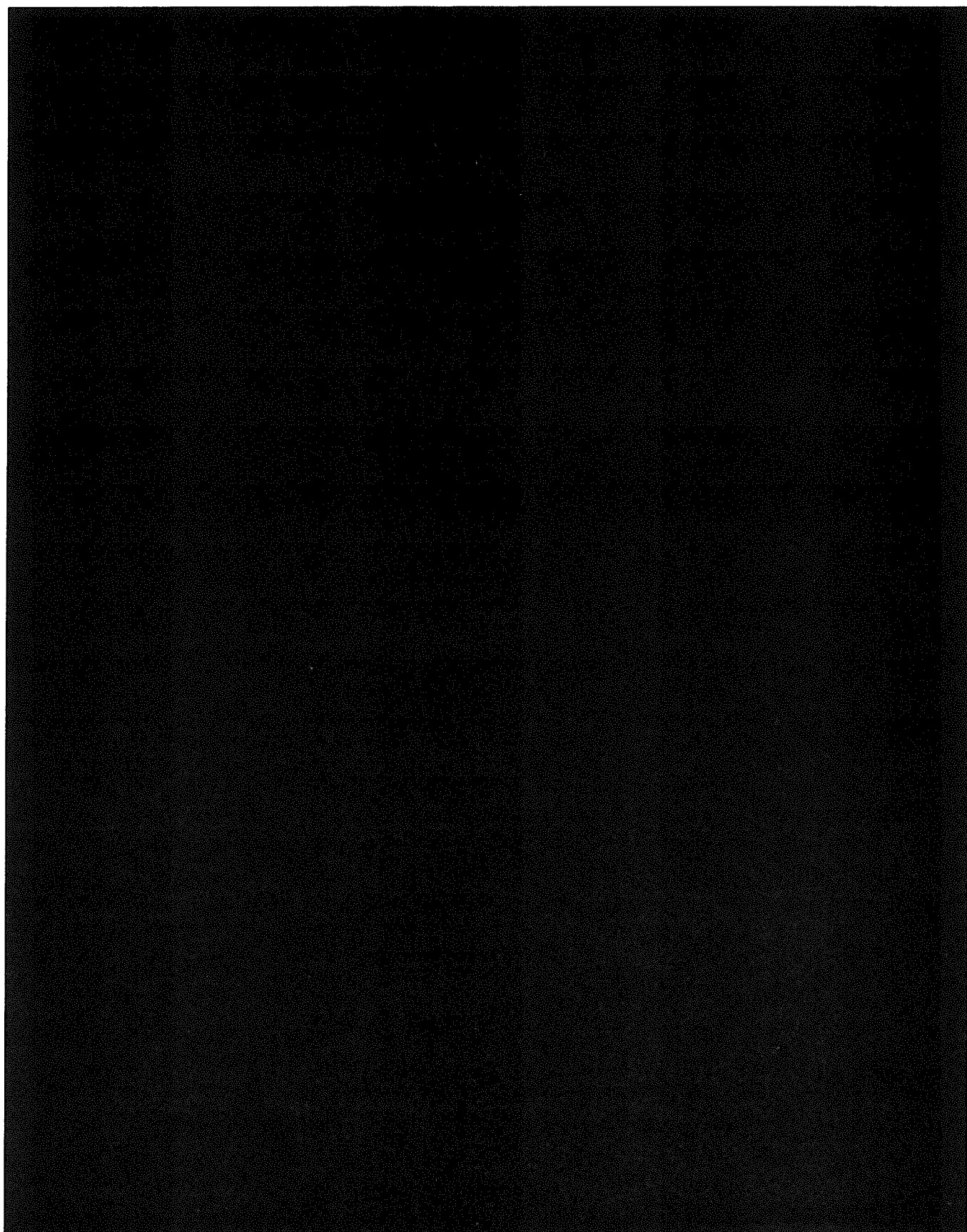
6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section of this document. This effort did not yield any additional sources that can meet the Government's requirements. It was determined however that limited competition is available among authorized resellers for both brand name Cisco and NetApp hardware. In accordance with FAR 16.505(a)(4)(iii)(A)(1), this justification will be provided with the solicitation to all appropriate T4 holders. Furthermore, in accordance with FAR 5.301 and 16.505(b)(2)(ii)(D), this action will be synopsisized at award on the Federal Business Opportunities Page (FBO) and the justification will be made publicly available within 14 days of award.

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: Market research was conducted in September 2018 by VA technical experts to ascertain the ability of any other source to meet VA's needs. Specifically, VA's technical experts reviewed the capabilities and product literature compiled by IDC Marketscape and CapiolIT. While the vendors in these analyses, such as Deloitte and Booze Allen, have general capabilities, none of these sources were found to provide similar functionality to VA's requirement without the configuration issues outlined in Section 5 of this Justification.

9. Other Facts: There are three primary factors supporting the need to award this extension as a sole source action to AFS, including (1) time constraints to establish a replacement system for the legacy VALERI managed service being provided by BKFS; (2) the technical complexity associated with completing the VALERI-R system at its current point in development; and (3) the unique technical expertise held by AFS which gives AFS a distinct ability to complete the VALERI-R system compared to any other vendor. The additional development team, having not built the current code, is not familiar with the existing code structure, continuous integration processes and deployment configurations necessary to provide development support to the project. These concerns are compounded by the complex nature of the loan servicing workflow within the VALERI-R software architecture. This complex workflow results in multiple branches of the code that must be orchestrated across all of the business needs. Therefore, a second

development team focused solely on only a couple of the business needs significantly increases the risk of negative impacts to the existing processes, code and deployments. Moreover, a second development team working in a single development environment would disrupt the existing development team's processes and coding efforts ultimately resulting in missed requirements, severe defects and misconfigurations of interfaces. These branches also require time to maintain and merge as well as time to resolve code conflicts identified during branch merges. Furthermore, with two development teams within the code, rollbacks, in case of unsuccessful deployment, may be incomplete, impacting the development team's progress, the environments and possibly data integrity. Troubleshooting and technical resolution also becomes more complex and costly as the two development teams need to jointly resolve issues, while one team may not have introduced the error and is unfamiliar with the code developed by the other vendor. Lastly, automated testing and deployments become increasingly harder to execute, update and verify due to the amount of code changes happening daily, increasing the risk that the project deploys defective code without knowledge.



VALERI-R Extension

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