



**DEPARTMENT OF THE NAVY**  
 NAVSUP FLEET LOGISTICS CENTER NORFOLK  
 700 ROBBINS AVE, BLDG 2B  
 PHILADELPHIA, PA 19111-5083

IN REPLY REFER  
TO

J&A # 12-036  
REA 260.2C

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

**1. Contracting Activity:**

The contracting activity is the Fleet Logistics Center Norfolk (FLCN), Contracting Department, Philadelphia Office.

**2. Description of Action Being Approved:**

Award of a contract on a sole source basis in support of the Navy Systems Support Group (NSSG) in Portsmouth, VA, for software maintenance services pertaining to the DoD FEM program MAXIMO. These services are to be provided by International Business Machines (IBM) of Littleton, MA.

**3. Description Of Supplies/Services:**

The DoD FEM Program is managed by the Navy Systems Support Group (NSSG). The program management and technical support of the DoD FEM application is a joint Services program. The FEM software is a Computerized Maintenance Management System (CMMS) utilized in the industrial depots of the Army, Air Force, NAVSEA, the Army Corps of Engineers and AFTAC. NSSG manages five unique configurations of the COTS software, Maximo, to support the business needs of each of the 22 sites being supported. The program has grown to over 7,000 users and is used to manage facilities ranging from recreation facilities at Corps of Engineers sites to tracking the movement of radioactive material in the naval shipyards.

This proposed procurement seeks to establish continuous coverage of the Commercial-Of-The-Shelf (COTS) software, Maximo, license maintenance which will directly support the Facilities and Equipment Maintenance (FEM) program managed by the Navy Systems Support Group (NSSG).

**Estimated Dollar Value**

	FY 12	FY13	FY14	FY15	FY16	TOTAL
O&MN	\$1,171,141.37	\$1,206,275.61	\$1,242,463.88	\$1,279,737.80	\$1,318,129.93	\$6,217,748.59

The FEM Program Office (NSSG) requires a follow-on contract to provide the annual Maximo software maintenance for the five DoD customers (Army, Air Force, NAVSEA, the Civil Works Directorate of the Army Corps of Engineers and the Air Force Technical Applications Center (AFTAC)). This license maintenance support, previously procured under firm fixed price contract N00189-07-C-Z018 and N00189-10-C-Z112 includes software patches and fixpaks,

access to major upgrades and the Accelerated Value Program (AVP –premium Help Desk support) for the base COTS product, originally developed by MRO Software (purchased by IBM in FY08) under –Z018. Both contracts, -Z018 and -Z112 expired on 31 JAN 2012, at which time purchase order N00189-12-P-Z196 was put into place to cover these services while a new, sole-source procurement is being accomplished. This will be a firm, fixed price procurement. This contract seeks to establish a contract in the estimated FFP amount of \$6,217,748.59 and will cover the period of 1 June 2012 through 31 May 2013, plus four (4), one (1)-year option periods to extend the period of coverage through 31 May 2017, if all options are exercised.

**4. Statutory Authority Permitting Other Than Full and Open Competition:**

10 U.S.C. 2304(c)(1), One source or limited sources.

**5. Rationale Justifying Use Of Cited Statutory Authority:**

IBM is the sole producer of the Commercial-Off-the-Shelf (COTS) Maximo software. The developer (IBM) is the only firm that has the authority to change the source code of the Maximo application. While the software maintenance is designed to support configuration changes to the software to better support the specific business rules of the user community, the core software code of the Maximo product cannot be changed by anyone except the developer, IBM. Additionally, issues involving clarification of the software installation instructions or analysis and resolution of issues to ensure the Maximo software operates properly can only be provided by the software developer. Unresolved security vulnerabilities would result in the shutdown of the application. Thus, this service is critical to the operability and the security accreditation of the application, and is critical to the efforts of the Performance Work Statement (PWS).

If the license maintenance were to be purchased through an authorized re-seller, program costs would increase. While IBM historically has provided some discount in price to their business partners who offer Maximo license maintenance, the subsequent addition of an authorized re-seller's G&A and overhead results in additional cost over and above the cost of a direct purchase from IBM. That additional maintenance cost plus the anticipated delays and communication hardships of having the maintenance issues screened through a middle vendor (between the user site and IBM) would substantially increase the overall program costs. The Government would not benefit from pass-through overhead costs and potential miscommunication between a third-party vendor. Therefore, a sole source follow-on to –Z018 and –Z112 to IBM is the logical solution.

**6. Description Of Efforts Made To Solicit Offers From As Many Offerors As Practicable:**

A synopsis of this planned contract was published on 16 FEB 2012 to <https://www.neco.navy.mil/>. No other potential offerors expressed an interest in this requirement.

**7. Determination of Fair and Reasonable Cost:** The Contracting Officer has determined the anticipated cost to the Government of the supplies/services covered by this J&A will be fair and reasonable.

**8. Actions To Remove Barriers To Future Competition:** For the reasons set forth in paragraph 5, FLCN Contracting Department Philadelphia Office has no plans to compete future contracts for the type supplies/services covered by this document. If another potential source emerges, FLCN Contracting Department, Philadelphia Office will assess whether competition for future requirements is feasible.

**9. Contracting Office Point of Contact:** The Point of Contact at FLCN Philadelphia Office is Rachel Armes, Code 260.2C, who may be reached at 215-697-4759 or by e-mail at rachel.ames@navy.mil.