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Decision

Matter of: SOFITC3, LLC

File: B-423259.3; B-423259.4

Date: July 17, 2025

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Nathaniel H. Sears, Esq., and Weston E. Borkenhagen, Esq., Department of Defense, for the agency.

Michael P. Grogan, Esq., and Evan D. Wesser, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging the sufficiency of the agency's best-value tradeoff decision is denied where the record reflects that the decision was reasonable and adequately documented.
 2. Protester is not an interested party to challenge the agency's evaluation of the awardee's proposal where the protester's proposal would not be next in line for award, even if its allegations were sustained.
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DECISION

SOFITC3, LLC, a small business of Piscataway, New Jersey, protests the issuance of an order to OTOT Technologies, LLC, a small business of Arlington, Virginia, under request for proposals (RFP) No. HT0011-23-R-0056, issued by the Department of Defense, Defense Health Agency (DHA), for test and evaluation information technology services. The protester challenges the agency's evaluation of OTOT's past performance, alleges OTOT's proposal violated the solicitation's subcontracting limitation clause, and contends the best-value tradeoff decision was unreasonable and insufficiently documented.

We deny the protest.

BACKGROUND

The agency issued the solicitation on September 11, 2024, pursuant to the procedures of Federal Acquisition Regulation (FAR) subpart 8.4 (Federal Supply Schedules), and FAR part 12 (Acquisition of Commercial Products and Commercial Services), to small businesses holding the General Services Administration's (GSA) multiple-award federal supply schedule (FSS) contract for information technology professional services. Agency Report (AR), Tab 7, RFP at 24.¹ The RFP contemplated the issuance of a single order, with a 1-month transition period, a 9-month base period, and four 1-year option periods. *Id.* at 3-9. DHA sought testing and automation support services, to provide a comprehensive set of related and tailorable activities that support integrated, continuous, and risk-based test and evaluation during a product's entire lifecycle. Contracting Officer's Statement (COS) at 1-3.

The solicitation advised that award would be made on a best-value tradeoff basis, considering three factors: (1) past performance; (2) technical; and (3) price. RFP at 24. To be considered for award, the RFP explained that an offeror must receive at least a rating of "acceptable" under the technical factor, at least a rating of "satisfactory confidence" (or a neutral rating) under the past performance factor, and an offeror's total evaluated price must be fair and reasonable.² *Id.* Proposals not meeting these criteria would not be eligible for award. *Id.* The solicitation further provided that DHA would make its award decision by trading off past performance against price for all technically acceptable offerors, where past performance was slightly more important than price. *Id.*

The agency received multiple proposals by the October 16 due date, to include submissions by SOFITC3 and OTOT. COS at 5. On December 23, following its evaluation, DHA issued the order to OTOT. *Id.* On January 2, 2025, SOFITC3 filed a protest with our Office, challenging the agency's evaluation of proposals and best-value determination. On January 30, we dismissed SOFITC3's protest as academic, based on the agency's stated intention to undertake corrective action; DHA explained it would reevaluate proposals and issue a new award decision, if necessary. *SOFITC3, LLC, B-423259; B-423259.2, Jan. 30, 2025 (unpublished decision).*

After undertaking its corrective action, the final evaluation ratings for the proposals of SOFITC3 and OTOT were as follows:

	SOFITC3	OTOT
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¹ All citations to the record are to the corresponding electronic document page numbers.

² The technical factor evaluation was binary, resulting in either a rating of acceptable or unacceptable. RFP at 26. Past performance had five possible adjectival confidence ratings: substantial confidence; satisfactory confidence; neutral confidence; limited confidence; and no confidence. *Id.* at 27.

Technical	Acceptable	Acceptable
Past Performance	Substantial Confidence	Satisfactory Confidence
Total Evaluated Price	\$26,136,016	\$15,269,258

AR, Tab 3, Post-Corrective Action Award Decision Document (ADD) at 20-21.

DHA, finding OTOT's proposal represented the best value to the agency, issued the order to the firm on April 21. COS at 6. SOFITC3 filed the instant protest on April 21.

DISCUSSION

SOFITC3 marshals several challenges to the agency's conduct of this procurement.³ First, SOFITC3 alleges the agency's best-value tradeoff was unreasonable and insufficiently documented. Protest at 17-19; Comments and Supp. Protest at 10-12; Supp. Comments at 7-12. SOFITC3 also attacks the agency's evaluation of OTOT's past performance, contending that the awardee lacked the necessary performance history to warrant a rating of satisfactory confidence. Protest at 14-17; Comments and Supp. Protest at 4-8; Supp. Comments at 4-6. In addition, the protester alleges DHA's evaluation of OTOT's proposal under the technical factor was flawed, where OTOT's teaming arrangement violates applicable law and regulation concerning limitations on subcontracting under a small business set-aside. Comments and Supp. Protest at 8-10;

³ SOFITC3, in its initial protest, alleged that given OTOT's low price, its proposed staffing and level-of-effort were inadequate to meet the requirements of the solicitation, and that OTOT would not be able to recruit and retain personnel over the life of the contract. Protest at 10-14. Prior to the production of the agency's report, DHA asked our Office to dismiss these specific allegations; as we explained in our May 6 notice, we agreed with DHA and did not require further development of these allegations. Notice of GAO Resp. to Req. for Partial Dismissal, May 6, 2025, at 1. In this regard, we concluded that SOFITC3's arguments "concern, at bottom, whether OTOT's proposed price reflects technical risk, in terms of insufficient staffing and an inability to retain/recruit personnel." *Id.* However, because the solicitation did not allow for a price realism evaluation, the protester's arguments--that OTOT's low price reflects a lack of technical understanding or introduces technical risk--were not legally sufficient.

4 C.F.R. §§ 21.1(c)(4), (f); *see also CACI-WGI, Inc.*, B-408520.2, Dec. 16, 2013, 2013 CPD ¶ 293 at 7 (explaining that while an agency may conduct a price realism analysis in awarding a fixed-price contract for the limited purposes of assessing whether a vendor's low price reflects a lack of technical understanding or risk, vendors must be advised that the agency will conduct such analysis; absent a solicitation provision notifying vendors that a price realism analysis would be conducted, agencies are neither required nor permitted to conduct one in awarding a fixed-price contract.).

Supp. Comments at 6-7. For the reasons that follow, we find no basis to sustain the protest.⁴

Adequacy of Tradeoff Determination

As relevant to this protest, we briefly outline how the contracting officer, who was also the source selection authority, evaluated proposals in this procurement. Following its corrective action, DHA identified eight potential offerors that were technically acceptable. AR, Tab 3, ADD at 9. Prior to conducting his tradeoff analysis, the contracting officer explained his approach:

I reviewed the past performance ratings and price of the eight offerors. I immediately noticed that a full tradeoff amongst the eight proposals would not be necessary given the adjectival ratings and pricing of the proposals--considering that past performance was slightly more important than price. However, I also wanted to look beyond the adjectival ratings of the offerors before removing some from award consideration. To that end, I noticed several proposals rated with Satisfactory Confidence that are higher priced than one or more of the proposals rated with Substantial Confidence.

Id. at 15. The contracting officer then identified the offeror with the highest past performance rating among the eight offerors (that is, substantial confidence), but with the lowest price--we refer to this firm as Offeror X.⁵ In conducting his best-value analysis, the contracting officer compared Offeror X to the firms with a lower adjectival past performance rating and a higher price. *Id.* The selection authority determined these offerors did not represent better value than Offeror X. *Id.* at 19.

Next, the contracting officer examined the three offerors with past performance ratings of substantial confidence. In this regard, the selection official explained that “[w]hile they had equal past performance adjectival ratings, I conducted a deeper analysis on the references to determine if any differences exist that may warrant a price premium over [Offeror X].” *Id.* As relevant to this protest, the award decision document reveals the contracting officer conducted a tradeoff analysis between Offeror X and SOFITC3. *Id.* at 20-21. The record reflects the contracting officer undertook a thorough analysis of both offerors’ past performance, determining that they were “essentially equal in Past Performance” and the “difference between these two offerors['] past performance is negligible[.]” *Id.* at 20 (explaining that while SOFITC3’s references were better in terms

⁴ SOFITC3 raises other collateral allegations, and although our decision does not specifically address every argument presented, we have considered each argument and find that none provides a basis on which to sustain the protest.

⁵ The agency produced a redacted version of the award decision document, which does not, by name, identify Offeror X. See *generally* AR, Tab 3, ADD.

of scope and complexity, Offeror X's references were more advantageous in terms of magnitude).

The contracting officer concluded that "[g]iven the lack of noticeable difference between the two [offerors], SOFIT cannot be considered a better value than" Offeror X. *Id.* In this regard, he provides that the firms are "essentially equal" in terms of past performance, but Offeror X is significantly lower in price. *Id.* at 21 (finding the price difference--approximately 19 percent--was "a significant difference given the overall value of the contract"). The contracting officer went on to explain that "[e]ven if SOFIT was considered slightly better than [Offeror X] with their references, the slight difference would not warrant such a price premium." *Id.* The selection official concluded that there "is no discernable path towards contract award" for SOFITC3 "given that there is another proposal equally rated for past performance [] but at a significantly less price." *Id.*

The contracting officer next conducted a tradeoff between OTOT and Offeror X. He determined that while Offeror X was superior to OTOT in terms of past performance, and that past performance was slightly more important than price under the terms of the solicitation (RFP at 24), Offeror X's price was not worth the additional 58 percent premium. *Id.* at 21-22. The agency concluded OTOT's proposal represented the best value for DHA. *Id.*

With this as a backdrop, we turn to SOFITC3's two allegations concerning DHA's best-value analysis. First, SOFITC3 challenges the agency tradeoff analysis, arguing the underlying evaluation of OTOT's past performance was, itself, unreasonable. Comments and Supp. Protest at 11-12. The protester also challenges the reasonableness of the agency's tradeoff decision, and whether it was sufficiently documented. SOFITC3's argument advances with a specific focus as to the tradeoff between SOFITC3 and OTOT, but also, obliquely, challenges DHA's tradeoff of SOFITC3 against Offeror X. See Protest at 18 (regarding Offeror X, the protester argues "there is still no documentation as to whether a tradeoff was conducted and, if so, what that analysis consisted of"); Comments and Supp. Protest at 12 ("Even where the Agency did compare SOFITC3's past performance quote against [Offeror X], the analysis was limited to a summary comparison of the number of [past performance questionnaire] similarities, overall ratings, and price.").

We first address the protester's contention that DHA's tradeoff was unreasonable or insufficiently documented with respect to Offeror X and SOFITC3. Where, as here, a procurement conducted pursuant to FAR subpart 8.4 provides for issuance of an order on a "best value" basis, it is the function of the source selection authority (SSA) to perform a price/technical tradeoff. *InnovaTech, Inc.*, B-402415, Apr. 8, 2010, 2010 CPD ¶ 94 at 6. Our Office has consistently stated that there is no need for extensive documentation of every consideration factored into a tradeoff decision; rather, the documentation need only be sufficient to establish that the agency was aware of the relative merits and costs of the competing quotations and that the source selection was

reasonably based. *HP Enterprise Services, LLC*, B-413888.2 *et al.*, June 21, 2017, 2017 CPD ¶ 239 at 9.

Based on our review of the record, we find no basis to conclude the agency failed to reasonably conduct or sufficiently document its tradeoff between Offeror X and SOFITC3. Indeed, the record shows that the contracting officer meaningfully considered the merits of each offeror's past performance references, beyond the mere adjectival ratings assigned, and reasonably concluded any differences were "negligible". AR, Tab 3, ADD at 20 (examining the past performance references of each offeror with respect to their relevancy, scope, and complexity, and then comparing those elements for each firm). In so finding, the selection official concluded that the price difference between the two firms was "significant" and that Offeror X represented better value to DHA. *Id.* at 21. While the protester chafes at the agency's conclusions, suggesting the analysis was limited, we find the SSA's conclusions to be reasonable and adequately documented. See *Worldwide Info. Network Sys., Inc.*, B-408548, Nov. 1, 2013, 2013 CPD ¶ 254 at 6 (there is no need for extensive documentation of every consideration factored into a tradeoff decision). This protest ground is denied.

Interested Party Status

We need not address the remainder of SOFITC3's allegations because SOFITC3 lacks the requisite economic interest to raise its remaining allegations where Offeror X, not SOFITC3, would be next in line for award if the allegations were sustained.

In order for a protest to be considered by our Office, a protester must be an interested party, meaning it must have a direct economic interest in the resolution of a protest issue. 4 C.F.R. § 21.0(a); *Navarro Research & Eng'g, Inc.*, B-418602.2, B-418602.5, June 10, 2020, 2020 CPD ¶ 193 at 15. A protester is an interested party to challenge the evaluation of the awardee's proposal where there is a reasonable possibility that the protester's proposal would be in line for award if the protest were sustained. *Vertical Jobs, Inc.*, B-415891.2, B-415891.4, Apr. 19, 2018, 2018 CPD ¶ 147 at 8. Where, as here, there is an intervening offeror who would be in line for the award if the protester's challenge to the award were sustained, the intervening offeror has a greater interest in the procurement than the protester, and we generally consider the protester's interest to be too remote to qualify as an interested party. *Morpho Detection, Inc.*, B-410876, Mar. 3, 2015, 2015 CPD ¶ 85 at 7. We have explained that in instances where there is an intervening offeror, a protester must show, by challenging the evaluation of the intervening offeror, that either it possesses the requisite interest to raise certain challenges or that its competitive position could change based on errors in the evaluation. *Compare Metropolitan Interpreters & Translators, Inc.*, B-403912.4 *et al.*, May 31, 2011, at 12 (protester's challenge to best-value determination considered on the merits where protester challenged intervening offeror), *with Sotera Def. Sols., Inc.*, B-414056 *et al.*, Jan. 31, 2017, 2017 CPD ¶ 46 at 8 (protester's challenge to award decision, including allegation that agency converted award basis from best-value tradeoff to lowest price technically acceptable, is dismissed where protester failed to challenge intervening offeror who was next in line for award).

Here, SOFITC3's remaining protest allegations concern the agency's evaluation of OTOT's past performance and technical proposal, and DHA's tradeoff determination with respect to OTOT and SOFITC3. The protester does not, however, raise any challenge with respect to the agency's evaluation of its own proposal, or the proposal of Offeror X.⁶ Accordingly, even if we were to sustain all the protester's remaining allegations, SOFITC3 would not be in line for award, as Offeror X was conclusively and definitively deemed a better value than the protester. See AR, Tab 3, ADD at 19 ("Given the lack of noticeable difference between the two, SOFIT[C3] cannot be considered a better value than [Offeror X].").

As a result, SOFITC3 is not an interested party to raise its remaining challenges because the protester would not be in line for award even if we sustained these challenges; rather, Offeror X would be next in line for award. See *IAP World Servs., Inc.*, B-418735.3, B-418735.4, Apr. 30, 2021, 2021 CPD ¶ 212 at 5 (dismissing protest where the protester's proposal would not be in line for award in the event its allegations were sustained).

The protest is denied.

Edda Emmanuelli Perez
General Counsel

⁶ To the extent SOFITC3 contends it did challenge the agency's evaluation of Offeror X's proposal, we find such an argument unpersuasive. Indeed, viewing the pleadings in a light most favorable to the protester, the only possible challenge to Offeror X's evaluation is, facially, insufficiently pled. See Comments and Supp. Protest at 11 ("Because the Agency fundamentally misevaluated the relevance of OTOT's past performance references, there is no reason to expect that the Agency evaluated past performance relevancy or complexity correctly for any other offeror.").

Our Bid Protest Regulations provide that protests must set forth a detailed statement of the legal and factual grounds of protest. 4 C.F.R. § 21.1. In this regard, a protester's unsupported allegations which amount to mere speculation are insufficient to form a basis for protest. See, e.g., *Drytech, Inc.*, B-246276.2, Apr. 28, 1992, 92-1 CPD ¶ 398 at 9; *Delta Ventures*, B-238655, June 25, 1990, 90-1 CPD ¶ 588 at 4. Further, derivative allegations do not establish independent bases of protest. *Safeguard Base Operations, LLC*, B-415588.6, B-415588.7, Dec. 14, 2018, 2018 CPD ¶ 426 at 4. Here, the protester's attempt bootstrap its allegations concerning DHA's evaluation of OTOT's proposal into an allegation of misevaluation, more broadly, is untethered to any factual predicate. Indeed, it does not follow that even assuming DHA misevaluated OTOT's past performance, it must have, necessarily, misevaluated every other offeror in a like manner. Such an argument is undercut by the fact that SOFITC3 does not challenge the agency's evaluation of its own past performance.