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Decision

Matter of: Office Depot, LLC

File: B-420482

Date: May 3, 2022

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Nathan C. Bangsil, Esq., and Nathan C. Guerrero, Esq., General Services Administration, for the agency.
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DIGEST

Protest alleging that a solicitation's technical and price evaluation factors are unreasonable because they fail to reasonably reflect the government's anticipated requirements is sustained where the evaluation scheme was predicated on consideration of incomplete historical sales information.

DECISION

Office Depot, LLC, of Columbia, Maryland, protests the terms of request for quotations (RFQ) No. 47QSCC-21-Q-5002, which was issued by the General Services Administration (GSA), for the establishment of a blanket purchase agreement (BPA) to support GSA retail operations at eight U.S. Army and U.S. Air Force locations. The protester primarily alleges that the agency's technical and price evaluation factors are unreasonable because they are based on a market basket of representative items that fails to reasonably account for the government's actual likely requirements.

We sustain the protest.

OVERVIEW

This protest challenges GSA's attempt to use a single BPA to consolidate the purchase of hardware and industrial supply items, and office supply items, and to permit these items to be ordered by eight Army and Air Force locations. Although the BPA will permit the ordering of tens of thousands of available items, GSA attempted to develop a representative market basket of the 200 most frequently purchased items to evaluate and compare the pricing received from competing vendors. The market basket was

developed after examining historical sales data, which was limited in most instances to past purchases of hardware and industrial supply items. As discussed in more detail below, the record does not support the market basket's ratio of hardware and industrial supply items to office supply items. In short, the agency's overreliance on the data available on historical sales of hardware and industrial items--to the exclusion of data on the historical sales of office supply items--resulted in the use of a market basket of sample items that did not reasonably represent the likely purchases of office supply items.

BACKGROUND

GSA's Retail Operations group provides what GSA has termed Fourth-Party Logistics (4PL) solutions for Department of Defense and civilian agencies. According to GSA, the 4PL program allows users to focus on core competencies by leveraging GSA's contracting and acquisition experience and the product-fulfillment expertise of industry leaders. Under 4PL, GSA acts as an integrator to manage multiple suppliers specializing in: tools; hardware; maintenance, repair, and operations (MRO) supplies; and office supplies. The 4PL program uses a single entity (GSA Retail Operations) to manage acquisition, storage, merchandising, delivery, and billings aspects of a comprehensive supply solution. "GSA Retail Operations," available at <https://www.gsa.gov/buying-selling/purchasing-programs/requisition-programs/gsa-retail-operations> (last visited Apr. 26, 2022).

The RFQ, which was issued on December 2, 2021, and subsequently amended once, seeks quotations from all contractors--or contractor teaming arrangements comprised of vendors--holding contracts under GSA Multiple Award Schedule Large Category G with the following Special Item Number: 4PL Supplies and Services. The RFQ anticipated the establishment of a single BPA to support GSA Retail Operations at various U.S. Army and U.S. Air Force locations. Agency Report (AR), Tab 3, RFQ, amend. No. 1 at 1. Under the resulting BPA, the vendor will provide a comprehensive supply solution so that these locations will be able to provide products and related in-store services for brick and mortar stores, tool rooms/issue points, in-store referral ordering, and direct delivery services. *Id.* at 4. The vendor will also be responsible for providing computers, printers, telecommunication services, information technology equipment, office equipment, telephones, shelving, material and handling equipment, and other materials and services necessary to perform the requirements. *Id.* at 2.

As to the product offerings that the vendor may be required to supply and fulfill, vendors will be expected to provide a broad product offering (analogous to a catalog) of tens of thousands of commercial hardware/industrial and office supply products and associated support services, all of which are available on the Federal Supply Schedule (FSS). *See, e.g., id.* at 3, 6. In this regard, GSA's market research focused on three multiple award schedule categories (or "special item numbers" (SINs)): SIN 339940OS4, Office Products; SIN 339940SVC, Office Supply Support Services; and SIN 332510, Hardware Manufacturing (Hardware Store, Home Improvement Center, or Maintenance, Repair & Operation (MRO) - Services. *See Contracting Officer's Statement (COS) at 2.*

Under the office products and supplies SIN, vendors offer thousands of potential office supply items, including, but not limited to: pens; pencils; markers; xerographic paper; printer paper; 3D printing filaments and resins; binders; tape; envelopes; shredders; video cassettes; cleaning equipment and supplies; physical storage; and toner cartridges.¹ Under the office supply support services SIN, vendors provide commercially available services related to the support of office products.²

Under the hardware manufacturing services SIN, vendors provide commercially available services typically performed in a hardware store.³ In order to be eligible to provide services under this SIN, the vendor must also hold (i) SIN 332510C, Hardware Store, Home Improvement Center, Industrial or General Supply Store, or Industrial MRO Distributor - Catalog, or (ii) SIN 332510S, Hardware Store, Home Improvement Center, Industrial or General Supply Store, or Industrial MRO Distributor – Store Front. *Id.* Under these SINs, vendors offer a wide array of thousands of products including, but not limited to: flooring; fencing; hardware; building materials; tools; appliances; electrical; paint; plumbing; lawn and garden; motors; shop, machining, welding, and material handling; carts, trucks, and dock; and irrigation equipment.⁴

¹ See “Office Management – Office Supplies; 339940OS4, OS4 Office Products and Supplies,” GSA eLibrary, available at <https://www.gsaelibrary.gsa.gov/ElibMain/home.dohttp://www.gsaelibrary.%20gsa.gov/ElibMain/sinDetails.do?scheduleNumber=MAS&specialItemNumber=339940OS4&executeQuery=YES> (last visited Apr. 26, 2022).

² See “Office Management – Office Supplies; 339940SVC, Office Supply Support Services,” GSA eLibrary, available at <https://www.gsaelibrary.gsa.gov/ElibMain/home.dohttp://www.gsaelibrary.%20gsa.gov/ElibMain/sinDetails.do?executeQuery=YES&scheduleNumber=MAS&flag=&filter=&specialItemNumber=339940SVC> (Apr. 26, 2022).

³ See “Industrial Products and Services – Hardware and Tools; 332510, Hardware Manufacturing (Hardware Store, Home Improvement Center, or MRO – Services),” GSA eLibrary, available at <https://www.gsaelibrary.gsa.gov/ElibMain/home.dohttp://www.gsaelibrary.%20gsa.gov/ElibMain/sinDetails.do> (last visited Apr. 26, 2022).

⁴ See “Industrial Products and Services - 332510C, Hardware Store, Home Improvement Center, Industrial or General Supply Store, or Industrial MRO Distributor – Catalog,” GSA eLibrary, available at <https://www.gsaelibrary.gsa.gov/ElibMain/home.dohttp://www.gsaelibrary.%20gsa.gov/ElibMain/sinDetails.do?scheduleNumber=MAS&specialItemNumber=332510C&executeQuery=YES>; and “Industrial Products and Services – 332510S, Hardware Store, Home Improvement Center, Industrial or General Supply Store, or Industrial Maintenance Report and Operations (MRO) Distributor – Store Front Products,” GSA eLibrary, available at <https://www.gsaelibrary.gsa.gov/ElibMain/home.dohttp://www.gsaelibrary.%20gsa.gov/ElibMain/sinDetails.do?scheduleNumber=MAS&specialItemNumber=332510S&executeQuery=YES> (last visited Apr. 26, 2022).

The RFQ identifies the eight Army and Air Force customer locations to be supported here as: (1) the Pine Bluff Arsenal, Pine Bluff, Arkansas; (2) the Red River Army Depot, Texarkana, Texas; (3) the Red River Army Depot – Hazardous Materials (HAZMAT), Texarkana, Texas; (4) the Rock Island Arsenal - Joint Manufacturing and Technology Center, Rock Island, Illinois; (5) Robins Air Force Base, Georgia; (6) Tinker Air Force Base, Oklahoma City, Oklahoma; (7) Hill Air Force Base, Ogden, Utah; and (8) Joint Base Elmendorf-Richardson (JBER), Alaska.⁵ AR, Tab 3.2, RFQ, amend. No. 1, attach. No. 4, Army – Air Force Locations. The resulting BPA will have a 1-year base period, and four 1-year option periods. AR, Tab 3, RFQ, amend. No. 1 at 3.

The RFQ contemplates establishing the BPA pursuant to the ordering procedures set forth in Federal Acquisition Regulation (FAR) section 8.405-3, Blanket Purchase Agreements. *Id.* at 41. Selection of the BPA holder will be based on a best-value tradeoff between the following four technical factors, listed in descending order of importance, and price: (1) technical approach; (2) breadth of product; (3) corporate experience and references; and (4) small business participation plan. *Id.* at 42-43. The technical factors, when combined, are significantly more important than price. *Id.* at 42. Only the breadth of product and price factors are relevant to the issues presented in the protest.

Under the breadth of product factor, the agency will evaluate the vendor's offered items to ensure that they match the salient characteristics of the 200 market basket items identified in the RFQ. Additionally, GSA will evaluate the vendor's quoted market basket items to ensure compliance with any mandatory sourcing requirements, and that the proposed prices match the vendor's current GSA Multiple Award Schedule 4PL contract pricing. *Id.* at 43-44. To evaluate the vendor's breadth of product offering, GSA will evaluate how many of the 200 market basket items a vendor offers as an eligible item in its quotation. The RFQ defines an "eligible item" as an item complying with the RFQ's requirements and for which the vendor quoted a price. *Id.* at 44-45.

The RFQ also provides an illustrative example of the scoring methodology to demonstrate how GSA would weight proposed items in the market basket and arrive at an overall score for each vendor. As reflected below, the agency first grouped the items by the frequency of product ordering (e.g., Group 1 representing the top 40 most ordered products; Group 2 representing the next 40 most ordered products), and then applied a specific weighting to each grouping:

⁵ Currently, GSA has 4PL BPAs for hardware/industrial items at five of the eight locations, and a single office supply 4PL BPA held by Office Depot at JBER. The government also maintains other non-4PL agreements to provide covered items at some of the locations. See Electronic Protest Docketing System (Dkt.) No. 15, GSA Response to GAO Req. for Clarification, at 1-2.

	Group 1 Items 1-40	Group 2 Items 41-80	Group 3 Items 81-120	Group 4 Items 121-160	Group 5 Items 161-200	Totals
Weighted Value	40%	30%	15%	10%	5%	100%
No. of Items in the Group	40	40	40	40	40	200
No. of Eligible Items	32	28	24	20	16	120
Score ((no. of offered eligible items ÷ no. of items in group) x Weighted Value)	0.32	0.21	0.09	0.05	0.02	0.69

Id. at 45.

Based on the vendor’s calculated score, GSA then anticipated assigning an adjectival rating for the factor as follows:

Adjectival Rating	Score
Excellent – High	0.95 – 1.00
Excellent – Low	0.90 – 0.94
Good – High	0.85 – 0.89
Good – Low	0.80 – 0.84
Marginal – High	0.75 – 0.79
Marginal – Low	0.70 – 0.74
Unsatisfactory	0.00 – 0.69

Id. at 46.

To evaluate price, GSA anticipated reviewing the same eligible items from the breadth of product evaluation. The agency planned to consider those eligible items that are common among all vendors that received a rating of “Marginal – Low” or higher under the breadth of product factor. GSA planned to calculate a total evaluated price for each vendor’s common eligible items, considering any applicable proposed flat rate BPA discounts. *Id.* at 47-48.

To prepare its independent government cost estimate (IGCE) and to identify the items to be included in the RFQ’s market basket (out of the tens of thousands of possible products that can be supplied under the BPA), GSA reviewed sales data from GSA’s

Order Management System and Customer Supply Center databases for fiscal years (FY) 2018 through 2020, for the eight covered sites. The data included both purchase and quantity amounts, including information from existing 4PL agreements, as well as spending by Department of Defense Activity Address Code for locations without existing 4PL agreements. See, e.g., COS at 3; EPDS Dkt. 15, GSA Response to GAO Req. for Clarification, at 1-2; AR, Tab 5, Combined IGCE Cost Estimate; Tab 6, Combined IGCE Cost Estimate Raw Data; Tab 7, Top 500 Market Basket, "Overview" Tab. This data reflected total sales in the amount of \$120,632,858.⁶ AR, Tab 6, Combined IGCE Cost Estimate Raw Data, "Pivot" Tab. Of that sum, \$114,922,776, or approximately 95.3 percent of sales, were from the sale of hardware/industrial supplies, while only \$5,710,082, or approximately 4.7 percent of sales, were from office supplies. *Id.*

With respect to hardware/industrial items, the sales data considered by GSA consisted of historical sales data from all eight covered locations. For five of the locations, GSA considered historical sales from existing hardware/industrial supply 4PL BPAs; these BPAs did not include sales of office supplies or services. For the remaining three locations, GSA considered other available historical information; again, all of this information related to hardware and industrial sales. See, e.g., AR, Tab 6, Combined IGCE Cost Estimate Raw Data, "Pivot" Tab; EPDS Dkt. 15, GSA Response to GAO Req. for Clarification, at 1-2.

With respect to office supply items, GSA only had limited historical sales data for four of the eight covered locations, but only one of the eight locations has a current 4PL BPA in place for office supply sales--this is the 4PL BPA held by Office Depot covering office supply sales for Joint Base Elmendorf Richardson (JBER), Alaska. The record reflects that the agency considered Office Depot's current 4PL sales of office supplies at JBER, which totaled \$4,810,668. *Id.* Total 4PL sales at JBER for FY2018-20 were \$18,775,885. AR, Tab 6, Combined IGCE Cost Estimate Raw Data, "Pivot" Tab. Thus, under Office Depot's 4PL BPA at JBER, office supply sales represented approximately 25.6 percent of all 4PL sales (combined hardware/industrial item and office supply item sales) during the relevant time period.⁷

Next, the agency considered sales data from three BPAs established with entities operating under the AbilityOne program.⁸ (These are the three remaining BPAs of the

⁶ All references to dollar figures herein are rounded to the nearest whole dollar.

⁷ Office Depot argues--without corroborating evidence--that office supplies constituted between 32-35 percent of total 4PL sales at JBER. See, e.g., Protest at 11-12; Comments at 13. While this claim is not supported by the data in the record, the difference between Office Depot's and GSA's estimate of the relative size of office supply sales at JBER (32 to 35 percent versus 25.6 percent) is immaterial to our resolution of the protest.

⁸ The AbilityOne program is among the nation's largest sources of employment for people who are blind or have significant disabilities. The program is administered by

four for which GSA had limited historical office supply sales data.) The AbilityOne BPAs were established outside of GSA's multiple award schedule program, and, according to the agency, "were never set up to be a total solution for GSA's Army/Air Force customers." EPDS Dkt. 15, GSA Response to GAO Req. for Clarification, at 1-2. The sales data from these three sources totaled \$899,414 (reflecting sales data from JMTC Rock Island of \$495,492; Pine Bluff Arsenal of \$403,918; and Tinker Air Force Base of \$4). AR, Tab 6, Combined IGCE Cost Estimate Raw Data, "Pivot" Tab.

For the remaining four locations, GSA had no historical 4PL sales data whatsoever for office supplies for FY 2018-2020. See *id.* (including no office supply sales for Hill Air Force Base, Robins Air Force Base, Red River Army Depot, and Red River Army Depot – HAZMAT; these sites had combined hardware/industrial supply sales of approximately \$59 million during the relevant time period).

Based on the sales data considered by the agency, GSA initially prepared a list of the top 500 items that it viewed as representative of the top sellers in quantity across all product categories. COS at 4; AR, Tab 7, Top 500 Market Basket. That listing included approximately 24 items coded as office supplies, or approximately 4.8 percent of the top 500 items. When GSA reduced the size of its list to the top 200 items, the record reflects that only 5 items coded as office supplies were included, or approximately 2.5 percent. AR, Tab 7, Top 500 Market Basket.

In a final analysis, GSA reviewed whether certain items were listed multiple times in the initial top 500 list due to repeat orders, or orders from multiple locations; in these instances, GSA consolidated those individual line items into a single line item. COS at 4. Additionally, GSA reviewed its list to be sure that included items had not been designated as obsolete or superseded by the manufacturer, and to be sure that all of the included items were Trade Agreement Act⁹ and AbilityOne compliant. *Id.* at 5. At the conclusion of this process, the 200 item market basket includes 15 office supply items, approximately 7.5 percent of the basket, with the remaining 92.5 percent of the basket being comprised of hardware/industrial products. Compare AR, Tab 7, Top 500 Market Basket with Tab 3.11, RFQ, amend. No. 1, attach. B, Market Basket. As previously stated, GSA issued the RFQ on December 2, 2021. This pre-award protest followed.

the U.S. AbilityOne Commission, which is the operating name for the Committee for Purchase From People Who are Blind or Severely Disabled, which Congress established pursuant to the Javits-Wagner-O'Day Act. See *Melwood Horticultural Training Ctr., Inc.*, B-419424, Feb. 10, 2021, 2021 CPD ¶ 79 at 1 n.1.

⁹ The Trade Agreements Act generally requires that end products be acquired from the United States or designated countries. 19 U.S.C. § 2511(a); *Veterans Healthcare Supply Sols., Inc.*, B-418038 *et al.*, Dec. 23, 2019, 2019 CPD ¶ 431 at 5-6.

DISCUSSION

This protest principally raises a single question: whether GSA's market basket of 200 items (out of tens of thousands of potential items) reasonably represents the agency's purchase requirements for the two primary item categories covered by this BPA (hardware/industrial supply items and office supply items)? Office Depot primarily asserts that the RFQ's technical and price evaluation factors will not yield a reasonable result because the inclusion of such a small percentage of office supplies in the RFQ's market basket fails to reasonably reflect the government's likely requirements under the resulting BPA. In this regard, the protester contends that the limited pool of historical office supply sales relied upon by the agency is incomplete and not reasonably indicative of the enhanced office supply offerings that will be available under the resulting BPA. In short, Office Depot argues that the agency's market basket is not a reasonably representative sample of the government's requirements.

GSA argues that it reasonably relied on its customers' historical 4PL purchases in order to forecast their future requirements. GSA argues that it would not have been proper to revise its IGCE or sample market basket to account for items that have not been historically purchased by its customers. In this regard, the agency asserts that its sample market basket covers both hardware/industrial and office supply items, and Office Depot's disagreement with the composition of the sample market basket provides no basis to question the agency's determination of its customers' requirements. For the reasons that follow, we sustain the protest because we find that the agency's market research was based on incomplete information limited to historical 4PL purchases that did not reasonably account for potential office supply requirements.¹⁰

¹⁰ Office Depot also alleges that the market basket's focus on hardware/industrial items is unduly restrictive of competition because it unfairly disadvantages firms like the protester that do not primarily sell hardware/industrial items. We find no merit to this argument. The protester does not allege that the government's requirements do not reasonably include hardware/industrial items, or otherwise contest that the awardee of the resulting BPA may need to offer the specific hardware/industrial items included in the market basket. To the extent Office Depot is arguing that it would be more advantageous for Office Depot if the solicitation provided greater weight to office supplies--the principal items offered by Office Depot--such an argument provides no basis to conclude that the RFQ unduly restricts competition.

In this regard, we have explained that the fact that a requirement may be burdensome or even impossible for a particular firm to meet does not make it objectionable if the requirement properly reflects the agency's needs. *Smiths Detection, Inc.*, B-420110, B-420111, Nov. 5, 2021, 2021 CPD ¶ 359 at 6. Furthermore, agencies are not generally required to equalize another competitor's advantage where the advantage is not the result of preferred treatment or other unfair action by the government. *Blue Origin Florida, LLC*, B-417839, Nov. 18, 2019, 2019 CPD ¶ 388 at 10.

A contracting agency generally has the discretion to determine its needs and the best method to accommodate them. *Gallup, Inc.*, B-410126, Sept. 25, 2014, 2014 CPD ¶ 280 at 5. Similarly, it is generally within an agency's discretion to decide what type of award methodology will best meet its needs. *RCR Properties, G.P.*, B-414590, Jul. 21, 2017, 2017 CPD ¶ 231 at 4. While it is up to an agency to decide upon some appropriate and reasonable method for the evaluation of offerors' prices, an agency may not use an evaluation method that produces a misleading result, and it must use an evaluation method that provides a basis for a reasonable assessment of the relative prices of performance under the competing proposals. *6K Sys., Inc.--Protest & Costs*, B-408124.3, B-408124.4, Dec. 9, 2013, 2014 CPD ¶ 347 at 10.

Relevant here, ordering activities are permitted to establish BPAs under FSS contracts to fill repetitive needs for supplies or services. FAR 8.405-3(a)(1). The provisions of FAR subpart 8.4, implementing the use of the FSS program, require agencies to review vendors' FSS schedules and then place orders and establish BPAs, with schedule contractors that can provide required supplies or services representing the best value and "result[ing] in the lowest overall cost alternative (considering price, special features, administrative costs, etc.) to meet the Government's needs." FAR 8.404(d).

There is no dispute that the actual order quantities of particular items may be uncertain when a BPA is established. Here, the government is establishing a BPA under which tens of thousands of potential items can be ordered. This uncertainty about what items will be ordered can present difficulties for agencies trying to decide which vendor presents the best value when considering price and technical features. This challenge is essentially the same as the one the government faces when awarding an indefinite-delivery, indefinite-quantity contract; the terms are indefinite because the exact times or quantities of future deliveries are unknown at the time of award. FAR 16.501-2.

Agencies have developed a variety of methods or strategies to address this difficulty, including the use of estimates for various quantities of units to be purchased under the contract, *Creative Info. Tech., Inc.*, B-293073.10, Mar. 16, 2005, 2005 CPD ¶ 110 at 3; the use of sample tasks, *FC Bus. Sys., Inc.*, B-278730, Mar. 6, 1998, 98-2 CPD ¶ 9 at 3-5; hypothetical or notional plans that are representative of what requirements are anticipated during contract performance, *Aalco Forwarding, Inc., et al.*, B-277241.15, Mar. 11, 1998, 98-1 CPD ¶ 87 at 11; and hypothetical pricing scenarios reflecting various cost or price eventualities, *PWC Logistics Servs., Inc.*, B-299820, B-299820.3, Aug. 14, 2007, 2007 CPD ¶ 162 at 11-15.

Underlying each of these methods is the central objective of evaluating the relative total cost or price of competing proposals in order to provide the agency's source selection authority a meaningful understanding of the cost or price implications of making award to one or another concern. *MAR, a Div. of Oasis Systems, LLC*, B-414810.5, July 26, 2018, 2018 CPD ¶ 266 at 7. It is axiomatic that the agency's price evaluation method must produce results that are not misleading. *Aalco Forwarding, Inc.*, *supra.* at 11. Based on the record produced by the agency, we cannot conclude that the government's sample market basket reasonably reflects the likely estimated breakdown

between hardware/industrial and office supply requirements, and therefore, the market basket has the potential to produce a misleading result.

Here, the agency has attempted to address the uncertainty associated with future BPA orders by evaluating quotations based on a comparatively small sample of items--200 of the tens of thousands of items that can potentially be ordered under the BPA. As explained above, the agency selected these items because it found them to be representative of the items that are likely to be ordered in the highest quantities. The agency reached its conclusions about what items are ordered in the highest quantities by considering historical market data about item purchases. There is nothing inherently unreasonable about consulting historical sales in order to forecast the government's likely future requirements.

The record, however, reflects that the 4PL BPA historical data considered by GSA for the purpose of creating its representative market basket was skewed heavily towards hardware/industrial items. When constructing its market basket, GSA's market research for hardware/industrial supplies included significant sales information for each of the eight locations. Specifically, GSA reviewed historical sales information for the five locations with current hardware/industrial 4PL solutions, and other sales data for the remaining three locations. Thus, GSA had a reasonable basis to forecast its customers' future anticipated hardware/industrial supply requirements.

In contrast, GSA's consideration of historical sales information for office supplies was severely limited; specifically, data about the government's history of purchasing office supplies is nearly absent from the 4PL BPAs used to perform the agency's market basket analysis. In this regard, only one of the eight covered locations, JBER, currently has a comparable 4PL solution for office supplies. This reference--the only source reflecting a similar acquisition approach to the one contemplated by this procurement--reflected that office supplies constituted approximately 26 percent of all 4PL sales at JBER. For three additional locations, GSA considered office supply sales made under AbilityOne BPAs that the agency itself conceded were not representative of the comprehensive FSS-based solutions contemplated by the current solicitation. Indeed, as addressed above, for one of these three locations, total office supply sales for a three year cycle was a mere \$4. See AR, Tab 6, Combined IGCE Cost Estimate Raw Data, "Pivot" Tab (reflecting that office supplies under less comprehensive AbilityOne agreements at the three locations constituted only approximately 4.5 percent, 5.1 percent, and .000017 percent, respectively, of sales during FY 2018-20). For the remaining four locations, GSA did not obtain or consider any historical office supply sales information. *Id.*

Thus, while the agency had a reasonable basis for forecasting estimated quantities for hardware/industrial items at all eight covered locations, it had no (or virtually no) basis for forecasting estimated quantities for office supply items, given the absence of sales data for five locations, and limited sales data from two additional locations. There was only one location, JBER, where the agency had comparable historical data (*i.e.*, 4PL BPA data) available for use in forecasting estimated quantities for office supply items.

In this respect, the principal flaw in GSA's market research is that it relied almost exclusively on historical 4PL sales data, when it was readily apparent that seven of the eight covered locations had no historical 4PL office sales data. In other words, by limiting its market research to sales data that failed to account for any (or virtually any) office supply sales at five of the eight locations (and very limited sales data at two additional locations), it is not apparent how such information could be used to reasonably forecast office supply needs under the resulting BPA. Indeed, the agency's position that only historical 4PL sales data is relevant to forecasting the customers' future requirements results in the unsupported assumption that five of the eight required locations will have no office supply requirements over the life of the BPA. Confronted with such limited information about all but one covered location, it was incumbent on the agency to make some reasonable effort to account for its customers' anticipated office supply requirements under the resulting BPA.

We recognize that historical sales information for office supplies may not be available to the same degree as the information for hardware/industrial supplies. As noted above, much of the hardware/industrial supply data is readily available from GSA's existing 4PL agreements at the covered sites, and there is only one existing 4PL contract for office supplies. See, e.g., *Encompass Grp., LLC*, B-410148, Oct. 28, 2014, 2014 CPD ¶ 314 at 2 (denying protest challenging the terms of a solicitation for the establishment of a BPA when the agency, after identifying a reasonable total estimated quantity of 11,306 warm-up jackets, could not provide specific estimates for different styles, sizes, and colors because the agency's historical sales data did not "go to that level of detail") (internal quotation omitted).

Nevertheless, GSA has failed to establish that it took any steps to apprise itself of its customers' historical or future anticipated office supply purchases after it consulted the agency's internal Order Management System and Customer Supply Center databases. See, e.g., Supp. Contracting Officer's Statement at 1 ("GSA did not conduct or send out written surveys or specific documents for its United States Army (USA) or United States Air Force (USAF) Customers to respond to."). Reasonable efforts might have included, for example: (1) consulting available agency resources for sales data under GSA Schedule 75, Office Products/Supplies and Services and New Products Technology, (2) inquiring of its customers if other supporting data was available; or, (3) as the protester argues, using the one location (JBER) with a history of both hardware and office supply 4PL requirements in place as a basis to extrapolate a reasonable hardware/office supply distribution for the market basket. Having failed to make a realistic assessment of its customers' office supply needs at the majority of covered sites, the agency has established an evaluation methodology that fails to meaningfully account for one of the two categories of items to be procured.

Thus, we agree with Office Depot that the composition of the agency's proposed market basket for this procurement does not appear to be reasonable. The record supports the protester's contention that GSA's underlying market research relying on past sales was

incomplete and failed to reasonably account for the materially different and enhanced office supply offerings contemplated under the RFQ. Therefore, we sustain the protest.

RECOMMENDATION

We recommend that the agency conduct additional market research and, as appropriate, revise the solicitation's market basket to attempt to generate a reasonable representative sample of the estimated purchases of hardware/industrial items and office supplies. We also recommend that the protester be reimbursed the reasonable costs of filing and pursuing its protest, including attorneys' fees. 4 C.F.R. § 21.8(d)(1). Office Depot should submit its claim for costs, detailing and certifying the time expended and costs incurred, to the contracting agency within 60 days after receipt of this decision. 4 C.F.R. § 21.8(f)(1).

The protest is sustained.

Edda Emmanuelli Perez
General Counsel