



GAO

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

Comptroller General
of the United States

DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

Decision

Matter of: VariQ Corporation

File: B-409114; B-409114.2; B-409114.4

Date: January 27, 2014

Craig S. King, Esq., and Patrick R. Quigley, Esq., Arent Fox LLP, for the protester. J. Patrick McMahon, Esq., and William T. Welch, Esq., McMahon, Welch and Learned, PLLC, for Business Information Technology Solutions, Inc., an intervenor. Stephanie Beaty, Esq., and Jon L. Lightner, Esq., Defense Logistics Agency, for the agency.

Noah B. Bleicher, Esq., Matthew T. Crosby, Esq., and Sharon L. Larkin, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging agency's evaluation of vendors' staffing levels is denied where record shows that agency reasonably assessed vendors' proposed staffing approaches and found awardee's staffing level to be sufficient for its unique technical approach.
 2. Protest challenging agency's evaluation of awardee's transition plan is denied where protester failed to demonstrate that awardee's quotation indicated a failure to comply with solicitation requirements related to the transition period.
 3. Protest alleging misleading discussions and complaining of the lack of a price realism analysis is denied where record shows that discussions were fair and equitable and price realism analysis was not required by the solicitation.
 4. Protest challenging agency's selection of lower-rated, lower-priced quotation is denied where the record shows that the price/technical tradeoff and source selection was reasonable and consistent with the solicitation's best value award criteria.
-

DECISION

VariQ Corporation, of Rockville, Maryland, protests the issuance of a task order by the Department of Defense, Defense Logistics Agency (DLA) to Business Information Technology Solutions, Inc. (BITS), of Alexandria, Virginia, under that

firm's General Services Administration (GSA) Federal Supply Schedule (FSS) contract, pursuant to request for quotations (RFQ) No. SP4701-13-Q-0039 for desktop managed services support for the Defense Contract Audit Agency (DCAA). VariQ challenges the agency's evaluation of BITS's staffing levels and transition plan. VariQ also contends that DLA conducted misleading discussions with the firm and objects to DLA's failure to conduct a price realism evaluation. Lastly, VariQ protests the price/technical tradeoff and award decision.

We deny the protest.

BACKGROUND

On December 17, 2012, DLA issued the RFQ, pursuant to FSS procedures as set forth at Federal Acquisition Regulation (FAR) subpart 8.4, to small business vendors who held contracts under FSS No. 70 for information technology (IT) products and services. Agency Report (AR), Tab 1, GSA e-Buy RFQ Summary, at 1. The RFQ contemplated the issuance of a fixed-price task order with a 1-year base period of performance and two 1-year option periods. RFQ at 1, 2.

Included in the RFQ was a detailed performance work statement (PWS) that described the IT support services the successful vendor would provide for DCAA offices nationwide. Four specific task areas were identified: help desk services, desktop client services, security services, and management and administration services. RFQ at 20-22. The PWS provided vendors with examples of workload volume (i.e., annual help desk calls, help desk tickets, and "Break/Fix Activities"), RFQ at 35, but the agency did not provide information on the staffing levels needed to support the PWS tasks. See RFQ, amend. P0003, at 4, 10. Similarly, in response to questions from interested vendors, DLA declined to provide information about the staffing levels used on the incumbent contract. See RFQ, amend. P0004, at 6, 13, 14, 15, 16. Moreover, in response to a vendor's question asking what areas the agency was looking to improve upon from the predecessor contract, DLA responded that it was seeking "cost savings and/or [areas where] user satisfaction can be realized." Id. at 6.

The RFQ advised vendors that quotations would be evaluated on a best-value basis, considering price and the following non-price evaluation factors, listed in descending order of importance: program management approach, key personnel,¹ and past performance. RFQ at 66. For purposes of award, the RFQ stated that the non-price factors were significantly more important than price. Id.

¹ The RFQ identified the following key personnel: program manager, service desk manager, system center service manager (SCSM) administrator, help desk specialist, and video teleconferencing specialist. RFQ at 89-92.

Under the program management approach factor, the RFQ required vendors to submit with their quotations a description of the vendor's specific technical approach to achieve the project objectives, a "detailed work breakdown structure," and a transition plan. Id. at 74. The RFQ instructed vendors that the work breakdown structure (WBS) was to include the vendor's resources projected to be expended for each of the PWS tasks, as well as a title/description of the labor category that would be used for each task and the estimated annual level of effort (labor hours), by labor category, projected for each of the tasks. Id. at 75. The transition plan was to indicate "the manner in which the vendor intend[ed] to be at full operational capacity, fully staffed and ready to support this requirement." Id. at 75.

The RFQ advised that DLA would evaluate the vendor's proposed technical approaches to meeting the PWS tasks as part of its review under the program management approach factor. In this respect, the agency would review the vendor's technical approach "to ensure the vendor has demonstrated a clear understanding of the requirement and that their proposed approach does not indicate any undue risk. . . ." Id. at 66. The RFQ stated that the agency would review the vendor's WBS "to assure the vendor resources as proposed, including labor categories and hours for each tasking, will be sufficient to meet the requirements set forth in the PWS." Id. at 67. The agency would review the vendor's transition plan "to determine the manner in which the vendor plans on coming to full operational capacity, and demonstrates how they will minimize performance risk and insure no break in service." Id. Finally, as part of its evaluation of the vendor's technical approach, the RFQ stated that the agency would review the vendor's "end-state vision and strategy for achieving project objectives." Id.

With respect to price, vendors were to submit a price breakdown that identified the proposed labor categories, labor rates, and labor hours by task area for the base and option years. Id. at 77. In this regard, the RFQ expressly advised that it was "up to the vendor to determine the number of labor categories for each task." Id. at 76. The RFQ identified various "pricing components" that the agency would review in its evaluation of price proposals. Id. at 68. For example, the RFQ indicated that the agency would review the vendor's proposed pricing and discounts from the labor rates established under the vendor's FSS contract to ensure completeness and reasonableness. Id. DLA would also compare proposed prices to the independent government cost estimate (IGCE) and review the vendor's proposed labor mix and level of effort as described in the vendor's WBS. Id.

Ten vendors--including VariQ and BITS--submitted quotations by the January 18, 2013 closing date. A DLA selection evaluation team (SET) reviewed and evaluated quotations and identified strengths, weaknesses, and deficiencies in the quotations. AR, Tab 11, Evaluation Plan, at 4. The SET evaluated the initial submissions and

assigned each quotation an overall adjectival rating and individual ratings for each of the non-price factors.² AR, Tab 12, Contract Negotiation Plan, at 6. With regard to BITS's technical quotation, the SET assigned the initial quotation an acceptable rating under the program management approach factor (identifying two strengths and one significant weakness), an acceptable rating under the key personnel factor (identifying two strengths and three weaknesses), and a limited confidence rating under the past performance factor. Id. at 35-36. Overall, the SET rated BITS's initial quotation as acceptable. Id. at 39. VariQ's initial quotation was rated outstanding overall, with an outstanding program management approach rating (identifying six strengths), a good key personnel rating (identifying three strengths and one weakness), and a substantial confidence past performance rating. Id. at 49. Notably, the SET observed that VariQ was teamed with the incumbent vendor that provided DCAA with help desk services. Id. at 50.

Following the initial evaluation of quotations, DLA established a competitive range of six vendors whose quotations were considered to be the "most highly rated," including BITS and VariQ. AR, Tab 13, Determination of Vendors in the Negotiation Range, at 6. DLA conducted discussions with these firms in September 2013,³ during which DLA asked the vendors to address weaknesses and/or deficiencies in their quotations.⁴ Id. at 10. The agency also conducted an online reverse auction on September 17, 2013, during which vendors had the opportunity to revise their price quotations. AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 40; AR, Tab 22, Reverse Auction Terms and Conditions, at 1-3.

The SET reevaluated the final quotations submitted by the vendors in the competitive range and updated its findings to reflect changes in the vendors' final quotations. With regard to BITS's final quotation, the SET upgraded its overall rating to good. AR, Tab 27, SET Report for BITS, at 1. In reaching this conclusion, the SET noted that BITS's response for all PWS tasks and "resource requirements"

² The SET assigned quotations a rating of outstanding, good, acceptable, marginal, or unacceptable under the program management approach and key personnel factors. AR, Tab 11, Evaluation Plan, at 14-15. The SET assigned quotations a performance confidence assessment of substantial confidence, satisfactory confidence, limited confidence, no confidence, or unknown confidence under the past performance factor. Id. at 18. The SET also evaluated the relevancy and the quality of vendors' past performance. See RFQ at 67.

³ The RFQ provided that "the government reserve[d] the right to conduct discussions and request proposal revisions if it is determined to be necessary." RFQ at 9.

⁴ The agency referred to its competitive range as a "negotiation range" and referred to its discussions as "negotiations." See AR, Tab 13, Determination of Vendors in the Negotiation Range, at 10.

demonstrated a “thorough understanding of the Help Desk process with strengths that add merit and will be advantageous during contract performance. . . .” Id. The SET also concluded, “Risk of unsuccessful performance is low.” Id. at 14. As relevant here, under the program management approach factor, the SET identified two strengths in BITS’s quotation, including a “well thought-out” transition plan.” Id. at 3. The SET highlighted that BITS’s transition plan, which included the active recruitment of existing staff, would “help capture corporate knowledge and facilitate a smooth transition during contract performance.” Id. The SET also found a strength in the quotation’s “proactive use” of [deleted]. Id. This feature, the SET noted, would allow BITS to identify “20% of the problems causing 80% of the issues effecting overall customer satisfaction.” Id. at 3.

With regard to VariQ’s final quotation, the SET maintained its overall rating of outstanding. Under the program management approach factor, the SET commended VariQ’s “well-defined, logical, and meaningful” WBS and concluded that the quotation showed a “comprehensive understanding” of the help desk requirement. AR, Tab 31, SET Report for VariQ, at 1. In assigning the quotation six strengths under the factor, the SET noted that VariQ’s team member provided the majority of the resources that supported the predecessor help desk services, so VariQ would require “minimal transition planning.” Id. at 5. The SET concluded that VariQ’s quotation indicated an “exceptional approach and understanding of the requirements” and that the risk of unsuccessful performance was “very low.” Id. at 15.

The final technical evaluation results of BITS’s and VariQ’s quotations were as follows:

Non-Price Factors	BITS	VariQ
Overall Assessment	Good	Outstanding
Program Management Approach	Good	Outstanding
Key Personnel	Acceptable	Outstanding
Past Performance	Satisfactory Confidence	Substantial Confidence
Relevancy	Somewhat Relevant	Very Relevant
Quality	Good	Good

See AR, Tab 14, Contracting Officer’s Negotiation Memorandum, at 13-14.

The contracting officer evaluated the vendors’ final price proposals. In doing so, the contracting officer reviewed and compared each vendor’s labor rates with their respective GSA Schedule. AR, Tab 14, Contracting Officer’s Negotiation Memorandum, at 42. The contracting officer also compared the proposed hours and rates to the IGCE. Id. The table below reflects each vendor’s total labor hours, total labor dollars (including base and option periods), and range of discounts from the vendor’s GSA schedule rates.

Vendor	Total Labor Hours	Total Labor	Range of
---------------	--------------------------	--------------------	-----------------

		Dollars	Discounts off GSA Rates
Vendor A	[deleted]	\$(deleted)	[deleted]%
Vendor B	[deleted]	\$(deleted)	[deleted]%
BITS	[deleted]	\$6,701,806.50	[deleted]%
Vendor C	[deleted]	\$(deleted)	[deleted]%
IGCE	[deleted]	\$(deleted)	N/A
Vendor D	[deleted]	\$(deleted)	[deleted]%
VariQ	[deleted]	\$11,596,780.80	[deleted]%

AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 42. With regard to BITS's proposed labor hours and rates, the contracting officer noted that BITS's total price was [deleted] percent less than the IGCE. Id. at 43. The contracting officer further explained:

When comparing BITS's proposed labor categories to the IGCE, the proposed labor categories are very similar and are providing the functions as required by the RFQ. BITS is proposing [deleted]% fewer hours than the IGCE. The technical team reviewed the proposed WBS and labor hours and it was determined to be sufficient for what BITS is proposing.

Id. The contracting officer provided similar summaries for each of the remaining vendors. In each summary, the contracting officer noted that the vendor's proposed WBS and labor hours were determined to be sufficient for what the vendor was proposing. Id. at 42-43.

The contracting officer prepared a memorandum detailing the SET's findings and the results of her price analysis. In the memorandum, the contracting officer compared the results of the evaluation of BITS's quotation with the evaluation results of the other vendors' quotations. Id. at 45-51. Following the comparison, the contracting officer recommended issuing the task order to BITS. Id. at 51. In reaching this determination, the contracting officer concluded that BITS's higher-rated non-price proposal warranted the [deleted] percent price premium over Vendor A's and Vendor B's quotations [deleted]. Id. With regard to the quotations submitted by VariQ and Vendor D, the contracting officer wrote that the government "cannot justify paying the significant premium" (72.64 percent and [deleted] percent, respectively) for the two-highest rated quotations. Id. Although BITS was "on balance" technically equal to Vendor C, the contracting officer determined that the [deleted] percent price premium was not warranted. Id. at 52.

The selection official reviewed the contracting officer's memorandum and award recommendation and prepared an award decision document (ADD). In the ADD, the selection official summarized the SET's evaluation of each quotation and included the results of the price evaluation. AR, Tab 15, Award Decision Document,

at 32-39. The selection official conducted a “best value comparative assessment” in which he compared the evaluation findings of each of the quotations with the results of BITS’s quotation’s evaluation. Id. at 40. In agreeing that BITS’s quotation represented the best value to the agency, the selection official stated as follows:

The proposal submitted by BITS received an Overall rating of Good from the SET. Its proposal demonstrates a thorough approach and understanding of the PWS. The vendor referenced effective tools, methods procedures and strategies that they have utilized successfully in the past and will utilize in the future to include the necessary flexibility to meet the ever changing needs of day-to-day operations. The key personnel proposed possess adequate experience and education and significant strengths that will allow DCAA to exceed objectives. Based on the vendor’s past performance, the Government has a reasonable expectation that the vendor will successfully perform the required effort. There is Satisfactory Confidence in BITS past performance.

Id. at 47. The selection official also concurred that BITS’s quotation warranted paying a price premium over the lower-rated quotations, but that paying a premium for the higher-rated quotations was not justified. Id. Accordingly, the task order was issued to BITS on September 27. AR, Tab 16, Task Order SP-4701-13-F-1142, at 1. After receiving notice of award, VariQ protested to our Office.

DISCUSSION

The protester raises a number of objections to the agency’s evaluation of quotations and selection decision. VariQ protests DLA’s evaluation of the vendors’ staffing levels and argues that the agency misevaluated BITS’s transition plan. The protester also argues that the agency misled the firm during discussion and objects to the lack of a price realism analysis. Finally, VariQ challenges DLA’s price/technical tradeoff and source selection.

Staffing Levels

First, VariQ asserts that DLA’s technical evaluation was flawed because it failed to take into account the “wide swings in staffing” in the proposed technical approaches. Comments/Second Supplemental (Supp.) Protest at 19. According to VariQ, the agency did not meaningfully evaluate the risks of each vendor’s technical approach and failed to adequately document or explain its evaluation. Id. at 16, 18. With regard to BITS’s quotation specifically, VariQ contends that the evaluation was superficial and that BITS’s approach was “certain to fail.” Id. at 21; Supp. Comments at 3.

Where, as here, an agency issues an RFQ to GSA FSS contractors under FAR subpart 8.4 and conducts a competition, we will review the record to ensure that the agency's evaluation is reasonable and consistent with the terms of the solicitation and applicable procurement laws and regulations. Digital Solutions, Inc., B-402067, Jan. 12, 2010, 2010 CPD ¶ 26 at 3-4; DEI Consulting, B-401258, July 13, 2009, 2009 CPD ¶ 151 at 2. A protester's mere disagreement with the agency's judgment does not establish that an evaluation was unreasonable. DEI Consulting, *supra*. For procurements conducted pursuant to FAR subpart 8.4 that require a statement of work, such as this one, FAR § 8.405-2(e) designates limited documentation requirements. In a FAR subpart 8.4 procurement, an agency's evaluation judgments must be documented in sufficient detail to show that they are reasonable. Neopost USA Inc., B-404195, B-404195.2, Jan. 19, 2011, 2011 CPD ¶ 35 at 7; FAR § 8.405-2.

Here, VariQ's assertion that DLA did not meaningfully consider the performance risks associated with the vendors' different technical approaches is not supported by the record. As explained above, the RFQ required DLA to review the vendors' approaches to performing the PWS tasks. RFQ at 66. This evaluation was to include a review of the vendors' WBS and transition plan to ensure that vendors' proposed approaches did not indicate "any undue risk." *Id.* Additionally, DLA was to review the vendors' WBS to assure that the vendor proposed sufficient resources to meet the PWS requirements. *Id.* at 67. Moreover, because this procurement was conducted pursuant to FAR subpart 8.4, DLA was required to consider "the level of effort and the mix of labor proposed to perform [the] specific task being ordered. . . ." FAR § 8.405-2(d).

We find that the agency's evaluation was consistent with the terms of the RFQ and the FAR. In this regard, the record shows that the SET reviewed each vendor's WBS and evaluated the proposed labor categories and hours and staffing mix in relation to the firm's unique technical approach. Contrary to the protester's assertion, the agency did not find that all vendors' proposed level of effort "satisfactorily" met the RFQ requirements. *See* Comments/Second Supp. Protest at 15. In fact, four vendors' quotations were not included in the competitive range in part because their proposed level of effort showed a lack of understanding of the requirements or presented an unacceptable level of risk. For example, in rating one of the initial vendors as unacceptable under the program management approach factor, the SET detailed what it referred to as a "systematic underestimation of the scope and complexity" of some of the PWS tasks. AR, Tab 12, Contract Negotiation Plan, at 7. Specifically, the SET noted that the vendor's WBS included an "inadequate number of technicians" both at the help desk and for desktop support." *Id.* Similarly, the SET rated a different vendor as unacceptable in part because the vendor's WBS did not provide adequate staffing for the help desk. *Id.* at 11. The SET reached the opposite conclusion regarding a third vendor's proposed staffing levels. In that evaluation, the SET noted that the vendor's

proposed [deleted] hours per year for certain key personnel appeared to be “excessive.” Id. at 18.

With regard to the vendors included in the competitive range, the record shows that the agency reviewed each quotation’s proposed staffing and level of effort as indicated in the quotations’ WBS. Consistent with the evaluation plan, strengths were assigned only where that element of the quotation “exceeded specified performance or capability requirements in a way that will be advantageous to the government during contract performance.” See AR, Tab 11, Evaluation Plan, at 5. Indeed, the SET rated VariQ’s quotation outstanding under the technical management approach factor in part because of the firm’s “well-defined, logical, and meaningful” WBS. AR, Tab 31, SET Report for VariQ, at 1. Of relevance here, one of the strengths the SET assigned VariQ’s quotation was for its use of a “network of [deleted] highly qualified and experienced technicians” for desk-side support that the firm would place “[deleted]” to minimize user wait time. Id. at 4.

Similarly, in its evaluation of a different quotation, the SET assigned the quotation a strength because the vendor proposed “a total of [deleted] deskside technicians in the field.” AR, Tab 14, Contracting Officer’s Negotiation Memorandum, at 27. The SET noted that the “large number” of technicians deployed at [deleted] would “reduce the need for travel, improve resolution time for users, and lower the risk of exceeding the allotted travel expense.” Id. As a third example of the agency’s meaningful evaluation of the vendors’ various staffing levels and technical approaches, the record shows that the SET assigned a different quotation a strength for using “[deleted] as a model for their proposed staffing levels.”⁵ Id. at 31.

Moreover, the agency documented its conclusions regarding the level of performance risk associated with each vendor’s technical approach. For two of the vendor’s the agency concluded the risk of unsuccessful performance was “no worse than moderate.” AR, Tab 14, Contracting Officer’s Negotiation Memorandum, at 18, 21. DLA rated three of the quotations, including BITS’s, as having a “low risk” of unsuccessful performance. Id. at 26, 30, 34. VariQ’s quotation was the only one determined to have a “very low” risk of unsuccessful performance. Id. at 39.

Finally, consistent with the terms of the RFQ, in addition to the SET’s review of the vendors’ WBS, the contracting officer reviewed the vendors’ proposed labor mixes and levels of effort when she evaluated the price proposals. The record shows that she compared the vendors’ labor hours and labor categories to those of the IGCE,

⁵ The record also shows that DLA sought additional staffing information from some vendors during discussions. See, e.g., AR, Tab 14, Contracting Officer’s Negotiation Memorandum, at 5 (providing vendor with opportunity to revise its staffing to provide for “adequate” desk-side support).

and she highlighted the percentage difference in hours. AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 42-43. In her report, the contracting officer also noted that each vendor's WBS and labor hours were found to be sufficient for their technical approach. Id. On this record, we disagree with VariQ's assertion that the agency did not meaningfully evaluate the vendors' technical approaches or adequately document its evaluation findings.

Next, with regard to BITS's quotation specifically, VariQ argues it was unreasonable for DLA to find BITS's staffing to be adequate. Comments/Second Supp. Protest at 21. VariQ complains that BITS's staffing level "was certain to fail" and "simply would not get the job done." Id. at 21, 22.

As explained above, the SET found that BITS's quotation indicated a "thorough approach and understanding of the [PWS] requirements." AR, Tab 27, SET Report for BITS, at 14. Moreover, the SET rated the quotation good under the technical management approach factor. Id. at 1. Subsequent to the filing of this protest, the SET members submitted a declaration in which they provided additional explanation related to their evaluation of BITS's non-price proposal, which included reviewing the firm's WBS and its proposed labor categories and labor hours. AR, Tab 34, Declaration of the SET, at 2. The SET members noted that BITS proposed a total of [deleted] people, which included four key personnel (VTC specialist, SCSM administrator, help desk manager, and program manager). Id. The SET members explained that they observed that BITS would use [deleted] people for "resolving call center, touch incidents, and other tasks." Id. Though not a strength, weakness, or deficiency, the SET members explained that they considered BITS's labor mix and level of effort to be adequate. Id. Additionally, the SET members highlighted the strength in BITS's quotation that involved the use of the [deleted] software to identify 20 percent of the problems that were causing 80 percent of the issues affecting customer satisfaction. Id. The SET members stated that this feature would allow BITS to "quickly solve those problems." Id. In this respect, the SET members explained in their declaration that they "felt that this proposed use of the [deleted] would provide more efficiency and productivity out of their [deleted] people and enable better functioning on the part of their staff." Id.

In response to the SET members' declaration, VariQ posits that the SET's explanation and findings are "at odds with objective verifiable data." Supp. Comments at 2. VariQ relies on the incumbent contractor's project manager's description of the "performance failures that necessarily will occur" as the contractor's specific numbers of employees drops below [deleted]. Id. at 2, 5. For example, the project manager stated that at [deleted] full-time employees, "either 39% of desktop support tickets will go unaddressed every year, or Help Desk calls will queue up for nearly 50 minutes on average." Id. at 3.

We find the protester's arguments in this regard to be unpersuasive. First, we disagree that the data presented in VariQ's breakdown is objective. In this respect,

the analysis conducted by the incumbent contractor's project manager is based on his firm's technical approach--the firm that is teamed with VariQ for this procurement--and not the unique technical approach proposed by BITS. That is, the project manager's assessment does not take into account efficiencies in BITS's approach that were recognized by the SET as a strength. Additionally, we note that VariQ had access to BITS's technical proposal in the agency's record, but the protester did not point to anything in the quotation specifically to explain why the SET's determinations regarding BITS's staffing levels were flawed. Without more, VariQ's assertion that the SET members' justification is "superficial" reflects its disagreement with the evaluation conclusions and does not provide a basis to sustain the protest.⁶ See Supp. Comments at 10.

In sum, the record reflects that DLA reasonably evaluated the vendors' staffing levels and technical approaches, and met the requirements set forth in FAR § 8.405-2(e) for documenting its judgments and rationale. Although VariQ may disagree with the agency's assessment of the risks associated with BITS's technical approach and staffing levels, we have no basis to find DLA's evaluation to be unreasonable or inconsistent with the terms of the RFQ.

Transition Plan

Next, VariQ objects to the agency's evaluation of BITS's transition plan. Specifically, the protester argues that the agency waived or failed to take into account the solicitation requirement that the vendor be ready to perform on the first day of task order performance. Protest at 9, 12. In support of this allegation, VariQ complains that BITS's toll free phone number--which the RFQ required to be distributed for "users to call on day 1"--was not operational until "six weeks after [BITS] started performance." Comments/Second Supp. Protest at 29; RFQ, amend. P0003, at 3. Additionally, the protester points to emails from the DCAA Administrator and a DCAA employee--sent after the task order was issued--advising DCAA staff that the transition to BITS could "last for several weeks." Protest at 10. Here, the protester has not shown the agency's evaluation of BITS's transition plan to be unreasonable or contrary to the RFQ. The RFQ required the agency to evaluate the vendor's transition plan to "determine the manner in which the vendor plans on coming to full operational capacity, and demonstrates how they will minimize performance risk and insure no break in service." RFQ at 67. In its quotation, BITS provided a "Plan for Transitioning Work," which identified four

⁶ We note that to further support its proposition that BITS's technical approach "simply would not get the job done," VariQ relies on what it refers to as "complaints from users." Supp. Comments at 21, 22. These complaints, VariQ argues, indicate "severe performance failure." Id. at 22. VariQ's focus on BITS's actual performance after the task order was issued is misplaced as any alleged performance issues occurred subsequent to the agency's evaluation.

phases of the firm's transition. AR, Tab 28, BITS's Non-Price Proposal, at 23. According to BITS, its transition plan would allow the firm to "hit the ground running on Day 1 upon contract award." Id. Additionally, BITS noted in its quotation, "Our physical location for the Help Desk will be ready on Day 1 as a result of its present state and some minimal advanced preparation, including securing telephone number(s), etc." Id. at 24. The record shows that the SET reviewed BITS's transition plan and found it to be "well thought-out." AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 22. As discussed above, the SET assigned the plan a strength because it included the "active recruitment of incumbent staff." Id.

VariQ has not shown that the SET's evaluation was flawed. In this regard, VariQ has not pointed to anything in BITS's quotation that indicated that the awardee took exception to any of the PWS requirements related to the transition of services, including the requirement to have a toll free phone number operational on the first day of performance. Compare VariQ Corp., B-407193, Nov. 27, 2012, 2013 CPD ¶ 233 at 4 (finding agency's determination that quotation was unacceptable to be reasonable where the plain language of the quotation indicated that certain key personnel would not be available on the first day of the blanket purchase agreement transition period). Instead, VariQ relies on what it refers to as "contract performance failures" to demonstrate that the evaluation--which took place prior to any alleged performance issues--was unreasonable. Supp. Comments at 11. We find these arguments to be unpersuasive. As it turned out, BITS may have experienced some performance challenges during its transition, as VariQ contends; however, this does not compel the conclusion that the agency's evaluation was unreasonable. Comments/Second Supp. Protest at 29. In this regard, the protester's emphasis on BITS's post-award performance is misplaced because post-award performance is a matter of contract administration that is not for consideration by our Office. See 4 C.F.R. § 21.5(a) (2013); see Training Mgmt. Solutions, Inc., B-403461.2, Sept. 29, 2010, 2010 CPD ¶ 224 at 3 n.2. Moreover, VariQ has not explained how BITS's performance of the task order prejudiced VariQ in the competition for this order. We note that the transition plan was but one aspect of the program management approach factor, which was one of three technical factors the agency considered. On this record, we conclude that VariQ's challenges to DLA's evaluation of BITS's transition plan provide no basis to sustain the protest.⁷

⁷ VariQ also argued that it was unreasonable for the agency to assign BITS's transition plan a strength for its ability to "capture corporate knowledge" through its "active recruitment of existing staff" because the agency failed to take into account the "significantly lower" labor rates proposed by BITS, among other things. Comments/Second Supp. Protest at 24, 26; AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 22. In response to this allegation, the agency responded that BITS's rates were "generally in line with those of most vendors" and (continued...)

Misleading Discussions

Next, VariQ protests the agency's discussions with the firm, arguing that DLA should have told VariQ that it was considering a "dramatically different staffing approach that involved far fewer [full-time employees]." Protest at 13. According to VariQ, "DLA misled VariQ through its silence." Comments/Second Supp. Protest at 35.

Where, as here, a competition is conducted among FSS vendors pursuant to FAR part 8, there is no requirement for agencies to conduct discussions in accordance with FAR § 15.306. However, exchanges that do occur with vendors in FAR part 8 procurements, like all other aspects of such procurements, must be fair and equitable. USGC Inc., B-400184.2 et al., Dec. 24, 2008, 2009 CPD ¶ 9 at 3. For discussions to be meaningful they must lead an offeror to areas of the agency's concern. See Lockheed Martin Corp., B-293679 et al., May 27, 2004, 2004 CPD ¶ 115 at 7. As a general matter, it is within an agency's discretion to inform a vendor during discussions that its price appears to be high in comparison to other vendors' proposed prices. See DeTekion Security Sys., Inc., B-298235, B-298235.2, July 31, 2006, 2006 CPD ¶ 130 at 13.

Here, we find nothing improper about the agency's discussions with VariQ. The record shows that the SET identified one weakness in VariQ's initial quotation that related to the qualifications of a proposed key personnel. AR, Tab 12, Contract Negotiation Plan, at 52. During discussions, the agency raised this sole weakness with VariQ, as well as provided the firm an opportunity to "analyze your proposed price and submit a revised and competitive price and technical proposal to the government," an opportunity that DLA provided to all vendors in the competitive range.⁸ AR, Tab 17, Negotiations Letter to VariQ, at 1. We see nothing in the

(...continued)

that BITS "did not promise that any particular number of incumbent staff would be hired." Supp. AR at 25, 30. The agency also noted that since the task order was issued, BITS has successfully hired eight incumbent staff. AR, Tab 33, Declaration of Contracting Officer, at 1. In its supplemental comments, VariQ conceded that BITS had been able to hire "some incumbent employees," and the protester did not otherwise meaningfully respond to the agency's position. As such, the protester's arguments in this regard fail to provide a basis to sustain the protest.

⁸ Additionally, during the reverse auction (where vendors were able to see the current lowest price being proposed), vendors were provided an opportunity to revise their price proposal and WBS. AR at 45; AR, Tab 22, Reverse Auction Participant List and Terms and Conditions, at 2. Although VariQ reduced its price by 2.17 percent, the firm opted not to revise its WBS or staffing levels. AR, Tab 23, Reverse Auction Emails with VariQ, at 1; AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 42.

record, and the protester has not pointed to anything, to suggest that the agency had any concerns with VariQ's technical approach or staffing levels such that DLA should have raised the issue during discussions. On the contrary, as discussed above, the record shows that DLA rated VariQ's quotation as outstanding overall, and noted several strengths with the firm's technical approach. On this record, particularly where the RFQ did not expressly require a specific level of staffing to perform the PWS tasks, we find no basis to conclude that DLA's discussions with VariQ were other than fair and equitable.

Price Realism

VariQ also argues that DLA failed to evaluate the realism of BITS's proposed price. Protest at 14. While an agency may elect to perform a realism analysis in connection with the issuance of a fixed-price or fixed-rate task order--in order to assess a vendor's risk or to measure a vendor's understanding of the solicitation's requirements--it need not do so unless required by the solicitation. Belzon, Inc., B-404416 et al., Feb. 9, 2011, 2011 CPD ¶ 40 at 9.

The RFQ here, which identified various components the agency would review as part of the price evaluation, did not provide for an evaluation of the realism of the vendor's proposed prices. See RFQ at 68. We disagree with the protester that DLA was required to conduct a price realism analysis based on general solicitation language in which the agency described its overall objective to "obtain the highest quality services considered necessary to achieve program objectives, with realistic and reasonable prices." See Protest at 14; RFQ at 66. Given that the solicitation did not provide that the agency would conduct a realism evaluation, or would otherwise consider whether prices were unrealistically low, the agency's alleged failure to do so provides no basis to sustain the protest. See Solers, Inc., B-404032.3, B-404032.4, Apr. 6, 2011, 2011 CPD ¶ 83 at 17 n.20 (finding no obligation for agency to have conducted a price realism analysis where the RFQ did not expressly state that agency would conduct such an analysis).

Source Selection Decision

Lastly, VariQ challenges the selection official's price/technical tradeoff and selection decision. Supp. Protest at 2. The protester argues that the alleged evaluation flaws, discussed above, resulted in an unreasonable source selection decision. Comments/Second Supp. Protest at 32. VariQ also complains that the selection official gave undue weight to the past performance factor. Id. at 23.

Where, as here, a procurement conducted pursuant to FAR subpart 8.4 provides for issuance of a task order on a best-value basis, it is the function of the source selection authority to perform a price/technical tradeoff, that is, to determine whether one quotation's technical superiority is worth its higher price. InnovaTech, Inc., B-402415, Apr. 8, 2010, 2010 CPD ¶ 94 at 6; The MIL Corp., B-297508,

B-297508.2, Jan. 26, 2006, 2006 CPD ¶ 34 at 13. Even where a solicitation issued under FAR subpart 8.4 emphasizes technical merit over price, an agency properly may select a lower-priced, lower-rated quotation if the agency reasonably concludes that the price premium involved in selecting a higher-rated, higher-priced quotation is not justified in light of the acceptable level of technical competence available at a lower price. Belzon, Inc., supra, at 11; George G. Sharp, Inc., B-401077, B-401077.2, Apr. 15, 2009, 2009 CPD ¶ 87 at 6; LEADS Corp., B-311002, B-311002.2, Mar. 26, 2008, 2008 CPD ¶ 86 at 3. The extent to which technical superiority is traded for a lower price is governed only by the test of rationality and consistency with the stated evaluation criteria. Belzon, Inc., supra.

Contrary to the protester's assertion, the record here shows a reasonable, adequately-documented source selection that is consistent with the terms of the RFQ. As discussed above, the contracting officer provided the selection official a memorandum that detailed the SET's findings--including the specific individual strengths and weaknesses associated with the vendors' quotations--and the results of the price evaluation. See AR, Tab 14, Contracting Officer's Negotiation Memorandum, at 1-52. The record reflects that the selection official considered the evaluation results and ultimately agreed with the contracting officer's recommendation to issue the task order to BITS. Despite VariQ's quotation's "numerous strengths" and "exceptional approach," the selecting official reasonably concluded that any technical advantage enjoyed by VariQ's quotation was simply not worth the "significant" 72.64 percent price premium as compared to BITS's quotation. AR, Tab 15, Award Decision Document, at 34, 45. Since, as discussed above, there was nothing objectionable in BITS's technical evaluation, we do not object to the source selection on this basis. Further, we see no indication in the record that the selection official, in making the source selection, placed undue emphasis on past performance, as the protester alleges. On the contrary, the selection official's tradeoff analysis was consistent with the RFQ, and the record adequately supports the source selection.

The protest is denied.

Susan A. Poling
General Counsel