

JUSTIFICATION  
FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. Contracting Activity: Department of Veterans Affairs (VA)  
Office of Procurement, Acquisition, and Logistics  
Technology Acquisition Center  
23 Christopher Way  
Eatontown, NJ 07724
2. Description of Action: This proposed action is for the issuance of a firm-fixed price delivery order against National Aeronautics and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) V Government-Wide Acquisition Contract (GWAC) NNG15SD22B for brand name Philips Healthcare Corporation (Philips) Radiology Picture Archiving Communication System (PACS).
3. Description of the Supplies or Services: The VA, Veterans Health Administration (VHA), Veterans Integrated Service Network (VISN) 15 has a requirement for the continued support of the current VISN-wide Radiology Department PACS architecture. PACS refers to a computer system that is used to capture, store, distribute and then display medical images and is all-inclusive packaged. PACS architecture has four major components: hardware imaging machines; a secure network for distribution and exchange of patient images; a workstation or mobile device for viewing, processing and interpreting images; and electronic archives for storing and retrieving images and related documentation and reports. VA requires unlimited licenses for web access, Radiologist diagnostic workstations, Quality Assurance/Quality Control workstations, clinical workstation, Digital Imaging and Communications in Medicine messaging with all present and future images, study access, advanced visualization / post-processing tools and hardware maintenance. This would require ongoing software updates and software maintenance. VHA Directive 1104 requires that every facility within each VISN utilize the same PACS. Since all patient information in PACS will be archived in the Veterans Information Systems and Technology Architecture (Vista) Imaging platform at the respective VA medical facility, PACS architectures achieve VISN-wide interoperability for diagnostic imaging interpretation. The PACS architecture platform is a front layer tool for new images that are hosted and stored for radiologic readings/interpretations/diagnoses. VHA relies on the commercial-off-the-shelf (COTS) PACS platform as the front layer and the Vista Imaging System as back-end storage.

The current VISN-wide PACS system is the Philips architecture that services 8 medical facilities and approximately 43 Community Based Outpatient Centers. Philips PACS architecture is a COTS platform and has been utilized throughout VISN 15 for receipt, storage, transmission, display for interpretation and review of all radiology images since 2003. It is estimated approximately 40-50 percent of the existing architecture requires upgrading. It has been greater than three years since the last major equipment upgrade. Equipment that is past support or near end-of-life shall be upgraded during the base period.

VISN 15 also requires an optional task for an expansion of the Radiology PACS architecture to include VISN 15 Cardiology Departments Wichita, Kansas; Saint Louis, Missouri; Marion, Illinois; and Poplar Bluff, Missouri. VISN 15 requires a second optional task for PACS Cardiology Imaging continued maintenance and training support after the expansion locations have been installed and implemented. PACS Cardiology Imaging continued maintenance and training support for Leavenworth, Topeka, Kansas City, and Columbia are only required during the option periods. Finally, VISN 15 requires a third optional task for PACS data migration of all cardiology image data that currently exists in VISN 15 from external data sources into PACS storage/archives.

The period of performance shall include a 12-month base period with 4, 12-month option periods and 3 optional tasks. The overall period of performance shall not exceed 60 months, and the total estimated value of the proposed action is [REDACTED] inclusive of all option periods and optional tasks.

4. Statutory Authority: Pursuant to Federal Acquisition Regulation (FAR) 16.505(a)(4), this brand name requirement is being justified and approved as an exception to fair opportunity via Section 41 U.S.C. 4106(c)(2) as implemented by FAR 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: The current VISN 15 Radiology architecture is based on existing Philips PACS and VA requires support compatible with the existing architecture functionality for continued operational availability. VHA Directive 1104 requires that every facility within each VISN utilize the same PACS for Radiology imaging. Philips PACS architecture is a COTS platform and has been utilized throughout VISN 15 for receipt, storage, transmission, display for interpretation and review of all radiology images since 2003. Changing from Philips to another PACS platform would require significant, unbudgeted costs estimated at \$8-\$12 million for configuration, troubleshooting, testing, and training as well as an additional \$3-\$6 million for data migration. Changing platforms from Philips would not be the most cost effective because these costs would not be recovered through competition. Additionally, approximately 40 – 50 percent of the architecture is near or has past end-of-life and will no longer be supported. Since the PACS architecture is made up of four components it is imperative to ensure each component receives regular updates, patches and upgrades. If one component, or even a portion of a component, reaches its end-of-life, not only would it no longer be able to receive patches or updates but also not be able to communicate with the other components in the architecture as effectively or possibly at all. The PACS architecture would no longer securely store and digitally transmit electronic images and clinically-relevant reports. Only Philips, or a reseller can provide the necessary software subscription, maintenance and updates because of the propriety source code required to develop and implement software updates. Access to this code is also needed to ensure all services provided are properly configured. No other source is capable of providing the required Philips PACS software and hardware maintenance. The proposed source for this action is Four Points Technology, LLC

(Four Points), 14900 Conference Center Drive, Suite 100, Chantilly, Virginia 20151. Four Points is the sole distributor of the COTS Philips PACS architecture other than contracting directly with Philips, the owner of PACS.

6. Efforts to Obtain Competition: Market research was conducted to identify costs of other PACS platforms by reviewing recent contracting actions by other VISNs within VHA. The details of this market research are set forth in Section 8 of this document. Additional research into potential competition was conducted via informal market research conversations with Philips to identify vendors capable of supporting their proprietary hardware and software. This resulted in identifying a service-disabled Veteran-owned small business (SDVOSB) partner that Philips is now authorizing to sell and support this platform on their behalf. In accordance with FAR 5.301 and 16.505(b)(2), this action will be synopsisized at award on the Federal Business Opportunities Page and the justification will be made publicly available.

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.

8. Market Research: As outlined above, technical and financial market research was conducted to review similar offerings that have been sought by other VHA facilities/VISNs. The market research was conducted starting January 2018 and has been on-going through August 2019. To date similar offerings have been reviewed from other vendors, such as General Electric, CareStream, Agfa-Gevaert, including a significantly different vendor neutral archive approach currently in use by VISN 23. While these products are loosely comparable to the system VISN 15 currently in place, no other vendor can offer support for the existing system aside from Philips and its SDVOSB partner Four Points. Based on the reviews it was determined that each of these alternative products would require significant investment ranging between \$8 million to \$12 million of additional funding, which includes configuration, troubleshooting, testing, training, and diversion from patient care tasks over procuring the Philips PACS for continued operational support. Based on the lack of any significant functional benefits and the additional cost and impact to clinical care if changing to a different system, it was determined that the continued use and upgrade of the Philips PACS platform is both technologically and financially required for the Government at this time.

In accordance with VA Procurement Policy Memorandum 2016-05, the VA Vendor Information Pages database was reviewed under North American Industry Classification System code 541611 and keywords Picture Archiving Communication System. This search rendered 1,417 results; therefore, further market research was conducted. On August 20, 2019, the Contract Specialist conducted market research using the NASA SEWP V GWAC Market Research Tool. Four Points Technology, LLC was identified as the only SDVOSB Value Added Reseller from Group B(2) that is a reseller of brand name Philips architecture systems. Philips will not provide support/management, maintenance, implementation and integration services, and training on any system that was not purchased through Philips, or their sole distributor, Four Points Technology, LLC.

On September 5, 2019 the Contract Specialist received confirmation from Philips Healthcare that Four Points Technology is the only authorized distributor of its products. Based on the reasons above, only Four Points Technology can provide the Philips PACS architecture.

9. Other Facts: None