


**JUSTIFICATION AND APPROVAL  
FOR AN EXCEPTION TO FAIR OPPORTUNITY**

1. **Contracting Activity:** Department of Veterans Affairs (VA)  
Office of Acquisition and Operations  
Technology Acquisition Center - Austin  
1701 Directors Blvd., Suite 600  
Austin, Texas 78744
2. **Description of Action:** This proposed action is for a Firm-Fixed-Price Task Order (TO) to be issued under the National Aeronautics and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) IV Government-Wide Acquisition Contract (GWAC) to acquire International Business Machines (IBM) brand name hardware maintenance and technical support services for the VA Office of Information and Technology (OIT) Field Operations (Region 5). The period of performance will be for a twelve month base period with three 12-month option periods.
3. **Description of Service and Supplies:** The proposed action is to acquire IBM brand name hardware maintenance and technical support services of VA-owned hardware implemented within the Hines and Philadelphia Information Technology Centers (ITCs). The existing hardware platform includes IBM mainframe systems and associated peripherals used by the Philadelphia and Hines ITCs to provide the infrastructure support to the Veterans Benefits Administration (VBA) Benefits Delivery Network (BDN) payment system. The IBM mainframe system server, located at the Philadelphia ITC, processes all Veteran's GI Insurance System benefits, dividends and associated applications for the nation's Veterans and dependents, including insurance premiums, policy notifications and billing statements; furthermore, this platform serves as the disaster recovery system for the VBA BDN payment system. The IBM mainframe system located at the Hines ITC serves as the production system for BDN Batch Processing and the Philadelphia ITC serves as the disaster recovery system for the VBA BDN batch payment processing system, supporting all Compensation & Pension, Education and Vocational Rehabilitation Information Technology (IT) applications for the nation's Veterans and dependents. The IBM servers and peripherals are VA mission critical systems. IBM, the Original Equipment Manufacturer (OEM), requires the hardware to be maintained at the same firmware levels in order to accept failover processing in the event of a situation at either the Philadelphia ITC or the Hines ITC datacenters. The Philadelphia and Hines ITCs have a need for co-terminus hardware maintenance and technical support services of VA-owned IBM hardware. Hardware maintenance and technical support services will remedy hardware failure as well as enhance and optimize hardware performance. Additionally, support includes all hardware repairs, corrections, fixes, patches, releases, updates, upgrades and telephone technical support to VA representatives, to ensure the IBM hardware remains operational. The total estimated price of the proposed action inclusive of the option periods is  


4. **Statutory Authority:** The statutory authority permitting an exception to fair opportunity is Section 41 U.S.C. 4106(c) 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:** Based on extensive market research, as described in paragraph 8 of this document, limited competition is available among authorized resellers for these services. This is a brand name justification in support of FAR 11.105, Items Peculiar to One Manufacturer. IBM is the Original Equipment Manufacturer (OEM) of IBM hardware, and only IBM hardware maintenance and technical support services are capable of meeting all of the Government's requirements. VA has implemented IBM brand name hardware for use at its datacenters in Hines, Illinois and Philadelphia, Pennsylvania. The brand name hardware infrastructure currently implemented within the Philadelphia and Hines ITCs is used for all hardware, storage, development, alpha, beta, and production items for business applications and is compatible with VA's existing IT environment. Hardware maintenance and technical support services are required for VA-owned IBM hardware and peripheral assets currently in use at the Philadelphia and Hines ITCs. Maintaining and repairing VA-owned IBM hardware is mission critical to the operations of the Philadelphia ITC, Hines ITC and VA-VBA, and thus requires technical knowledge and expertise in IBM hardware, as well as immediate access to parts. Furthermore, any source other than a reseller must have access to the manufacturer's proprietary data to meet VA's needs. This proprietary data allows a source access to the fundamental elements of the IBM mainframe systems and associated peripherals that is essential in providing the aforementioned hardware maintenance and technical support services. Without continued maintenance and technical support, the hardware may not efficiently perform its intended functions, which would reduce the Philadelphia ITC's and Hines ITC's ability to provide a secure, stable IT infrastructure, and lead to significant work stoppages and serious erosion in supporting VA-VBA's overall mission to serve Veterans.
6. **Efforts to Obtain Competition:** The Government's technical team performed internet searches and evaluated competing hardware and warranty/maintenance solutions to find the optimal solution to provide the required functionality. The search did not result in any other hardware or warranty/maintenance solutions that in the technical team's opinion could provide the required functionality listed in paragraph 5. In accordance with FAR 5.301 and 16.505(b)(2), this action will be synopsized at award on the Federal Business Opportunities Page (FBO) and the justification will be made publicly available.
7. **Actions to Increase Competition:** As long as VA continues to use IBM hardware for its infrastructure, VA will require services to maintain and upgrade this infrastructure. However, in order to remove or overcome barriers to competition in

future acquisitions, the agency will continue to perform additional market research so that other solutions may be considered.

8. Market Research: The Government's technical team determined that only IBM brand name hardware maintenance and technical support services are capable of maintaining and supporting the existing hardware platform and the existing hardware warranties without modification to VA's existing infrastructure architecture. Specifically, in July 2012, the technical team verified that hardware maintenance and technical support implemented by companies other than IBM authorized resellers would not meet the technical requirements as these vendors would not be able to access the manufacturer's proprietary data. Additionally, any maintenance and technical support implemented by companies other than IBM authorized resellers would invalidate the manufacturer imposed warranty requirements and thus the warranty for VA-owned IBM hardware that materially supports the mission critical functions of VA-VBA. Having multiple hardware/software platforms would require different expertise and the establishment of new diagnostic, configuration, security, access, and command procedures. Additional risks would be incurred, as the new hardware would require additional administration, installation, training and maintenance costs. Furthermore, all VA-VBA Insurance Payment System applications would need to be re-evaluated and reprogrammed as all have been built on the IBM platform. Due to the critical nature of this infrastructure, scheduled down time of the hardware systems is prohibited. The efficient and most cost effective approach is to continue with VA's existing hardware platform, which requires continued maintenance and technical support. Based on the market research, the technical team concluded that IBM maintenance and technical support is the only commercially available services compatible with VA's current infrastructure.
9. Other Facts: None.