

**JUSTIFICATION FOR
OTHER THAN FULL AND OPEN COMPETITION
(Prepared in accordance with FAR Sub-Section 13.501(a)(1)(ii))**

1. **Contracting Activity:** This Justification and Approval (J&A) for Other Than Full and Open Competition is executed by the Department of Veterans Affairs, Office of Procurement, Acquisition and Logistics Strategic Acquisition Center – Frederick on behalf of the Department of Veterans Affairs (VA) Veterans Health Administration (VHA).
2. **Nature and/or Description of the Action Being Processed:** This is a request for Other Than Full and Open Competition for a firm-fixed price contract with Canon USA located at One Canon Park, Melville, NY 11747, to provide continued maintenance services for VHA non-mydratiac cameras. The anticipated total value of this requirement inclusive of the base period and four one-year options is approximately \$771,721.50.

Estimated Periods of Performance:

Contract Year	Task/Deliverable	Unit Price	Estimated Quantity	Price
Base Year	Maintenance & Service	\$4061.55	45	\$182,769.75
Year 1	Maintenance & Service	\$4061.55	42	\$170,585.10
Year 2	Maintenance & Service	\$4061.55	23	\$ 93,415.65
Year 3	Maintenance & Service	\$4061.55	40	\$162,462.00
Year 4	Maintenance & Service	\$4061.55	40	\$162,462.00
Total	Base + Option Years			\$771,721.50

All the cameras were not purchased at the same time. They were all purchased with a 3 year warranty. As the manufacturers warranty ends, the maintenance and service takes over, that's why the numbers are staggered. Right now we only have 45 that will expire in FY 18.

3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The VA has acquired over 116 Canon cameras to support the national Teleretinal Screening Program. The cameras were purchased with a three-year warranty that is getting ready to expire. To continue maintenance and service of these cameras additional maintenance and service warranty is required. These cameras directly support Veterans with diabetes.

VHA is seeking contractor's support to provide continued maintenance and service for 45 Non-Mydratiac Camera Systems in use in some sites within the VA. Those Non-Mydratiac Cameras were previously purchased from Canon USA.

The contractor will provide all management, supervision, labor, materials, and supplies needed to provide the required maintenance and services. Maintenance and services will include ongoing maintenance of existing systems and on-site replacement of hardware. Contractor will extend the warranty (covering all parts and labor) on all components for 3 full years as well as provide unlimited phone/VPN support to troubleshoot all system issues.

4. **Statutory Authority Permitting Other than Full and Open Competition:** This procurement will be in accordance with FAR Subpart 13.5 – Simplified Procedures for Certain Commercial Items and specifically FAR Subsection 13.501(a)(1) where acquisitions conducted under simplified acquisition

procedures are exempt from the requirements of FAR Part 6, but still require a justification using the format at FAR Subsection 6.303-2, modified to reflect that the procedures in FAR Subpart 13.5 were used in accordance with 41 U.S.C. 1901.

As such, the statutory authority permitting other than full and open competition is 41 U.S.C. 1901 as implemented by FAR Subpart 13.5 – Simplified Procedures for Certain Commercial Items.

In accordance with FAR Subsection 13.106-1(b)(2), for purchases exceeding the simplified acquisition threshold, the requirements at FAR Subsection 13.501(a) apply to sole-source acquisitions of commercial items conducted pursuant to Subpart 13.5.

5. Demonstration that the Contractor’s Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority): A demonstration that the proposed contractor’s unique qualifications or the nature of the acquisition requires use of the authority cited.

Canon USA Inc, the manufacturer of these cameras is the Sole Source supplier of all proprietary replacement parts used in the maintaining and servicing of these machines. The hardware and software for the above purchased Teleretinal camera systems is proprietary to Canon and no other vendor aside from Canon USA can or will provide maintenance, service, and warranty to the equipment. Because of the proprietary nature of this acquisition, Canon USA Inc. is uniquely positioned to provide the expertise needed for continued maintenance and service of the large number of systems in service across the VA. No other company is authorized to provide maintenance for Canon Cameras.

Canon USA currently provides factory depot repair service at its Melville, NY office and Irvine, CA office. The Canon USA technical service support staff along with the necessary camera calibration and alignment tools, firmware software, parts supply are at these locations in order to perform the necessary hardware repairs in a timely manner.

6. Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable, including whether a notice was or will be publicized as required by Subpart 5.2 and, if not, which exception under 5.202 applies.

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. There is no competition anticipated for this acquisition.

The proposed action was synopsized on the Federal Business Opportunities Page on July 27, 2018 in accordance with FAR Section 5.201. It was requested that interested parties provide evidence of their capabilities to fulfill the requirement within fifteen calendar days after date of publication of the notice. No proposals were received in that timeframe.

As required by 6.305(a) the agency shall make publicly available the justification within 14 days after contract award.

7. Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable: No award shall be made until the Contracting Officer determines the price to the Government is fair and reasonable. This determination will be based on a comparison of current

contract pricing in the market, the Independent Government Cost Estimate, or other information made available consistent with Federal Acquisition Regulation (FAR) 13.

8. Description of the Market Research Conducted and the Results, or a Statement of the Reasons

Market Research Was Not Conducted: IAW FAR Part 10, market research was conducted to determine suitable approaches to acquiring the required Canon Imaging Systems Maintenance and Service.

A search conducted of VA FSS schedules (65 II A and 66) shows a considerable number of schedule contract holders that are capable of providing Canon equipment/parts. These vendors are part of Canon USA's authorized dealers network. Although Canon USA, Inc. sells products through their authorized dealer network, the Canon software that is sold is pre-installed by Canon and is not installed by their Canon USA Dealers. The hardware and software for the above purchased Teleretinal camera systems is proprietary to Canon and no other vendor aside from Canon USA can or will provide maintenance, service, and warranty to the equipment. The dealers sell parts, but the come hardware is proprietary for the cameras.

An internet search for companies that could potentially provide maintenance on Canon equipment revealed that Canon USA (large business), National Instrument Service Corp (NISCorp) (small business), Lombard Instruments (small business), and Topcon Medical Systems (large business) either provide or service Canon or similar equipment. Each company was contacted by phone to determine its ability to provide the needed services.

- Topcon: The representative from Topcon indicated that Canon equipment is proprietary and that it could not service Canon equipment. The representative indicated a belief that only Canon can perform the work VA is requesting.
- NISCorp: The representative indicated that it does not provide the required software updates on Canon equipment nor does it work on digital cameras provided by Canon.

According to the company (Canon USA), Canon Authorized Eye Care Dealers are authorized to perform service which in many instances consists of basic phone support diagnostics. However, the Dealers do not have the necessary camera calibration alignment tools, tools software, firmware software, parts supply or advanced service training to perform certain repairs and servicing of the retinal camera hardware. So, most retinal cameras are sent by our Dealers to Canon USA for service and repair. The Dealers do not provide Canon DICOM software support and this service is deferred to Canon USA service.

Additional Market Research was conducted using the SBA Dynamic Small Business Search engine, using the keywords "Canon (13 results)"; "Retinal (3 results)"; "Retinal Camera (0 Results)" "Medical Repair (3 results), and "Retinal Imaging (0 results). The reality is Canon USA, Inc. In spite of these findings, the reality is that Canon USA Inc., the manufacturer of these Cameras, is the Sole Source supplier of all proprietary replacement parts used in the maintaining and servicing of these cameras.

The Office of Small and Disadvantaged Business Utilization's (OSDBU) Vendor Information Pages (VIP) web site was researched to seek Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs).

94 veteran businesses were identified as capable of providing maintenance service; however, due to the proprietary nature of the equipment, only Canon USA, Inc. is authorized to perform the required maintenance.

Based on the above information, the Contracting Officer determined it is in the best interest of the Government to issue a sole source to Canon USA, Inc for continued maintenance and service for 45 Non-Mydriatic Camera Systems in use in some sites within the VA.

9. Any Other Facts Supporting the Use of Other than Full and Open Competition:

The FAR allows restrictive provisions or conditions to the extent necessary to satisfy the needs of the agency or as authorized by law (FAR Subsection 11.002(a)(1)(ii)). As such, the Government has discretion to reasonably restrict competition as long as that requirement is needed to meet the agency's minimum need. Such was determined to be the case in this instance for the procurement of maintenance services for VHA Canon non-mydriatic Cameras.

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

Canon USA
One Canon Park
Melville, NY 11747
888-626-4590
trusso@cusa.canon.com

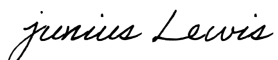
11. A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required: VA

plans to use full and open competition in its related outreach activities. In this instance, due to on the need to maintain research capability, no other efforts to remove barriers are necessary.

12. 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.

Technical Representative Certification:

Pursuant to FAR Subsection and FAR Section FAR Section 6.303-1(c), I certify that any supporting data that is my responsibility and which forms a basis for the justification is complete and accurate to the best of my knowledge and belief.



Junius Lewis
Program Analyst, Telehealth Services
Contracting Officer's Representative

08/14/2018
Date

Contracting Officer Certification/ Approval:

Pursuant to FAR Subsection and FAR Sub-Section 6.303-2(b)(12), I certify that this justification is accurate and complete to the best of my knowledge and belief and approval is thus provided.

Allen L. Smith
Contracting Officer

8/14/18
Date

Strategic Acquisition Center – Frederick

Agency Competition Advocate Certification/ Approval:

The Agency Competition Advocate (see 806.501) signature below meets the justification approving authority requirements in accordance with FAR 6.304 (a)(2), Approval of Justification and FAR Section 13.501(a)(2)(ii). Proposed contract amount is over \$700,000 but not exceeding \$13.5 million.

Clint Druk
Agency Competition Advocate
Office of Acquisition Operations

Date