



October 15, 2015

The Honorable Frank Kendall III
Under Secretary of Defense for Acquisition, Technology, and Logistics
3010 Defense Pentagon
Washington, DC 20301-3010

Re: ENCORE III's Low Price Technically Acceptable Evaluation Methodology

Dear Mr. Kendall:

On behalf of the Coalition for Government Procurement (the Coalition), I am writing to express the significant concerns of our members regarding the Defense Information Systems Agency's (DISA's) intended use of a low price technically acceptable (LPTA) evaluation methodology for its **\$17.5 billion** Encore III IT services, Solicitation No. HC1028-15-R-0030 (the draft RFP).

The Coalition is a non-profit association of firms selling commercial services and products to the Federal Government. Our members collectively account for a significant percentage of the sales generated through IT GWACs and other enterprise-wide contract vehicles, including Encore II. Our members are responsible for many of the commercial item solutions purchased annually by the Federal Government and include small, medium, and large business concerns. The Coalition is proud to have worked with Government officials for more than 35 years towards the mutual goal of common sense acquisition.

According to the Draft RFP, Encore III will be a multiple-award, Indefinite Delivery/Indefinite Quantity (IDIQ) contract, with a 5-year base, plus 5, one-year option periods. Encore III represents a broad, complex, technical scope of work. See attached pages 15-17 of the PWS setting forth the Mission Context, Background, Objectives and Contract Scope. As outlined in the PWS, the resulting contracts will provide DISA as well as the military Services, Defense agencies, OSD and other Federal agencies with a wide variety of complex IT services, including cybersecurity and cloud engineering, in support of the Joint Information Environment (JIE) worldwide. In addition, the contracts will provide IT solutions for activities throughout all operating levels of all customer organizations in support of functional requirements including Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR), and to all elements of the JIE. Services also will include network analysis and support necessary and incident to the protection of client domains and systems to ensure continuity and viability while reducing vulnerabilities of the JIE.

Section M1.1.2 notes that the procurement is a "best value lowest price technically acceptable source selection conducted in accordance with Federal Acquisition Regulation (FAR) 15.3, Source Selection, as supplemented by the Defense Federal Acquisition Regulation Supplement (DFARS) section 215.3, and the DISA Acquisition Regulation Supplement (DARS)."

The Draft RFP also states that the evaluated price will be calculated by applying the offeror's proposed labor rates to the estimated number of hours for each year of contract performance. The estimated labor hours to be used for the cost/price evaluation, however, will not be provided to the offerors until after award. See generally M1.3.1. After receipt of proposals, the Government will first evaluate the lowest price proposal. The Government will follow that evaluation with an evaluation of the next lowest price proposal for acceptability in accordance with this solicitation, and so on until it has a pool of acceptable contractors.

Given the complex nature of the services being sought under Encore III, an LPTA basis of award raises significant questions and concerns regarding the Department's strategic approach to the implementation and integration of its IT networks, cloud engineering services, and cybersecurity protections. Rather than affording DoD the opportunity to make a rational decision between technology and price, and vendors the opportunity to maximize value in the solutions they propose, this LPTA approach will incentivize both sides to focus exclusively on pricing, which risks impeding access to best in class IT services and innovation and threatens the ability of DoD's industry partners to recruit and retain the appropriate expertise to support DoD's mission. In addition, it raises the specter of increased performance risk, including increased cybersecurity risk. At the task order level, the LPTA approach will limit effective, best value tradeoff competition in response to evolving and complex IT mission requirements supporting the warfighter. It is important to note that, at the task order level under the predecessor Encore II contracts, LPTA was not the approach of choice. Coalition members report that over 90 percent of task orders awarded under Encore II were based on best value tradeoff evaluations, not LPTA, and, in a significant portion of those task order competitions, the non-cost evaluation factors, when combined, were significantly more important than cost. Thus, the approach in the Encore III PWS begs the question: what has changed?

The current approach also is inconsistent with Better Buying Power 2.0 (BBP 2.0), which provides that LPTA should only be used if the contracting officer can "clearly describe the minimum requirements that will be used to determine the acceptability of the proposal." Further, LPTA is appropriate only when DoD "would not realize any value from a proposal exceeding its minimum technical or performance requirements." Finally, as you know, BBP 2.0 goes on to state that, "when standards of performance and quality are subjective, another approach should be used. Professional services are often in this latter category."

Furthermore, the draft RFP's source selection and evaluation criteria outlined are inconsistent with the guidance outlined in your March 4th memorandum:

LPTA is the appropriate source selection process to apply only when there are well-defined requirements, the risk of unsuccessful contract performance is minimal, price is a significant factor in the source-selection, and there is neither value, need nor willingness to pay for higher performance. Well-defined requirements equates to technical requirements and "technical acceptability" standards that are clearly understood by both industry and government, are expressed in terms of performance objectives, measures and standards that map to our requirements documents, and lend themselves to technical evaluation on an acceptable/unacceptable basis. LPTA is most appropriate when best value is expected to result from the selection of the technically acceptable proposal with the lowest evaluated price.

The draft RFP does not include well-defined requirements. Rather it includes a high level PWS that encompasses a sophisticated set of IT services to be delivered worldwide while the specific, defined requirements to be performed are to be articulated at the task order level by the requiring activity. In addition, the fact that the labor hours cannot be defined to allow vendors to construct a proposal belies the notion that minimum requirements are clearly described. (As noted above, the vast majority of Encore II task orders were evaluated and awarded on a best value basis not LPTA).

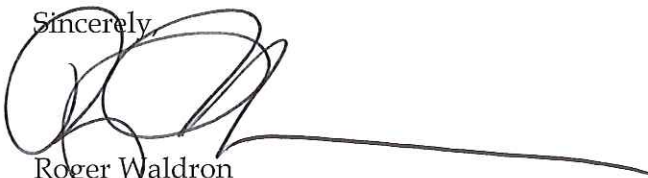
The risk of unsuccessful performance is not minimal. The PWS sets forth a broad scope of complex IT services that will be performed in support of DISA's efforts to achieve information superiority, including cross-functional analysis, integration, and the development of IT solutions to meet customer needs. Given the sophisticated and varied nature of work to be performed on a world-wide basis, the overall risk of unsuccessful performance is not minimal. Moreover, with government IT systems under daily cyber assault, it is difficult to understand how an LPTA approach to cybersecurity under Encore III makes sense for the Department and the warfighter. As the work scope indicates, the risk of unsuccessful performance on the sophisticated work performed under the current Encore II IDIQ – Joint Command and Control (C2) Development, Cyber Initiative/Defense Industrial Base Services, Nuclear C3 Systems Engineering, DoD Public Key Infrastructure Engineering and Public Key Enabling, Isolating DoD Networks from the Internet, Nuclear Planning and Execution System Services, DoD Network Security Assessment and Certification, DoD Mobility Solutions – is significant.

There is value, need and willingness to pay for higher performance. There is great value in achieving higher performance when analyzing, designing, developing, deploying and maintaining IT networks and systems that support worldwide Department operations and, most importantly, the warfighter. Achieving information superiority is not an LPTA enterprise, as demonstrated/validated by the number of task orders evaluated and awarded using a best value tradeoff methodology. Of the 362 Task Order RFPs with published evaluation criteria on DITCO's Encore II site, 91% were Best Value Tradeoff, 8% were Low Price Technically Acceptable, and 1% was Performance Price Tradeoff. The use of best value at the task order level to meet \$17.5 billion in IT mission support requirements would be compromised by a LPTA award methodology for the Encore III contract level awards. Further, an LPTA approach to acquiring complex IT mission support creates negative incentives for cutting edge, innovative solutions at the very time the DoD is seeking greater access to innovative technologies and solutions.

Please know that the members of the Coalition are ready to work with your office and DISA at any time to identify appropriate, transparent best value evaluation criteria. In this spirit and based on the foregoing analysis, the Coalition requests a review of the Encore III acquisition strategy by your office.

We look forward to your response. If you have any questions, please contact me at 202-331-0975.

Sincerely,



Roger Waldron
President

1. INTRODUCTION

1.1 Mission Context: ENCORE III is a follow-on contract to ENCORE II, and like its predecessor, ENCORE III will be a Multiple Award Contract (MAC). Individual Task Orders shall be used to perform the 20 performance areas which form the basis for providing information technology solutions, including network engineering, analysis and support for the acquisition, installation, fielding, training, operation and life-cycle management of components and systems in the operational environments of Combatant Commands and their subordinate components, the military services, Defense agencies, Office of the Secretary of Defense (OSD) and other Federal agencies.

1.2 Background: DISA is an integral component in the development of the Joint Information Environment (JIE), a network-centric environment required to achieve information superiority. The JIE is the globally-interconnected, end-to-end set of information capabilities, associated processes, and personnel to manage and provide information on demand to warfighters, policy makers and supporting personnel. It will enhance combat effectiveness through greatly increased battlespace awareness, improved ability to employ weapons beyond line-of-sight, employment of massed effects instead of massed forces and reduced decision cycles. It will also contribute to the success of non-combat military operations. Unique user data, information and user applications are not considered part of the JIE, but can also be accommodated under the contract (i.e., support for other Federal agencies). The emerging revolution in DoD's business affairs requires a distributed approach to conducting day-to-day operations that the contract can provide. DISA is helping to meet these challenges by:

- * Identifying and maintaining the legacy baseline of requirements, processes, applications and automated systems
- * Collecting, validating and integrating requirements
- * Managing data standardization
- * Performing cross-functional analysis for data sharing through corporate/shared data structures
- * Developing integration standards, processes and methodologies
- * Performing cross-functional analysis for applications interfaces, interoperability and integration; developing migration/integration strategies and plans; providing functional and technical integration solutions; developing common shared infrastructure services; prototyping functional applications and required infrastructure support to validate requirements and solutions
- * Managing migration and integration through the use of program metrics tools and capabilities

1.3 Objectives: The objective of this contract is to provide global IT capabilities, attributes or services under multiple award, Indefinite-Delivery/Indefinite-Quantity (ID/IQ) task order type contracts that support the military services, the DoD and other Federal agencies. DISA actively facilitates the migration of information systems and common, standard data into an integrated and interoperable JIE that supports the Department's Joint Vision 2020 (JV2020) concept. DoD is transitioning from a collection of stovepipe systems and architectures to an integrated and interoperable environment. Other Federal agencies have unique legacy processes and systems in place and require similar migration and integration activities. Many costly redundancies and duplications of functionality exist within the current legacy environment (including applications, data and other infrastructure elements) and recent DoD mobilizations have proven that the current legacy environment is inadequate to meet the evolving mission needs of the user. The vision of an integrated global environment that meets the JV2020 concept necessitates a distinct set of information system capabilities required in the JIE. These include:

- * Seamless worldwide coverage and connectivity
- * Secure and assured service tailored to the threat
- * Operational flexibility to resize and reconfigure

- * Same “look and feel” when training as deployed or afloat
- * Real-time network control
- * Interoperability with joint and combined task forces
- * Access to tailored intelligence and support information systems
- * Split Base/Reach Back into integrated data assets (intelligence, logistics, etc.)
- * Bandwidth on demand (bandwidth where and when it’s needed)
- * More affordable and fewer mission support staff among deployed forces
- * Information flows tailored to user needs such as collection, storage and distribution
- * Web Services
- * Service Oriented Architectures (SOA)

2. CONTRACT SCOPE

The scope of this effort includes all activities within the Military Services and DoD. Other Federal agencies may utilize this contract to satisfy their Information Technology (IT) requirements after making the appropriate Economy Act Determination in accordance with Federal Acquisition Regulation (FAR 17.5). IT solutions encompass a range of capabilities from old legacy systems to new, emerging IT solutions. As a result, the contractor shall assist the government in providing IT solutions for activities throughout all operating levels of all customer organizations in support of functional requirements including Command and Control (C²), Intelligence, and Mission support areas, and to all elements of the JIE. The contractor shall assist the government by furnishing personnel, materials, facilities, travel, services, managed services and other items needed to satisfy the worldwide development, deployment, operation, maintenance and sustainment requirements of DoD and its customers.

The contractor shall assist the government by providing IT solutions, including network engineering, analysis and support for the acquisition, installation, fielding, training, operation and life-cycle management of components and systems in the operational environments of Combatant Commands and their subordinate components, the military services, Defense agencies, Office of the Secretary of Defense (OSD) and other Federal agencies. This includes providing assistance with the procurement of various products, including but not limited to, hardware, software and licenses, as applicable, when such products are incidental to the implementation of the solution. A single solution may be fielded to several sites or across the enterprise. Network analysis and support includes providing assistance with the procurement of services necessary and incident to the protection of the client’s domains and systems to ensure continuity, viability while reducing vulnerabilities of the JIE. IT solutions, services and support anticipated under this contract exist within the scope of the 20 performance areas identified below:

- * **Performance Area 1 - Enterprise IT Policy and Planning**
- * **Performance Area 2 - Integrated Solutions Management**
- * **Performance Area 3 - Process, Performance, and Strategic Benchmarking**
- * **Performance Area 4 - Business Process Reengineering (BPR)**
- * **Performance Area 5 - Requirements Analysis**
- * **Performance Area 6 - Market Research and Prototyping**
- * **Performance Area 7 - Information and Knowledge Engineering**
- * **Performance Area 8 - Custom Application Development**
- * **Performance Area 9 - Product Integration**
- * **Performance Area 10 - Test and Evaluation (T&E)**
- * **Performance Area 11 - Asset Management**
- * **Performance Area 12 - Communications Engineering**
- * **Performance Area 13 - Security Engineering Assessment and Authorization**
- * **Performance Area 14 - Telecommunications Support**

- * **Performance Area 15 - Computer-Telephony Integration (CTI)**
- * **Performance Area 16 - Web Services**
- * **Performance Area 17 - Operations Support**
- * **Performance Area 18 – Incidental Hardware and Software Solutions**
- * **Performance Area 19 – IT Support Services**
- * **Performance Area 20 – Cloud Engineering Services Support**

3. PROGRAM MANAGEMENT REQUIREMENTS

3.1 Contractor Personnel: The contractor shall provide all materials, services, personnel, planning, direction, coordination, and control necessary to provide the services required by this contract. To ensure the successful administration, operation, and maintenance (AO&M) of services, contractors shall establish a project organization/staff structure that facilitates effective overall program management of the work. A contractor's Program Management staff and all Program Management functions may charge as an overhead expense and may not charge directly to any task orders. The Program/Project Manager and all labor categories assigned and priced within a specific task order may charge directly to that task order.

The Program Manager is defined per DARS 252.237-9000 as "Key Personnel" under ENCORE III. The Program Manager is required to be skilled experienced professional and is responsible for successful Contractor accomplishment of the work to be performed under the ENCORE III contract. Additional key personnel may be identified at the task order level.

The contractor shall designate a dedicated Program Manager and other key personnel who will be responsible for cost, schedule, and technical performance for all awarded TOs. A contractor's key personnel shall serve as the primary points-of-contact (POC) for status and resolution of all contract management, implementation and technical matters. As required, the Program Manager and staff responsible for key project components, such as service management, engineering, provisioning, implementation and scheduling, shall participate in planning and status meetings conducted at either contractor or Government facilities, at no direct charge to the contract.

Key personnel shall be United States (U.S.) citizens. Key personnel shall possess (at the time of contract award) final U.S. SECRET clearances and special accesses, IAW the DD Form 254, to perform all services required by the PWS and orders.

Contractor personnel, including any substitute or replacement personnel, shall be technically proficient and have a thorough knowledge of their respective area(s) in order to engineer, design, install, administer, operate, maintain, and manage a large telecommunications network of this type on an end-to-end basis. The Contractor may provide additional appropriately cleared personnel to receive on-the-job training for any function for which personnel substitution may be anticipated but in no case shall such training interfere with performance of any service or cause a hazard to the network.

All contractor personnel who work under this Contract shall be employees of the Contractor or its subcontractors at all times and are not employees of the U.S. Government. Contractor employees shall proficiently speak, read, write and understand the English language.

3.2 Status Reports: The contractor shall provide quarterly status reports, as described below, over the life of this contract. Reports shall use the standard format (Appendices A and B) to present data for individual TOs as well as provide consolidated totals for TOs as requested by the Government. Quarterly progress reports shall be submitted within thirty (30) calendar days after the end of each quarterly reporting period (January-March; April-June; July-September and October – December). One (1) copy