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## Decision

**Matter of:** Sotera Defense Solutions, Inc.

**File:** B-408587.2; B-408587.3; B-408587.4

**Date:** March 20, 2014

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Paul A. Debolt, Esq., James Y. Boland, Esq., George W. Wyatt, IV, Esq., Christina K. Kube, Esq., and Anna E. Pulliam, Esq., Venable LLP, for the protester. Mark D. Colley, Esq., Emma V. Broomfield, Esq., Steffen G. Jacobsen, Esq., and Dana E. Peterson, Esq., Arnold & Porter LLP, for Raytheon Company, an intervenor.

Debra J. Talley, Esq., and LaTonya McFadden, Esq., Department of the Army, for the agency.

Paul E. Jordan, Esq., and David A. Ashen, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. Protest of evaluation of proposals for development of software application is denied where agency reasonably assigned a strength to awardee's proposal based upon determination that offeror's integrated product development process would increase the offeror's ability to meet an aggressive schedule without sacrificing performance or increasing cost.
  2. Cost realism evaluation was unobjectionable where, in accordance with solicitation provision providing for cost sharing in the event of an under-run relative to the proposed cost, agency reasonably adjusted protester's proposed fee upward to account for its share of savings expected as a result of proposed subcontractor costs being adjusted downward.
  3. Protest of adequacy of source selection decision is denied where the source selection authority addressed and compared offerors' relative strengths in the source selection decision, and set forth his basis for finding that awardee's technical superiority outweighed protester's lower probable cost.
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### DECISION

Sotera Defense Solutions, Inc., of Herndon, Virginia, protests the Department of the Army's award of a contract to Raytheon Company, of Fort Wayne, Indiana, under

request for proposals (RFP) No. W15P7T-13-R-C104, for integration of current and future electronic warfare capabilities through an electronic warfare planning and management tool software application. Sotera challenges the evaluation of proposals and the source selection decision.

We deny the protest.

## BACKGROUND

The electronic warfare planning and management tool (EWPMT), part of the integrated electronic warfare (EW) family of systems, is a software application that gives electronic warfare officers mission planning capability enabling them to plan, coordinate, manage, and deconflict unit EW activities. The RFP contemplated award of a single 5-year indefinite-delivery/indefinite-quantity (IDIQ) contract, with fixed-price and cost-reimbursable task orders, for development of an EWPMT to serve as a framework to integrate current and future EW capabilities into a networked, modular system capable of providing a unified EW capability across the force. Performance Work Statement (PWS) ¶ 1.1. The successful offeror was required to deliver the EWPMT in six “notional Capability Drops (CDs).” *Id.* ¶ 1.2. After the first, subsequent CDs will implement lessons learned during prior deployments and demonstrate improved synchronization.

Proposals were to be evaluated, on a best-value basis, under four evaluation factors, listed in descending order of importance: technical, including subfactors for technical approach and management, with technical approach being more important than management; past performance; cost; and small business participation plan. The non-cost factors, combined, were significantly more important than cost. All non-cost factors with the exception of past performance were to be rated on an adjectival basis as either outstanding, good, acceptable, marginal, or unacceptable. Past performance was to be rated as either substantial, satisfactory, limited, no, or unknown confidence. Cost was to be evaluated for realism in relation to the offeror’s specific technical approach to task order No. 1 (Capability Drop 1 (CD1)), with adjustments made based on the agency’s evaluation of the probable cost.

Six offerors, including Sotera and Raytheon, submitted proposals by the February 4, 2013 closing time. After an initial evaluation, the agency eliminated one proposal and conducted discussions with the remaining five offerors in the competitive range. After discussions, a second proposal was eliminated from the competitive range and the agency obtained final proposal revisions (FPR) from the four remaining offerors, including Sotera and Raytheon.

Based upon the evaluation of the FPRs, the agency determined that Raytheon’s slight technical advantage did not warrant payment of its higher evaluated cost, and therefore selected Sotera for award. After a debriefing, Raytheon filed a protest

with our Office challenging the evaluation and award decision, and also alleging that Sotera had an unmitigatable organizational conflict of interest (OCI).

Prior to submitting its agency report, the Army decided to take corrective action, including fully investigating the OCI allegations, examining all proposals and evaluations in the final competitive range and reevaluating them as appropriate, and making a new source selection or confirming the previous selection. We then dismissed Raytheon's protest as academic (B-408587, Aug. 21, 2013).

As part of the reevaluation, the contracting officer instructed the members of the source selection evaluation board (SSEB) to reevaluate all proposals in the competitive range based on the definitions in the source selection evaluation plan and RFP sections L and M. Contracting Officer's Declaration (Decl.), Dec. 20, 2013. After the reevaluation, because none of the offerors had any deficiencies, weaknesses, or adverse past performance not already addressed, the agency did not reopen discussions with the offerors. The final consensus reevaluation was as follows:

	<b>Raytheon</b>	<b>Sotera</b>
<b>Technical</b>	<b>Outstanding</b>	<b>Good</b>
Technical Approach	Outstanding	Outstanding
Management	Good	Acceptable
<b>Past Performance</b>	<b>Substantial Confidence</b>	<b>Substantial Confidence</b>
<b>Probable Cost</b>	<b>\$11,258,505</b>	<b>\$10,325,671</b>
<b>Small Business</b>	<b>Outstanding</b>	<b>Good</b>

Source Selection Advisory Council (SSAC) Analysis Report at 4.

The SSEB's reevaluation and SSAC's comparative analysis and award recommendation were presented to the SSA. In making his new best value determination, the SSA considered the offerors' relative overall ratings, strengths, and weaknesses. Based on Raytheon's superiority under the technical factors, and given that the non-cost factors combined were significantly more important than cost, the SSA concluded that Raytheon's higher-cost proposal represented the best value. Upon learning of the resulting award to Raytheon, and after a debriefing, Sotera filed a protest with our Office.

## DISCUSSION

Sotera raises a number of protest grounds, including challenges to the technical and cost evaluations, and the adequacy of the best value determination. In reviewing protests relating to an agency's evaluation of proposals, we will not independently reevaluate proposals; rather, we will review the record to ensure that the agency's evaluation was consistent with the terms of the solicitation and

applicable statutes and regulations. Engineered Elec. Co. d/b/a/ DRS Fermont, B-295126.5, B-295126.6, Dec. 7, 2007, 2008 CPD ¶ 4 at 3-4. Mere disagreement with the agency's evaluation is not sufficient to call an evaluation into question. Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7. Here, we have reviewed all of Sotera's allegations and find that none furnishes a basis for questioning the source selection. We address below several of Sotera's more significant arguments.

### Management Subfactor Evaluation

Sotera asserts that the assignment, under the management subfactor, of a strength to Raytheon's proposal for its software development approach was unwarranted. It further argues that its own evaluation under this subfactor was unreasonable because its proposal deserved strengths for various proposed items. We find the evaluation in this regard to be reasonable.

With regard to Raytheon's proposal strength, the RFP required offerors to propose a design and technology development approach for the EWPMT system that complied with the RFP's requirements. RFP at 72. These included the requirement that offerors describe their approach to ensuring that all contract activities within scope are planned, executed, and reported; identify and describe the tools to be used in support of program management; and demonstrate how their architecture, development plan, and schedule would reduce cost, schedule, and performance risk to the program. RFP at 73.

In evaluating Raytheon's proposal under the management subfactor, the agency assigned it a strength based on a best practice included in the offeror's integrated product development system process, identified as Raytheon's Software Innovation for Tomorrow (SWIFT) initiative. Raytheon Reevaluation at 14. Sotera asserts that this strength was not warranted because, among other reasons, there was insufficient information in Raytheon's proposal regarding its SWIFT initiative, including a lack of evidence of past successful use of the initiative.

The record here includes a detailed discussion of the evaluated merits of Raytheon's SWIFT initiative. Specifically, the evaluators found the SWIFT initiative provided techniques to improve software productivity using "lean and agile" principles allowing for the rapid development, and early defect detection and monitoring, of software. Raytheon Reevaluation at 14. The evaluators also found that the SWIFT initiative would increase the offeror's ability to meet its aggressive schedule without sacrificing performance or increasing cost. Id. at 14, 18. In addition, the agency noted that Raytheon possessed Capability Maturity Model Integration (CMMI) Level 5 certification in systems and software design engineering

processes.<sup>1</sup> Id. The agency viewed Raytheon's CMMI Level 5 certification to be significant in facilitating the SWIFT initiative by ensuring a consistent, uniform, repeatable, and quality engineering process. Id. at 14. Further, as a concrete example of the expected benefit from Raytheon's approach, the management subfactor chair noted that Raytheon's tool would enable a logical, systematic approach to program execution, resulting in [deleted] slack in the schedule. Management Subfactor Chair Decl. 2, ¶ 11.b; see RFP § 4.1.2.7. Finally, while Sotera asserts that there is no evidence of past successes with SWIFT, in the discussion of the SWIFT initiative in its proposal, Raytheon specifically noted that the [deleted]. Raytheon Proposal at I-81.

The evaluators found that the description of SWIFT in Raytheon's proposal, as well as the other proposed processes and tools, including Raytheon's CMMI Level 5 certification, demonstrated a software development process that would result in software productivity gains and otherwise make it more likely Raytheon would meet a demanding schedule. In view of the RFP's focus on software development and schedule management, we find that the agency reasonably concluded that Raytheon's SWIFT initiative and CMMI certification represented attributes that exceeded the solicitation requirements in a way that would be advantageous to the government during contract performance, and thus warranted a strength.

Sotera identifies several areas of its proposal that it believes warranted strengths. For example, Sotera asserts that its proposal should have been assigned a strength for its proposed integrated data environment (IDE). In this regard, it argues that its proposed Enterprise TO Management Information System (eTOMIS) exceeded the RFP requirement to provide a secure, access-controlled IDE for use by the government and contractor as a repository for program management information and data deliverables. PWS ¶ 3. Specifically, Sotera explains that its proposed IDE includes [deleted] management performance data via the elements of its eTOMIS [deleted]. Sotera Initial Comments at 28-29.

The evaluators recognized that Sotera's eTOMIS represented a centralized management tool, which would display [deleted] management performance data via a program dashboard for government leadership and stakeholders. Sotera Reevaluation at 12. However, the evaluators considered timely reporting of performance data to be inherent in the solicitation requirement for an integrated

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<sup>1</sup> The CMMI is a process model created by industry and government experts, led by the Carnegie Mellon Software Engineering Institute, which is based on principles of continuous process improvement, structured to measure the maturity of an organization's development process. Management Subfactor Chair Decl. 2, Feb. 4, 2014, ¶ 11. Of relevance here, at Level 4, the software development processes and quality are very detailed, and at Level 5, the organization can identify and eliminate chronic causes of past performance problems. Id.

data environment; thus, absent further explanation from Sotera, the evaluators did not view Sotera's promise to do [deleted] reporting by itself to be indicative of an approach that would exceed the solicitation IDE requirement in a manner such as to warrant assignment of a strength. Management Subfactor Chair Decl. 4, Feb. 27, 2014, ¶ 2.<sup>2</sup> For example, as to [deleted], the agency noted that once the contractor inputs information into the [deleted], the agency has to access the system and then manually enter the IDE information into the government's own [deleted] system before evaluating and analyzing [deleted]. Accordingly, there appeared to be limited benefit from [deleted] management data. Id. ¶ 2.a. In sum, the agency concluded that Sotera's proposal did not provide sufficient information to indicate that the eTOMIS system would provide features exceeding the IDE requirements. Since Sotera has not shown this conclusion to be unreasonable, we see no basis on which to question the agency's failure to assign a strength for Sotera's IDE response.

### Cost Evaluation

Sotera also asserts that the agency's calculation of the probable costs of Sotera's and Raytheon's proposals was flawed because the agency failed to take into account cost savings under Sotera's proposal and additional costs under Raytheon's proposal.

When an agency evaluates proposals for the award of a cost-reimbursement contract, an offeror's proposed estimated cost of contract performance is not considered controlling since, regardless of the costs proposed by the offeror, the government is bound to pay the contractor its actual and allowable costs. Metro Machine Corp., B-402567, B-402567.2, June 3, 2010, 2010 CPD ¶ 132 at 6; Honeywell Tech. Solutions, Inc., B-400771, B-400771.2, Jan. 27, 2009, 2009 CPD ¶ 49 at 17; see Federal Acquisition Regulation (FAR) § 16.301. Based on the

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<sup>2</sup> Sotera argues that the explanations of the management subfactor chair are post hoc rationalizations and should be accorded no weight by our Office. However, in reviewing an agency's evaluation, we do not limit our review to contemporaneous evidence, but consider all of the information provided, including the parties' arguments and explanations. Remington Arms Co., Inc., B-297374, B-297374.2, Jan. 12, 2006, 2006 CPD ¶ 32 at 10. While we generally give little weight to reevaluations and judgments prepared in the heat of the adversarial process, Boeing Sikorsky Aircraft Support, B-277263.2, B-277263.3, Sept. 29, 1997, 97-2 CPD ¶ 91 at 15, post-protest explanations that provide a detailed rationale for contemporaneous conclusions and simply fill in previously unrecorded details, will generally be considered in our review of the rationality of selection decisions where, as here, those explanations are credible and consistent with the contemporaneous record. NWT, Inc.; PharmChem Labs., Inc., B-280988, B-280988.2, Dec. 17, 1998, 98-2 CPD ¶ 158 at 16.

results of the cost realism analysis, an offeror's proposed costs should be adjusted when appropriate. FAR §15.404-1(d)(2)(ii). We review an agency's judgment in this area only to see that the agency's cost realism evaluation was reasonably based and adequately documented. Honeywell Tech. Solutions, Inc., supra; Jacobs COGEMA, LLC, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26. Here, we find the cost evaluations were reasonable.

Offerors were required to submit a proposed target cost and proposed target fee for the CD1 task order. In this regard, the RFP provided that, to the degree the government's probable cost differed from an offeror's proposed costs, the "proposed cost and incentive fee may be adjusted for the purposes of evaluation." RFP at 84. In addition, the RFP provided that under-runs would be shared evenly between the government and contractor. RFP at 78.

In its initial proposal, Sotera failed to include supporting documentation for its subcontractors' proposed work, providing total labor costs but not hourly labor rates. In response to a discussion question on this matter, Sotera provided its subcontractors' labor rates, but did not change its overall proposed cost or fee. The cost evaluator found that, when the labor rates were applied, there were inconsistencies in the labor totals, with the result that Sotera's probable cost for subcontractor costs was adjusted downward by \$[deleted]. Sotera Reevaluation at 37-41. Since this lower figure represented an under-run compared to the proposed cost, and using the solicitation's 50/50 cost sharing provision, the evaluator then added 50% of the downward adjusted amount (\$[deleted]) to the proposed fee for purposes of the evaluation. Based on these adjustments, Sotera's combined proposed cost and fee of \$[deleted] was reduced by a net amount of \$[deleted], resulting in an evaluated cost of \$10,325,671.

Sotera complains that this cost adjustment was flawed. According to the protester, while the agency properly deducted the \$[deleted] to account for lower subcontractor costs, it should not have added back 50% of that amount. Instead, asserts Sotera, the agency should have recalculated its proposed fee downward to reflect a fee based on the smaller adjusted cost basis, resulting in a combined evaluated cost of \$[deleted]. See Protest at 42; Sotera Initial Comments at 35. Had the agency done so, Raytheon's evaluated costs would have been approximately [deleted]% higher than Sotera's, instead of only 9% higher. Id.

As noted, the RFP required submission of a proposed target cost and proposed target fee, and provided that, to the degree the government's probable cost differed from an offeror's proposed costs, the "proposed cost and incentive fee may be adjusted for the purposes of evaluation." RFP at 84. In addition, the RFP provided that under-runs would be shared evenly between the government and the contractor. Id. at 78. Here, although a review of Sotera's detailed labor rate information resulted in lower subcontractor costs, Sotera did not accordingly adjust its proposed target cost and fee in its FPR. Since the result was an under-run in the

probable actual costs relative to the proposed costs, the agency properly applied the RFP's provisions for handling an under-run situation by first deducting the savings and then adding back Sotera's share of those savings. In short, we see nothing improper about the agency's adjustment to Sotera's probable costs.

As to Raytheon's proposal, Sotera asserts that the probable cost calculation for Raytheon was understated because the agency did not take into account "significant" future costs associated with Raytheon's approach. In this regard, Raytheon proposed to implement [deleted] during CDs 2-6, which the evaluators found could increase schedule risk due to the potential for additional work [deleted]. Raytheon Reevaluation at 10. Sotera argues that Raytheon's probable cost should have been increased to account for the [deleted].

The RFP expressly provided that the cost realism evaluation would be based solely on the costs proposed in relation to the offeror's specific technical approach to CD1. RFP at 84. Thus, offerors only proposed costs associated with CD1 and not with CDs 2-6. Since the potential additional [deleted] would occur as part of these future CDs and was not priced as part of CD1, the agency contends that it would have been improper for it to take these speculative costs into account in calculating Raytheon's probable cost for CD1. We agree with the agency.

Sotera asserts that the agency's cost evaluation of Raytheon's proposal also was improper because the agency failed to determine whether the awardee's proposed labor hours were realistic for performing CD1. Sotera Initial Comments at 17. Noting that Raytheon's proposal claimed that the firm would have completed [deleted]% of the CD1 requirements at the time of contract award, Sotera asserts that the agency's evaluation of the management subfactor did not perform "the necessary analysis" to quantify and validate this claim. Id.

We find no basis to question the agency's position that, in evaluating Raytheon's proposal under both the technical and management subfactors, the agency found ample evidence to support the awardee's claimed approach. In this regard, the record shows that Raytheon projected to meet [deleted]% of the CD1 requirements at contract award, and provided clear and detailed information and substantiation, including evidence that roughly [deleted] would be completed at contract award. Raytheon Reevaluation at 7. Further, during discussions, Raytheon provided 13 pages of additional substantiation, including [deleted]. Technical Subfactor Chair Decl., Feb. 3, 2014, ¶ 3.a; Raytheon Reevaluation at 9. The record indicates that the evaluators considered the details of Raytheon's proposed approach, including reviewing the proposed work breakdown schedule and proposed labor mix, hours, and schedule. Raytheon Reevaluation at 5-8. The evaluators found that the estimated hours for each proposed activity consistently rolled up into Raytheon's proposal of [deleted] hours for CD1, and specifically found the labor mix to be realistic. Id. at 8. In addition, in evaluating the feasibility of the approach under the management subfactor, the evaluators reviewed Raytheon's proposed approach



based on the same overall hours and found them to be realistic and consistent with the offeror's specific approach to CD1. Id. at 15-17.

Taken together, these evaluations reflect a considered analysis of the realism of Raytheon's proposed hours for its approach, including Raytheon's claim that it will have completed [deleted]% of the requirements at contract award. While Sotera asserts that an even more detailed review was required, we note that an agency's cost realism analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide a measure of confidence that the agency's conclusions about the probable costs under an offeror's proposal are reasonable and realistic in view of the cost information reasonably available to the agency at the time of its evaluation. See Metro Mach. Corp., supra. Here, Sotera has not shown that the cost realism analysis, which was based on a thorough technical evaluation of Raytheon's approach, or the resulting evaluation conclusions, were unreasonable.

#### Source Selection Decision

Finally, Sotera asserts that the source selection was flawed because the best value tradeoff determination was not properly documented. In this regard, source selection officials in negotiated procurements have broad discretion in making cost/technical tradeoffs; the extent to which one may be sacrificed for the other is governed only by the tests of rationality and consistency with the evaluation criteria. World Airways, Inc., B-402674, June 25, 2010, 2010 CPD ¶ 284 at 12. Where a cost/technical tradeoff is made, the source selection decision must be documented, and the documentation must include the rationale for any tradeoffs made, including the benefits associated with additional costs. FAR § 15.308; The MIL Corp., B-297508, B-297508.2, Jan. 26, 2006, 2006 CPD ¶ 34 at 13. However, there is no need for extensive documentation of every consideration factored into a tradeoff decision, nor is there a requirement to quantify the specific cost or price value difference when selecting a higher-priced, higher-rated proposal for award. FAR § 15.308; Advanced Fed. Servs. Corp., B-298662, Nov. 15, 2006, 2006 CPD ¶ 174 at 5.

Here, the SSA's selection decision addressed and compared the offerors' strengths under each factor and related subfactors, including analyzing why he believed that Raytheon's proposal was technically superior to Sotera's. For example, while he found that both offerors proposed technical approaches that exceeded the baseline requirements, he found that Raytheon's technical approach to CD1 was more advantageous to the government based on the firm's [deleted] and having a very low risk of unsuccessful performance. Selection Decision at 7. In addition, the SSA considered to be advantageous Sotera's plan to accelerate delivery of a specified [deleted] during CD1, instead of in later capability drops. Id. at 6; SSA Decl. ¶ 1. However, he also found that Sotera's plan added risk to an already aggressive schedule. Id. Ultimately, the SSA concluded, based on Raytheon's technical

superiority under each non-cost factor, and the fact that under the RFP non-cost factors were significantly more important than cost, that Raytheon's proposal represented the best value notwithstanding Raytheon's higher evaluated cost. Id., ¶ 3; Selection Decision at 8. Since Sotera has not shown that the tradeoff was unreasonable or insufficiently documented, we have no basis to question the source selection.

The protest is denied.

Susan A. Poling  
General Counsel