

Service Area Office, East
Department of Veterans Affairs
323 North Shore Drive, Suite 500
Pittsburgh, PA 15212

Memorandum 2011-003
December 28, 2010

LIMITED SOURCES JUSTIFICATION
ORDER >\$150,000
FAR PART 8.405-6(g)

2237 Transaction # or Vista Equipment Transaction #: 528-13-1-3326-0004

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in par. 3 below is sole source, therefore, consideration of the number of contractors required by FAR Subpart 8.4 – Federal Supply Schedules, is precluded for the reasons indicated below.

Restricted to the following source: Provide original manufacturer's name for material or contractor's name for service. (If a sole source manufacturer distributes via dealers, ALSO provide dealer information.)

Manufacturer/Contractor: Philips Healthcare Informatics _____
Manufacturer/Contractor POC & phone number: _____
Mfgr/Contractor Address: 4100 East 3rd Avenue _____
Dealer/Rep address/phone number: Same as Above _____

☐ The requested material or service represents the minimum requirements of the Government.

(1) AGENCY AND CONTRACTING ACTIVITY: Department of Veterans Affairs
Network Contracting Activity, 2-90NCO
SITE, Syracuse (VISN Contract)

VISN: Department of Veterans Affairs, VISN 2

(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:

The Network Radiology Department is requesting a six-month purchase of Philips' Digital Imaging Network Picture Archive Communication Systems (DIN-PACS) services. This is the only available solution on the market as Philips' DIN-PACS systems is currently in place and fully operational. A firm-fixed price task-order will be used. Request to purchase sole source from Philips Healthcare Informatics, 4100 East 3rd Avenue, Suite 101, Foster City, CA 94404-4811.

(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:

The Digital Imaging Network - Picture Archiving and Communications System (DIN-PACS) is an open system network of digital devices designed for the effective acquisition, transmission, display, and management of diagnostic imaging studies. DIN-PACS provides for diagnostic x-ray images in digital output that can be transmitted for analysis anywhere in the hospital or in the world. More specifically, Picture Archiving and Communications Systems handle the complex task of gathering, indexing, storing, and displaying diagnostic images from various commercial imaging systems such as digital radiography, x-ray Computed Tomography, Magnetic Resonance Imaging, Positron emission tomography, Ultrasound, and others. The VA staff doesn't have the organic capability required to develop and maintain such a system in-house.

(b) ESTIMATED DOLLAR VALUE _____

(c) REQUIRED DELIVERY DATE: 10/1/2012

(4) IDENTIFICATION OF THE JUSTIFICATION RATIONALE (SEE FAR 8.405-6), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE.

☒ Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

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☒ A patent, copyright or proprietary data limits competition. The proprietary data is:

The proprietary data is the Veterans Health Information Systems and Technology Architecture (Vista). It is an enterprise-wide information system built around an Electronic Health Record (HER). It provides a client-server interface which allows health care providers to review and update a patient's electronic medical record. Any system or software purchased must be compatible and 100% functional with this system.

☒ 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.

Philips is the current and only vendor who is able to provide DIN-PACS services and maintain the already-installed system's performance currently in place. DIN-PACS is a commercial network of high technology digital medical devices regulated by the FDA. They are designed to acquire, transmit, display and store diagnostic imaging studies and related information. DIN-PACS provides for teleradiology, or the electronic communication of medical radiology images and results. DIN-PACS systems include propriety hardware and software. Proprietary clinical software used in DIN-PACS requires licenses. Only the current manufacturer providing that software can provide licenses for the software. Upgrades to system software can only be provided by the manufacturer as these are FDA approved medical devices.

(4) 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:

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

On 10/12/10, the DLA-DIN-PACS contract was subsequently extended to 10/12/12 in order to pursue a competitively awarded contract for the same purpose. The solicitation and source selection processes for the new vehicle have however been delayed due to coordination issues, workload constraints, and complexities introduced by separate PACS related software and hardware procurement actions. A consolidated acquisition planning approach has been adopted, and an additional order is considered to be in the best interests of the Government in order to provide uninterrupted services, while pursuing a best value contract solution. A competitively awarded, five-year contract is expected on or around December 1, 2012. There is a need to continue services while the new vendor installs and implements its PACS solution.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

Potential sources were not solicited as this is a "bridge" contract to keep the current services provided by Philips. Long term, efforts to solicit competition to the fullest extent possible will be made. High-tech equipment procurement policy dictates these items must be purchased through the DLA DIN-PACS contract vehicles. Many vendors already hold a contract and include:

- | | |
|---------------|-------------------------------------|
| a. AGFA | e. General Electric Medical Systems |
| b. CareStream | f. IBM |
| c. Fuji | g. McKesson |
| d. Philips | h. Siemens |

(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:

VISN 2 NCO will continue to monitor the market to ensure that future sole source requirements are avoided. Furthermore, a full market analysis will be conducted for the long-term contract in support of the DIN-PACS NAC/ DLA requirements.