

LIMITED SOURCES JUSTIFICATION

ORDER >SAT

FAR PART 8.405-6

Acquisition Plan Action ID: VA701-18-AP-0388

1. **Contracting Activity:** Department of Veterans Affairs (VA), Program Contracting Activity Central (PCAC), 6150 Oak Tree Boulevard, Suite 300, Independence, Ohio 44131

2237 Transaction # or Vista Equipment Transaction #: 101-18-3-2416-0039

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](#)).

Workforce Management Consulting Office (WMCO) is requesting a limited source justification for award of a Federal Supply Schedule contract to Northrop Grumman (NG) on GSA Schedule GS-35F-4506G requesting project management, technical configuration of VHA specific performance plans and workflows, customized training, and support services to continue the implementation of the Electronic Employee Performance Management (ePM) Application under a full, second phased pilot, using e.Power, and the planning and implementation of this Department of Veterans Affairs (VA) ePM Application Pilot, for all Bargaining Unit (BU), Executive Career Field (ECF), and Senior Executive Service (SES) employees at select pilot sites within the VA and existing pilot sites identified for participation in Pilot 4.0 which is nearing completion.

This contract shall build upon the assessment performed by Northrop Grumman in 2010 and 2011 (Task Order No. 116-C00081), 2013 and 2014 (Task Order No. VA701-13-F-0223), 2015 (Task Order No. VA701-15-F-0034), 2016-2017 (Task Order No. VA701-16-F-0080) and 2017-2018 (Task Order No. VA701-17-F-0202, during which Northrop Grumman and Human Capital Systems and Services (HCSS) developed and successfully tested requirements for an ePM application for non-SES Title 5 employees through the delivery of an ePM proof of concept and pilot. The ePM Pilot 4.0 leveraged activities to automate VA Form 10-2623, VA Form 10-2623a and expand the ePM pilot to approximately 25,000 Title 5 and Title 38 VA employees.

The next phase of the ePM Pilot shall continue to demonstrate cost savings and efficiencies through automation of the current Performance Management process, access to reports, automation of employee performance data collection within data sources from HCSS's VHA Leadership Workforce Development (VHALWD) system and the transfer of completed performance forms to the Electronic Official Personnel Folder (eOPF) application hosted by the Office of Personnel Management's (OPM) Enterprise Human Resources Integration (EHRI) program. A Firm Fixed Price (FFP) Task Order is contemplated, to include the labor services necessary to complete this next pilot phase of the ePM Pilot including project management, configuration of VA specific performance plans and workflows for all of VA's various employee types, system design and interoperability interfaces with HCSS's existing VHALWD system, and specific, targeted training to ensure successful pilot implementation for the various audiences covered under this pilot period of performance.

The ePerformance project will transform VA's current manual performance appraisal process to ensure compliance, increase transparency, align performance planning priorities to agency goals, and

drive results. Northrop Grumman's ePerformance system has been successfully piloted in VHA since 2011 and is currently the only product that has integrated with OPM's eOPF system to automatically transfer completed performance appraisal forms to an employee's eOPF record. ePerformance has also been highly customized to handle all the intricacies of VA's performance appraisal process and the VA-specific performance appraisal forms through many pilots that have been conducted within VHA since 2011. The ePerformance system will be ready for full VA deployment starting in FY 2019 with implementation completed by FY 2021. This timeframe would place ePerformance into sustainment mode starting in FY 2022.

Order against: FSS Contract Number:GS-35F-0165Y

Name of Proposed Contractor: Northrop Grumman
Street Address: 7575 Colshire Drive 6059W
City, State, Zip: McLean, Virginia 22012
Phone: (703) 556-1444

The estimated value of the proposed action: \$3,834,025.00

The Contractor shall provide all labor, supervision and all other resources to deliver project management, technical design and configuration of five VA specific performance plans and workflows, end user documentation, customized training to VA's customer base as well as system interface compliance and interoperability and support services for the target population of 75,000 VA employees. The contractor shall also provide the Electronic Employee Performance Management (EPPM) application, licenses and support for approximately 75,000 VA employees.

The requested web-based, cloud hosted EPPM solution shall automate the entire performance management lifecycle from plan creation through upload to the Electronic Official Personnel File (eOPF) in compliance with VA, VHA and OPM performance management standards for the following performance appraisal forms: Proficiency Report Forms (VA Forms 10-2623 and 10-2623a), SES Performance Form (VA Form 3482), ECF Performance Form (VA Form 3482e), Title 5 and Hybrid Title 38 Performance Form (VA Form 0750). The EPPM solution shall demonstrate performance management efficiencies and cost savings through the automation of existing manual performance management processes. Human Capital Systems and Services (HCSS) requests the EPPM system meet the following functional requirements:

- Creation of performance plans to include the ability to clone from a previous plan, from another employee plan and from a template for a specific occupation code (functional/specialty/assignment/title) and grade. Also, the ability for rater and proxy roles to create multiple plans for selected assigned employees.
- Allow pre-built plan templates for specific occupations that contain vetted strategic goal(s) and the linkage between department – manager – employee, reporting relationships, and technical performance measures across plan types.
- Allow for changes to performance plans during performance cycle and rollback inadvertent plan changes.
- Workflow to handle reconsideration requests for the performance appraisal forms to include the uploading of reconsideration documentation as an attachment. This would include ability

VHAPM Part 808.405-6 Limiting Sources

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- to retrieve and/or modify a plan after it has been finalized and transmitted to eOPF. Updated plan would then be re-processed for transmission to eOPF.
- The ability to have Human Resources (HR) end user Administrators pull back performance plans after they have been completed and transmitted to eOPF to re-route and revise as needed before transmitting back to eOPF.
 - Creation and completion of progress reviews, special ratings, summary ratings, and end of year performance ratings to include the ability to sign electronically using PIV card. Also, the ability to add more than one progress review on additional information sections of the forms.
 - Automation of performance program reminders via email to include new notices to entities outside of the managerial chain e.g. unions and union officials. Workflow notifications shall conform to union requirements regarding performance plan issuance and modifications during the performance year.
 - Management and dissemination of annual department-wide goals and elements to all VA employees and granular dissection based on employee type. The ability to push these items from higher offices down to subordinate offices and require them on all new active current plan year performance plans.
 - Data collection and reporting to include metrics that track performance against specific competencies, standards, goals and major initiatives. The ability to view drill down report data by POID, Station, VISN and Program Office.
 - An extractable data feed that can be used for complex data mining efforts for performance analysis, reporting and dashboards.
 - Transfer of final ratings and supporting data elements to HCSS, through a data view.
 - Transfer of completed performance appraisal forms to include supporting documentation to the eOPF for all performance plans and the ability to transmit special and summary ratings outside of the normal performance cycle.
 - The ability to upload documentation to be included with the performance appraisal forms.
 - The ability to append a completed summary rating to a final rating so they can be incorporated into a single document and uploaded to the eOPF.
 - Integration with HCSS's portal to support single sign-on with PIV authentication.
 - Integration with VA HRSmart data elements through a data view, as defined and coordinated with HCSS. Data elements will define employee, rater, organization, servicing HR station and reporting relationships for the EPPM solution.
 - Creation of real-time reports to provide HR staff and managers a quick overview of employee performance plan status to meet established performance timelines and reporting requirements.
 - Performance standards library to support the administration, management and location of standards in local, regional and/or national libraries.
 - Fine grained permissions to restrict access based on role: employee, rater, HR Technical Reviewer, HR administrator, library administrator, Report view, and super (system) administrator.
 - Proxy as another employee to perform operations other than electronic signatures on their behalf.
 - User guides, job aides, troubleshooting guides and train-the-trainer material.
 - Conducts training in various modalities (i.e., face to face, recorded and virtual) to support user base.
 - Provide system documentation – technical manuals (to include business rules and data dictionary), test plans, release notes, delta documents, etc.
 - Ability to mass import old performance records from a flat file.
 - Ensure web interface is compliant with federal accessibility standards (i.e. Section 508 compliant).

- Hosted in a FEDRAMP certified cloud environment.
- All performance data shall be exported and provided to the HCSS office at the conclusion of the contract.

(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.

Northrop Grumman will provide professional services to plan the implementation of the Electronic Employee Performance Appraisal (ePM) application. The work provided is in support of the Department of Veterans Affairs (VA) ePM Application Pilot, for Non-SES Title 5 and Title 38 employees. The ePM application is built on Northrop Grumman’s proprietary software tool, e.Power. The Software, Specifications, Services and Documentation, and any copies of any of them, are proprietary to Northrop Grumman. Currently, no other vendors are licensed by Northrop Grumman to provide services associated with the ePM application. Northrop Grumman is the only vendor to provide services associated with the Northrop Grumman ePM application within the Federal Government.

Northrop Grumman’s ePM solution is the only tool that currently interfaces with the OPM’s eOPF application. A successful interface with eOPF is a mandatory VA requirement, as the agency is currently manually scanning performance forms into eOPF. Because of the successful completion of the ePM Proof of Concept, Northrop Grumman possesses the knowledge of VA performance management and VA systems necessary to meet the Government’s requirements. Northrop Grumman’s ePM solution has achieved success at the Department of Justice, Bureau of Prisons (DOJ BOP) and the Department of Energy (DOE), all of which have achieved OPM acceptance of their performance policy, which is automated through the solution.

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: e.POWER, the document management/workflow (DM/WF) software product selected by the Office of Personnel Management for their eOPF solution.

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.

Northrop Grumman's ePM solution is the only tool that currently interfaces with the OPM eOPF application. A successful interface with eOPF is a mandatory VA requirement, as the agency is currently manually scanning performance forms into eOPF. Since 2010, over 650,000 performance plans have been manually scanned into eOPF.

The costs associated with this project will be offset by lifecycle cost savings that will exceed \$2M annually by eliminating the need to manually scan and/or upload performance forms into an employee's eOPF record. ePerformance will also significantly reduce the time HR staff spends ensuring compliance, compiling reports and performing technical reviews. This will free up HR staff to focus on other critical areas, such as hiring, onboarding, and providing employee and labor relations support and guidance to supervisors to ensure VA has the staffing and performance management necessary to serve our Nation's Veterans.

(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:

The labor rates under this GSA TO have already been determined fair and reasonable. The Contracting Officer will ensure the quote is evaluated by the program office to ensure the level of effort and mix of labor is considered and determined to be acceptable. Further, the Contracting Officer will also evaluate the basis of estimate submitted to validate the overall price is fair and reasonable and in the best interest of the Government to move forward with an award. Based upon this, the Contracting Officer will be able to make a best value determination.

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

In accordance with FAR Parts 8, 10, 19 and Class Deviation - Implementation of the Veterans First Contracting Program (VFPC 2016), dated July 25, 2016, market research was conducted to determine the method of procurement, identify market capabilities as well as comply with *Kingdomware Technologies v. United States, 2016*. Specifically, market research was conducted in the form of a Sources Sought Notice, 36776C18Q9145, that was posted to FedBizOps. A search was also conducted in Vendor Information Pages (VIP) database. The purpose of the Source Sought postings and database searches was to determine whether there were any other vendors besides Northrop Grumman capable of providing the same service, specifically any SDVOSB, Veteran-Owned Small Business (VOSB) or Small Business concerns.

A Sources Sought Notice (RFI# 36776C18Q8145) was posted to FedBizOps on April 20, 2018 for a total of fourteen (14) calendar days. A total of eight (8) responses were received. One (1) SDVOSB, two (2) Small Business and five (5) Other than Small Business (OTS) concerns. Additionally, an email was sent to 3802 SDVOSB concerns from VETBiz utilizing NAICS 541611 that yielded no responses.

Based upon the Sources Sought responses received, it was determined that there are not at least two (2) reasonably capable SDVOSB vendors on the open market or GSA to meet the requirement. The other

two (2) small business and four (4) OTS concerns could not meet the requirement due not being able to use ePower, the software product owned and operated by Northrop Grumman and mandated for use by the Office of Personnel Management (OPM).

A Notice of Intent to Sole Source was issued on June 19, 2018 with a response date of June 26, 2018. No responses were received.

Based upon these findings, there is not sufficient competition using Open Market Sources or a SDVOSB/VOSB or Small Business set aside. Northrop Grumman has an active GSA contract, thereby, streamlining the acquisition process.

Below is a list of current government customers other than VA utilizing Northrup Grumman's ePower and ePerformance application on a sole source basis:

Department of Justice

- Contract Number: OPM17-10-A-0001
- Order Number: W0045

Department of Energy

- Contract Number: OPM17-10-A-0001
- Order Number: W0013
- Order Number: W0062

National Credit Union Association

- Contract Number: GS-35F-4506G
- Order Number: 350002069
- Requisition Number: 300001413

Broadcasting Board of Governors

- Contract Number: GS-35F-4506G
- Order Number: BBG50-J-14-0157
- Requisition Number: 1500-14-QW-00069

Northrop Grumman (NG) was also contacted for a statement that they are the only vendor licensed to provide this service. NG provided a statement to the VA that no other vendors are licensed to perform services associated with the ePM application due to its proprietary software platform.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

This effort represents a natural extension to the ePM first pilot phase, during which Northrop Grumman successfully demonstrated that they are uniquely qualified to meet VA's needs for the automation of performance management.

The purpose of the ePerformance Proof of Concept (POC), completed in 2011, was to define the Executive Career Field (ECF) requirements associated with the ePerformance product, and to validate that several key technical dependencies were possible. Specifically, data sharing between ePerformance and the VHA Leadership and Workforce Development system that houses WebHR ARPA, sending completed performance plans to the electronic Official Personnel Folder (eOPF), viewing performance data applied to the VA ECF Performance Form, and the completion of a 'demo-ready' ePerformance system, to demonstrate ECF requirements. The intention of the POC was not to produce a production-ready system, and it was therefore not used in a production capacity.

Following the POC, ePerformance Pilot 1 was conducted to continue the success of the POC and successfully demonstrate that bigger audiences of ECF and SES employees could be facilitated from a system support, training, and workflow process enabling completion of the whole performance management cycle for VA. Pilot 1 was designed to allow the completion of VA's end of year performance cycle. Pilot 1.0 ends December 31, 2014.

The ePerformance Pilot 2.0 and 3.0 initiatives differed from the POC and the first pilot, in that these phases resulted in the continued implementation of a production-ready ePerformance system, to be used by approximately 20,000 bargaining unit employees, 5,000 ECF employees and all Senior Executives. The functional requirements and technical dependencies validated during the previous pilot and POC will be leveraged to add the additional VA specific performance plans, performance cycles, and associated workflows. In support of this initiative, Northrop Grumman will provide project management services and support, workflow configuration that adheres to VA's specific performance management requirements, Risk Management, Change Management, Training and Quality Management.

After the Proof of Concept and the Pilot 3.0, the following were successfully demonstrated through Northrop Grumman's ePM solution:

1. Integration with HCSS's WebHR portal and VHALWD system;
2. Acceptance of the appropriate Department of Veterans Affairs (VA) data elements through a data view, as coordinated with the VHALWD system;
3. The ability to create performance plans within the ePM application, to view performance information as applied to VA's 3482e and 0750 forms and to route the performance plan through VA specific workflows;
4. Transfer of the appropriate final rating and supporting data elements to the VHALWD system, through a data view; and
5. The ability to transmit VA's final performance form package to the Electronic Official Personnel Folder (eOPF).

The impact of not awarding this sole source contract includes:

- a) Continuance of paper processes for performance management,
- b) Meeting the outlined performance management initiatives under Veteran Affairs Access to Care Act (VAACA).
- c) Continuation of Day Forward processing (scanning) of performance material to eOPF, including a significant cost associated with this task on a yearly basis,
- d) Manual data collection and reporting of key performance management milestones,
- e) No automated reporting of metrics and analysis of performance directly related to competencies, goals and standards,
- f) Archaic method of managing and archiving performance documents.

The ePerformance Pilot 4.0 initiative differed from the POC and the other pilots, in that the fourth pilot phase automated Proficiency Report forms (VA Forms 10-2623 and 10-2623a), and included all necessary changes to existing performance plans (VA Form 3482e and VA Form 0750), libraries and workflows to comply with VA, VHA and OPM performance management standards.

The ePerformance Pilot 5.0 initiative will be hosted in a FedRAMP approved vendor provided cloud environment starting in FY19; provide Role-specific specialized training that will be offered to Human

VHAPM Part 808.405-6 Limiting Sources
Attachment 2: Request for Limited Sources Justification Format >SAT

Resource (HR) staff, supervisors and employees; After training, ensure the VISN Human Resource Officer (HRO) serves as the main Point of Contact (POC) between the VISN and the WMC ePerformance Office.

Duties of the VISN HRO will include troubleshooting ePerformance issues with both raters and employees prior to escalating system issues to the WMC ePerformance Team and ensuring VISN and Program Office Directors will be responsible for driving the use of ePerformance.

(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:

The VA plans on adding a performance management module in 2019, if funding is available, to the human resources information systems effort that will eventually replace the existing personnel system. Also, OPM is considering offering performance management programs in a fee for service model but those efforts just started and are in the evaluation phase of build or buy an existing product.

(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.

Christopher A Jaqua 230743 Digitally signed by Christopher A Jaqua 230743
Date: 2018.07.23 08:40:44 -0500

_____	7/23/2018	_____
SIGNATURE	DATE	
Chris Jaqua	Program Director, HRSI	HR Systems Integration
NAME	TITLE	SERVICE LINE/SECTION
VHA HCSS Program Office		

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.

Yolanda M. Ray 215870 Digitally signed by Yolanda M. Ray 215870
Date: 2018.07.29 12:45:29 -0400

_____	July 29, 2018	_____
CONTRACTING OFFICER/DESIGNEE'S SIGNATURE	DATE	
Yolanda M. Ray/Contracting Officer	Program Contracting Activity Central (PCAC)	
NAME AND TITLE	FACILITY	

VHAPM Part 808.405-6 Limiting Sources
Attachment 2: Request for Limited Sources Justification Format >SAT

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

Nicholas W.
Sparks 452466

Digitally signed by Nicholas W.
Sparks 452466
Date: 2018.07.30 14:11:24 -04'00'

Nicholas W. Sparks, Supervisor
Program Contracting Activity Central (PCAC)

Date

Richard C. Dahmen
199197

Digitally signed by Richard C.
Dahmen 199197
Date: 2018.08.14 08:09:57 -04'00'

Richard C. Dahmen
Director of Contracting
Program Contracting Activity Central (PCAC)

Date

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.

TERRY L.
SPITZMILLER 394683

Digitally signed by TERRY L.
SPITZMILLER 394683
Date: 2018.08.21 15:26:18 -05'00'

08/21/2018

Terry L. Spitzmiller
Acting Executive Director, SAO Central
Department of Veterans Affairs

DATE