

**Matter of:** GTT Industries, Inc.

**File:** B-253461.2

**Date:** December 1, 1993

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Robert B. Bowytz, Esq., Keck, Mahin & Cate, for Prospective Computer Analysts, Inc., an interested party.  
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Roger H. Ayer, Esq., and James A. Spangenberg, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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#### **DIGEST**

1. Technical proposal which offered related and allegedly more sophisticated capabilities, as opposed to directly applicable, less sophisticated capabilities contemplated by the solicitation, was reasonably considered by agency as not warranting a higher rating than a proposal reflecting directly applicable capabilities.

2. Agency, in performing a cost realism analysis, reasonably accepted the awardee's proposed labor and escalation rates as realistic where the labor rates were verified as the awardee's current rates as the incumbent contractor and an independent contractor retained by the Defense Contract Audit Agency verified the escalation rates.

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#### **DECISION**

GTT Industries, Inc. protests the proposed award of a cost-plus-fixed-fee, indefinite quantity contract to Prospective Computer Analysts, Inc. (PCA) under request for proposals (RFP) No. N00123-92-R-0413, a small business set-aside, issued by the Department of the Navy, Naval Regional Contracting Center, Long Beach, California, for technical and engineering support services. GTT protests the propriety of both the agency's evaluation of proposals and the agency's analysis of the realism of PCA's proposed costs, contending that if a proper evaluation had been performed, GTT would have been in line for award.

We deny the protest.

The contract is for a base year with two, 1-year options, and is to support the ongoing activities of the Naval Warfare Assessment Center, an organization whose mission includes work on various inter-service electronic test systems and Automatic Test Equipment, primarily in support of Naval surface weapons systems. The contractor is to provide "analytical, engineering, technical and management services related to feasibility studies, determinations of requirements, evaluations of alternatives, prototype development and the implementation of diagnostic solutions." The required contract tasks are specifically listed and described in the RFP's Statement of Work.<sup>1</sup> The RFP, as amended, also provides specific minimum qualifications and level-of-effort estimates for some labor categories,<sup>2</sup> but for other labor categories only level-of-effort estimates.<sup>3</sup>

The RFP states that technical factors would be considered to be "slightly" more important than cost, but advises that even though "cost is a less important evaluation factor, it is important and should not be ignored. The degree of its importance will increase with the degree of equality of the proposals in relation to technical capability." The three technical factors, listed in descending order of importance, with subfactors of equal value, are:

- (1) Capability to Perform
  - (a) Company relevant experience
  - (b) Employee qualifications
  - (c) Adequacy of company facilities
  - (d) Company organization, management, approach and corporate support
- (2) Understanding the Requirements
  - (a) Identification and definition of technical requirements
  - (b) Recognition of operational requirements

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<sup>1</sup>For example, one task is to "develop potential solutions which enhance the use of C/ATLAS (Abbreviated Test Language for all Systems/version C) in the Ada/ATLAS-Based Environment for Test."

<sup>2</sup>These categories include: Program Manager, Senior Automated Test System Design Engineer, Automated Test System Design Engineer, Documentation Specialist, Systems Analyst, Automated Test Logistics Specialist, Word Processing Specialist, and Clerical Administrative.

<sup>3</sup>For example, Senior Automated Test Software Engineer, Automated Test Software Engineer, and Associate Engineer.

## (c) Critical area identification

## (3) Technical Approach

- (a) Identification and definition of technical concepts and relationships
- (b) Implementation approaches and methods

Concerning cost realism, the RFP stated that proposed costs would be "evaluated to determine if the estimated cost is realistic, reasonable, cost effective and affordable, and to assess the offeror's understanding of the contract requirements."

Three firms, PCA, GTT and a third firm, submitted proposals and all were included in the competitive range. The Navy ranked PCA's technical proposal as "good" overall and GTT's and the third firm's technical proposals as "acceptable" overall. The agency, with the assistance of the Defense Contract Audit Agency (DCAA), also performed a cost realism analysis of each offeror's cost proposal and made various adjustments to determine the probable cost.

Discussions--covering technical and cost realism issues raised by the offerors' respective proposals--were conducted with all three offerors and best and final offers (BAFO) submitted. Based on its evaluation of the BAFOs, the agency determined that PCA's technical proposal was "exceptional" overall, and that GTT's and the third offeror's technical proposals remained "acceptable" overall. GTT's rating for the Understanding of the Requirements factor was upgraded from "acceptable" to "good" but its rating for the

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<sup>4</sup>The firms were evaluated with the following adjective scoring definitions:

- (a) Exceptional--exceeds specified performance or capability in a beneficial way; no weaknesses.
- (b) Good--exceeds specified performance or capability in some of the areas. Meets all other requirements.
- (c) Acceptable--meets the basic requirements.
- (d) Marginal--numerous deficiencies. Does not meet several requirements. May be made acceptable through discussions.
- (e) Unacceptable--fails to meet standards; does not meet numerous requirements. Discussions would not make proposal acceptable.

Capability to Perform and Technical Approach factors remained "acceptable."

All three firms' BAFOs were reviewed for cost realism and all were found acceptable with no adjustments necessary. GTT had the highest cost at \$12,879,935, PCA the second low cost at \$12,325,450, and the third firm was the low cost offeror. Award was made to PCA, based on its "exceptional" technical rating, which was found to offset the cost advantage of the "acceptable" third offeror; GTT, having a higher cost and lower technical rating than PCA, was not considered to be in line for award.

GTT contends that its technical proposal merits a higher "good" rating for the following reasons:

- (1) GTT's understanding of the problems outlined in the statement of work and ability to bring computer based analysis techniques to bear on their resolution;
- (2) GTT's experience in automatic test technology "coupled with its product line of advanced software tools"; and
- (3) GTT's experience as a supplier of computer-based tools that directly support coordinated built in test (BIT)/external test program set (TPS) development.

GTT also argues that PCA's "good" technical rating was improperly upgraded to "exceptional" without adequate documentation. GTT finally questions the realism of PCA's proposed costs and whether PCA's costs were properly analyzed, arguing that GTT's "proposed costs are the lowest possible" and that "any rates significantly lower are unrealistic."<sup>5</sup>

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<sup>5</sup>As a corollary to the cost realism issue, GTT observes that the RFP's labor hour mix is biased towards engineers with minimal experience, noting that 26 percent of the total hours are allocated to the Associate Engineer position, a labor category allegedly requiring "no experience." In GTT's view, the RFP improperly allocated too much effort to inexperienced engineers because the engineering effort called for in the RFP requires experienced engineers and the RFP's misallocation of labor effort allows an offeror such as PCA to propose unrealistically low rates for the misallocated labor category (*i.e.*, inexperienced engineers) secure in the knowledge that the Navy is unlikely to require their use. To the extent that GTT protests the RFP's allocation of level-of-effort among the various labor categories or the failure to define the Associate Engineer's (continued...)

A major reason that GTT was rated only "acceptable" with regard to the Capability to Perform and Technical Approach factors was that the core of GTT's and its subcontractor's Navy-related testing experience and technical approach is in the area of Navy avionics, or "NAVAIR" requirements, while the work required by the RFP concerns Navy surface weapon systems, or "NAVSEA" requirements. The record indicates that avionics electronics generally consist of more sophisticated components configured into weapon replaceable assemblies with internal BIT capabilities that are repaired off-site at depots. Surface weapon electronics systems generally involve the heavy use of circuit card assemblies that are tested with external test equipment on-site or at sea. In the Navy's view, Naval avionics and Naval surface weapons systems are two separate testing communities and while the experience, capabilities and technical approach that GTT cited in its protest--i.e., problem solving with computer based analysis techniques, experience in automatic test technology, and experience with computer based tools used BIT/TPS development--appear to be significant factors in the avionics test community, they have considerably less significance in the less sophisticated surface weapons test community.

GTT does not contest the Navy's observations about the existence of two testing communities with different concerns. Indeed, GTT states that "automatic testing for the surface Navy is generally less sophisticated than for the airborne Navy." Nevertheless, GTT claims that a reasonable evaluation would rate GTT's NAVAIR experience and technical approach as encompassing and surpassing NAVSEA experience so as to justify a higher than "acceptable" rating.

The agency responds that GTT's NAVAIR experience did not provide the agency with any additional strengths with regard to the type of services to be provided under this RFP that would justify a higher rating. Based on our review of the RFP and the evaluation documentation, we cannot say the agency's evaluation of GTT's proposal, which indeed emphasized its NAVAIR avionics experience and approach, was unreasonable.

The RFP tasks are specifically defined in the statement of work and the RFP indicated that more credit would be given

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<sup>5</sup>(...continued)

qualifications, these allegations are untimely under the Bid Protest Regulations since they were apparent on the face of the solicitation, as amended, and therefore was required to be protested prior to the closing date for receipt of proposals. 4 C.F.R. § 21.2(a)(1) (1993).

for NAVSEA experience and an approach that most optimally addressed NAVSEA requirements. For example, the RFP requested offerors to provide (1) "a history of experience related to the proposed work," (2) personnel descriptions that included "experience, educational background, capability, qualifications, availability and any specific or in-depth experience in performing the required tasks," and (3) the citation or provision of "specific reports or examples demonstrating relevant experience and working knowledge of the tasks to be performed." Offerors were also required to submit resumes of proposed personnel "depicting general and specialized experience for appropriate labor categories." Finally, one element of work, "Test Requirement Recommendations," requires the contractor to "develop technical recommendations for the utilization or expansion of existing [NAVSEA] technology and techniques to support UUT [unit under test][i.e., existing equipment] test requirements." (Emphasis added.) Taken together, we think the above references clearly put offerors on notice that the Navy was most interested in experience and technical approach most directly related to the proposed NAVSEA work.

Under the circumstances, we do not find the agency acted unreasonably in failing to give GTT additional credit for its NAVAIR related experience since it did not find this experience and approach really offered additional strengths.<sup>6</sup> See Sabreliner Corp., B-242023; B-242023.2, Mar. 25, 1991, 91-1 CPD ¶ 326. One illustrative example of the problems in GTT's approach is GTT's proposal's failure to mention either the use of "dependency modeling" or the use of the Weapons System Testability Analyzer (WSTA), a software program used throughout the Navy. In the protest correspondence, GTT responds to this observation by admitting its awareness of WSTA, but characterizing the WSTA as a technically discredited system "not at all applicable to electronic systems of even medium complexity," only "applicable to mechanical, electro-mechanical and very simple electronic assemblies" and not applicable "in the newer Navy avionics programs such as the F/A-18 E/F." We think that GTT's response suggests that its NAVAIR experience and approach may not optimally meet the less sophisticated NAVSEA requirements, which include the WSTA. While GTT continues to claim that the Navy's evaluation failed to recognize the additional sophistication of NAVAIR experience that would necessarily translate into strengths in performing this RFP work, this is no more than a mere disagreement with the agency's evaluation, which does not

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<sup>6</sup>In contrast, the agency could give more credit to the incumbent contractor, PCA, which had extensive NAVSEA experience and a more closely applicable technical approach.

show the evaluation to be unreasonable. See Seair Transport Servs., Inc., B-252266, June 14, 1993, 93-1 CPD ¶ 458.

GTT next protests the cost realism of PCA's cost proposal, alleging that since GTT had the "lowest possible" proposed costs, any labor rates significantly below GTT's were unrealistic. We are not persuaded that the protester's own rates/cost are controlling as to the reasonableness of a competitor's rates. The Navy assessed PCA's proposed BAFO composite rates as realistic because a Navy review of the rates disclosed that they were consistent with rates that the incumbent awardee was currently paying to its employees in comparable labor categories. Based on our review, we find no basis to disagree with this evaluation. See United Int'l, Inc., et al., 71 Comp Gen. 177 (1992), 92-1 CPD ¶ 122.

GTT also objects to the acceptance of PCA's proposed escalation factor, arguing that it is inconsistent with the DCAA recommended rate and that PCA's BAFO costs did not properly reflect this rate. The record contradicts GTT's assertions. DCAA's contractor, Data Resources, Inc. (DRI), concurred with PCA's BAFO escalation rate and our review of the BAFO indicates that the proposed costs properly incorporated this rate. In sum, we find no basis to find unreasonable the agency determination that PCA's proposed costs were realistic.

Finally, GTT complains that PCA's BAFO was overrated. The crux of GTT's objection is that PCA's "good" rating should not have been upgraded to "exceptional" after receipt of BAFOs. We need not consider whether the agency properly elevated PCA's technical rating since GTT would not be prejudiced even if PCA's "exceptional" rating were unjustified; this is so because even if PCA's technical proposal is only ranked "good" overall--a rating to which GTT concedes PCA is entitled--the lower cost PCA proposal still would represent the better value under the RFP than the higher cost GTT proposal, which, as discussed above, was properly ranked as "acceptable" overall. See Inland Props., Inc., B-249036.3, Jan. 15, 1993, 93-1 CPD ¶ 45.

The protest is denied.

James F. Hinchman  
General Counsel

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<sup>7</sup>DRI is an independent firm under contract to DCAA to provide data on escalation rate trends on a quarterly basis.