

LIMITED-SOURCES JUSTIFICATION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
1701 Directors Blvd
Austin, TX 78744
2. Description of Action: The proposed action is for a twelve (12) month firm-fixed price (FFP) task order, with two 12-month option periods, for closed cabinet rack space, single phase primary and redundant power, and fiber circuit interconnection in both Chicago and Ashburn Veterans Affairs (VA) gateway facilities. This is a sole source action conducted under the authority of the Multiple Award Schedule Program; the proposed effort will be awarded under the General Services Administration (GSA) Federal Supply Schedule (FSS) GS-35F-401BA to Equinix, Inc., One Lagoon Drive 4th Floor, Redwood City, CA 94065-1562.
3. Description of the Supplies or Services: The proposed action is to provide interconnection to cloud services, such as Microsoft Exchange Cloud, Amazon Web Services, and ServiceNow, at VA facilities located in Chicago, IL and Ashburn, VA in accordance with the Federal Cloud Computing Strategy, and comply with Department of Homeland Security (DHS) Trusted Internet Connection (TIC) and Office of Inspector General (OIG) requirements for encrypted electronic communications.

TIC requirements, as described by TIC Reference Architecture version 2.0, describes "security patterns" and related functions for communications, as they relate to specific connection types. Mandatory security functions for "External Connections" include the implementation of packet filtering, content filtering, intrusion detection and prevention, as well as the use of proxy connections for all communications. OIG requirements are based upon findings summarized by report number 12-02802-111 "Review of Alleged Transmission of Sensitive VA Data Over Internet Connection", and the subsequent response from the VA Assistant Secretary for Information and Technology (AS/IT). In summary, the report references several regulations which require VA encryption of PII data including, FIPS 140-2, VA Handbook 6500, and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). As summarized in the report, the VA uses Multiprotocol Label Switching (MPLS) which is supported by carriers AT&T and CenturyLink. The carrier MPLS networks do not inherently employ encryption; however, they do offer a segmentation of network traffic to differentiate between private networks from Internet connections. TIC requirements define security patterns for external connections, while OIG recommendations with corresponding AS/IT concurrence, defines unique encryption requirements for such defined external connections. In order to meet both operational goals for connectivity to cloud service providers and remain

compliant with regulations for encryption, an intermediary service provider is necessary. A intermediary service provider will allow for the use of VA-owned equipment for regulatory requirements, and also have the capability to provide interconnectivity to various cloud resources.

The Contractor shall provide two physical data center locations which are geographically dispersed. The space shall house VA-owned equipment in a closed 19-inch VA owned cabinet, which will serve as a demarcation between contractor cloud service facilities and VA WAN service provider network. The contractor shall also provide 30-amp, 120v AC single phase primary and redundant power to the cabinet, and one Ten Gigabit single mode fiber Ethernet Exchange for communications between VA WAN and cloud resources. The aforementioned shall be provided for each of the Chicago and Ashburn Trusted Internet Connection (TIC) gateway facilities. The total estimated value of the proposed action, including the two 12-month option periods, is [REDACTED].

4. Authority: This acquisition is conducted under the authority of the Multiple-Award Schedule Program. The specific authority providing for a limited source / award is Federal Acquisition Regulation (FAR) Part 8.405-6(a)(1)(i)(B), "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."

5. Rationale Supporting Use of Authority Cited Above: The proposed source is Equinix, Inc., One Lagoon Drive 4th Floor, Redwood City, CA 94065-1562. Service providers that currently deliver network communications for VA's network are bound to restrictions that do not allow for both interconnectivity between cloud service providers, nor do they facilitate VA Network Operations to remain compliant with TIC and OIG requirements for encryption. Equinix is the only known service provider capable of offering connectivity to a wide array of cloud services while allowing compliance with TIC and OIG regulations. Equinix will allow the use of dedicated rack space for VA equipment to encrypt and decrypt traffic as required.

In addition, the proposed vendor has data centers within a few miles of VAs TIC facilities. This allows for low latency connectivity requirements to TIC facilities. There are no known vendors who have facilities in locations with significant geographic dispersity. There would be a high latency concerns if no geographic dispersion. The VA has invested significant engineering and collaborative efforts between current service providers, in order to implement WAN solutions capable of minimizing latency-based impacts to communications. As the One-VA WAN enterprise continues to meet cloud-based initiatives, it is likely most efficient to maintain operational advantages already achieved, as opposed to re-engineering comparable performance.

Furthermore, selection of another vendor exposes the VA to unnecessary costs for access to a number of other cloud services providers that current and future initiatives require, such as Amazon Web Services (AWS) and Salesforce. The VA has currently deployed solutions which interact with AWS with an associated cost for connectivity. By using the proposed vendor, VA could meet current operational requirements with no associated cost. If another vendor is selected, additional risk would be incurred as the new contractor's staff may require a steep learning curve while gaining familiarity. These are all costs that would not be recovered through competition.

6. Efforts to Obtain Competition: Market research and outreach 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. In accordance with FAR 5.301 and 8.405-6(a)(2), this action will be synopsized 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. As cloud services mature, it is expected that more service providers will be able to offer solutions in accordance with TIC/OIG requirements as described.

8. Market Research: Market research efforts were conducted via direct outreach to several service providers to determine if competition was viable for this action. A Request for Information (RFI)/Sources Sought notice was posted on GSA and FBO.gov from June 22, 2018 to June 29, 2018. No responses were received on GSA eBuy. Three responses were received to the FBO.gov notice:

AiNET Corporation (Minority Owned, Small Disadvantaged Business), MIS Sciences Corporation (Veteran Owned VOSB), and United Data Technologies (Large Business). The VA Contracting Officer Representative (COR) reviewed the responses and found them not capable of performing the services. Two of the three respondents (AiNet and MIS Sciences) did not meet the geographic dispersion requirements which would introduce high latency concerns. United Data Technologies was unclear relating to geographic dispersion (did not provide specific city) and provided partial capability of connectivity to federal government cloud services.

Telecommunications carriers currently under contract via Networx do not offer the services required as a part of the contract offering.

Outreach to cloud providers such as, AT&T and CenturyLink yielded details regarding technical capabilities and approaches for connecting to the Microsoft Exchange Cloud. Conversations with providers also involved inquiries related to pricing structure and support for encryption.

AT&T has general capabilities to perform the proposed action through its "Net Bond" product offering; however, in order to meet TIC and OIG requirements, a VA router is necessary between the TIC Business Partner Extranet (BPE), which is either AT&T or Centruy Link, and the desired cloud connection, which is the Microsoft Exchange Cloud. AT&T noted that in order to have "Net Bond" solution support encryption according to aforementioned requirements, VA would need control of network end-to-end, which violates AT&T operational rules with respect to the available product offering.

CenturyLink does not allow the deployment of customer owned and managed hardware at their perimeter locations (in front of their respective service that allows for access to multiple cloud service providers). VA requires this in order to configure Internet Protocol Security (IPSEC) tunnel from each VA TIC Gateway to the respective service that provides access to various cloud service providers. Equinix is the only known vendor vendor that allows for this.

9. Other Facts: None.

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.

[REDACTED]
IT Specialist, COR

Date: [REDACTED]

11. Determination of Best Value: I hereby determine that the proposed contract action will represent the best value to the Government consistent with FAR 8.404(d). GSA has already determined that the prices on the FSS contract are fair and reasonable. Further price analysis, to include an analysis of proposed level of effort and mix of labor, will be conducted and subsequent negotiations held as necessary. Additionally, price discounts will be sought.

[REDACTED]
Procuring Contracting Officer

Date: 8/7/2018

Signature: [REDACTED]

12. Procuring Contracting Officer Certification: I certify that this justification is accurate and complete to the best of my knowledge and belief. As this contract action does not exceed \$700,000, the certification below required by FAR 8.405-6(d)(1) serves as approval.

[REDACTED]
Procuring Contracting Officer

Date: 8/7/2018

Signature: [REDACTED]