

BUSINESS CLEARANCE MEMORANDUM

Clearance Number: 60,000

Solicitation Number: N00024-00-R-6000

ACTIVITY: NAVAL SEA SYSTEMS COMMAND

Date: 20 March 2000

TYPE OF PROCUREMENT:

- Small Business Set-Aside Negotiated under 10 U.S.C. 2304(b) 1,2 A-C
 Full and Open Competition Negotiated under 10 U.S.C. 2304(c)(1) 1,7

TYPE OF CONTRACT: Firm Fixed Price with Performance Incentives under authority of FAR Part 12 (Commercial Contracts)

CLEARANCE:

- | | | |
|---|--|---|
| A. <input checked="" type="checkbox"/> Pre-Negotiation
<input type="checkbox"/> Post-Negotiation
<input type="checkbox"/> Letter Contract | B. <input type="checkbox"/> Authority to Contract
<input type="checkbox"/> Authority to Establish Final Price | C. <input checked="" type="checkbox"/> Competitive
<input type="checkbox"/> Non-Competitive
<input type="checkbox"/> 8(a)
<input type="checkbox"/> FMS |
|---|--|---|

Offerors: Computer Sciences Corporation Team (CSC)
 3160 Fairview Park Drive; Falls Church, VA 22042
 Electronic Data Systems Team (EDS)
 13600 EDS Drive; Herndon VA 20171
 General Dynamics Team (GD)
 Guilford Center; P.O. Box 26002; Greensboro, NC 27420
 International Business Machines Team (IBM)
 6710 Rockledge Drive; Bethesda, MD 20817

PROGRAM

Navy Marine Corps Intranet

DESCRIPTION OF SUPPLIES/SERVICES

The scope of this effort includes everything necessary to ensure the secure transmission of voice, video, and data information.

Pricing Structure: See Price Report, Exhibit B.

Period of Performance

Contract Period	Commence	Complete
Basic	At Award	Five Years Following Award
Option	At Award (if Option is Exercised)	Three Years Following Award

POINTS OF CONTACT FOR THIS DOCUMENT:

Contract Specialist:	Joan Benning	Phone: (Com) 703.602.7707
Technical:	Don Endicott	Phone: (Com) 619.524.7529

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BUSINESS CLEARANCE MEMORANDUM - SIGNATURE PAGE

CLEARANCE RECOMMENDATION: In accordance with the facts herein, approval is requested to enter into discussions with the offerors which submitted proposals for the Navy Marine Corps Intranet, and which have been determined to be in the competitive range.

Prepared by: Melanie Harvey, SEA 02223M, Contract Specialist
703.602.3102x226 (commercial)
332.3102x226 (autovon)

Signature: _____ Date: _____

Contracting Officer: Joan Benning
703.602.7707x610 (commercial)
332.7707x610 (autovon)

Signature: _____ Date: _____

Assistant Division Director: Harold Hanson
703.602.7707x602 (commercial)
332.7707x602 (autovon)

Signature: _____ Date: _____

Reserved for Approving Official i.a.w. NARSUP 1.690-2(b)(1)

Unconditional Approval Conditional Approval Not Approved

Deputy Commander for Contracts: M. F. Jaggard, CAPT, SC, USN

Signature: _____ Date: _____

Conditions, if applicable:

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SECTION II – PRE-NEGOTIATION COMPLIANCES

(a) (1) Determination and Findings to exclude a source (see FAR 6.202 and FAR Subpart 1.7) number N/A was approved on N/A by N/A. Solicitation conducted under full and open competition.

(2) Determination and Findings for the Public Interest circumstances permitting Other Than Full and Open Competition (see FAR 6.302-7 and FAR Subpart 1.7) number N/A was approved on N/A by N/A. Solicitation conducted under full and open competition.

(3) A justification for Other Than Full and Open Competition (see FAR 6.303) number N/A was approved on N/A by N/A. Solicitation conducted under full and open competition.

(b) Information Technology Acquisition Plan (ITAP) number IT/9021 dated 5 November 1999 was approved on 22 December by the Program Executive Officer (Information Technology) (PEO(IT)). Program Endorsement Memorandum dated N/A applies. This acquisition is in conformity with the approved ITAP. Yes No N/A . If no, explain. (FAR Part 7)

(c) Synopsis of this acquisition was released to Commerce Business Daily on 10 December 1999. (FAR 5.202)

(d) (1) Certification of personal services approved. Yes No N/A . If no, explain.

(2) Authority to contract out services approved by N/A on N/A. N/A

(e) Pre-Award Disclosure Statement - N/A. Not required under FAR Part 12.

(f) Field Pricing Support was waived. Yes No N/A (DFARS 215.805-5)

(g) The Contractor has an adequate Accounting System as determined by N/A on N/A. Not required under FAR Part 12.

(h) The Contractor has an approved Purchasing System as determined by N/A on N/A. (FAR 44.305). Not required under FAR Part 12.

(i) (1) The Contractor has submitted an SF 1411, Contract Pricing Proposal Cover Sheet. Yes No N/A If No, explain. Not required under FAR Part 12. Offerors did submit SF 1449.

(2) SF 1411, Contract Pricing Cover Sheet, for major subcontract(s) has been submitted in accordance with FAR 15.806-2. Yes No N/A If No, explain. Not required under FAR Part 12.

(3) Assist audits have been requested or received. Yes No N/A If No, explain.

(j) Pre-contract costs were approved on N/A by N/A. N/A

(k) An approved make or buy plan is on file. Yes No N/A If No, explain.

(l) EEO Compliance has been requested or obtained. Yes No N/A If No, explain. EEO compliance will be requested and obtained prior to award.

(m) The prospective contractor has been determined to be responsible within the meaning of FAR Subpart 9.1 and is financially stable. Yes No N/A If No, explain. Determination will be made prior to award.

(n) This clearance complies with the provisions of DoD Directive 7640.2 dated 12 FEB 88. Yes No

(o) GSA Delegation of Procurement Authority (DPA) was granted on N/A.

(p) ASN(RD&A) Approval/Authorization for ADP Acquisition was approved on N/A. N/A

(q) A facilities determination and findings (D&F) has been made in accordance with FAR 45.302-1. Yes No N/A If no, explain.

(r) There are no other applicable compliances.

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SECTION III - SUMMARY OF KEY REFERENCES

1. Solicitation N00024-00-R-6000 dated 23 December 1999
2. CSC Written Proposal dated 14 February 2000 and Oral Proposal dated 2-3 March 2000
3. EDS Written Proposal dated 14 February 2000 and Oral Proposal dated 24-25 February 2000
4. GD Written Proposal dated 14 February 2000 and Oral Proposal dated 27-28 February 2000
5. IBM Written Proposal dated 14 February 2000 and Oral Proposal dated 21-22 February 2000. Price Report dated 14 March 2000
6. Source Selection Advisory Council Report

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SECTION IV - INTRODUCTION

A. EXHIBITS

- Exhibit A: Part Five - Evaluation of Solicitation N00024-00-R-6000
- Exhibit B: Price Report dated 14 March 2000
- Exhibit C: Source Selection Advisory Council (SSAC) Report
- Exhibit D: Competitive Range Determination dated 20 March 2000

B. BACKGROUND

The purpose of this pre-negotiation business clearance is to request authority to enter into discussions with the offerors submitting proposals for the Navy Marine Corps Intranet (NMCI) in response to NAVSEA Solicitation N00024-00-R-6000. Solicitation N00024-00-R-6000 was released on the NMCI Internet site on 23 December 1999. The solicitation requested proposals for everything necessary to ensure the secure transmission of voice, video, and data information for all Department of Navy (DoN) locations in the Continental United States (CONUS), Alaska, Hawaii, Guantanamo Bay (Cuba), Puerto Rico, and Iceland for an estimated 360,000 seats. The basic contract period is five years, with one three-year option. Eight amendments were released prior to receipt of initial proposals. At the request of offerors, the date for receipt of written proposals was extended from 29 January 2000 to 14 February. On 14 February, proposals were received from four offerors: CSC, EDS, GD, and IBM.

Prime Contractor	Major Subcontractors
CSC	10 USCA §2305
EDS	Raytheon, MCI WorldCom, Cisco Systems, Dell, Microsoft, WAM!NET
GD	10 USCA §2305
IBM	10 USCA §2305

C. SOURCE SELECTION

Offers for this procurement were obtained through full and open competition. The basis for award will be overall best value as determined by price and technical tradeoffs to the Government, with the non-price factors being significantly more important than price. A complete copy of Part Five (Evaluation) is provided as Exhibit A.

D. TYPE OF CONTRACT

A multi-year, variable quantity firm fixed price (FFP) will be awarded as a result of this solicitation. Performance incentives will be paid based on the levels of service provided by the resulting Contractor. This type of contract was selected to motivate the Contractor to accept risk while also encouraging it to meet or exceed the levels of service provided in the contract.

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SECTION V – PRE-NEGOTIATION ANALYSIS

The SSAC met on 14-15 March to consider the findings of the Source Selection Evaluation Board (SSEB) and the Price Analysis Team (PAT). The SSAC report documenting this meeting will be provided as Exhibit C. Based on an oral presentation by the SSEB and the PAT, the SSAC recommended that the Source Selection Authority (SSA) authorize a competitive range determination, and the start of due diligence and discussions. Due diligence will provide the offerors with the opportunity to survey all existing infrastructure within the Department of Navy (DoN). Discussions will permit the Government to obtain additional information necessary in determining which offer will be most advantageous to the Government, price and technical factors considered. Following discussions and considering the information discovered during due diligence, each offeror will be given the opportunity to submit a revised and final price.

The solicitation required that offerors submit a firm fixed per seat price for two alternatives. Alternate 1 assumes use of the Defense Information Services Network (DISN) for wide area access. For that alternate, offerors were instructed to assume that DISN would meet the service level agreements (SLAs) stipulated in Attachment 2 to the solicitation. Alternate 2 assumes use of the DISN, augmented with commercial alternatives for wide area access. Additionally, offerors were given the opportunity to submit a third alternative, an optimal NMCI solution. The evaluation of the proposed prices is provided in Exhibit B. The PAT identified issues with each offeror's proposal requiring discussion. Due to the presence of adequate price competition, all prices were determined to be reasonable.

CSC c

e

5 U.S.C. 552 (b)(4)

EDS's team did not take exception to any terms and conditions of the solicitation, and its price proposal fully complied with the requirements of the solicitation. Its proposed prices are the lowest realistic prices and represent minimal risk to the Government.

5 U.S.C. 552 (b)(4)

GD did not take exception to any terms and conditions, and its price proposal fully complied with the requirements of the solicitation.

5 U.S.C. 552 (b)(4)

5 U.S.C. 552 (b)(4)

The SSAC report was provided to the SSA verbally on 15 March. Based on presentations by the SSEB and the PAT, the SSAC recommended the following to the SSA:

- The SSAC developed its own matrix of how the proposals were evaluated;
- The competitive range should include all four offerors: CSC, EDS, GD and IBM.

The SSA authorized the Contracting Officer to establish a competitive range and begin due diligence and discussions prior to the completion of the formal written SSAC report. The contracting officer's competitive range determination implementing the recommendation of the SSAC and SSA is provided as Exhibit D.

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BUSINESS CLEARANCE MEMORANDUM

Clearance Number: 60,000.1

Solicitation Number: N00024-00-R-6000

ACTIVITY: NAVAL SEA SYSTEMS COMMAND

Date: 5 September 2000

TYPE OF PROCUREMENT:

- Small Business Set-Aside Negotiated under 10 U.S.C. 2304(b) 1,2 A-C
 Full and Open Competition Negotiated under 10 U.S.C. 2304(c)(1) 1,7

TYPE OF CONTRACT: Firm Fixed Price with Performance Incentives under authority of FAR Part 12 (Commercial Contracts)

CLEARANCE:

- A. Pre-Negotiation B. Authority to Contract C. Competitive
 Post-Negotiation Authority to Establish Non-Competitive
 Letter Contract Final Price 8(a)
 FMS

Contractor: Electronic Data Systems Team (EDS)
 Information Strike Force
 13600 EDS Drive; Herndon VA 20171

Contract No.: N00024-00-D-6000

PROGRAM

Navy Marine Corps Intranet

DESCRIPTION OF SUPPLIES/SERVICES

The scope of this effort includes everything necessary to ensure the secure transmission of voice, video, and data information.

Pricing Structure: See Price Report, Exhibit B.

Period of Performance

Contract Period	Commence	Complete
Basic	1 October 2000	30 September 2005
Option	1 October 2005 (if Option is Exercised)	30 September 2008

POINTS OF CONTACT FOR THIS DOCUMENT:

Contract Specialist: Melanie Harvey Phone: (Com) 703.602.3102x216
 Technical: Scott Randall Phone: (Com) 619.524.7529

BUSINESS CLEARANCE MEMORANDUM - SIGNATURE PAGE

CLEARANCE RECOMMENDATION: Approval is requested to award a contract to Electronic Data Systems of Herndon, VA, in accordance with the facts and amounts stated in this memorandum, for acquisition of the Navy Marine Corps Intranet (NMCI).

Prepared by: Melanie Harvey, SEA 02215H, Contract Specialist
703.602.3102x216 (commercial)
332.3102x216 (autovon)

Signature: _____ Date: _____

Contracting Officer: Joan Benning
703.602.7707x610 (commercial)
332.7707x610 (autovon)

Signature: _____ Date: _____

Assistant Division Director: Jerome Punderson
703.602.7707x602 (commercial)
332.7707x602 (autovon)

Signature: _____ Date: _____

Reserved for Approving Official i.a.w. NARSUP 1.690-2(b)(1)

Unconditional Approval Conditional Approval Not Approved

Deputy Commander for Contracts: K. R. Huff, CAPT, SC, USN

Signature: _____ Date: _____

Conditions, if applicable:

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SECTION XI – POST-NEGOTIATION COMPLIANCES

(a) Compliances

- (1) The Contractor has submitted a Certificate of Current Cost or Pricing Data. Yes No N/A .
- (2) Pre-award clearance for equal employment opportunity compliance was obtained and on 31 July 2000. Yes No N/A .
- (3) Subcontracting Plan is required (FAR 19). Yes No N/A .

(b) Negotiations

Negotiations were held with all offeror teams from 21 March through 14 June 2000.

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SECTION XII – POST-NEGOTIATION SUMMARY

References

- 1) Offerors original written proposals dated 14 February and original oral proposals dated 21 February through 3 March
- 2) Discussion question responses and revised proposals dated 20 March through 19 June
- 3) Final proposal revisions dated 19 June 2000
- 4) Initial Source Selection Evaluation Board (SSEB) Report dated 14 March 2000
- 5) Initial Price Analysis Team (PAT) Report dated 14 March 2000
- 6) Initial Source Selection Advisory Council (SSAC) Report dated 15 March 2000
- 7) Initial Source Selection Authority (SSA) Decision dated 17 March 2000
- 8) Final Source Selection Evaluation Board (SSEB) Report dated 26 June 2000
- 9) Competitive Range Letters to Offerors dated 21 March 2000

Exhibits

- Exhibit A: Pre-Negotiation Business Clearance dated 20 March 2000
- Exhibit B: Final Price Analysis Team (PAT) Report dated 26 June 2000
- Exhibit C: Final SSAC Report dated 4 August 2000
- Exhibit D: Final SSA Decision dated 29 August 2000
- Exhibit E: Determination of Contractor's Financial Responsibility dated 31 August 2000

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SECTION XIII – POST-NEGOTIATION ANALYSIS

A. Background

Based on the preliminary findings of the SSEB and PAT, the SSAC recommended that the SSA authorize discussions and due diligence to begin. The SSA concurred with the recommendation and, on 20 March, approval was granted by SEA 02 to enter into discussions with all four offerors as documented in the initial business clearance (Exhibit A). The purpose of this post-negotiation business clearance is to request authority to award a variable quantity contract to EDS, based on the results of final proposal revisions.

Initial proposals assumed that no infrastructure existed in the Department of Navy. That is, offerors assumed that they would have to replace all infrastructure. Once discussions were opened, offerors were given the opportunity to conduct due diligence. The offerors could survey any Department of Navy site in order to structure their final proposal. Final proposed prices include a credit for use or replacement of all existing IT infrastructure. The credit is in the form of a lower seat price.

Part Five of the solicitation provided that “The Government intends to conduct discussions following the competitive range determination.” Accordingly, meaningful discussions were held with all offerors from 21 March through 14 June, when they were closed by the Contracting Officer. Discussions were briefly re-opened on 20 June for Amendment 0015, which deleted the catalog (Item 0023) from the evaluated price, and closed again at noon on 21 June. The following is a timeline of events since approval of the pre-negotiation clearance (20 March 2000):

Date	Event
20 March	Competitive range including all offerors determination made by PCO
21 March	Offerors notified of competitive range determination as well as information regarding the unavailability of the DISN ATM WAN
12 April	First set of written discussions sent (Responses received by 24 April)
24 April	Second set of written discussions sent (Responses received by 5 May)
25 April ~ 4 May	Demonstrations conducted at facilities chosen by offerors
15-18 May	Face-to-face discussions held with all offerors
18 May	Request sent to all offerors for all questions regarding DISN
24 May	Presentation by DISA to all offerors. All questions and answers that were not solution specific or otherwise sensitive sent to all offerors during 2-7 June.
30 May	Revised proposed contracts (except pricing) received
5-8 June	Final round of oral presentations and face-to-face discussions
14 June	Discussions closed
19 June	Final proposal revisions received

20-21 June	Discussions re-opened and closed for release of Amendment 0015
27-28 June	Final SSAC meeting

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B. Analysis

The following table provides a snapshot view of the final revised evaluated prices. The evaluated prices represent one basic year and one option year. For a full review of the price proposals, see Exhibit B.

Alternate One Evaluated Prices				
	CSC	EDS	GD	IBM
Basic Option		10 USCA §2305		
Alternate Two Evaluated Prices				
	CSC	EDS	GD	IBM
Basic Option		10 USCA §2305		
Optimal Alternate One Evaluated Prices				
	CSC	EDS	GD	IBM
Basic Option		10 USCA §2305		
Optimal Alternate Two Evaluated Prices				
	CSC	EDS	GD	IBM
Basic Option		10 USCA §2305		

CSC's

5 U.S.C. 552 (b)(4)

5 U.S.C. 552 (b) (5)

In its initial proposal, EDS did not take exception to any terms and conditions of the solicitation, and its price proposal fully complied with the requirements of the solicitation. Though

5 U.S.C. 552 (b)(4)

5 U.S.C. 552 (b) (5)

there is minimal risk to the Government of upward adjustment in price. Moreover, both of EDS' optimal proposals provide extraordinary benefits and maximum ordering flexibility (noted in Exhibits B and C) which exceed the Government's expectations.

5 U.S.C. 552 (b) (5)

5 U.S.C. 552 (b)(4)

5 U.S.C. 552 (b) (5)

5 U.S.C. 552 (b)(4)

5 U.S.C. 552 (b) (5)

5 U.S.C. 552 (b)(4)

The SSAC met on 27-28 June to review the results of the evaluations provided by the SSEB and the PAT. The report submitted by the SSEB recommended that no Alternate 1 (DISN-only) proposal be considered for award. The recommendation was based on the finding of the SSEB that the network architecture of all Alternate 1 proposals (including required or optimal proposals) significantly exceeded current DISN performance capabilities, or presented unacceptable security risks as a result of decentralizing system architecture in an attempt to accommodate the capability limitations. The SSAC and SSA agreed.

The SSAC concluded that

5 U.S.C. 552 (b) (5)

5 U.S.C. 552 (b) (5)

The SSA

independently reviewed the concerns noted in the SSEB and SSAC reports, and agreed with the SSAC's findings.

Based on the reports by the SSEB and PAT, EDS' Optimal Alternate 2 proposal was recommended by the SSAC to the SSA for award (see Exhibit C). The recommendation was based on the superior technical merit of the proposal, combined with evaluated prices. EDS' Optimal Alternate 2 proposal received the highest overall technical ratings of any proposal submitted, and its evaluated prices are the lowest of all technically acceptable proposals. Its final revised price proposal is realistic and reasonable with regard to price. (Full results of the price analysis can be found in Exhibit B.) With the possible exception of cable plant, there is minimal risk to the Government of upward adjustment in total contract price. Moreover, the extraordinary benefits and maximum ordering flexibility offered by EDS exceeds the Government's expectations and the requirements of the solicitation. Accordingly, its proposal was determined to provide the best value to the Government. On 29 August, the SSA selected EDS' Optimal Alternate 2 proposal for award (see Exhibit D).

Based on the selection decision, the Contracting Officer reviewed EDS' ability to obtain resources and its performance record (including corporate experience, past performance information, and other relevant information) and found EDS to be financially responsible on 31 August.

A full breakout of service price per program year can be found in Exhibit B. However, in accordance with clause 2.1¹ of Part Two of the contract, the following table provides the Government's minimum requirement for each year of the contract:

¹ 2.1 states "The specified "minimum quantities" for various IT services set forth in Tables One through Eight of this contract represent the Government's best estimate of its minimum requirements for each Program Year of contract performance. The parties recognize that actual usage of such IT services is extremely difficult to predict and that usage will necessarily vary from month to month during the period of this contract. Therefore, it is understood and agreed that the Government will be deemed to have satisfied its obligation to order the specified "minimum requirements" for

Minimum Requirement Basic Contract Period	
Year One (FY 2001)	\$ 181,644,311
Year Two (FY 2002)	\$ 618,290,659
Year Three (FY 2003)	\$ 985,902,913
Year Four (FY 2004)	\$ 1,101,142,018
Year Five (FY 2005)	\$ 1,101,142,018
Basic Total	\$ 3,988,121,919
Option Contract Period	
Year Six (FY 2006)	\$ 927,160,422
Year Seven (FY 2007)	\$ 927,160,422
Year Eight (FY 2008)	\$ 927,160,422
Option Total	\$ 2,781,481,266
TOTAL CONTRACT	\$ 6,769,603,185

C. Recommendation

Accordingly, in accordance with the facts presented in this clearance and based on the selection of EDS' Optimal Alternate 2 proposal by the SSA, approval is requested to award a contract to EDS for NMCI.

each Program Year in which the total value of orders issued for IT services subject to minimum quantity requirements equals or exceeds the "Total Contract Price" (i.e., sum of extended prices for all applicable Items) for such services for that Program Year. This shall be true (i) regardless of whether or not the specified "minimum quantity" for each CLIN is actually ordered, and (ii) without regard to reductions which might apply to payments made under the contract pursuant to section 5.9 entitled "PAYMENT" and/or section 6.15 entitled "CREDIT TERMS."