



DEPARTMENT OF THE NAVY
NAVSUP FLEET LOGISTICS CENTER NORFOLK
1968 GILBERT STREET SUITE 600
NORFOLK VA 23511-3392

IN REPLY REFER TO

Code 215.2
Control Number: 15665

JUSTIFICATION AND APPROVAL FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

1. IDENTIFICATION OF REQUESTING AGENCY AND CONTRACTING ACTIVITY:

Requiring Activity: Naval Supply Systems Command (NAVSUP)
Business Systems Center (BSC)
5450 Carlisle Pike, Building 409
Mechanicsburg, PA 17055-0787

Contracting Activity: NAVSUP Fleet Logistics Center (FLC) Norfolk
5450 Carlisle Pike, Building 407
Mechanicsburg, PA 17055-0787

2. NATURE AND/OR DESCRIPTION OF ACTION:

This Justification and Approval (J&A) authorizes a non-competitive action for an increase to the maximum amounts under the NAVSUP BSC Navy Enterprise Resource Planning (ERP) Process Improvement, Reengineering, Management and Data Contractor Support Services (PIRMDS) Multiple Award Contracts (MACs) with IBM (N00104-13-D-QA03), Accenture Federal Services LLC (N00104-13-D-QA04) and Deloitte Consulting LLP (N00189-13-D-Q005). This J&A covers \$67,100,000.00 of requirements within the scope of these contracts, but which were not factored into the estimates used to determine the initial contract maximums.

The Navy does not anticipate issuing orders under these three contracts after December 31, 2015 as the competitive follow-on contract is expected to be in place by January 1, 2016.

3. DESCRIPTION OF REQUIRED SUPPLIES/SERVICES:

The scope of the NAVSUP BSC PIRMDS MACs includes the following contractor support services:

- Data governance, operations and analysis
- Business system integration including Lifecycle Management of Enterprise Resource Planning System (ERPs), DOD Enterprise and Legacy Systems that may include the need for any of the following services:
 - Application Modernization, Sustainment, and Integration
 - Application Management, Help Desk, and Hosting Support
 - Enterprise Information Management
 - Data Management
 - Data Warehousing
 - Business Intelligence
 - Enterprise Architecture
 - Information Assurance

- Quality Assurance and Testing
- Web, Portal, Automated Information and Mobile Technologies
- Business process management, reengineering and optimization
- Analysis and support services, mentoring and knowledge transfer
- International Foreign Military Service (FMS) customer system integration

4. IDENTIFICATION OF STATUTORY AUTHORITY:

The statutory authority permitting other than full and open competition is 10 U.S.C. 2304(c)(1), as implemented by Federal Acquisition Regulation (FAR) 6.302-1 – Only one responsible source and no other supplies or services will satisfy agency requirements.

5. RATIONALE JUSTIFYING USE OF CITED STATUTORY AUTHORITY:

This sole source contract action must be put in place to continue services until the new competitive suite of MACs can be awarded. There is not sufficient time to complete the competitive procurement prior to the anticipated time that the current contracts will reach their maximum amount. IBM, Accenture, and Deloitte are currently performing under the contracts and are the only three sources that can provide the services without an unacceptable delay until performance begins through commencement of ordering under the competitive follow-on.

So far, the Government has issued task orders under the MACs totaling \$49,041,231.27 and anticipates expending the ordering ceiling of \$99 million prior to 30 September 2015. Even though adequate time remains on the contracts, unanticipated requirements including the Navy Audit, Backlog Reduction Plan, and General Equipment projects forced the Government to burn through the current maximum amount at a faster rate than initially planned when the contracts were awarded. Additionally, ASN (FM&C), a NAVSUP BSC customer, added additional high priority audit work to the current requirement.

Also, the Budget Submitting Offices (BSOs) in Navy ERP expressed concern that the current contract would not meet their requirements for sustainment of ERP, so ASN(FM&C)/FMO provided additional funding in support of contractor support services to address the number of outstanding tasks deemed critical to sustaining and stabilizing the functionality of Navy ERP.

Also, several NAVSUP BSC requirements under the ERP umbrella experienced changes and/or increased programming standards which caused the use for additional hours. These requirements included Supply Chain Management Business Integration, Reports, Interface, Conversion, and Enhancement (RICE), Customer Engagement, and Finance and Audit Contractor Support Services. In addition, unplanned customer requirements have materialized from other customers, including NAVSUP Weapon Systems Support, the Royal Saudi Naval Forces, and the Mexican Navy.

The ongoing requirements under current task orders that will continue in new task orders in the fourth quarter of FY15 and the first quarter of FY16 are such that it is not feasible for new contractors to complete the work that the current contractors have started. NAVSUP BSC cannot sustain a disruption in service due to costly and time-consuming knowledge transfer delays and

lack of team continuity in order to allow a new prime contractor to take over management of the program and its various projects in process.

Current MAC prime contractors were fully involved in the initial steps of analysis, design, and the early development of the requirements and now possess the system knowledge that will allow the team to maintain momentum towards meeting audit and sustainment deliverables in the follow-on task orders. All MAC prime contractors continue to show adaptability in meeting requirements, providing expertise in software and hardware; complying with security and information assurance policies; and performing tasks in a timely manner and on schedule. As NAVSUP BSC is currently past due on meeting its sustainment and audit deliverables on the current project plan, without continued support from the current MAC prime contractors, NAVSUP BSC will miss Navy ERP deliverables that will render the system non-compliant and risk NAVSUP BSC's ability to meet deliverables mandated by Congress, which may cause the system to be shut down. A shut down will result in millions of dollars lost on a weekly basis and cause a severe negative impact to the Navy mission, as Naval Sea Systems Command (NAVSEA), Naval Air Systems Command (NAVAIR), Space and Naval Warfare Systems Command (SPAWAR), NAVSUP, The Office of Naval Research (ONR), and the Navy's Strategic System Programs (SSPs) will not be able to process contract payments, pay employees, and purchase or track the delivery of inventory.

6. DESCRIPTION OF EFFORTS MADE TO SOLICIT OFFERS FROM AS MANY OFFERORS AS PRACTICABLE:

As part of the PIRMDS2 solicitation effort, a sources sought notice was posted to NECO on 5 November 2014 and closed on 25 November 2014. Twenty-five responses to the sources sought notice were received and analyzed by NAVSUP BSC technical experts and the Contracting Officer. Of the 25 respondents, it was determined that ten of the companies possessed the technical capability to provide the services; however, as a result of the information provided above in paragraph five (5), it has been determined that the Government's minimum needs cannot be met by any contractors other than the incumbent MAC holders within the required timeframe without creating unacceptable delay. A synopsis of this requirement will be posted to the Government Point of Entry (GPE) in accordance with FAR 5.201 and any additional responses will be considered.

7. DETERMINATION OF FAIR AND REASONABLE COST:

The initial competition of the MACs established labor rates for the labor categories necessary to perform the tasks associated with this requirement and determined those rates to be fair and reasonable. The modification will not allow the contractors to submit new prices; rather it will simply increase the contract maximum utilizing the existing fair and reasonable pricing. Additionally, the Contracting Officer anticipates receiving further discounts from these prices at the task order level.

8. DESCRIPTION OF MARKET RESEARCH:

Market research was performed in accordance with FAR Part 10 by contacting knowledgeable NAVSUP BSC technical experts regarding current industry capabilities in the market to fulfill the requirement. In addition, market research was performed by reviewing the results of recent market research and procurement data undertaken on the PIRMDS2 effort as detailed in Paragraph 6. As a result of this research, the following information was found:

- In accordance with the definition in FAR Part 2 for commercial items, it is determined that the subject requirement is commercial in nature.
- It has been determined that a sole source modification to the existing contracts is necessary because there is not sufficient time to conduct a competitive procurement and, if necessary, transition to a different contractor by the time the current contract maximum amount is expected to be expended.

9. ANY OTHER SUPPORT FACTS:

Not applicable.

10. ACTIONS TAKEN TO REMOVE BARRIERS TO FUTURE COMPETITION:

There is no alternative to this sole source procurement that can satisfy the requirements, both technically and within the time required. A follow-on competitively awarded procurement is currently being solicited to satisfy this requirement. The Government's acquisition strategy for the follow-on contract acquisition maximizes participation by allowing contractors to compete at the contract and task order levels.

11. CONTRACTING POINT OF CONTACT:

The point of contact at NAVSUP FLC Norfolk, Mechanicsburg is [REDACTED]

CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION

I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, except as noted herein, are complete and accurate to the best of my knowledge and belief.

Technical Cognizance:

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

Requirements Cognizance:

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief. To the extent that the J&A/LSJ value is between \$150K and \$650K, the Contracting Officer's signature below also represents approval of the J&A/LSJ.

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

CONTRACTING ACTIVITY COMPETITION ADVOCATE REVIEW

To the extent that the J&A/LSJ value is between \$650K and \$12.5M, the Competition Advocate's signature below also represents approval of the J&A/LSJ.

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

APPROVAL

Upon the basis of the above justification, I hereby approve, as Head of the Procuring Activity, the solicitation of the proposed procurement(s) described herein using other than full and open competition, pursuant to the authority of 10 USC 2304(c)(1).

[Redacted Signature and Name]

Signature Name (Printed) Phone No. Date

Vice Commander, NAVSUP