

JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
260 Industrial Way West
Eatontown, New Jersey 07724

2. This requirement will be accomplished via:

☒ New Purchase Order

☐ Modification No.

☐ Purchase Card

Purchase Order will be:

☒ Firm Fixed Price ☐ Cost Type Contract:

☐ Time and Materials ☐ Other (Specify):

Type of Funds (e.g. *Supply Fund, Franchise Fund, IT, etc.*):

☒ IT

3. Description of Supplies or Services:

☒ Supplies

Item name: Palo Alto Networks SFP+ Transceiver Modules

Part of or used with: Palo Alto 5060 Application Firewall Appliances

Quantity being procured: 60 Palo Alto Networks SFP+ Transceiver Modules

Estimated unit cost:

Estimated total cost:

All items shall be delivered within 30 days of receipt and processing of the Delivery Order at the NASA SEWP BOWL.

4. Authority Cited:

☐ FAR 13.106-1(b)(1)

[X] Other FAR 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. Reason for Authority Cited:

The Department of Veterans Affairs Network Security Operations Center (NSOC) has a requirement for 60 brand name Palo Alto Networks Small Form-Factor Pluggable (SFP) transceiver modules. These specific transceiver modules are to be installed in the Palo Alto Application Firewall Appliances that currently reside in the VA Trusted Internet Connection Gateways for the purpose of converting the network connection speed that the Palo Alto Application Firewall Appliances are capable of, from one gigabit per second to 10 gigabit per second. The Palo Alto Application Firewall Appliances must reach this 10 gigabit per second connection speed in order to conform to the planned upgrade of network connection speed to 10 gigabit per second in the four VA Trusted Internet Connection Gateways.

The Palo Alto Networks support contract with VA for Palo Alto Network appliances that are currently installed in each of the VA Trusted Internet Connections, includes a "Third Party Components Support" clause which states: "If a customer uses a third-party component in a Palo Alto Networks device, and a fault is traced to the use of this third-party component, then at Palo Alto Networks' discretion, support and warranty service may be withheld." The Palo Alto Network appliances, in which the new transceiver modules are to be installed, are high dollar value devices that relay, inspect and block when necessary an immense amount of network traffic through VA's Trusted Internet Connections that the entire VA relies on. If a fault or failure is experienced, due to an inconsistency in manufacturer products, VA will be at risk of these appliances requiring replacement as well as at risk of the security posture of VA sensitive data and the entire VA network being compromised.

With the criticality of the VA Trusted Internet Connection Gateway connection speed upgrade, it is imperative that the support services contract with Palo Alto Networks remain intact and extend to the transceiver modules to account for any anomaly related to the capabilities of the Palo Alto Application Firewall Appliances. Furthermore, the use of any other hardware would also require a complete replacement of the currently fielded Palo Alto firewalls utilized by NSOC. A replacement effort would result in extensive delivery delays and duplicated costs that would not be recovered through competition as the present vendor retains the right to withhold support at their discretion if third party components are installed.

It is possible to obtain the transceiver modules manufactured by Palo Alto Networks from more than one authorized reseller. Palo Alto Networks and its authorized resellers are the only sources which can provide the required SFP transceiver modules; thus no other vendor would be capable of meeting the Government's requirements.

6. Efforts to Obtain Competition:

The source proposed above, or authorized resellers, are the only sources that can meet the requirements for the reasons given above. Limited competition is anticipated for the required hardware. Procurement data does not include any unnecessary requirements that may inhibit competition.

7. Actions to Increase Competition:

Although the Government is limiting competition as a result of specifying specific brand name hardware, there are multiple authorized resellers of Palo Alto hardware on the NASA SEWP IV Government-Wide Acquisition Contract (GWAC). In accordance with FAR 5.202(a)(11)(i), this effort is exempt from synopsis since the proposed action is made under the terms of an existing contract that was previously synopsized in sufficient detail to comply with the requirements of 5.207 with respect to the current proposed contract action. 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:

Market research was conducted by VA NSOC subject matter experts during the month of March 2013. The methods used and results are as indicated below:

A Request for Information (RFI) was conducted in March, 2013 stating the requirements as manufacturer part number "PAN-SFP-PLUS-SR (SFP+ SR 10GigE transceiver (PA-5060, PA-5050))", which is specific to brand name Palo Alto Networks. This RFI resulted in 10 responses. Upon evaluation of these responses, two Small Businesses from Group C (Merlin and Blue Tech) were found to have responded with solutions that include the required brand name part manufactured by Palo Alto Networks and met all of the technical requirements specified in the RFI. The remaining eight responses were received from two Value Added Resellers and Computer System Original Equipment Manufacturers from Group A (Dell and PCMG), two Service-Disabled Veteran-Owned Small Businesses from Group B (I3 Federal and ThunderCat), three Small Businesses from Group C (Countertrade, Intelligent Decisions and Red River) and one Value Added Reseller from Group D (CDW-G). In evaluating the remaining eight responses to the RFI, it was determined that none of the remaining eight vendors who proposed met the technical requirement because they proposed alternative

products that would void the warranty of currently owned Palo Alto firewalls in use by NSOC.

Additional market research was conducted by using the NASA SEWP IV Manufacturer Lookup Tool to determine how many resellers there are of Palo Alto Networks SFP+ Transceiver Modules. It was determined that there are 23 resellers, including four SDVOSB resellers from Group B (Alvarez & Associates, FedStore Corporation, Three Wire Systems and ThunderCat Technology) and eight Small Businesses from Group C (Affigent LLC, Blue Tech Inc., CounterTrade Products, FCN Technology, GC Micro, Merlin International, Red River, and Sword & Shield). Based on the market research, the Request for Quote (RFQ) will be reserved for small business and SDVOSB vendors from Groups B and C on NASA SEWP IV GWAC.

9. Interested Sources:

[X] No other source has expressed written interest in supplying this item.