DECISION THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D.C. 20548

FILE: B-204932   DATE: July 8, 1982

MATTER OF: CompuServe

DIGEST:

1. Protest against proposal evaluation and
    award does not pertain to the solicitation's
    evaluation criteria, but to the contracting
    agency's application of those criteria in
    evaluating proposals.

2. Contracting agency's proposal evaluation
    and award to an offeror for a "total package"
    hourly rate for teleprocessing support
    services, which did not include the cost of
    all services specified in the solicitation,
    leads to conclusion that evaluation was
    inconclusive as to which of several com-
    petitive proposals represented the best
    value to the Government. The agency's
    remaining requirements should be resolicited
    prior to the expiration of the contract
    period and the option periods available
    under the contract should not be exercised.

     CompuServe protests the award of a contract to
Computer Sciences Corporation, Infonet Division (CSC),
for teleprocessing services--involving both "batch"
and "interactive" operations--under request for pro-
posals (RFP) No. DLAH00-81-R-0180, issued by the Defense
Logistics Agency (DLA) for the "Recruit Market Network
System."

     The protester essentially contends that CSC
should not have been found to be the lowest acceptable
offeror for the services. Specifically, CompuServe
alleges, among other things, that CSC's evaluated cost
did not include the cost of all required services which
were to be demonstrated in benchmark testing of the
offerors' systems.

     We agree with CompuServe that CSC's batch costs
do not support a valid comparison of costs for eval-
uation purposes and, therefore, sustain the protest.

The RFP contemplated a fixed-price, aggregate award for 1 year with four 1-year option periods to the offeror which met the RFP requirements at the lowest total "systems life cost." to the Government. The solicitation listed cost/price factors as the most important evaluation criterion and stated that prices and costs derived from benchmark testing were to be evaluated. As stated in the RFP, as amended:

> "The primary basis for the * * * life cycle cost evaluation is the elapsed time required for running the benchmark segments and the incremental costs which must be aggregated for each of the * * * benchmark segments in order to develop a * * * systems life operating price."

Finally, the RFP prescribed the following minimum required equipment configuration:

> "[A]ccess to a full service automatic data processing (ADP) system capable of supporting a national network of teleprocessing terminals with both interactive and batch modes of operation."

DLA found all the proposals which it received from five offerors to be technically acceptable after an initial benchmark test and advised offerors that the benchmark would be rerun under Agency supervision—as required by the RFP. Following the second benchmark, DLA conducted negotiations and requested best and final offers which were evaluated and ranked. CSC's proposal was ranked first at an evaluated systems life cost (including option years) of $996,822, and CompuServe's alternate proposal of $1,195,207 was second low.

DLA initially contends that CompuServe's argument concerning DLA's alleged failure to include costs associated with the benchmark tests is untimely because it allegedly pertains to the terms of the solicitation, but was not protested until after the award.

Contrary to DLA's assertion, we find the protest to be timely. In our opinion, CompuServe's protest does not pertain to the RFP, but to DLA's actual evaluation of CSC's proposal and the award of the contract on the basis of that evaluation.

The contracting agency insists that all proposals were evaluated in accordance with the RFP estimate that 53 users would each use the specified services 10 hours per month (31,800 hours over the 5-year period) and that documentation, training, and other support costs were included in the evaluation. DLA asserts that the RFP schedule permitted flexibility in proposal pricing and that offers could be priced on either a "resource unit" or a "total package" basis. Resource unit pricing, the Agency explains, requires use of benchmark results in order to determine the quantity of resources used. Because CSC offered a total package hourly rate of $81 for interactive processing, DLA was of the view that it did not have to use the benchmark results for that processing to determine CSC's evaluated proposal price. That price was calculated by multiplying CSC's hourly rate, less applicable discounts, by the RFP hourly use estimate.

DLA states that the benchmark tests were to serve the dual purpose of assuring that the contractors were technically capable of meeting the RFP requirements and of aiding in the verification of proposal prices. Although the initial benchmark consisted of batch, interactive, and combined workloads, the second benchmark demonstrated only interactive processing capabilities. Nevertheless, DLA insists that CSC's batch processing costs were "evaluated and considered in the final price analysis," but that the benchmark results—the amount and types of resource units CSC's system consumed—were not needed in the evaluation.

CSC insists that its packaged hourly rate enables DLA to calculate an hourly cost to the Government. Our review of the record shows, however, that CSC proposed computer resources and associated costs only for interactive processing. CSC's batch processing services, associated peripheral devices, and the bulk input/output transfer services will require additional resources and costs in addition to the CSC $81 hourly figure on which its low evaluated systems life cost, noted above, was determined.

Although DLA insists that it "considered and evaluated [CSC's] batch costs," this comparison stemmed from data obtained during the unwitnessed, preliminary benchmark; therefore, the batch costs drawn from the preliminary benchmark do not support a valid comparison
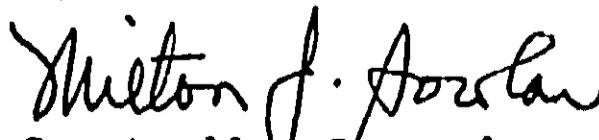
of costs for evaluation purposes. To be meaningfully
compared with CompuServe's proposed price, the CSC
system life cost would have to be adjusted upward to
reflect batch processsing and other costs of providing
services. These omitted costs are not insignificant
since DLA has estimated that 10 percent of its workload
would require the use of batch processing. Moreover,
in our view, these costs could not now be properly
computed in the absence of another competitive
Government-witnessed benchmark test.

By contrast, CompuServe's proposal provides
computer resources which can be used for both interactive
processing, batch processing, and all other requirements;
moreover, it is our view that CompuServe--unlike CSC--
provided sufficient computer resources to meet all
requirements notwithstanding that DLA did not validate
these resources for batch processing during final bench-
mark testing. The cost of all of these resources is also
included in CompuServe's evaluated systems life cost.
In these circumstances, we consider that CompuServe's
systems life cost may be used validly for comparison
purposes in the competitive selection process unlike
CSC's systems life cost.

Nevertheless, since DLA's deletion of the batch
processing requirement for the final benchmark may have
suggested that costs for this requirement might properly
be omitted from final cost proposals, and given the
varying systems life costs proposed, we find the Agency's
life cycle cost evaluation, at best, inconclusive as
to which proposal represented the best value. See
Information International, Inc., 59 Comp. Gen. 640 (1980),
80-2 CPD 100.

Because CS. has completed performance of a
substantial portion of the first year of the contract,
which was awarded in September 1981, we recommend that
DLA's remaining requirements for the option periods
be resolicited prior to the expiration of the initial
contract period and that the options under CSC's contract
not be exercised.

We sustain the protest.

Acting Comptroller General
of the United States