



DEPARTMENT OF THE NAVY
NAVSUP FLEET LOGISTICS CENTER NORFOLK -
MECHANICSBURG
5450 CARLISLE PIKE
MECHANICSBURG, PA 17055-0788

IN REPLY REFER TO

Control Number 15784

Justification for an Exception to Fair Opportunity
Enterprise Resource Planning (ERP) Customer Engagement (CE) Task Order

1. IDENTIFICATION OF THE AGENCY AND CONTRACTING ACTIVITY:

- a. Agency Name: NAVSUP Business Systems Center (BSC)
5450 Carlisle Pike
Bldg. 409
Mechanicsburg, PA 17055-0787
- b. Contracting Activity: NAVSUP Fleet Logistics Center (FLC) Norfolk – Mechanicsburg
Office
Contracting Department
5450 Carlisle Pike
Bldg. 407
Mechanicsburg, PA 17055-0788

2. NATURE/DESCRIPTION OF THE ACTION:

This acquisition is conducted under the authority of 10 U.S.C. 2304a through 2304d. This is a sole source action to be awarded as a new task order under contract N00104-13-D-QA04 to Accenture. The placement of a firm-fixed price task order is anticipated for Navy Enterprise Resource Planning (ERP) Customer Engagement audit and sustainment services as further defined in Section 3.

3. DESCRIPTION OF REQUIRED SUPPLIES/SERVICES:

Navy ERP is a SAP-based system and is the Department of the Navy's (DON) financial information technology system of record. Deployment implementations have concluded and the Program is now in its sustainment phase, although efforts continue to expand and improve functionality. NAVSUP BSC has been assigned to provide sustainment lifecycle management services, stabilization, optimization and audit readiness preparedness services. Those services include design, customization, workbench creation, system administration and data management for Navy Finance, the Office of Financial Operations (FMO) Audit, and Workforce Management Business Integration services in the sustainment of Navy ERP.

Accenture is currently performing SAP Customer Engagement business integration services in support of the following Navy ERP efforts:

- Tier 3 Trouble Ticket and Break/Fix Resolution (to include Heat monitoring)
- System Change Requests (Defect, Design Change, Engineering Change Proposal (ECP))
- Interface Data Issue Resolution
- Quarterly Releases
- Software Upgrades
- Unit Testing
- Client Set-up and Configuration
- Production Operation Tasks
- Data Calls
- Training/Mentoring
- Grants Management

All Navy ERP/SAP modules and capabilities are within the scope, except Planning, which is provided under another task order.

This request serves as a logical follow-on to existing SAP business integration audit and sustainment services currently being performed by Accenture under contract N00104-13-D-QA04-0006.

The base period of performance is anticipated to be September 1, 2015 – July 31, 2016, with two (2) three-month options. [REDACTED]

[REDACTED] FY15 Operations and Maintenance, Navy (O&M,N) and Navy Working Capital Funds (NWCF) will be utilized to fund the base period of this requirement.

4. IDENTIFICATION OF THE EXCEPTION TO FAIR OPPORTUNITY:

The statutory authority which permits not providing each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under a multiple award contract is 10 U.S.C. 2304c(b)(3), as implemented by Federal Acquisition Regulation (FAR) 16.505(b)(2)(i)(C) – The order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to an order already issued under the contract in which all awardees were given a fair opportunity to be considered for the original order.

5. DEMONSTRATION OF CONTRACTOR’S UNIQUE QUALIFICATIONS:

Accenture is the contractor of record for the start of this requirement and now possesses the extensive background, unique understanding, and knowledge to implement the

standardized business process for FMO audit and sustainment deliverables required for the Navy to be Audit compliant as deemed by Congress.

The deliverables for August FY15 currently show as overdue due to an increase in the requirements scope discovered during planning and analysis for the audit and sustainment project. Without continued support from Accenture the following key deliverables will not be met and the audit and sustainment project will fail:

- FRWQ - Financial Restricted Work Queue (FRWQ) facilitates the release and funding (using NAVSEA / NAVAIR / SSP dollars) of Outfitting orders. Currently, the business process is labor intensive, fails periodically in mid-stream and results in financial irregularities on a frequent basis (e.g. referral sent to supply activity without corresponding obligation, and vice versa obligation is set with not referral being sent to supply activity).
- CR482 - The current Navy ERP solution does not allow for proper material accounting for all contract payment and finance types or contract structures available and required by the contracting community when procuring material items. Further, the solution does not allow for quantity, pricing, material number, or Line of Accounting (LOA) changes on material contracts (cost-type or fixed price) throughout the contract lifecycle, nor the use of multiple lines of accounting. All System Commands (SYSCOMs) currently execute various workarounds for these issues, which in turn precludes the proper posting and recording of materials against the required Contract Line Item Number (CLINs).
- External Vendor - Four business process areas within the DoD External Vendor umbrella require that air-stations and other in-scope activities execute laborious manual workarounds which are prone to error: Ashore stock replenishments, Outfitting, Primary Inventory Control Activity (PICA) and in-scope due-in management. Even with the execution of the manual workarounds, the business experiences delays in recording of financial obligations, use of incorrect Cognizant code (COG) which drives fund code inaccuracies, unmatched expenditures, purchase order inaccuracies, inaccuracy inventory positions, excess inventory and delays in customer responsiveness to fleet and air station customers, and planning inaccuracies.

The above bullets represent the key deliverables that the incumbent vendor is currently processing. Each key deliverable above builds on one another and the experience that Accenture has acquired and will continue to acquire during plan and analysis, as well as design and development puts them in a position to make the deliverables a success. Transitioning to a new vendor at this time is not feasible due to the ongoing nature of the design, customization, workbench creation, system administration and data management for Navy Finance, the Office of Financial Operations (FMO) Audit, and Workforce Management Business Integration services for Supply Chain Management requirements that are currently being processed as an integral part of the deliverables. If these deliverables are not completed in a timely manner, then Navy ERP will be non-audit compliant, which will result in a full system shutdown. If Navy ERP is shutdown, then all

deliverables mandated by Congress will be at risk. And, if Congress mandated deliverables are missed, then legacy systems that are not currently capable of interfacing with financial systems would have to be used. Consequently, financial obligations and payments would be negatively affected. Thus, the shutdown of Navy ERP will negatively impact the U.S. Navy mission in total.

Accenture was fully involved in the initial steps of analysis, design, and the early development of the requirements and now possesses the system knowledge that will allow the team to maintain momentum towards meeting first quarter FY16 and all other FY16 delivery dates. Additionally, Accenture currently has the requisite staff onboard with all necessary system access required to accomplish the deliverables. This will allow Accenture to seamlessly continue processing the deliverables as the standard two month turnaround time for onboarding new contractors does not apply. Another vendor would take a minimum of three months before they could begin to be effective on the project, given that they would have to get resources onboard and up-to-speed regarding the work that has already begun under the current task order. A change in vendors at this time would 1) have a very detrimental impact completing current and future conversion efforts; jeopardize the follow-on goal of in-sourcing applications; and 3) be disadvantageous to the Navy and DoD in re-engineering time and expense. This additional time will put the project at risk of not meeting the first quarter FY16 and all other FY16 delivery dates.

6. DETERMINATION OF BEST VALUE:

The multiple award contract (MAC) 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 FLC Norfolk Contracting Officer will determine, using the procedures in FAR 15.4, that the order represents the best value to meet the Government's needs.

7. DESCRIPTION OF MARKET RESEARCH:

This requirement has been determined to be a sole source to Accenture in order to accomplish the Customer Engagement sustainment and audit work as described above in Section 3. No additional market research was conducted.

8. OTHER FACTS SUPPORTING THE USE OF AN EXCEPTION TO FAIR OPPORTUNITY:

None.

9. ACTIONS TO REMOVE BARRIERS TO COMPETITION:

The logical follow-on task order will include a Phase Out section specifying appropriate levels of knowledge transfer for either insourcing or to a new awardee if further acquisition from a non-governmental source is determined to be necessary. Additionally,

NAVSUP BSC currently has long-term plans to in-source much of the ERP required support. Future task orders will contain knowledge transfer tasks to ensure this in-sourcing can occur seamlessly at the appropriate time.

10. **CONTRACTING POINT OF CONTACT:**



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]

Signature Name (Printed) Phone No. Date

[Redacted Signature]

Signature Name (Printed) Phone No. Date

LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

[Redacted Signature]

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]

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]

Signature Name (Printed) Phone No. Date