



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: SBG Technology Solutions, Inc.

File: B-410898.9; B-410898.12

Date: June 21, 2016

Katherine S. Nucci, Esq., Scott F. Lane, Esq., and Jayna M. Rust, Esq., Thompson Coburn LLP, for the protester.

Eric J. Marcotte, Esq., Caroline A. Keller, Esq., and Kyle E. Gilbertson, Esq., Vedder Price, P.C., for The Informatics Applications Group; Scott E. Pickens, Esq., Clinton Kwin-Tin Yu, Esq., Leasa Woods Anderson, Esq., and Scott N. Godes, Esq., Barnes & Thornburg LLP, for Booz Allen Hamilton Inc.; Carl J. Peckinpugh, Esq., and Brian F. Wilbourn, Esq., CSRA, Inc., for CSRA, Inc.; Shlomo D. Katz, Esq., and Andrew C. Crawford, Esq., Brown Rudnick LLP, for Information Innovators, Inc.; Devon E. Hewitt, Esq., and Michael E. Stamp, Esq., Protorae Law, PLLC, for Liberty IT Solutions; and Catherine L. Chapple, Esq., Sandeep N. Nandivada, Esq., Tina D. Reynolds, Esq., and Bradley D. Wine, Esq., Morrison & Foerster LLP, and Nicole O. Saunders, Esq., Accenture Federal Services LLC, for Accenture Federal Services LLC; the intervenors.

Frank V. DiNicola, Esq., Desiree A. DiCorcia, Esq., Lea E. Duerinck, Esq., James F. Ford, Esq., and Tiffany Alford, Esq., Department of Veterans Affairs, for the agency. Eric M. Ransom, Esq., and Edward Goldstein, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Agency's tradeoff decisions in favor of awardees' proposals is unobjectionable where the agency reasonably determined that the protester's proposal did not represent the best value to the government in comparison to several lower-rated, lower-priced proposals, or a higher-rated, higher-priced proposal.

2. Agency's conclusions that the offerors' proposals were "essentially equivalent" under multiple evaluation factors is not unreasonable where the underlying evaluation reflects that the proposals, although not identical, were closely balanced in multiple respects.

DECISION

SBG Technology Solutions, Inc., of Stafford, Virginia, protests its nonselection for a contract award in connection with request for proposals (RFP) No. VA-118-15-R-0558, issued by the Department of Veterans Affairs (VA) for information technology services. SBG challenges the agency's tradeoff analyses and source selection decisions.

We deny the protest.

BACKGROUND

The RFP, referred to as the Transformation Twenty-One Total Technology Next Generation procurement (T4NG), was issued on November 19, 2014, for the purpose of obtaining total IT solutions encompassing all IT services required by the VA. Contracting Officer's Statement of Facts (COSF) at 1. The RFP anticipated award of up to 20 indefinite-delivery/indefinite-quantity (IDIQ), multiple award task order contracts with a 5-year base period and one 5-year option period.¹ Id. The RFP provided that task orders under the awarded contracts would be issued on fixed-price, time-and-materials, and cost-reimbursement bases, and established a maximum total value for all orders of \$22.3 billion for the base and option period. RFP at 4-11.

The RFP established that award would be made on a best-value basis considering price and the following five non-price evaluation factors: (1) technical; (2) past performance; (3) veterans involvement; (4) veterans employment; and (5) small business participation commitment (SBPC). RFP at 120-21. The technical factor was further divided into two subfactors, sample tasks and management. Id. at 121.

For the purpose of making the best-value award decisions, the RFP established the relative importance of the various factors and subfactors. Id. at 120. In this regard, the technical factor was significantly more important than past performance, which was slightly more important than veterans involvement, which was slightly more important than veterans employment, which was slightly more important than

¹ The RFP advised that of the 20 anticipated awards, 4 awards were reserved for Service Disabled Veteran Owned Small Businesses (SDVOSBs), 4 additional awards for SDVOSBs or Veteran Owned Small Businesses (VOSBs), and 4 awards for small businesses generally. RFP at 120-21. Large businesses were eligible to compete for eight unreserved awards. The RFP also provided that the VA reserved the right to make additional awards--reserved and/or unrestricted--if such awards were determined to be in the best interests of the government for any reason. Id. at 121.

SBPC, which was slightly more important than price. Id. Under the most important factor, technical, the RFP indicated that the sample tasks subfactor was more important than the management subfactor. Id.

The VA received timely proposals from 142 offerors. After an initial evaluation, the agency created a competitive range of 39 offerors, and conducted discussions. COSF at 2. Subsequent to an evaluation of final proposal revisions (FPR), the agency selected 21 proposals for award: 8 unrestricted, 6 total SDVOSB/VOSB set-asides, 4 small business set-asides, and 3 additional unrestricted awards considered to be in the best interests of the government. Agency Report (AR), Tab 7, Unsuccessful Offeror Letter, at 2-3. SBG was not among the awarded offerors. Id.

As relevant here, the agency’s source selection decision document (SSDD) reflects detailed tradeoff analyses between SBG and four similarly-rated offerors: Ellumen, Inc.; Favor Tech Consulting, LLC; Liberty IT Solutions, LLC; and The Informatics Applications Group, Inc. (TIAG).² AR, Tab 9 (Ellumen), Tab 10 (Favor Tech), Tab 11 (Liberty IT), Tab 12 (TIAG). The overall evaluation factor ratings and prices of these firms were as follows:

	SBG	Ellumen	Favor Tech	Liberty IT	TIAG
Technical	Acceptable	Acceptable	Acceptable	Acceptable	Good
Sample Tasks	Acceptable	Acceptable	Acceptable	Acceptable	Good
S. Task 1	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
S. Task 2	Good	Good	Acceptable	Acceptable	Good
S. Task 3	Acceptable	Acceptable	Good	Good	Good
Management	Good	Good	Good	Good	Acceptable
Past Perform.	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk
Veterans Involvement	Full Credit	Some Credit	Full Credit	Full Credit	Some Credit
Veterans Employment ³	[DELETED]; [DELETED].	6 veterans; 8.96 pct.	7 veterans; 14.58 pct.	12 veterans; 19.67 pct.	40 veterans; 21.62 pct.
SBPC	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
Price	\$15.836 B	\$13.904 B	\$14.843 B	\$14.010 B	\$16.053 B

² These four contract awards were under the small business set-aside portion of the procurement. Although SBG is an SDVOSB, SBG’s protest specifically challenged these four awards and did not challenge the unrestricted or SDVOSB/VOSB set-aside awards.

³ Under the veterans employment factor, the RFP established that the agency would evaluate the extent to which offerors employed veterans. RFP at 123. Accordingly, the RFP instructed offerors to identify the total number of veterans employed at the time of proposal submission, as well as the percentage of their workforce comprised of veterans. Id. at 115-16.

AR, Tab 7, Unsuccessful Offeror Letter, at 2-3.

As set forth in additional detail below, with respect to the tradeoff decisions between SBG and Ellumen, Favor Tech, and Liberty IT, the source selection authority (SSA) concluded that the proposals were essentially equivalent under most evaluation factors, and that although SBG's proposal was more highly rated than the other firms, in no case was that superiority worth the price premium associated with selecting SBG for award. In contrast, with respect to the tradeoff between SBG and TIAG, the SSA concluded that the advantages of TIAG's proposal outweighed the advantages of SBG's proposal, and warranted the payment of TIAG's higher price. Accordingly, the agency concluded that the proposals of Ellumen, Favor Tech, Liberty IT, and TIAG each represented the best value to the government in comparison to SBG, and selected those other firms for T4NG awards.

SBG received an unsuccessful offeror letter on March 7, 2016. The unsuccessful offeror letter advised SBG of its own evaluation ratings and the ratings of all awardees. SBG also timely requested a debriefing, which it received on March 10. This protest followed.

DISCUSSION

SBG contends that the SSDD reflects an inadequate qualitative assessment of the proposals, mechanical emphasis on adjectival ratings, and improper weighting of the various evaluation factors for award.⁴ SBG also contends that the agency's evaluation of Liberty IT's past performance was flawed, and that no reasonable analysis could have concluded that Liberty IT's past performance was "essentially equal" to SBG's past performance. The agency responds that the SSDD was consistent with the RFP, thoroughly documented, and based on individual tradeoff analyses between SBG and each other offeror which included review of the underlying strengths and weaknesses of each proposal.

⁴ SBG also protested that the agency's evaluation of TIAG's response to sample task 3 was unreasonable and disparate. We dismissed this allegation for failure to state a sufficient factual and legal basis for protest. GAO Partial Dismissal Email, May 4, 2016. Specifically, we concluded that the crux of SBG's argument was that, based on the page limits in the solicitation, no competing offeror could have possibly provided a superior sample task 3 response in comparison to its own. Protests of competitive evaluation determinations based only on the protester's knowledge of the solicitation and its own proposal's approach are not sufficient to satisfy our Bid Protest Regulations. Siebe Envtl. Controls, B-275999.2, Feb. 12, 1997, 97-1 CPD ¶ 70 at 2.

Where solicitations provide for award on a “best value” basis, it is the function of the SSA to perform a price/technical tradeoff, that is, to determine whether one proposal’s technical superiority is worth the higher price; the extent to which one is sacrificed for the other is governed only by the test of rationality and consistency with the stated evaluation criteria. Remington Arms Co., Inc., B-297374, B-297374.2, Jan. 12, 2006, 2006 CPD ¶ 32 at 15; Chenega Technical Prods., LLC, B-295451.5, June 22, 2005, 2005 CPD ¶ 123 at 8. Where a price/technical tradeoff is to be made, the source selection decision must be documented, and the documentation must include the rationale for any tradeoffs, including the benefits associated with additional costs. Federal Acquisition Regulation (FAR) § 15.308; The MIL Corp., B-297508, B-297508.2, Jan. 26, 2006, 2006 CPD ¶ 34 at 13. However, there is no need for extensive documentation of every consideration factored into a tradeoff decision, nor is there a requirement to quantify the specific cost or price value difference when selecting a higher-priced, higher-rated proposal for award. FAR § 15.308; Advanced Fed. Servs. Corp., B-298662, Nov. 15, 2006, 2006 CPD ¶ 174 at 5. Additionally, in analyzing competing proposals, a source selection official may rely on evaluation reports provided by technical evaluators. See General Dynamics C4 Sys., Inc., B-406965, B-406965.2, Oct. 9, 2012, 2012 CPD ¶ 285; Diemaster Tool, Inc., B-241239, B-241239.2, Jan. 30, 1991, 91-1 CPD ¶ 89 at 6.

On our review of the record, we see no errors in the challenged tradeoff analyses. Rather, the record demonstrates that the tradeoff decisions were reasonably supported by the underlying strengths and weaknesses of each proposal as presented to the SSA in a detailed briefing provided by the agency’s source selection evaluation board (SSEB), and that the SSDD adequately documented the SSA’s conclusions including the rationale for tradeoffs made.

SBG Compared to Ellumen

With respect to the tradeoff analysis considering SBG in comparison to Ellumen, the SSA concluded that the proposals were essentially equal under the technical, past performance, and SBPC factors. AR, Tab 9, Ellumen Tradeoff, at 2-3. While the SSA noted that SBG’s proposal held advantages over Ellumen under the veterans involvement and veteran’s employment factors, the SSA concluded that these advantages were not worth the \$1.931 billion (13.89 percent) price premium associated with SBG’s proposal. Id.

SBG contends that this tradeoff determination was improperly reliant on adjectival ratings in concluding that the proposals were essentially equivalent under the technical factor, and applied improper weight to the sample tasks subfactor and to price. We disagree.

The SSDD shows that the SSA conducted a head-to-head comparison of the two proposals and identified areas of meaningful differences--in this case, SBG’s

advantages under the veterans involvement and veteran's employment factors. In those areas, the SSA reviewed the adjectival ratings, and also highlighted the underlying strengths and weaknesses in the proposals that supported SBG's advantage. In other areas--and specifically under the technical factor--the SSA noted that "[a]fter reviewing and considering the underlying strengths and weaknesses I have determined that both Offerors . . . were essentially equal." AR, Tab 9, Ellumen Tradeoff, at 2. While the SSDD did not elaborate on the equivalence of the various underlying strengths and weaknesses in areas that were determined "essentially equal," the SSDD provides that the assessments were made after comparing the underlying evaluation results detailed in the SSEB briefing and with the input of the source selection advisory council.

In turn, review of the SSEB briefing materials demonstrates that the SSA's conclusions were not unreasonable. Concerning the technical factor, the SSEB briefing reflects that SBG and Ellumen received identical adjectival ratings under each technical subfactor and for each sample task under the sample tasks subfactor, as reviewed in the SSDD. AR, Tab 5, SSEB Briefing, at 25, 28. More importantly, the SSEB briefing further shows that the two offerors had a similar mix of underlying strengths and weaknesses. Specifically, SBG's technical factor evaluation results consisted of 10 strengths, 6 weaknesses, 1 significant strength and 1 significant weakness, while Ellumen's evaluation results consisted of 11 strengths and 7 weaknesses. Id. In addition, close comparison of the strengths and weaknesses themselves reveals significant similarity between the proposals.

For example, under sample task 2, both offerors received strengths in the same areas for "Understanding of Key Requirements," and "Tech Architecture Approach." Id. Further, the proposals' advantages and disadvantages in other areas under sample task 2 were essentially offsetting--while SBG received a strength and Ellumen received weakness for "Implementing Program Processes," Ellumen received a strength and SBG received weakness for "Understanding of Legacy VistA." Id. Although SBG received an additional strength under sample task 2 for "Implement[ing] PM Structure," the SSEB briefing reflects that the offerors' underlying evaluation results for sample task 2 were similar. Id. Additionally, the evaluation results under sample task 3 were also closely balanced. Under sample task 1, Ellumen held an advantage where its evaluation included an additional strength and SBG's evaluation included a significant weakness. Id. With respect to management, SBG held an advantage with three strengths and a significant strength. Id. Although Ellumen received strengths in three of the same areas of the management subfactor, Ellumen's evaluation also included a weakness. Id.

While SBG objects to the SSA's determination of equivalence under the technical factor and argues that its proposal should have been found superior, we see nothing unreasonable in the SSA's conclusion that the respective strengths and weaknesses indicated that, overall, the proposals were essentially equal for the technical factor. A finding that proposals are essentially equivalent means that

overall there is no meaningful difference in what the proposals have to offer--it does not mean that the proposals are identical in every respect; one may be superior to the other in a variety of areas. Northern Virginia Serv. Corp., B-258036.2, B-258036.3, Jan. 23, 1995, 95-1 CPD ¶ 36 at 9. With respect to SBG's protest that the SSA also gave improper weight to price in selecting Ellumen's lower-priced proposal for award, even where price is stated to be of lower importance, an agency may properly select a lower-rated, lower-priced proposal if the agency reasonably concludes that the price premium involved in selecting the higher-rated proposal is not justified. See Aegis Def. Servs., Ltd., B-403266 et al., Oct. 1, 2010, 2010 CPD ¶ 238 at 10. SBG's disagreement with the SSA's judgment in this matter does not demonstrate that the tradeoff analysis was unreasonable. Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7.

SBG Compared to Favor Tech

Concerning the tradeoff between SBG and Favor Tech, the SSA concluded that the proposals were essentially equal under the technical, past performance, veterans involvement, and SBPC factors. AR, Tab 10, Favor Tech Tradeoff, at 3-4. In this case, while SBG held an advantage over Favor Tech under the veterans employment factor, the SSA concluded that this advantage was not worth the payment of the \$992 million (6.69 percent) premium associated with SBG's proposal. Id.

In protesting this conclusion, SBG raises similar arguments concerning the sufficiency of the SSA's qualitative consideration of the proposals under the technical factor. As above, the underlying strengths and weaknesses identified in the SSEB briefing slides support the reasonableness of the SSA's conclusion that the proposals were essentially equal under the technical factor.

Also, SBG again asserts that the SSA accorded improper weight to price in the selection of the lower-priced proposal. In this case, SBG asserts that its significant advantage under the veterans employment factor ([DELETED] percent veterans versus 14.58 percent veterans) was worth the smaller, 6 percent price premium of SBG's proposal in comparison to Favor Tech. In the overall weighting of the evaluation factors, however, the veterans employment factor was only slightly more important than the SBPC factor, which was only slightly more important than price. RFP at 120. In this context, we cannot conclude that the SSA's tradeoff of SBG's advantage under the veterans employment factor against Favor Tech's lower price was unjustified, unreasonable, or inconsistent with the evaluation scheme set forth in the RFP. It is within the SSA's discretion to determine whether one proposal's technical superiority is worth the higher price. Remington Arms Co., Inc., supra.

SBG Compared to Liberty IT

In the tradeoff analysis considering SBG in comparison to Liberty IT, the SSA concluded that the two proposals were essentially equal under the technical, past performance, veterans involvement, and SBPC factors, and that SBG held an advantage under the veterans employment factor. AR, Tab 11, Liberty IT Tradeoff, at 3. Notwithstanding SBG's advantage, the SSA concluded that SBG's proposal was not worth the payment of the \$1.825 billion (13.03 percent) price premium associated with the selection of SBG. Id.

With respect to this tradeoff analysis, SBG contends that the agency's evaluation of Liberty IT's past performance was flawed, and that no reasonable analysis could conclude that SBG and Liberty IT were essentially equal under the past performance factor. In this regard, SBG notes that its own "low risk" rating was based on a record of 9 past performance references with 20 associated questionnaires, and 343 past performance information retrieval system (PIRS) records--none of which reflected adverse information. Supplemental Protest 12. SBG also notes that of 80 responses recorded in its 20 questionnaires, 66 responses identified SBG's past performance as "exceptional." Id. SBG asserts that where Liberty IT's past performance record included two PIRS records reflecting marginal performance, Liberty IT should not have received a "low risk" rating and should not have been found essentially equivalent to SBG.

The agency responds that in the context of Liberty IT's overall record of past performance, two marginal PIRS records did not increase the relative risk associated with Liberty IT's likelihood of success. The agency elaborates that Liberty IT's past performance rating was based on 9 past performance references with 14 associated questionnaires, and 356 PIRS records. AR, Tab 16, Liberty IT Past Performance Evaluation, at 2. Of the 56 responses recorded in the 14 questionnaires, Liberty IT's past performance was rated as "exceptional" in 34 responses, "very good" in 20 responses, and "satisfactory" in 2 responses--with no adverse responses. Id. Thus, where the agency's evaluation noted only 2 marginal records out of a total of 368 data points, the SSEB concluded that there was "little doubt" that Liberty IT can perform the proposed effort, and warranted a "low risk" past performance rating. Id. at 2-3.

Where a solicitation requires the evaluation of offerors' past performance, we will examine an agency's evaluation to ensure that it was reasonable and consistent with the solicitation's evaluation criteria, since determining the relative merits of offerors' past performance information is primarily a matter within the contracting agency's discretion. Hanley Indus., Inc., B-295318, Feb. 2, 2005, 2005 CPD ¶ 20 at 4. The evaluation of past performance, by its very nature, is subjective, and we will not substitute our judgment for reasonably based evaluation ratings. Presidio Networked Solutions, Inc. et al., B-408128.33 et al., Oct. 31, 2014, 2014 CPD

¶ 316 at 14; American Env'tl Servs., Inc., B-406952.2, B-406952.3, Oct. 11, 2012, 2013 CPD ¶ 90 at 5.

We see nothing unreasonable in the agency's evaluation of Liberty IT's past performance. Where Liberty IT's past performance questionnaire responses indicated an overwhelming majority of "exceptional" and "very good" responses, and where PPIRS revealed only two marginal records out of 356 recent, relevant records reviewed, we have no basis to question Liberty IT's low risk past performance rating.

Further, we see no error in the SSA's determination that SBG and Liberty IT's low risk ratings were essentially equivalent in the tradeoff analysis. The SSEB briefing slides show that Liberty IT's two marginal PPIRS records were captured as weaknesses in the briefing, and were reviewed by the SSA. AR, Tab 5, SSEB Briefing, at 43. Accordingly, the SSA was aware of the small number of marginal records when conducting the tradeoff analysis, but based on the overwhelmingly positive past performance of each offeror, concluded that there was "little doubt" that either offeror could successfully complete the contract effort. As discussed above, a finding that proposals are essentially equivalent means that overall there is no meaningful difference in what the proposals have to offer--it does not mean that the proposals are identical in every respect. Northern Virginia Serv. Corp., *supra*; see also, Dorado Servs., Inc., B-401930.3, June 7, 2010, 2010 CPD ¶ 134 at 5. Where the record demonstrates that the SSA was aware of the relative advantages and disadvantages of each proposal, reasonable determinations that proposals are essentially equivalent are well within the SSA's discretion. See Lynxnet, LLC, B-409791, B-409791.2, Aug. 4, 2014, 2014 CPD ¶ 233 at 13-14.

SBG Compared to TIAG

Finally, with respect to the tradeoff between SBG and TIAG, the SSA concluded that TIAG's proposal was more advantageous under the technical factor, while SBG's proposal held the advantage under the veteran involvement and veteran employment factors, with all other factors essentially equal. AR, Tab 12, TIAG Tradeoff, at 4. In this case, the SSA concluded that TIAG's advantage under the most important evaluation factor, technical, outweighed SBG's advantages under the less important veteran involvement and veteran employment factors, and warranted the payment of a \$217 million (1.35 percent) premium to select TIAG's higher-rated proposal. *Id.*

Concerning this tradeoff analysis, SBG asserts that the agency accorded improper weight between the technical subfactors. More specifically, SBG argues that TIAG's higher rating under only one of the sample tasks should be outweighed by SBG's superiority under the management subfactor, where each sample task contributed only one-third to the overall sample tasks subfactor rating.

We see nothing unreasonable in the SSA's analysis. As set forth above, between the two technical subfactors, the sample tasks subfactor was more important than the management subfactor. Here, TIAG's advantage under sample task 3 led the agency to conclude that TIAG's proposal was superior under the sample tasks subfactor. Where TIAG's advantage was under the more-important sample tasks subfactor, in comparison to SBG's advantage under the less-important management subfactor, we can find nothing unreasonable in the SSA's conclusion that TIAG's proposal was superior to SBG's proposal under the technical factor. Further, the SSDD shows that the SSA fully recognized SBG's advantages over TIAG under the management subfactor, as well as under the veteran involvement and veteran employment factors. AR, Tab 12, TIAG Tradeoff, at 2-3. However, given TIAG's advantage under the technical factor, which was "significantly more important" than the remaining evaluation factors, we have no basis to question the SSA's judgment that selection of TIAG's proposal was worth the associated price premium of 1.35 percent.

The protest is denied.

Susan A. Poling
General Counsel