

LIMITED SOURCES JUSTIFICATION
ORDER >\$3,000
FAR PART 8.405-6

2237 Transaction #s or Vista Equipment Transaction #s:

671-13-3-038-0041	\$766,303.05
671-13-3-038-0042	\$980,170.24
671-13-3-038-0094	\$51,942.14

Total Dollar Amount = \$1,798,415.43

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:

Manufacturer/Contractor: Omniceil Inc.

Manufacturer/Contractor POC & phone number: Wendy Smith 951-653-2081

Mfgr/Contractor Address: 1201 Charleston Road, Mountain View, CA 94043-1337

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

(1) AGENCY AND CONTRACTING ACTIVITY:

Department of Veterans Affairs

VHA

Network Contracting Office 17

4500 South Lancaster Road

Dallas TX 75216

VISN:

17

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

The Department of Veterans Affairs (VA) intends on placing a firm-fixed priced Federal Supply Schedule (FSS) (V797D-30111) delivery order for Omnicell, Inc. hardware and software upgrades to support existing Omnicell automated Rx dispensing systems currently utilized at the Audie L. Murphy Memorial VA Hospital, 7400 Merton Minter Blvd, San Antonio, TX 78229.

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

The South Texas Veterans Health Care System (STVHCS) has need of additional hardware and software upgrades to support existing Omnicell automated Rx dispensing systems currently utilized at the Audie L. Murphy Memorial VA Hospital, 7400 Merton Minter Blvd, San Antonio, TX 78229 to optimize current utilization of Omnicell automated dispensing cabinets and to facilitate a decentralized "cart-less" medication distribution model. There is no installation or additional items to be procured. There is no additional maintenance required that is not already covered by existing agreement or warranty or that will be covered by separate maintenance agreement as necessary. A statement of work is not required for this upgrade. Hardware and software will be "installed" based on the company's standard commercial practices. VA requires no modification to the commercial standard.

(b) ESTIMATED DOLLAR VALUE: \$ 1,798,415.43

(c) REQUIRED DELIVERY DATE: No Later Than 120 days After Receipt of Order

(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. (CHECK ALL THAT APPLY AND COMPLETE)

☐ 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.

☐ A patent, copyright or proprietary data limits competition.

☐ These are "direct replacements" parts/components for existing equipment.

☒ 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.

The Omnicell automated Rx dispensing equipment and Workflow RX currently utilized by The Audie L. Murphy Division (ALMD) and Kerrville Division (KD) of the STVHCS are proprietary systems manufactured by Omnicell, Inc. The hardware and software for the existing inventory of Omnicell automated Rx dispensing cabinets can most economically and efficiently be upgraded only by the manufacturer of the proprietary technology. The existing Omnicell automated Rx dispensing system operates on an integrated, patented and proprietary platform, which provides a streamlined workflow. This system has been working effectively since it was acquired. From a cost perspective, it is not advantageous to the Government to invest in a new system from another source when the hardware and software for the existing system can be upgraded to provide the desired, enhanced medication distribution decentralized model.

☐ The new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order must not have been previously issued under sole source or limited source procedures.

☐ An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.4 TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:

The Omnicell automated RX dispensing equipment system is on FSS contract. GSA has already determined the prices of supplies and fixed-price services under the schedule contracts to be both fair and reasonable. In addition, the Contracting Officer intends to negotiate further discounts in accordance with FAR subpart 8.405-4. Other factors affect the best value determination as well. Aside from purchase price, the Contracting Officer will consider the potential savings to be realized after implementation. Use of the Omnicell automated Rx dispensing systems has improved patient safety by eliminating mistakes caused by manual procedures, while simultaneously reducing costs by improving medication inventory control, and creating more efficient workflow processes for pharmacy and nursing staff within STVHCS. The Omnicell system is a proven system that has worked well for the STVHCS. If the STVHCS were to purchase and implement an entirely new system, not only would it involve exponentially more costs – but there is no guarantee it could produce the same results and savings the Omnicell has provided for STVHCS thus far. There are a total of 40 cabinets currently in use at all inpatient clinics, wards, and critical care units throughout the hospital. Documentation of the method of acquisition of these units does not exist as they have been in place for 10 years now. If these units were to be replaced it would require months of effort in a time-phased approach that could lead to equipment down-time and unnecessary errors in prescription management. Both of these concerns result in unacceptable risk to patient care. There are over 1000 plus nurses and 40 pharmacist/inpatient techs that utilized the current system. Changing to a different system would require massive training effort. In the process of training over 1000 employees, errors in medication management would most likely increase, again causing unacceptable patient care risk. Training however, is included as part of the Omnicell upgrade and it is rolled out electronically, causing little to no downtime for employees. Additional value-added benefit occurs due to the fact that this upgrade allows nursing units to access prescriptions from any personal computer in the ward. No longer do nurses have to share the one dedicated computer attached to the equipment. The nearest competitor's unit takes a different approach to technology enhancements requiring that the entire system be replaced with each enhancement, not just the software and select hardware units as is the case with Omnicell. Based on this information, the Contracting Officer has determined the continued use and support of the Omnicell automated Rx dispensing equipment system represents the best value to the government.

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

Market Research was conducted by the Contracting Officer on GSA to locate other schedule contract holders. Currently, Omnicell is the only GSA schedule holder who can provide these items. The Rx dispensing equipment is a proprietary system from the manufacturer, Omnicell, and the new hardware and software must be provided by the same manufacturer. Market Research was conducted by the requesting service in regards to what additional hardware and software from Omnicell was required in order to provide a decentralized "cart-less" medication distribution model and provide enhanced medication inventory management for both the ALMD and KD. Since the required software and hardware is available on federal supply schedule, open market searches were not conducted. There were no distributors found that could support this requirement. Due to the proprietary nature of this acquisition, sourcing is limited to the manufacturer and purchase from a secondary source would void manufacturer warranties as such. This was confirmed with the vendor, (wendy.smith@omnicell.com). Additionally, there are no "equal" or compatible products that will service the same purpose.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:


The existing automated Rx dispensing equipment acquired from Omnicell operates on an integrated, patented and proprietary product platform, which provides streamlined workflow and is currently supported by a full-service maintenance contract through Omnicell that will continue with the upgraded hardware and software. Disruption/Delay in providing efficient and timely medication distribution to patient care units will result if new, different automated dispensing equipment is acquired through another vendor due to the time required to remove the existing system from operation and install a new system.

(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:

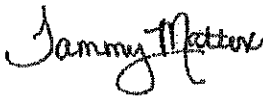
The required hardware and software is currently only available through Omnicell, Inc. and they do not utilize distributors. This was confirmed with the vendor, (wendy.smith@omnicell.com). Therefore, there are not any actions that can be taken at this time to overcome competition barriers.

(9) 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. I understand that processing of this limited sources justification restricts consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4. *(This signature is the requestor's supervisor, fund control point official, chief of service or someone with responsibility and accountability.)*

I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.


PETER TRANG
REQUESTOR

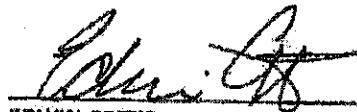
24 July 2013
DATE


TAMMY MATTOX
CONTRACT SPECIALIST
SAO-WEST, NCO 17

July 19, 2013
DATE

(10) APPROVALS IN ACCORDANCE WITH FAR 8.405-6(d):

a. CONTRACTING OFFICER'S CERTIFICATION (required): I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.



EDWIN COTTO
CONTRACTING OFFICER/TEAM LEAD
SAO-WEST, NCO 17

DATE

7/28/2013

b. FIRST SUPERVISOR: I certify that the justification meets requirements for other than full and open competition. I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

mary.accomando@va.gov

Digitally signed by mary.accomando@va.gov


DN: cn=mary.accomando@va.gov

Date: 2013.07.25 14:46:47 -05'00'

MARY ACCOMANDO
SUPERVISORY CONTRACTING OFFICER
SAO-WEST, NCO 17

DATE

c. NCM: I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.



CALVIN C. MA
ACTING NETWORK CONTRACT MANAGER
SAO-WEST, NCO 17

DATE

25 July 13

HIGHER LEVEL APPROVAL (Required For orders over \$500,000):

d. **SAO:** I certify the justification meets requirements for restricting consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4.

Stevi Stevenson

SIGNATURE

8/9/2013

DATE

Stevi Stevenson

for DELIA A. ADAMS, MBA, CPCU
DIRECTOR, SAO WEST
U.S. DEPARTMENT OF VETERANS AFFAIRS

e. **VHA HCA REVIEW AND APPROVAL (over \$500,000 to \$10 million):** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for restricting consideration of the Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4

Norbert Doyle

for NORBERT DOYLE
CHIEF PROCUREMENT AND LOGISTICS OFFICER
VHA HEAD OF CONTRACTING ACTIVITY (HCA)

8/22/13

DATE