



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

IN REPLY REFER TO

Control Number 15781

**Justification for an Exception to Fair
Opportunity
Enterprise Resource Planning (ERP) Report, Interface, Conversion and Enhancement
(RICE) Task
Order**

1. IDENTIFICATION OF THE AGENCY AND CONTRACTING ACTIVITY:

This is a justification for an exception to fair opportunity to compete prepared in accordance with FAR 16.505(b)(2)(ii)(B). The requiring activity is the NAVSUP Business Systems Center (BSC), 5450 Carlisle Pike, Bldg. 409, Mechanicsburg, PA 17055-0787. The contracting activity is the NAVSUP Fleet Logistics Center (FLC) Norfolk Contracting Department, Mechanicsburg Office, 5450 Carlisle Pike, Bldg. 407, Mechanicsburg, PA 17055-0788.

2. NATURE/DESCRIPTION OF THE ACTION BEING APPROVED:

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

3. DESCRIPTION OF REQUIRED SUPPLIES/SERVICES REQUIRED TO MEET THE AGENCY'S NEEDS:

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.

Under the current, competitively-awarded task order, Accenture is performing RICE SAP 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

The services under the proposed follow-on task order are essentially identical to the services being performed under the current task order and all of these Navy ERP/SAP modules and capabilities are within the scope of the basic contract.

This request serves as a logical follow-on to existing RICE SAP business integration sustainment and audit contractor support services currently being performed by Accenture under task order N00104-13-D-QA04-0005. The task order resulted from competition among all MAC contract holders. The order provided for services beginning 22 September 2014 and continues through 21 September 2015 [REDACTED]. Although fixed-price, the current task order value was established by requiring the MAC holders to propose to a Government-established level of effort. The planning and analysis phase of the current task order resulted in the identification of additional audit requirements and it has become clear the Government's original estimated level of effort was understated and that at current staffing levels the program will not meet established milestones for ERP auditability. Accordingly, the proposed follow-on task order will allow for staffing levels that allow for accomplishment of specific deliverables necessary to meet ERP auditability milestones; these staffing levels will be negotiated with Accenture through the ordering process.

The base period of performance for the new task order is 22 September 2015 through 21 July 2016, with options that will allow for an additional six months performance if ERP auditability milestones are not achieved. [REDACTED] FY15 Operations and Maintenance, Navy (O&M,N) funding will be utilized to fund the base period of this requirement.

4. IDENTIFICATION OF EXCEPTION TO FAIR OPPORTUNITY, RATIONALE, AND DEMONSTRATION OF CONTRACTOR'S UNIQUE QUALIFICATIONS:

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. Fair opportunity was provided to all (3) MAC holders to compete for the original task order, N00104-13-D-QA04-0005.

The nature of the services being provided and Congressionally-mandated ERP auditability milestones make Accenture, as the incumbent contractor, the only contractor among the three contract holders that possesses the extensive background, unique understanding, and knowledge of specific ERP modules and capabilities necessary to finalize and implement the standardized business process for FMO audit and sustainment deliverables. To be specific, 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 or obligation is sent without corresponding 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 does it allow for 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.

If these deliverables are not completed in a timely manner, then Navy ERP will not be 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.

As the incumbent contractor, Accenture is currently performing services in support of these key deliverables. Each key deliverable above builds on the others and the experience that Accenture has acquired under the incumbent task order gives them the unique ability to accomplish these deliverables within established ERP milestones. Transitioning to a new vendor will result in unacceptable delays in these key deliverables such that there could be no expectation of meeting the Congressionally-mandated milestones for auditability. Any other contractor would require a minimum of two-months to hire necessary resources, and to obtain access to required Navy systems. Further, it is estimated an additional 30-days would be required for a new contractor to review, analyze, and digest progress-to-date such that they could effectively perform the required tasks. The existing ERP milestones related to auditability do not afford those three months.

Accenture is the only firm that has the requisite staff, on-board, and with all necessary system access required to accomplish the PWS without the two-month turnaround time associated with onboarding new contractors does not apply. Accenture's involvement in the initial steps of analysis, design, and development makes it the only company that possesses the system knowledge that will allow the ERP program to maintain momentum towards meeting first quarter FY16 and all other FY16 delivery dates. No other firm can seamlessly continue processing the deliverables without unacceptable delays to the program and the significant costs

associated with reviewing, analyzing, and digesting progress-to-date (prior to being able to perform the required services). In short, a change in vendors at this time would have a very detrimental impact to completing current and future conversion efforts, jeopardize the goal of in-sourcing certain applications, and would negatively impact the Navy's mission.

5. DETERMINATION BY THE CONTRACTING OFFICER THAT ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE:

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.

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

None.

7. ACTIONS TO REMOVE BARRIERS TO COMPETITION:

Current NAVSUP BSC long-term plans include in-sourcing much of the ERP required support. Future task orders will contain knowledge transfer tasks to ensure transition at the appropriate time. This specific task order will include phase-out requirements specifying appropriate levels of knowledge transfer of sustainment efforts to either government personnel or for performance by another contractor if further acquisition from a non-governmental source is determined to be necessary.

It is noted that while the current task order was competitively awarded, the task order was modified to provide additional hours on a sole-source basis under the authority of FAR part 16.505(b)(2)(i)(C). Accordingly, pursuant to DFARS PGI 216.505(b)(2) the prior EFO has been reviewed to determine whether the actions to remove or overcome any barriers that led to the exception to fair opportunity cited on the previous justification were completed.

While the prior EFO did not cite any specific actions to be taken, noting only that future requirements "would be handled on a case-by-case basis," the underlying basis for the prior justification was similar to the current EFO; transition to any other contractor prior to achieving FY16 audit deliverables would result in unacceptable delays and a failure to obtain auditability for the above listed ERP modules and capabilities. Accordingly, all efforts have been geared to competing sustainment services upon achieving the FY16 deliverables.

8. CONTRACTING POINT OF CONTACT:



Oct 2010

(New page)

J&A or LSJ Number 15781

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 Line]

Signature Name (Printed) Phone No. Date

Requirements Cognizance:

[Redacted Signature Line]

Signature Name (Printed) Phone No. Date

LEGAL SUFFICIENCY REVIEW

[Redacted Signature Line]

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 Line]

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 Line]

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 U.S.C. 2304c(b)(3).

[Redacted Signature Line]

Signature Name (Printed) Phone No. Date