



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: C3, Inc.
File: B-233742.9
Date: March 1, 1991

Richard J. Conway, Esq., and William F. Savarino, Esq., Dickstein, Shapiro & Morin, for the protester.
William F. Goodrich, Jr., Esq., Arent, Fox, Kintner, Plotkin & Kahn, for Honeywell Federal Systems, Inc., an interested party.
Carl J. Peckinpaugh, Esq., Department of Air Force, for the agency.
David Ashen, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Where protester argues awardee's proposal did not meet several solicitation requirements concerning required database management system, but protester likewise proposed a system that did not comply with several of the requirements, and agency has determined based upon its prior experience with awardee that the awardee's system satisfies its minimum needs, contracting officials have treated both offerors equally and there is no basis to sustain protest against award.
2. Award to higher-priced offeror is unobjectionable where solicitation made technical considerations more important than cost and agency reasonably determined that the clear technical superiority and lesser risk associated with awardee's proven microcomputer workstation system was worth the additional cost.

DECISION

C3, Inc. protests the determination by the Department of the Air Force that the continuation of performance by Honeywell Federal Systems, Inc. of contract No. F19628-89-D-0030, for microcomputer workstations for the World-Wide Military Command and Control System's Information System (WIS), is in the government's best interest. The determination followed the reopening of negotiations and evaluation of revised best and

final offers (BAFO), undertaken in response to our decision in Martin Marietta Corp., 69 Comp. Gen. 214 (1990), 90-1 CPD ¶ 132, aff'd, 69 Comp. Gen. 445 (1990), 90-1 CPD ¶ 469. In that decision, we sustained Martin Marietta's protest against the award of a contract to Honeywell, under request for proposals (RFP) No. F19628-88-R-0038, on the basis that Honeywell's offered system failed to satisfy the RFP requirement for a multi-tasking capability. C3 challenges the agency's evaluation of its own proposal and contends that Honeywell failed to comply with certain mandatory specification requirements.

We deny the protest.

Initial Evaluation

WIS is a worldwide communications network for use by the Department of Defense and other government agencies. The solicitation requested proposals for a 5-year indefinite quantity contract to deliver, install and maintain advanced, reliable microcomputer workstations, and associated software, intended to provide both computer resources for local users and access to WIS. The specification required that the workstations "be capable of executing correctly a multi-tasking operating system," and defined the required multi-tasking capability as the ability to support the concurrent execution of a minimum of 10 tasks. The specification required that the multi-tasking operating system be capable of mediating the concurrent accesses to shared peripheral devices--e.g., disks, screen display, graphic resources, keyboard and other input devices--generated by a minimum of 10 tasks. In this regard, it also provided that device drivers--i.e., software interfacing between the central processor unit and the shared devices--shall make use of process isolation support features of the WIS workstation processor to provide protection of driver data and instruction spaces--areas in computer memory where driver data and programs are stored--from corruption by application tasks. The specification further required that the proposed system include several broad classes of application software, including user support services applications providing for word processing, spread sheet, and graphics capabilities, and a database management system.

The solicitation provided for award to the offeror whose proposal was "most advantageous" to the government, technical and price factors considered. It required offerors to furnish for a live test demonstration (LTD) the system described in their technical proposal, and provided for the technical proposals to be evaluated on the basis of four technical criteria of equal weight--reliability and maintainability, workstation architecture, capabilities demonstrated at the

LTD, and logistics--and one criterion of lesser weight, management. The solicitation described price as less important than the technical factors; it provided for price to be evaluated on the basis of offerors' fixed prices for the Air Force's projected quarterly workstation ordering--a total of 500 workstations--as well as software, delivery installation, and maintenance.

Four offerors--Martin Marietta, Honeywell, C3, and International Technology Corporation (ITC)--submitted proposals by the December 1, 1988, closing date for receipt of initial proposals. Prior to the closing date, ITC filed a protest with our Office challenging portions of the specification as either inadequate, impossible to meet, or unduly restrictive of competition. When we subsequently denied its protest, see International Technology Corp., B-233742.2, May 24, 1989, 89-1 CPD ¶ 497, ITC withdrew its proposal. Meanwhile, the remaining three offerors underwent the required LTD demonstration in January 1989. Only Honeywell was found to have successfully demonstrated a workstation meeting all specification requirements tested at the LTD; several of the software applications tested by C3 and Martin Marietta exhibited deficiencies. However, since both offerors proposed to remedy these deficiencies and the agency's Source Selection Evaluation Board concluded that the offerors had "shown real solutions that could be produced to meet government delivery requirements," the Source Selection Advisory Council determined that the results of the LTD "were not in and of themselves considered reasons to eliminate offerors from consideration for award." Accordingly, discussions were opened with all offerors and all were subsequently required to submit BAFOs.

Based on the results of the LTD and the evaluation of BAFOs, the Air Force determined Honeywell's proposal to be technically superior to the others. The agency found that the proposal offered significant technical strengths and, under the agency's color-coded evaluation scheme, evaluated the proposal as "blue," or exceptional, under the criteria for reliability/maintainability and workstation architecture. Furthermore, the agency considered Honeywell's proposal to offer the lowest risk to the government, since Honeywell had successfully demonstrated a compliant workstation at the LTD. In contrast, although the Air Force considered both Martin Marietta's and C3's proposals to be "basically compliant with the requirements of the solicitation," and evaluated both as "green," or acceptable, under all criteria, it viewed the proposals as representing a "high risk," since the firms had failed to demonstrate all of the required software capabilities at the LTD, and the agency questioned whether their proposed considerable development efforts would enable them to correct the deficiencies in time for the deliveries (as early

as 30 days after award). Since the evaluated price of Honeywell's proposal (\$164.4 million) was significantly lower than the evaluated prices of C3's (\$232.1 million) and Martin Marietta's (\$266.3 million) and, more importantly, Honeywell's proposal was viewed as technically superior, the Air Force determined that award to Honeywell would be most advantageous. Upon learning of the resulting award, Martin Marietta filed a protest with our Office challenging the compliance of Honeywell's proposed workstation with the solicitation requirement for a multi-tasking operating system and with certain of the RFP requirements for the database management system and access to the WIS Honeywell mainframe computers.

In our decision on the protest, we agreed with Martin Marietta that Honeywell's proposed system was noncompliant with the multi-tasking requirement. Honeywell offered an Apple Corporation MacIntosh IIX computer with an A/UX operating system, Apple's implementation of the UNIX operating system. It proposed to meet the RFP requirements in the user support services area for word processing, spreadsheet and graphics capabilities with MacIntosh operating system (MAC/OS) applications running under the A/UX operating system. Although multiple, non-MAC/OS applications could be executed simultaneously on this system, only one MAC/OS software application could be run at a time in the required secure operating mode; multiple MAC/OS applications could not be launched. (Honeywell proposed to supply after award an upgrade which would enable the operating system to launch multiple MAC/OS applications.) We found that Honeywell's proposed system failed to comply with the requirement that the operating system offered for the initial deliveries be capable of initiating and simultaneously executing any reasonable combination of up to 10 tasks, including those combinations of tasks running under more than one application. We therefore sustained the protest and recommended that the agency clarify its actual minimum needs with respect to multi-tasking, reopen negotiations with the offerors in the competitive range, and then request a new round of BAFOs.

Reopened Negotiations

In response to our decision, the Air Force clarified its minimum needs, advising offerors that notwithstanding the general requirement for the ability to support the concurrent execution of a minimum of 10 tasks, there was no general requirement that the combination of tasks include tasks running under more than one application; rather, according to the agency, the simultaneous operation of multiple software applications was only required where the specification specifically so stated. In addition, the agency amended the specification to relax one of the several database management requirements Martin Marietta had claimed Honeywell failed to

meet. The agency advised offerors that their previously submitted proposals were considered to meet all of the requirements of the RFP and that, accordingly, no discussions would be held. It requested the submission of revised BAFOs and cautioned that changes to the previously negotiated proposals might render the proposals unacceptable. Although C3 nevertheless requested several times that discussions be conducted, advising the Air Force that it intended to change its technical solution, the agency refused to hold technical discussions.

Martin Marietta having meanwhile withdrawn from the competition, only Honeywell and C3 remained in the competitive range. In its revised BAFO, Honeywell changed neither its technical proposal nor its unit prices, and instead merely revised its total price downward to an evaluated \$117.4 million to reflect the fact that only 4 years remained in the potential contract term. C3, on the other hand, made substantial changes to its technical proposal, including changing its proposed central processor unit, disk drive, approach to the sharing of printers, and user support services software; C3 also substantially reduced its price, to an evaluated \$99.4 million, \$18 million (15.3 percent) lower than Honeywell's price.

Notwithstanding C3's lower price, the Air Force determined that Honeywell's proposal remained most advantageous to the government because of its perceived technical superiority. The agency found Honeywell's proposal to be exceptional, and superior to C3's merely acceptable approach, with respect to reliability/maintainability; the agency noted that the 18-month warranty offered by Honeywell exceeded the 12-month warranty offered by C3, and that Honeywell had committed itself to a level of reliability for its workstation over 6.1 times that required by the specification, substantially greater than the 1.3 times the minimum offered by C3. Honeywell also received an exceptional rating for its approach to logistics, which relied upon an established maintenance organization in place and serving WIS sites around the world, as well as long-standing relationships with certain third-party maintenance providers serving some remote sites. In contrast, C3 received a "yellow," or marginal, rating for logistics, having proposed to rely upon third-party maintenance organizations with which it lacked any long-standing relationship.

In addition, Honeywell again received an exceptional rating with respect to workstation architecture, in contrast to the "red," or unacceptable, rating received by C3. The Air Force noted that Honeywell's proposed hardware was in wide commercial use and, with its proposed software, had both undergone a successful LTD and proved itself effective in successful

operation as part of the WIS system for the prior 10 months. The agency noted that, in contrast, C3 had proposed much new hardware and software that had neither undergone an LTD nor otherwise been shown to successfully operate together as a system, that the agency's investigation of the commercial versions of C3's software packages had raised concerns as to whether they could function in the required secure operating environment, and that certain other hardware--including the motherboard, a key component of the workstation--and software capabilities were newly developed or under development.

Furthermore, the agency determined C3's proposal to be deficient with respect to its compliance with the requirement that three expansion slots on the workstation remain open after the requirement for the capability to interface with the WIS network through one of two required data communications protocols is met; the agency noted that since C3 bundled the interface card for one of the protocols with its workstation, workstation users relying upon the other protocol would be required to fill one of the three otherwise empty expansion slots with the interface card for that other protocol. In addition, the agency found C3's proposal to be deficient with respect to its approach to the required printer sharing capability, which utilized the WIS network to transmit print messages in violation of the specification and applicable security guidelines as interpreted by the agency. As a result of all these weaknesses and deficiencies, the agency considered C3's proposal to represent a high risk with respect to workstation architecture and, overall, to be less advantageous than Honeywell's.

Multi-Tasking Operating System

In its protest of the Air Force's ensuing decision to leave Honeywell's contract in place, C3 maintains that Honeywell's proposal failed to comply with certain requirements concerning the required multi-tasking operating system and database management system. First, with respect to multi-tasking, C3 states its belief, based upon its examination of commercially available versions of Honeywell's proposed A/UX operating system, that Honeywell's system fails to meet the requirements that the system be capable of mediating concurrent access to shared peripheral devices and of making use of process isolation features to preclude any corruption of the device driver or interfaces by application tasks. C3 claims Honeywell's operating system fails to mediate concurrent access to all shared devices, and instead permits application programs direct access to the data space in the device driver controlling the video display hardware; according to C3, these deficiencies can cause the system to "crash" and can result in corruption of displayed data, lost access to critical

information, and unauthorized access to data presented on the screen.

The evaluation of technical proposals is primarily the responsibility of the contracting agency; the agency is responsible for defining its needs and the best method of accommodating them and must bear the consequences of any difficulties resulting from a defective evaluation. Therefore, our Office will not engage in an independent evaluation of technical proposals and their relative merits. Rather, we will examine the agency evaluation to ensure it was reasonable and consistent with the evaluation criteria listed in the RFP. See Group Technologies Corp., B-240736, Dec. 19, 1990, 90-2 CPD ¶ 502. Nor will we substitute our technical judgment for the contracting agency's technical judgment unless its conclusions are shown to be arbitrary or otherwise unreasonable. Suncoast Scientific, Inc., B-239614, Sept. 14, 1990, 90-1 CPD ¶ 211. The mere fact that the protester disagrees with the agency evaluation does not render it unreasonable. Group Technologies Corp., B-240736, supra.

We find no basis in the record upon which to question the evaluation of Honeywell's multi-tasking. Honeywell maintains, and the Air Force confirms, that as a result of proprietary modifications to commercially available software, modifications of which C3 is unaware, Honeywell's operating system controls and mediates access to the display screen and provides the required process and information isolation. In this regard, we note that Honeywell specifically represented in its proposal that its operating system provides for process isolation, maintaining separation between active processes, by mediating "all accesses to all objects." Furthermore, the agency reports that in more than 3 million hours of use no problems have been encountered in the operating system's mediation of access to the video display screen and maintenance of process isolation.

Database Management System

With respect to the required database management system, C3 asserted at the protest conference on this matter that Honeywell's proposed Oracle database management system fails to furnish seven required capabilities. After the Air Force asserted in response that C3's system also does not fully comply with all requirements, C3 withdrew its protest with respect to three of the capabilities, which it concedes its system fails to provide. C3 continues to argue, however, that Honeywell's proposal should have been rejected for failure to offer the remaining four required database management capabilities.

Specifically, C3 argues that Honeywell failed to satisfy the requirements that the database management system:

- (1) maintain certain information about a database and its structure, including the number of rows in a table;
- (2) provide for the required capability to query the system to ascertain the contents of the database, including the capability "of using information retained in the data dictionary (number of rows . . . etc.) to optimize the query strategy and reduce the time required to execute the query";
- (3) provide the capability to "delete fields from tables"; and
- (4) provide the capability to rescind actions that have caused a modification of the database, such as a change in database structure, restoring the database to the state prior to the execution of that action.

According to the Air Force, while Honeywell's proposed system does not continuously and automatically update the count of rows, there is no requirement for continuous updating of the count of rows. Furthermore, Honeywell contends (and C3 does not specifically deny) that C3's system likewise provides for updating the count only upon user command. Likewise, although Honeywell's query optimization process does not automatically consider the number of rows in a table, the agency maintains that the reference in the specification to the "number of rows" was only illustrative of one approach to query optimization, and did not constitute a prerequisite to compliance. According to the agency, Honeywell's approach to query optimization satisfies the agency's functional needs in this regard. As for deleting fields, the agency found that Honeywell's system, which provides for the deletion of a field from a table by recreating the table or defining a new view on top of the table without the field, rather than directly deleting the field from the table, provides the required functionality. With respect to rescinding modifications, the agency points out that the specification expressly provided that there is no requirement for the ability to rescind actions once they have been committed to execution; it reports that in Honeywell's system modifications to the database structure result in the commitment of the changes to execution, thus exempting it from the requirement for the capability to rescind. In any case, the agency maintains that such changes can indeed be "rolled back," apparently through creation of a backup prior to modification.

We agree with C3 that Honeywell's proposed database management system fails to fully comply with all RFP requirements. For example, the specification expressly required that "all information about a database and its structure shall [1] be collected and maintained in a data dictionary associated with the database" (emphasis added); in our view, implicit in the requirement to maintain the data dictionary is the requirement

that the count of the number of rows in each table be current, that is, continuously, automatically updated.

Nevertheless, C3's argument that Honeywell's proposal should have been rejected because of its failure to fully comply with the database management requirements is without merit. The Air Force, which has now had over a year of experience with the system, maintains that Honeywell's database management system satisfies its needs. Given that C3 concedes its system also fails to meet at least three of the seven database management requirements it originally referenced, and, further, that C3 likewise failed to satisfy the requirement for the data dictionary to include a continuously updated count of the number of rows in tables, it appears that both offerors were treated equally. Neither offeror satisfied all database management requirements, and neither proposal was rejected on this basis. Under these circumstances, we find no basis for sustaining C3's protest against Honeywell's failure to satisfy all database management requirements. Integral Sys., Inc., B-240511, Nov. 23, 1990, 90-2 CPD ¶ 419; O.V. Campbell & Sons Indus., Inc., B-236799 et al., Jan. 4, 1990, 90-1 CPD ¶ 13.

Evaluation of C3

C3 disputes the evaluation of its proposed workstation as failing to meet the specification requirements for three expansion slots to remain open on the workstation (after the requirement for the capability to interface with the WIS network through one of two required data communications protocols is met) and for a printer sharing capability. C3 maintains that the Air Force is imposing requirements not formally incorporated in the specification--i.e., limitations precluding the use of the WIS network for printer sharing--or not reasonably ascertainable from the specification--i.e., the interface requirements that must be satisfied prior to determining the number of expansion slots remaining open. Further, C3 argues that, even if its proposal was deficient, there was no basis for considering the proposal materially deficient. In this regard, it points out that the agency conceded at the protest conference that C3's proposed system could have been modified without technical risk to comply with the agency's interpretation of the specification by:

(1) offering workstation users a choice between the two required data communications protocols, rather than bundling the interface card for one of the protocols with the workstation and thereby forcing users relying on the other communications protocol to utilize one of the three otherwise empty expansion slots to accommodate an interface card for that protocol; and (2) reverting to C3's prior, acceptable approach to providing for a printer sharing capability. Conference Transcript (CT) 195-198. According to C3, these changes, and

primarily the change in printer sharing approach, would add no more than \$3 million to C3's cost, thus leaving the cost of its proposal at least \$15 million lower than Honeywell's. CT 199.

We need not consider these arguments. The Air Force maintains that even if C3's proposed workstation conformed to a reasonable interpretation of the RFP requirements, Honeywell's clear technical superiority would justify its selection notwithstanding C3's lower price. Based upon our review of the record, we find the agency's position in this regard to be reasonable.

Specifically, C3 has made no showing that the Air Force unreasonably determined Honeywell's proposal to be superior with respect to reliability/maintainability and logistics, two of the four most important technical evaluation criteria, where Honeywell was evaluated as exceptional while C3 was evaluated as only acceptable--for reliability/maintainability --or marginal--for logistics. We find reasonable the agency's preference in this regard for higher guaranteed reliability, longer warranty coverage and an established, proven maintenance capability. Although C3 questions the evaluation of Honeywell's proposal as exceptional with respect to workstation architecture, arguing that it fails to comply with material requirements and relies upon noncommercial, developmental items, we find no basis to question the agency's determination that Honeywell submitted a superior proposal in this regard. Again, neither offeror's proposal was totally compliant with the specification for the database management system, and we have found no basis for concluding that Honeywell's operating system did not comply with the multi-tasking requirements for process isolation and mediation. While Honeywell relied upon certain proprietary modifications to commercially-available software to satisfy the multi-tasking requirements, its system had been in successful operation for 10 months at the time of the reevaluation and the particular modifications in question were no longer developmental.

In contrast, C3 was proposing a substantially new package of hardware and software that had neither undergone an LTD nor been shown to successfully operate together, and about which the government's investigation had raised concerns with respect to its ability to function in the required secure operating environment. In these circumstances, the agency reasonably evaluated C3's proposal as less advantageous and offering greater risk with respect to workstation architecture than Honeywell's. Furthermore, since price was less important than technical factors under the stated evaluation criteria and Honeywell's proposal was reasonably viewed as clearly and

significantly technically superior, we find the record reasonably supports the selection of Honeywell's technically superior, less risky proposal. See GP Taurio Inc., B-238420; B-238420.2, May 24, 1990, 90-1 CPD ¶ 497.

The protest is denied.


for James F. Hinchman
General Counsel