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# Decision

**Matter of:** Network and Simulation Technologies, Inc.

**File:** B-423503; B-423503.3

**Date:** August 5, 2025

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## DIGEST

1. Protester who is not an indefinite-delivery, indefinite-quantity contract holder is an interested party to protest where a company affiliated with the protester holds a contract and the terms of the contract specifically permit the submission of a proposal through the contract of an affiliated company.
  2. Protest challenging agency's evaluation of the protester's small business participation is denied where the agency's evaluation was reasonable and consistent with the terms of the solicitation.
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## DECISION

Network and Simulation Technologies, Inc. (Netsimco), of Middletown, Rhode Island, protests its elimination from the competition under request for proposals (RFP) No. N00253-24-R-3000, issued by the Department of the Navy, for information technology support services at Naval Undersea Warfare Center in Keyport, Washington. The protester challenges the agency's evaluation of Netsimco's proposal with respect to whether the firm met the solicitation's small business participation requirement.

We deny the protest.

## BACKGROUND

The agency issued the solicitation on November 19, 2024, pursuant to the procedures of Federal Acquisition Regulation (FAR) subpart 16.5 (Indefinite-Delivery Contracts),

under the Navy's multiple-award SeaPort Next Generation (Seaport-NxG) indefinite-delivery, indefinite-quantity (IDIQ) contract. Agency Report (AR), Tab 1, RFP at 1, 179.<sup>1</sup> The RFP contemplated the issuance of a single cost-plus-fixed-fee task order, with a 1-year base period of performance and four, 1-year option periods. *Id.* at 5-16. Through this procurement, the Navy sought information technology support services at Naval Undersea Warfare Center in Keyport, Washington, specifically, infrastructure, software development, and support services. *Id.* at 31.

The solicitation advised that award would be made on a best-value tradeoff basis, considering four factors: (1) technical; (2) past performance; (3) cost; and (4) contract documentation.<sup>2</sup> *Id.* at 179-180. The Navy would assign one of five adjectival ratings when assessing the technical factor: outstanding; good; acceptable; marginal; or unacceptable. *Id.* at 180. For past performance, the agency would assign one of five possible confidence ratings: substantial confidence; satisfactory confidence; neutral confidence; limited confidence; or no confidence. *Id.* at 181. The Navy would evaluate proposed costs to determine if they were realistic. *Id.* Finally, the agency would evaluate an offeror's submitted contract documentation to ensure that all the required information had been provided and to verify compliance with all requirements; this factor would be evaluated on a pass/fail basis. *Id.* at 181-182. The technical factor was more important than past performance, and, when combined, those two factors were significantly more important than cost. *Id.* at 180.

Offerors were to submit their proposals in four volumes, corresponding to each of the technical factors. *Id.* at 171-172. As relevant to this protest, an offeror's cost proposal included three parts. The first was section B pricing, covering the cost of performing the total level of effort of the contract. *Id.* at 174. This section of the solicitation provided a contract line item number (CLIN), corresponding to a statement of work task, and identified the associated number of labor hours for that CLIN. RFP at 5-17. Offerors were to submit pricing for each identified CLIN. *Id.* at 174. The solicitation cautioned that "Section B pricing will take precedence should there be any discrepancies with any other pricing information submitted." *Id.* Second, cost proposals were also to include a cost proposal spreadsheet. *Id.* The RFP provided that this spreadsheet "shall provide a detailed breakout of every single cost element proposed across each base and option year as applicable." *Id.* Further, the spreadsheet should "be overarching, encompassing all proposed costs inclusive of sanitized subcontractor costs, and it shall fully align with and support the proposed Section B pricing." *Id.* Third, each offeror was to produce a cost proposal narrative "that fully substantiates the reasonableness and realism of the proposed costs" and should "fully corroborate every cost element that is proposed." *Id.* As relevant here, offerors' narratives should include both the prime and subcontractor labor hours. *Id.* at 175.

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<sup>1</sup> All citations to the agency's report are to the corresponding Adobe pdf page numbers.

<sup>2</sup> The technical factor had three subfactors: (a) technical approach; (b) management approach; and (c) personnel approach. RFP at 179-180.

Relevant to this protest, the solicitation required that offerors propose small businesses who would perform at least 30 percent of the requirement. *Id.* at 169. In this regard, the solicitation explained that an offeror shall demonstrate how it will provide at least 30 percent of the proposed total estimated amount of the task order to small business concerns and “shall provide sufficient information to demonstrate that the tasks assigned to the selected small business subcontractors are meaningful in the overall success of the program.” *Id.* at 177.

On April 22, 2025, the Navy informed Netsimco that its timely submitted proposal would not be considered for award. AR, Tab 8, Notice to Netsimco at 1. The agency explained that Netsimco’s proposal did not comply with the 30 percent small business participation requirement, as the proposed total costs attributed to Netsimco’s small business subcontractors represented only 26 percent of the total cost of the contract. *Id.* at 2. Netsimco timely filed this protest on May 1.<sup>3</sup>

## DISCUSSION

Netsimco challenges its elimination from the competition. In this regard, the protester argues the Navy’s calculation of Netsimco’s proposed small business participation rate was inconsistent with the RFP’s stated evaluation methodology, the agency ignored salient aspects of the firm’s proposal concerning small business participation, and the Navy failed to adequately document its rationale. Protest at 12-15; Comments and Supp. Protest at 2-10; Supp. Comments at 2-6. For the reasons that follow, we find no basis to sustain the protest.<sup>4</sup>

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<sup>3</sup> The anticipated value of the task order here exceeds \$35 million. Accordingly, this protest is within our Office’s task order jurisdiction to resolve protests involving task orders issued under IDIQ contracts established pursuant to the authority in title 10 of the United States Code. 10 U.S.C. § 3406(f)(1)(B).

<sup>4</sup> Netsimco 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. For example, the protester advances a collateral argument that the solicitation was latently ambiguous as to how the Navy would calculate the share of work to be performed by small business subcontractors/teaming partners. Protest at 15-17; Comments and Supp. Protest at 10-11. Specifically, the protester contends that it was unclear whether and how surge labor hours would be accounted for or whether they would factor into the small business participation calculation.

We do not agree that the solicitation was ambiguous in this regard. First, the solicitation provided labor hour estimates and detailed instructions on how to submit costs for surge requirements, and explained that the agency’s requirement was for 1,734,980 total labor hours with “surge included.” RFP at 169, 174-175; See also AR, Tab 3, Level of Effort Spreadsheet (showing how the projected labor hours were allocated across tasks and CLINs). More significantly, the solicitation made clear that offerors were required to

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## Interested Party Status

Prior to the production of the agency's report, the Navy requested that our Office dismiss the protest because it alleged that Netsimco is not an interested party. Req. for Dismissal at 1. The Navy explained that Netsimco is a wholly owned subsidiary of Saalex, as Saalex purchased the firm in 2022. *Id.* at 2. Significantly, Saalex, not Netsimco, is the awardee under the Seaport-NxG IDIQ contract. *Id.* As relevant to this solicitation, the protester's proposal explained that **"Saalex Corp as the Prime [multiple-award contract] holder, is submitting the response to the RFP on behalf of Netsimco, the current incumbent for this work, who will act as the Prime."** *Id.*, exh. 1, Netsimco's Proposal at 8.

Given this information, the Navy contends Netsimco is not an interested party. In this regard, the agency avers that Netsimco is not the same entity as the actual or prospective bidder, who, in the Navy's view, is actually Saalex. Accordingly, because it is Saalex that holds the Seaport-NxG IDIQ contract, not Netsimco, the agency argues that Netsimco lacks the requisite privity of contract to be an interested party. *Id.* at 2-5.

In response, the protester argues Netsimco is the actual offeror, not Saalex, and that the Navy misapplies the terms of the solicitation and our prior decisions in this area. Resp. to Req. for Dismissal at 2-6. Of note, the protester explains that the SeaPort NxG IDIQ contract specifically contemplates that while a contractor and its affiliates may only hold one SeaPort NxG contract in total, "[t]his rule does not prevent an affiliated company from being able to participate in SeaPort NxG," and "[a]ny proposal submitted in response to a Task Order solicitation should be submitted in the portal through the account of the Prime [multiple-award contract] holder and the proposal should clearly identify the affiliate as the prime." Req. for Dismissal, exh. 1 at 8. The protester contends that, because its proposal clearly identified Netsimco as the prime offeror, Netsimco is an interested party to pursue this protest.

In response to the initial round of briefing on the agency's dismissal request, our Office asked the parties to consider the application of our decision in *Global Technology and Management Resources, Inc.*, B-422333.2; B-422333.3, Sep. 18, 2024, 2024 CPD ¶ 224. Notice of Req. for Additional Briefing, May 13, 2025. As we explained, in *Global Technology*, our Office construed the exact contract language at issue here from the same SeaPort NxG multiple award IDIQ contract. *Id.* (citing *Global Technology*, *supra*) Notably, in that protest, a wholly owned subsidiary was awarded a task order, and the agency defended the propriety of making a task order award to a wholly-owned subsidiary on the basis of the same contract language discussed above. *Id.* Moreover,

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demonstrate how they would provide at least 30 percent of the "total estimated amount of the task order" to small business concerns, with no exceptions noted. RFP at 177. In short, the solicitation gave offerors no reason to believe that surge requirements would not be included in the calculation of small business participation, and the protester's argument that the solicitation was ambiguous is without merit.

in *Global Technology* we concluded that the subsidiary had sufficient economic interest to be admitted as an intervenor in that protest. *Id.*

In response to our request for additional briefing, the Navy contends our decision in *Global Technology* is compatible with the agency's argument. As the agency explains, "an affiliate can submit a proposal as a prime performer via another affiliate's Seaport NxG [multiple-award contract], but actual task order award is made to the company holding the [multiple-award contract], who is the binding authority holding privity with the government." Agency Supp. Resp. to Req. for Dismissal, May, 15, 2025, at 2. Accordingly, while "the Navy acknowledges Netsimco would be the 'prime' for purposes of performance[.]" it would be "Saalex [that] would be the party in privity with the Government." *Id.* As a result, the Navy posits that without such privity, Netsimco is not an interested party to raise its challenges. Moreover, the agency contends that our determination that a subsidiary could intervene in *Global Technology* is not determinative because our regulatory definitions of an "intervenor" and an "interested party" are not the same.<sup>5</sup> *Id.* at 3.

We conclude that Netsimco is an interested party to protest. As a general matter, where an agency awards IDIQ multiple award contracts, orders may only be placed with the firms that received one of the contracts. See 10 U.S.C. § 3406; FAR 16.505(b); *Engility Corp.*, B-416650, B 416650.2, Nov. 7, 2018, 2018 CPD ¶ 385 at 3; *Florida State College at Jacksonville*, B-402656, June 24, 2010, 2010 CPD ¶ 146 at 6 n.5. Entities that do not hold IDIQ contracts generally cannot receive task orders. *FitNet Purchasing All.*, B-406075, Feb. 3, 2012, 2012 CPD ¶ 64 at 5 n.10.

However, in *Global Technology* we concluded, at the agency's urging, that the special terms of the SeaPort NxG contract permitted a subsidiary of a Seaport NxG contract holder to submit a proposal to perform as prime, receive award, and qualify as an intervenor under our regulations. *Global Technology and Management Resources, Inc.*, *supra* at 4-6. While the agency is correct that our regulatory definitions for an "intervenor" and "interested party" are not the same, in this case we see no basis to conclude that Netsimco, as an actual offeror and prospective awardee in this competition, is anything other than a "prospective bidder or offeror whose direct economic interest would be affected by the award of a contract"--that is, an interested party in the sense contemplated by our regulations. 4 C.F.R. § 21.0(a)(1). Accordingly, under the unique facts at issue, we find that Netsimco is interested to pursue this protest.

### Small Business Participation

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<sup>5</sup> Under our regulations, an "interested party" is an actual or prospective bidder or offeror whose direct economic interest would be affected by the award of a contract. 4 C.F.R. § 21.0(a)(1). Our regulations define an "intervenor" as an awardee if the award has been made or, if no award has been made, all bidders or offerors who appear to have a substantial prospect of receiving an award if the protest is denied. *Id.* at (b)(1).

Turning to the merits of the protest, the core of the protester's objection is that the agency's calculation of the percentage of work allocated to small businesses was erroneous because the agency considered all surge hours to be self-performed by the protester in calculating the proposed small business percentage. Protest at 12-15; Comments and Supp. Protest at 2-10; Supp. Comments at 2-6. This was an error, the protester argues, because its proposal provided a detailed work breakdown for the base work under the task order, in which the protester specifically allocated [DELETED] percent of the work to small business subcontractors. *Id.* While the protester concedes that it did not provide a similar breakdown for the estimated surge work, the protester's proposal explained that it would "ensure that [a specific small business subcontractor] is provided with appropriate workshare for any surge hours in order to ensure that their percent workshare of the total cost is greater than or equal to 30 [percent]." AR, Tab 4, Netsimco Volume IV Proposal at 60. Accordingly, the protester contends that the agency's treatment of the proposed surge hours as being performed exclusively by the protester is irrational and inconsistent with its proposal, and had the agency computed its work share consistently with its proposal the agency would have concluded the protester met the subcontracting requirement.

In response, the agency argues that it was reasonable for it to treat the surge hours as performed directly by the protester because the protester's proposal was both vague and inconsistent in this regard. Memorandum of Law (MOL) at 7-11; Supp. MOL at 2-7. First, the agency notes that the solicitation required offerors to provide detailed information about the small business participation, and while the protester's proposal provided such information concerning the base work, the language the protester cites provided only a vague representation that a small business would be included appropriately in the surge work without accompanying breakdowns or narrative about meaningful participation. *Id.* Additionally, the protester's proposed subcontracting breakdowns did not specifically explain how surge work would be allocated, instead simply omitting surge dollars from the calculation, notwithstanding that the RFP explained that subcontracting participation would be calculated on the basis of the total estimated amount of the task order, which includes surge hours. *Id.*

More significantly, the agency notes that the protester's proposal was inconsistent concerning how the surge work would be performed. For example, the protester's cost spreadsheet indicates that all surge hours would be performed by the prime contractor and does not identify a subcontractor for that portion of the work. *Id.* The agency notes that the RFP put offerors on notice that any inconsistency between promised performance and proposed cost must be explained, and if unexplained, may raise fundamental questions of the offeror's understanding of the nature and scope of the work required and may adversely impact the evaluation of the offeror's proposal. Supp. MOL at 4 (*citing* RFP at 175). The agency contends that precisely this inconsistency in the protester's proposal led it to exclude the protester from the competition.

In response, the protester argues, first, that the agency's cost spreadsheet template provided in the solicitation was, in effect, locked and did not permit the addition of additional rows to identify subcontractor hours for the surge portion of the spreadsheet.

Accordingly, the protester contends it was an error to treat the protester's proposal as inconsistent on the basis of the fact that its cost spreadsheet only identified prime performance. See Comments and Supp. Protest at 10. Second, in the alternative, the protester contends that it was inappropriate to conclude that its price spreadsheet proposed only prime contractor performance because the spreadsheet template provided by the agency used the total costs proposed for the base work, including subcontractor costs, as part of the formula to calculate surge pricing. *Id.* at 8-10. Accordingly, the protester argues that its surge hours, in effect, included subcontractor labor costs and should have been considered as such. *Id.*

Where an evaluation is challenged, our Office will not reevaluate proposals but instead will examine the record to determine whether the agency's judgment was reasonable and consistent with the stated evaluation criteria and applicable statutes and regulations. *Lear Siegler Servs., Inc.*, B-280834, B-280834.2, Nov. 25, 1998, 98-2 CPD ¶ 136 at 7. Furthermore, it is an offeror's responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates compliance with the solicitation requirements, and an offeror risks having its proposal evaluated unfavorably where it fails to submit an adequately written proposal. See *International Med. Corps*, B-403688, Dec. 6, 2010, 2010 CPD ¶ 292 at 8; *STG, Inc.*, B-411415, B-411415.2, July 22, 2015, 2015 CPD ¶ 240 at 5-6. Agencies are not required to infer information from an inadequately detailed proposal, or to supply information that the protester elected not to provide. *Optimization Consulting, Inc.*, B-407377, B-407377.2, Dec. 28, 2012, 2013 CPD ¶ 16 at 9 n.17.

Preliminarily, we reject the protester's arguments about the structure of the solicitation's cost spreadsheet template. Concerning the protester's argument that the surge tab was locked such that no new rows could be added, we note that the template provided in the record does not appear to be locked in the way the protester suggests, and new rows could be readily added to the template. See Protest, exh. C, Blank Cost Proposal Spreadsheet, Surge Tab. Even assuming, however, that the protester was correct that no rows could be added, we note that the spreadsheet template included two lines on the surge tab, one to identify the prime contractor and another to identify a subcontractor "if applicable." *Id.* However, in the protester's proposal submission the line on which a subcontractor could be identified was not populated, and, in fact, appears to have been removed. Compare *Id.* with AR, Tab 5, Netsimco Volume III Cost Proposal Spreadsheet, Surge Tab.

That is, even if the protester were correct that the spreadsheet prevented offerors from adding additional rows, which is not clear from the version of the template provided in the record, the protester did not avail itself of the opportunity provided by the template to identify a subcontractor for its surge hours. The protester also failed to provide a specific allocation of surge labor hours to small business subcontractors in its accompanying narrative. AR, Tab 4, Netsimco Volume IV Proposal at 60-61. Accordingly, we see no basis to conclude that the protester was in some way precluded from including subcontracting information for surge requirements due to the structure of the provided cost template.

Similarly, while the protester is correct that the template's formula for computing surge costs is based in part on base performance costs that included subcontractor costs, that fact is simply not related to the question of whether the protester proposed to actually provide an appropriate share of surge hours to its small business subcontractors. While the protester's cost narrative suggests the protester intended to provide at least a 30 percent share of surge labor to its small business subcontractor, the protester's cost spreadsheet said the opposite, instead clearly identifying all surge hours as prime contractor labor. AR, Tab 5, Netsimco Volume III Cost Proposal Spreadsheet, Surge Tab. The fact that the surge costs were estimated using rates that incorporated subcontractor labor is irrelevant to the question of whether the protester actually intended to provide its subcontractor with an appropriate share of any surge work, which is not clear from its proposal.

In short, we concur with the agency that the protester's proposal was inconsistent concerning what firm would perform surge labor hours, and as a result we cannot conclude that the agency was unreasonable in computing the protester's small business participation with the assumption that all surge hours would be performed by the protester. An offeror is responsible for submitting a well-written proposal, and an offeror who fails to do so runs the risk that their proposal will be unfavorably evaluated. *International Med. Corps, supra*. This is especially true where, as here, the solicitation admonishes offerors that inconsistencies would negatively affect an offeror's evaluation. RFP at 175.

The protest is denied.

Edda Emmanuelli Perez  
General Counsel