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Decision

Matter of: IT Shows, Inc.

File: B-411994.5; B-411994.6

Date: September 26, 2016

William T. Welch, Esq., and Peter A. Fish, Esq., McMahon, Welch and Learned, PLLC, for the protester.
David S. Black, Esq., and Gregory R. Hallmark, Esq., Holland & Knight LLP, for Social Solutions International, Inc., an intervenor.
R. René Dupuy, Esq., United States Agency for International Development, for the agency.
Matthew T. Crosby, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging post-corrective action changes to the protester's technical proposal ratings is denied where the protester offers no basis to question the underlying evaluation findings and where the record shows the agency's source selection decision did not rely only on the ratings, but also substantively considered the proposals' technical merits.

2. Protest challenging the agency's cost evaluation is denied where the record shows the evaluation of the protester's cost proposal was reasonable and consistent with the terms of the solicitation and where an error in the evaluation of the awardee's cost proposal did not competitively prejudice the protester.

DECISION

IT Shows, Inc., of Arlington, Virginia, protests the award of a contract to Social Solutions International, Inc., of Rockville, Maryland, by the United States Agency for International Development (USAID) under request for proposals (RFP) No. SOL-OAA-14-000024 for professional services in support of USAID health programs worldwide. IT Shows alleges that the agency's technical and cost evaluations were unreasonable.

We deny the protest.

BACKGROUND

This procurement is known as the Global Health Support Initiative III, or GHSI-III. See RFP at 8.[1] The solicitation, issued on March 7, 2014, as a total small business set-aside, contemplated the award of a cost-plus-fixed-fee contract with a five-year period of performance. Id. at 3-4, 7, 32. The award was to be made on a best-value tradeoff basis considering cost and the following four factors, listed in descending order of importance: technical approach, corporate/institutional capability, past performance, and personnel. Id. at 103-05. The solicitation advised that the non-cost factors were significantly more important than cost. Id. at 101.

Evaluation criteria were provided for cost and the non-cost factors. RFP at 103-05. As relevant here, the evaluation criteria for the technical approach factor included consideration of the offeror's approach to tracking funds and expenses. Id. at 103. Similarly, the evaluation criteria for the corporate/institutional capability factor included consideration of the offeror's systems for financial reporting. Id.

As also relevant, the solicitation provided that the agency would evaluate the realism of the offerors' proposed costs. RFP at 104-05. Accordingly, offerors were to submit a "complete breakdown" of their proposed costs. Id. at 97-99. The cost breakdown was to include, among other things, indirect cost rates. Id. at 99. Additionally, the solicitation included a table in which offerors were to provide both provisional and ceiling rates for their indirect overhead costs and their indirect general and administrative (G&A) costs. RFP, amend. No. 06, at 2. The solicitation specified that "[f]or cost evaluation purposes, the ceiling proposed . . . for indirect costs . . . will be used for the cost realism analysis." RFP at 99.

The agency received a number of proposals in response to the solicitation, including proposals from IT Shows and Social Solutions. An "institutional support contractor" evaluated the proposals under the cost factor for the agency. See Contracting Officer's Statement at 3. An agency technical evaluation committee (TEC) evaluated the proposals under the non-cost factors. See AR, Tab 11, TEC Mem. (July 8, 2015). Under each factor, the TEC assessed strengths, weaknesses, significant weaknesses, and deficiencies, and assigned adjectival ratings of outstanding, very good, good, satisfactory, poor, or unacceptable. See id. at 6-21. Using these same adjectival ratings, the TEC also assigned overall "consensus" ratings to the proposals. See id. at 5. Based on the evaluation results, the agency established a competitive range consisting of IT Shows, Social Solutions, and a third offeror. Id. at 3.

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[1] Citations to the solicitation refer to the conformed version that was issued under RFQ amendment No. 04. Agency Report (AR), Tab 7, RFP, amend. No. 04.

The agency then engaged in discussions and requested and received final proposal revisions (FPR) from the competitive range offerors. See Contracting Officer's Statement at 3. Following an evaluation of the FPRs, the evaluation findings were adjusted and finalized. As relevant here, IT Shows' proposal was assigned ratings of very good under the technical approach and corporate/institutional capability factors and an overall consensus rating of very good. AR, Tab 11, TEC Mem. (July 8, 2015), at 5. As also relevant, Social Solutions' proposal was assigned ratings of good under the technical approach and corporate/institutional capability factors and an overall consensus rating of good. Id. Additionally, IT Shows' proposed and probable costs were significantly lower than Social Solutions' proposed and probable costs. After considering the evaluation findings, the source selection authority (SSA) documented a best-value determination in which she selected IT Shows' higher-rated, lower-cost proposal for award. See id.

Following the award to IT Shows, Social Solutions filed a protest with our Office. After the written record was developed, our Office scheduled a hearing to further develop certain issues. Before the hearing, the agency decided to take corrective action by reopening discussions with Social Solutions and IT Shows, requesting FPRs from both firms, and making a new source selection decision. Based on the agency's corrective action, our Office dismissed the protest. Social Solutions, Int'l, Inc., B-411994 et al., Nov. 5, 2015 (unpublished decision).

After engaging in additional discussions with IT Shows and Social Solutions, the agency received and evaluated new FPRs from the two firms. The table below shows the post-corrective action proposal ratings for the two firms, as well as their final proposed and probable costs.

	IT SHOWS	**SOCIAL SOLUTIONS**
Technical Approach	Good	Good
Corporate/Institutional Capability	Good	Good
Past Performance	Outstanding	Outstanding
Personnel	Very Good	Very Good
Overall Consensus Rating	**Good**	**Good**
Proposed Cost	**$289,070,950**	**$259,457,580**
Probable Cost	**$305,241,998**	**$264,140,615**

AR, Tab 39, Source Selection Decision Document (SSDD) at 6, 16-17. As the table reflects, in the post-corrective action evaluation, the proposals were assigned equal ratings under the non-cost factors, but Social Solutions' proposed and probable costs were evaluated as being significantly lower than IT Shows' proposed and probable costs.

The SSA reviewed the evaluation findings and documented a best-value determination in an SSDD. AR, Tab 39, SSDD. The SSDD referenced the proposals' ratings under the non-cost factors. However, the document also included a lengthy discussion of features of each proposal under each evaluation factor, as well as a comparative analysis of the proposals' technical attributes. Id. at 7-12, 17-18. The SSDD also described how Social Solutions' probable cost was evaluated as substantially lower (approximately $41 million) than IT Shows' probable cost. Id. at 13-18. The SSA ultimately concluded that "nothing in the technical merit of IT Shows' proposal justifies the Government paying [the] substantial cost premium for it." Id. at 18. She therefore selected Social Solutions' proposal for award. Following a debriefing, IT Shows filed a protest with our Office.

DISCUSSION

IT Shows alleges that the agency's technical and cost evaluations were unreasonable in various respects. We have considered all of IT Shows' arguments, and we conclude, based on the record, that none furnishes a basis on which to sustain the protest. Below we discuss the firm's principal contentions.

Technical Evaluation

IT Shows alleges that the agency unreasonably downgraded the firm's proposal ratings in the post-corrective action evaluation. Comments at 11-13; Supp. Comments at 13-14. As discussed above, in the initial, pre-corrective action evaluation, IT Shows' proposal was assigned ratings of very good under the technical approach and corporate/institutional capability factors, and an overall consensus rating of very good. AR, Tab 11, TEC Mem. (July 8, 2015), at 5. In the post-corrective action evaluation, however, both the technical approach and corporate/institutional capability factor ratings were lowered to good, as was the overall consensus rating. AR, Tab 37, TEC Mem. (Apr. 22, 2016), at 4. IT Shows argues that this change was unreasonable because the firm "did not make any substantive changes to its technical proposal." Protest at 8-9. IT Shows further argues that the TEC, in the post-corrective action evaluation, improperly failed to "compare or contrast the [post-corrective action] findings with the prior findings in any way."[2] Comments at 12. Lastly, IT Shows argues that the agency did not adequately document the basis for the change in ratings. Id. at 12-13. Based on the record here, we see no basis to sustain this claim.

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[2] IT Shows' comments assert that the TEC improperly failed to "compare or contrast the initial findings with the prior findings in any way." As reflected by our alteration of the quotation above, we presume IT Shows intended to refer to the post-corrective action findings rather than repeat a reference to the initial findings.

The fact that a reevaluation varies from an original evaluation does not constitute evidence that the reevaluation was unreasonable. See IAP World Servs., Inc., B-406339.2, Oct. 9, 2012, 2012 CPD ¶ 287 at 3; QinetiQ N. Am., Inc., B-405163.2 et al., Jan. 25, 2012, 2012 CPD ¶ 53 at 13. It is implicit that a reevaluation could result in different findings and conclusions. See IAP World Servs., Inc., supra; QinetiQ North America, Inc., supra. The essence of an agency's evaluation is reflected in the evaluation record itself, not in the adjectival ratings or characterizations of proposal features as strengths or weaknesses. See IAP World Servs., Inc., supra, at 3-4; QinetiQ North America, Inc., supra. The overriding concern is not whether the final ratings are consistent with earlier ratings but whether they reasonably reflect the relative merits of proposals. See Domain Name Alliance Registry, B-310803.2, Aug. 18, 2008, 2008 CPD ¶ 168 at 11 (denying protest that agency reevaluation and technical ratings were unreasonable because agency did not explain why the initial and post-corrective action evaluations differed); Impregilo Edilizia S.p.A., B-292468.4, Nov. 25, 2003, 2003 CPD ¶ 216 at 5 n.5 (while protester may disagree with technical rating change, its mere disagreement, absent factual or legal basis indicating why awardee's rating was improper, does not present an adequate basis for protest).

Here, the record reflects that in the initial evaluation, IT Shows' proposal was assessed a number of strengths and weaknesses under the non-cost factors, but no significant weaknesses or deficiencies. AR, Tab 11, TEC Mem. (July 8, 2015), at 6-13. Two of the strengths assessed to the firm's proposal concerned its approach to tracking and reporting funds and expenses.[3] Id. at 8, 10. Also in the initial evaluation, Social Solutions' proposal was assessed a number of strengths and weaknesses, one significant weakness, and no deficiencies. Id. at 14-21. The significant weakness and one of the weaknesses concerned the firm's approach to tracking and reporting funds and expenses. Id. at 15-16, 18.

In implementing the corrective action, the agency reconvened the TEC and replaced one of the members. See AR, Tab 37, TEC Mem. (Apr. 22, 2016), at 1. After the agency engaged in additional discussions with IT Shows and Social Solutions, the reconstituted TEC evaluated the firms' new FPRs. Id. Under this evaluation, the strengths previously assessed to the two firms' proposals were retained, but the weaknesses were eliminated, including the weakness and significant weakness assessed to Social Solutions' proposal regarding the firm's approach to tracking and reporting funds and expenses. See id. at 4-19. Additionally, the strengths assessed to Social Solutions' proposal were revised to

[3] As previously mentioned, the evaluation criteria for the technical approach factor included consideration of an offeror's approach to tracking funds and expenses, and the evaluation criteria for the corporate/institutional capability factor included consideration of an offeror's systems for financial reporting. RFP at 103.

reflect favorable findings regarding the firm's approach to tracking and reporting funds and expenses. AR, Tab 37, TEC Mem. (Apr. 22, 2016), at 13, 15.

At the conclusion of the reevaluation, the TEC lowered IT Shows' proposal ratings under the technical approach and corporate/institutional capability factors from very good to good. AR, Tab 37, TEC Mem. (Apr. 22, 2016), at 4. IT Shows' overall consensus rating also was lowered from very good to good. Id. The ratings assigned to Social Solutions' proposal under the technical approach and corporate/institutional capability factors, as well as its overall consensus rating, remained good. Id. at 12. Thus, although changes within Social Solutions' new FPR eliminated a significant technical concern--i.e., the concern regarding the firm's approach to tracking and reporting funds and expenses--its proposal ratings remained unchanged. Additionally, although no new weaknesses were introduced into IT Shows' new FPR, its proposal ratings were downwardly adjusted from very good to good. In other words, rather than upwardly adjusting Social Solutions' proposal ratings to reflect the elimination of the technical concern, the TEC instead decided that IT Shows' proposal, upon reevaluation, warranted lower ratings. Given that the TEC documented how a significant technical concern had been resolved in Social Solutions' new FPR, and given that IT Shows has not demonstrated--or even alleged--that the TEC's underlying evaluation findings were somehow flawed, we see no basis to object to the TEC's adjustment of IT Shows' proposal ratings.

Our conclusion that the TEC's adjustment of the ratings was unobjectionable also rests on evidence in the record that the source selection decision did not merely rely on the proposal ratings, but also included substantive consideration of the proposal attributes underlying the evaluation findings. It is well established that ratings, be they numerical, adjectival, or color, are merely guides for intelligent decision making in the procurement process. See Burchick Constr. Co., B-400342.3, Apr. 20, 2009, 2009 CPD ¶ 102 at 4; Kellogg Brown & Root Servs., Inc., B-298694.7, June 22, 2007, 2007 CPD ¶ 124 at 5. Where evaluators and the source selection official reasonably consider the underlying bases for the ratings, including advantages and disadvantages associated with the specific content of competing proposals, in a manner that is fair and equitable and consistent with the solicitation, a protester's disagreement over the actual adjectival or numeric ratings assigned essentially is inconsequential in that it does not affect the reasonableness of the judgments made in the source selection decision. See Burchick Constr. Co., supra, at 4-5; Kellogg Brown & Root Servs., Inc., supra. Here, as described in the background section above, the source selection decision included a detailed discussion of specific proposal features under each evaluation factor, as well as a comparative analysis of the proposals' technical attributes. AR, Tab 39, SSDD, at 7-12, 17-18. IT Shows' claim regarding the changes to its technical proposal ratings is denied.

Cost Evaluation

IT Shows alleges that the agency's cost realism evaluation for both its proposal and Social Solutions' proposal was flawed. IT Shows' allegations concern the evaluation of the offerors' overhead and G&A costs. As discussed above, for these two cost elements, the solicitation included a table in which offerors were to provide both provisional and ceiling rates for their indirect overhead and G&A costs. RFP, amend. No. 06, at 2. For overhead, IT Shows proposed a provisional rate of approximately [DELETED] percent and a significantly higher ceiling rate of [DELETED] percent. See AR, Tab 38, Cost Analysis Addendum, at 9. For G&A, IT Shows proposed a provisional rate of approximately [DELETED] percent and a significantly higher ceiling rate of [DELETED] percent. Id. at 10.

In the cost realism evaluation for IT Shows' proposal, the cost analyst documented a finding that the significant difference between the firm's provisional and ceiling rates "suggests a high degree of uncertainty on [IT Shows'] part regarding the stability of this rate, as well as a significant degree of risk for the Government." AR, Tab 38, Cost Analysis Addendum, at 9-10. The cost analyst also noted that the solicitation provided that for the cost realism analysis, offerors' ceiling rates, rather than provisional rates, would be used. Id. (referencing RFP at 99). To calculate IT Shows' probable cost, the cost analyst therefore upwardly adjusted the firm's proposed costs (which were based on the provisional rates) by applying the firm's higher ceiling rates. Id. This resulted in an increase of approximately $[DELETED] million to IT Shows' overhead costs and an increase of approximately $[DELETED] million to the firm's G&A costs. Id.

IT Shows' leading allegation regarding the cost evaluation is that these upward adjustments were improper. Comments at 3-6; Supp. Comments at 2-3. In particular, the firm argues that the agency improperly failed to determine what IT Shows' "projected actual costs or expected realistic costs" would be, but instead simply applied "the maximum possible cost to the Government." Comments at 4-6. IT Shows also argues that the evaluation was improper because the agency did not document an "estimate of the offerors' reasonably expected actual costs . . . during performance." Id. at 6. For the reasons discussed below, we see no basis to question this aspect of the agency's cost evaluation.

At the outset, we observe that a cost realism analysis is the process of independently reviewing and evaluating specific elements of each offeror's proposed cost estimate to determine whether the estimated proposed cost elements are realistic for the work to be performed, reflect a clear understanding of the requirements, and are consistent with the unique methods of performance and materials described in the offeror's technical proposal. Federal Acquisition Regulation § 15.404-1(d)(1). Agencies are required to perform such an analysis when awarding cost-reimbursement contracts to determine the probable cost of performance for each offeror. Id. § 15.404-1(d)(2). Agencies are given broad discretion to make cost realism evaluations. See Partnership for Supply Chain Mgmt., B-411490, B-411490.2, Aug. 11, 2015, 2015 CPD ¶ 252 at 11; Burns & Roe Indus. Servs. Co., B-233561, Mar. 7, 1989, 89-1 CPD ¶ 250 at 2. Consequently, our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. See Partnership for Supply Chain Mgmt., supra, at 11-12; Burns & Roe Indus. Servs. Co., supra.

Here, the solicitation expressly provided that for the cost realism analysis, an offeror's indirect overhead and G&A ceiling rates would be used. RFP at 99. Thus, the agency's use of IT Shows' ceiling rates in its cost realism evaluation was entirely consistent with the terms of the solicitation. To the extent IT Shows believed this evaluation framework was somehow improper, the firm could have, but did not, challenge this solicitation provision prior to the solicitation's closing date. At this juncture, IT Shows' claim amounts to an untimely challenge to the terms of the solicitation. 4 C.F.R. § 21.2(a)(1)(2016).

Moreover, the record reflects that the cost analyst documented a second--and reasonable--basis for using IT Shows' ceiling rates in the cost realism evaluation. Namely, the cost analyst noted a significant difference between the firm's provisional and ceiling rates and found that the difference "suggests a high degree of uncertainty on [IT Shows'] part regarding the stability of this rate, as well as a significant degree of risk for the Government." AR, Tab 38, Cost Analysis Addendum, at 9-10. The solicitation permitted offerors to choose what provisional and ceiling rates to propose, and IT Shows chose to propose ceiling rates that were significantly higher than its provisional rates.[4] We view the cost analyst's decision to use IT Shows' higher ceiling rates based on the risk indicated by the significant difference in the two sets of rates to have been well within the discretion afforded to agencies in cost realism evaluations. IT Shows' claim regarding the agency's evaluation of its cost proposal is denied.

Next, IT Shows alleges that the agency's cost realism evaluation for Social Solutions' proposal reflects disparate treatment of the offerors and was unreasonable. Comments at 6-11; Supp. Comments at 4-11. In this regard, IT Shows points out that although the solicitation called for proposals to include provisional and ceiling rates for indirect overhead costs, Social Solutions did not propose such rates. Comments at 6, 10. Instead, the firm proposed to charge overhead costs on a direct basis. See AR, Tab 20a, Social Solutions Final Revised Cost Proposal, at 29. Based on its estimated overhead costs, the firm's proposal presented a total "effective program overhead rate" of approximately [DELETED] percent. AR, Tab 35, Social Solutions Final Cost Proposal (Mar. 22, 2016), Sheet 7.0, Project Overhead, at 1. However, the proposal did not specify a ceiling or a

[4] Presumably, the firm proposed this structure to insulate itself against large indirect cost increases.

ceiling rate for the firm's overhead costs.[5] See AR, Tab 35, Social Solutions Final Cost Proposal (Mar. 22, 2016), Sheet 7.0, Project Overhead, at 1.

The record reflects that the cost analyst evaluated Social Solutions' overhead costs and slightly upwardly adjusted the firm's total "effective program overhead rate" to approximately [DELETED] percent--approximately [DELETED] IT Shows' indirect overhead ceiling rate of [DELETED] percent. See AR, Tab 38, Cost Analysis Addendum, at 26. With regard to the lack of a ceiling on Social Solutions' overhead costs, the cost analyst documented the following finding:

> [T]here may be a certain element of risk since [Social Solutions'] direct-bill approach does not employ a traditional overhead rate that lends itself to the establishment of an overhead rate "ceiling." However, USAID can mitigate this risk through Contracting Officer approval for newly proposed project and [program management office] personnel, as well as significant increases to facilities or other overhead-type costs.

Id. at 27. The cost analyst then used Social Solutions' estimated overhead costs--as slightly upwardly adjusted in the cost realism evaluation--in calculating Social Solutions' probable cost. See id. at 29.

IT Shows argues that this aspect of the evaluation reflects disparate treatment of the offerors because Social Solutions "was allowed to propose overhead costs without establishing a ceiling and, unlike the evaluation of [IT Shows' proposal], no ceiling adjustment was made." Comments at 9-10; Supp. Comments at 4-11. IT Shows further argues that the evaluation was unreasonable because the agency did not adequately consider the risk associated with the lack of a ceiling on Social Solutions' overhead costs. Comments at 7-8; Supp. Comments at 4-5, 9-10. Finally, IT Shows argues that the evaluation was improper because the agency, in effect, permitted Social Solutions to deviate from a solicitation's requirement for a ceiling on overhead costs. See Comments at 10; Supp. Comments at 8-9.

We agree with IT Shows that the agency's treatment of Social Solutions' overhead costs was flawed. The solicitation expressly called for offerors to propose a ceiling rate for indirect overhead costs. RFP, amend. No. 06, at 2. We do not view Social Solutions' approach of charging overhead costs on a direct, rather than indirect, basis as objectionable in itself, and we recognize that adopting this approach

[5] Although Social Solutions did not propose provisional or ceiling indirect overhead cost rates, the firm did propose such rates for indirect G&A costs. See AR, Tab 38, Cost Analysis Addendum, at 25-26. Consistent with the solicitation, the agency used Social Solutions' ceiling G&A rate in its cost realism and probable cost calculations for the firm's proposal. Id.

precluded the firm from proposing an indirect overhead rate ceiling per se. However, we think the solicitation's call for an indirect overhead rate ceiling is reasonably read to require that an offeror adopting Social Solutions' direct charging approach must propose some type of ceiling on its overhead costs, which Social Solutions did not do. Further, the record reflects that before discussions concluded, the agency was aware that Social Solutions was proposing this direct charging approach and that the firm had not proposed a ceiling on its overhead costs. AR, Tab 29, Cost Analysis, at 50-51, 53. Under these circumstances, we view it as having been incumbent on the agency to require an overhead cost ceiling from Social Solutions in order to evaluate its costs on a fair basis against the costs of offerors such as IT Shows that had proposed--consistent with the solicitation--overhead cost ceilings. Nevertheless, we decline to sustain this ground of protest because IT Shows has not demonstrated that it suffered prejudice as result of the agency's actions.

Competitive prejudice is an essential element of a viable protest; where the protester fails to demonstrate that, but for the agency's actions, it would have had a substantial chance of receiving the award, there is no basis for finding prejudice, and our Office will not sustain the protest. See Penn Parking, Inc., B-412280.2, Feb. 17, 2016, 2016 CPD ¶ 60 at 5; ExecuTech Strategic Consulting, LLC; TRI-COR Indus. Inc., B-410893 et al., Mar. 9, 2015, 2015 CPD ¶ 103 at 12. In order to demonstrate unfair competitive prejudice from a waiver or relaxation of the terms and conditions of a solicitation, a protester must show that it would have altered its proposal to its competitive advantage had it been given the opportunity to respond to the altered requirements. See Penn Parking, Inc., supra; ExecuTech Strategic Consulting, LLC; TRI-COR Indus., Inc., supra, at 12-13.

Here, although IT Shows asserts that the agency's error was prejudicial, the firm does not demonstrate how it would have had a substantial chance of receiving award if the agency had required Social Solutions to propose a ceiling on its overhead costs, or if the agency had waived the requirement for a ceiling on overhead costs for both offerors.[6] See Comments at 10-11. Further, for the reasons discussed below, we see no basis to conclude that IT Shows' costs would have been lower or more competitively matched to Social Solutions' costs if the agency had required Social Solutions' to propose a ceiling on its overhead costs, or

[6] IT Shows retained a cost analysis consultant who was admitted to the protective order in this protest. While the consultant presented an analysis regarding various alleged defects in the agency's cost evaluation, the analysis does not explain how IT Shows would have had a substantial chance of receiving the award if the agency had either imposed a requirement on Social Solutions for an overhead cost ceiling or had waived such a requirement for both offerors. See Comments, attach. 1, IT Shows Consultant Decl., ¶¶ 5-8.

if the agency had waived the requirement for a ceiling on overhead costs for both offerors.[7]

As shown in the background section above, IT Shows' proposed cost was $289,070,950. AR, Tab 38, Cost Analysis Addendum, at 11. The overhead costs included in this amount are based on the firm's provisional indirect overhead cost rate of approximately [DELETED] percent. See id. at 9-11. As also shown in the background section, Social Solutions' proposed cost was $259,457,580. Id. at 29. The overhead costs included in this amount are based on the firm's proposed overhead costs, which reflected an "effective program overhead rate" of approximately [DELETED] percent (a rate that was [DELETED] IT Shows' rate of approximately [DELETED] percent). AR, Tab 35, Social Solutions Final Cost Proposal (Mar. 22, 2016), Sheet 7.0, Project Overhead, at 1. Hence, had the agency waived the requirement for a ceiling on overhead costs and evaluated the proposals based on proposed costs, including proposed overhead costs, Social Solutions' costs would have been approximately $30 million lower than IT Shows' costs. Given Social Solutions' significant cost advantage under this scenario, we see no basis to conclude that IT Shows would have had a significant chance of receiving award if the agency had waived the overhead cost ceiling requirement.

Considering the outcome of a scenario in which the agency required Social Solutions to propose an overhead cost ceiling yields the same result. As shown in the background section, IT Shows' probable cost was $305,241,998. AR, Tab 38, Cost Analysis Addendum, at 30. This amount included approximately $[DELETED] million in overhead costs that were calculated using the firm's overhead ceiling rate of [DELETED] percent. Id. As also shown above, Social Solutions' probable cost was $264,140,615. Id. This amount included overhead costs--as upwardly adjusted in the agency's cost realism analysis--of approximately $[DELETED], which represented "effective program overhead rate" of approximately [DELETED] percent. Id. at 26, 30. If, through the imposition of a ceiling, Social Solutions' overhead costs were quadrupled (a magnitude we view as highly unlikely, but that we present for purposes of illustrating the lack of prejudice), the firm's overhead costs would have been $[DELETED]. Substituting that figure for the original figure of $[DELETED] yields a probable cost of $[DELETED] for Social Solutions'

[7] As previously established, the SSA viewed the firms' proposals as, in essence, technically equal, and IT Shows has not shown this finding to have been unreasonable. Thus, the question of prejudice hinges on whether, but for the agency's actions in the cost evaluation, IT Shows' costs would have been lower or more competitively matched to Social Solutions' costs.

proposal, which still represents an approximate $[DELETED] million cost advantage over IT Shows' probable cost of $305,241,998. Given this significant cost advantage, we see no basis to conclude that IT Shows would have had a significant chance of receiving award, even if the agency had imposed an overhead cost ceiling on Social Solutions.

The protest is denied.

Susan A. Poling
General Counsel