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Decision

Matter of: Booz Allen Hamilton Inc.

File: B-414283; B-414283.2

Date: April 27, 2017

Mark D. Colley, Esq., and Michael E. Samuels, Esq., Arnold & Porter Kaye Scholer LLP, for the protester.

Sharon L. Larkin, Esq., and Rebecca A. Lipe, Esq., Steptoe & Johnson LLP, for Science Applications International Corporation, the intervenor.

Tracey L. Ferguson, Esq., Ana F. Smith, Esq., and Eric D. Flores, Esq., Department of the Navy, for the agency.

Charmaine A. Stevenson, Esq., and Laura Eyester, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging agency's evaluation of proposals and source selection decision is denied where the record shows that the evaluation and selection decision were reasonable and consistent with the terms of the solicitation.
 2. Protest challenging the cost realism evaluation of awardee's proposal is denied where agency's use of the standard deviation methodology was reasonable and any errors in the agency's calculations did not prejudice the protester.
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DECISION

Booz Allen Hamilton Inc., of San Diego, California, protests the award of a task order to Science Applications International Corporation (SAIC), of McLean, Virginia, under request for task order proposals (RFTOP) No. CY-0002-UR, issued by the Department of the Navy, Space and Naval Warfare Systems Command (SPAWAR) for comprehensive cyber support services for the Marine Corps Forces Cyber Command and Component Commands (MARFORCYBER). The protester challenges the agency's technical evaluation and cost realism analysis, and contends that the source selection decision is flawed.

We deny the protest.

BACKGROUND

The Navy issued the RFTOP on November 22, 2016, pursuant to Federal Acquisition Regulation (FAR) § 16.505(b), to holders of SPAWAR's multiple-award, indefinite-delivery, indefinite-quantity (ID/IQ) contracts for cyberspace science, research, engineering, and technology integration. RFTOP at 1. The RFTOP consolidated the work of three task orders previously awarded to Booz Allen. See id., Performance Work Statement (PWS) at 1. The RFTOP contemplated a single award of a cost-plus-fixed-fee task order for a period of performance to include a 12-month base period, a 12-month option period, and a 6-month option period. RFTOP at 2. The RFTOP provided the government's best estimate of the labor hours and labor mix required to fulfill the requirements, however, offerors were permitted to propose an alternate total labor mix and hours that represented the firm's best approach to meeting the requirement. Id.

Technical proposals were to address, at a minimum, the following: (1) management and quality assurance plan; (2) recruiting and staffing plan; (3) transition plan; (4) corporate experience summary; (5) approach to PWS sections 4.1.8, 4.2, and 4.3.1¹; and (6) deviations (if applicable). RFTOP at 4. The RFTOP stated that the government would evaluate technical proposals as follows:

The Government will consider the following in analyzing an offeror's technical volume: 1) Ability to demonstrate a sound and workable plan that is realistic and capable of meeting the requirements, 2) Identification of potential risks associated with the technical approach and any innovative initiatives to create [streamlined] work flows and/or efficiencies to mitigate those risks, avoid potential workload backlogs and avoid cost overruns. . . .

Id. at 5. The technical proposals were to be assigned an overall rating as follows: excellent, good, satisfactory, marginal, or unacceptable.² Id. at 5-6. Cost proposals

¹ Section 4.1.8 of the PWS concerns technology research and development and emergent technology assistance, and requires the contractor to perform product and system evaluation and vulnerability assessments and to present its findings and analysis in reports. PWS at 10. Section 4.2 of the PWS concerns computer network defense analysis and incident response and requires the contractor to perform multiple tasks relating to identifying, collecting, and analyzing network and host data, and reporting events or incidents to mitigate immediate and potential cyber threats. Id. at 11-12. Section 4.3.1 of the PWS concerns the operations and maintenance of end point management engineering and help desk support and requires the contractor to perform application maintenance relating to air gapping of fixlets and content from the Non-classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR) enclaves, and server, operating system, and application scanning and patching. Id. at 12.

² As relevant here, a rating of good means:

(continued...)

were to provide the offerors' proposed cost for three activities as delineated in the PWS,³ and were to be evaluated for realism and reasonableness in accordance with FAR subpart 15.4. Id. at 6-7.

Award was to be made on a best-value basis, with the government conducting a tradeoff analysis comparing offerors' technical proposal ratings and total cost. RFTOP at 1, 8. The RFTOP stated that technical is more important than cost, however, the government reserved the right to award the task order to a higher-priced proposal receiving a higher or superior rating, but also advised that cost may be controlling where the overall evaluated proposal is unaffordable or where differences between technical ratings are minimal. Id. at 8.

The Navy received three proposals by the December 19 due date, including from Booz Allen and SAIC. As evaluated, neither Booz Allen nor SAIC were found to have any weaknesses or deficiencies in their technical proposals, and both proposals were assigned a rating of good.⁴ AR, Tab 13, Business Clearance Memorandum, at 20.

In its cost analysis, the agency evaluated the reasonableness and realism of the direct labor rates and fully burdened rates (direct/indirect rates including fee) proposed for the base year of performance, and evaluated the escalation proposed for the option periods. AR, Tab 12, Cost Evaluation Board Report, at 1-2. The agency utilized a

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Proposal demonstrates a good understanding of requirements and approach that exceeds performance or capability standards. Strengths are identified that will benefit the Government. Evidence provided indicates that the stated approach will be successful and that the stated benefits will be attained. Weaknesses may exist, but they are readily correctable or capable of being resolved without substantial impact on cost or schedule. Moderate low risk of failure.

RFTOP at 5. Further, a strength was defined as any "aspect of an offerors' proposal that has merit or exceeds specified performance or capability requirements in a way that will be advantageous to the Government during contract performance." Id. at 6.

³ The PWS delineated the three activities to be performed by the contractor based on the command being supported and the location of performance as follows: Activity 1 - support for MARFORCYBER headquarters in Fort Meade, Maryland; Activity 2 - support for Marine Corps Cyberspace Warfare Group at multiple locations; and Activity 3 - support for Marine Corps Cyberspace Operations Group in Quantico, Virginia. RFTOP at 6; PWS at 2-3.

⁴ The agency assigned four strengths and one significant strength to the Booz Allen technical proposal. Agency Report (AR), Tab 10, Booz Allen Technical Evaluation Board Report. SAIC's technical proposal was assigned seven strengths. Id., Tab 11, SAIC Technical Evaluation Board Report.

standard deviation methodology⁵ to identify outlying rates and analyze them for reasonableness and realism. Id. at 2-3. Direct labor rates falling within one standard deviation of the mean or above the mean were determined to be realistic, since the agency did not believe it likely that offerors would overstate their costs given the significance of price as an evaluation factor. Id. at 3. Rates falling below one standard deviation were upwardly adjusted to equal one standard deviation below the mean of the proposed labor rate.⁶ Id. To evaluate escalation, the agency used data from a third-party source concerning recent historical and future escalation rates for engineering services, and determined that proposed escalation between 1 and 3 percent would be considered realistic and reasonable. Id.

The agency's cost analysis resulted in upward adjustments to the proposed costs of Booz Allen and SAIC, however, both offerors' adjusted costs were determined to be fair, reasonable, and realistic.⁷ AR, Tab 12, Cost Evaluation Board Report, at 12 and 25. The agency's cost evaluation results were as follows:

	Booz Allen	SAIC
Proposed Cost	\$32,993,059.26	\$26,987,280.17
Evaluated Cost	\$33,060,408.79	\$27,366,356.99

Id. at 26.

⁵ The standard deviation measured the amount of variation or dispersions from the mean (i.e., average) labor rate for each labor category. AR, Tab 12, Cost Evaluation Board Report, at 2.

⁶ The agency also compared fully-burdened rates that fell outside of one standard deviation of the mean to fully-burdened rates approved on General Services Administration (GSA) schedules for the same labor categories using Calc.GSA.Gov. See AR, Tab 12, Cost Evaluation Board Report, at 5, 8, 20, 22, and 24. In all except one instance, the agency determined that the proposed fully-burdened rates were within one standard deviation of the mean fully-burdened rates. See id. at 5-24. The agency found that one rate proposed by Booz Allen for a systems engineer was unreasonably high, however the agency did not make any cost adjustment because the rate was proposed for an individual specifically identified in the Booz Allen proposal. Id. at 20-21.

⁷ The agency's analysis of SAIC's direct labor rates resulted in upward adjustments to three labor categories for SAIC and three labor categories among SAIC's proposed subcontractors, which accounted for a total upward adjustment of \$379,076.82. AR, Tab 12, Cost Evaluation Board Report, at 4-10. The agency upwardly adjusted three labor categories for Booz Allen, which accounted for a total upward adjustment of \$67,349.53. Id. at 19-20.

On January 6, the Navy awarded the task order to SAIC. AR, Tab 1, Notice of Award. Booz Allen timely requested and received a written debriefing. See id., Tab 2, Debriefing Letter dated Jan. 11, 2017. This protest and supplemental protest followed.⁸

DISCUSSION

Booz Allen challenges multiple aspects of the agency's technical evaluation, cost realism analysis, and source selection decision.⁹ In reviewing protests of an agency's evaluation and source selection decision, even in a task or delivery order competition as here, we do not reevaluate proposals; rather, we review the record to determine whether the evaluation and source selection decision are reasonable and consistent with the solicitation's evaluation criteria and applicable procurement laws and regulations. See Ball Aerospace & Techs. Corp., B-411359, B-411359.2, July 16, 2015, 2015 CPD ¶ 219 at 7. Although we do not specifically address all of Booz Allen's arguments, we have fully considered all of them and find that they afford no basis on which to sustain the protest.

Technical Evaluation

The protester argues that the agency failed to properly evaluate technical proposals and identify discriminating features between the proposals for the purpose of determining best value. Protest at 7-9. Booz Allen further argues that the agency's evaluation of

⁸ Since the value of the task order exceeds \$25 million, this procurement meets the current jurisdictional threshold of \$25 million for our Office to hear protests related to the issuance of task orders under multiple-award, ID/IQ contracts awarded pursuant to Title 10 of the United States Code. 10 U.S.C. § 2304(d)(1)(B); National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, 130 Stat. 2000, § 835 (amending jurisdictional threshold to \$25 million, effective December 23, 2016).

⁹ Booz Allen's initial protest identified more than a dozen strengths or significant strengths that it claims the agency failed to credit to its technical proposal for its management and quality assurance plan, its recruiting and staffing plan, its corporate experience, and its approach to PWS sections 4.1.8, 4.2, and 4.3.1. Protest at 9-13. The agency explained that it properly evaluated Booz Allen based on the information provided in its proposal, and concluded that Booz Allen "met" but did not exceed the requirements in those instances. Contracting Officer Statement of Fact and Agency Memorandum of Law (COSF/MOL) at 8-12; AR, Tab 10, Booz Allen Technical Evaluation Board Report. Rather than respond to or rebut the agency's response in its comments, Booz Allen instead raised new challenges to the agency's evaluation of SAIC's proposal. See Comments and Supp. Protest at 13-24. Booz Allen's failure to comment on the agency's response to its initial grounds render these arguments abandoned and we will not consider them further. 22nd Century Techs., Inc., B-412547 et al., Mar. 18, 2016, 2016 CPD ¶ 93 at 10.

SAIC's proposal unreasonably failed to identify weaknesses and a deficiency, and instead assigned undeserved strengths. Comments and Supp. Protest at 13-24.

The task order competition here was conducted pursuant to FAR subpart 16.5. The evaluation of proposals in a task order competition, including the determination of the relative merits of proposals, is primarily a matter within the agency's discretion, since the agency is responsible for defining its needs and the best method of accommodating them. Wyle Labs., Inc., B-407784, Feb. 19, 2013, 2013 CPD ¶ 63 at 6. An offeror's disagreement with the agency's judgment, without more, is insufficient to establish that the agency acted unreasonably. STG, Inc., B-405101.3 et al., Jan. 12, 2012, 2012 CPD ¶ 48 at 7. In reviewing protests challenging an agency's evaluation of proposals, our Office does not reevaluate proposals or substitute our judgment for that of the agency, but rather examines the record to determine whether the agency's judgment was reasonable and in accord with the stated evaluation criteria and applicable procurement laws and regulations. MicroTechnologies, LLC, B-413091, B-413091.2, Aug. 11, 2016, 2016 CPD ¶ 219 at 4-5; GeoSystems Analysis, Inc., B-413016, July 25, 2016, 2016 CPD ¶ 190 at 4.

We address a representative sample of Booz Allen's protest allegations below.

Management and Quality Assurance Plan

The RFTOP required offerors to submit a written management and quality assurance plan describing how the proposed workforce will be managed since the workforce will be spread across separate locations, and will support separate Marine Corps components. RFTOP at 4. Further, offerors were to describe their approach to quality management to ensure that tasking and submitted work products are in accordance with the PWS and the quality assurance surveillance plan. Id.

Booz Allen argues that none of the strengths identified by the agency for SAIC's management and quality assurance plan were deserved. Comments and Supp. Protest at 14-16. For example, Booz Allen argues that a strength assigned to SAIC's proposal for providing a breakdown of its team and documenting "which PWS sections each would primarily focus staffing for" misstates the content of SAIC's proposal. Id. at 14. Booz Allen argues that the strength is unwarranted because SAIC's proposal does no more than "list subcontractors and purport to identify those aspects of the PWS with which they claim prior experience." Id. In response, the agency states that because the technical evaluators did not have access to cost proposals to otherwise know which team members would perform particular work, the SAIC breakdown of its team members provided particularized information about which entities would perform different areas of the work. Supp. COSF/MOL at 3.

We have no objection to the agency's evaluation. The SAIC proposal provided an overview of the areas in which SAIC's proposed subcontractors had experience in reference to specific PWS sections. AR, Tab 7, SAIC Technical Proposal, at I-1. While the proposal does not explicitly state what PWS sections these team members would

perform, the agency reasonably concluded that the team members would perform in those areas of the PWS in which they have prior experience, and not in areas outside of their experience and expertise. In addition, we find reasonable the agency's determination to identify as a strength this recurrence of performance capabilities among the SAIC team members across different PWS sections.

Booz Allen further argues that two additional strengths assigned to SAIC for its management and quality assurance plan are also undeserved, and that the agency credits the SAIC proposal for providing graphics rather than any substance. Comments and Supp. Protest at 14-16. The agency responds that the strengths assigned to SAIC were not for the graphics included in its proposal, but for SAIC's comprehensive and detailed approach. Supp. COSF/MOL at 3-4. The record demonstrates that SAIC's proposal provided information in both text and graphic formats. This information led the evaluators to conclude that SAIC's approach to workforce management would result in "successful execution, accurate and accountable task delivery and identified lines of communication," and that SAIC's quality assurance plan "displays a good understanding of requirements" and "added merit to the offeror[']s proposal and reduces technical performance risk." AR, Tab 11, SAIC Technical Evaluation Board Report, at 2; see also AR, Tab 7, SAIC Technical Proposal, at I-2 to I-7. On this record, we find no basis to conclude that the agency's identification of these strengths was unreasonable.

Transition Plan

The RFTOP required offerors to describe their approach to transitioning from the incumbent contractor with minimum disruption of service. RFTOP at 4. Booz Allen argues that it was unreasonable for the agency not to identify significant strengths for its transition plan since, as the incumbent, leadership and personnel would be in place to ensure smooth operational continuity, provide abundant qualified staff, reduce the need for government oversight, and mitigate any potential mission impact while ensuring that staffing timelines met the PWS requirements. Protest at 11. Booz Allen further argues that as the incumbent, it presents less performance risk associated with transition, and the agency unreasonably assigned SAIC's proposal a strength for its transition plan. Comments and Supp. Protest at 16.

In its report, the agency explained that the evaluators noted that Booz Allen was the incumbent and found that the Booz Allen transition plan satisfied the requirements of the PWS, however, nothing in its proposal otherwise exceeded the requirements or significantly enhanced the proposal. COSF/MOL at 10; AR, Tab 10, Booz Allen Technical Evaluation Board Report, at 4-5. The agency further explained that the SAIC proposal included a clear and comprehensive approach (identifying key roles, personnel by name, and responsibilities) that detailed how it would smoothly transition the work from the incumbent to ensure continuous operations. SAIC's approach included plans for how to successfully transition the work even if the incumbent did not cooperate, how to address network issues and help desk operations, and how to address security and staffing issues. Supp. COSF/MOL at 5; AR, Tab 11, SAIC Technical Evaluation Board

Report, at 5. The agency argues that it was not required to give Booz Allen credit for its transition plan by virtue of its status as the incumbent.

Despite the fact that Booz Allen is the incumbent contractor, we find reasonable the agency's determination that its proposed approach met, but did not exceed, the RFTOP requirements. There is no requirement that an incumbent be given extra credit for its status as an incumbent, or that an agency assign or reserve the highest rating for the incumbent offeror. FFLPro, LLC, B-411427.2, Sept. 22, 2015, 2015 CPD ¶ 289 at 6. We also do not find objectionable the conclusion that SAIC's transition plan merited a strength for its comprehensive and detailed approach. Further, although SAIC received a strength for its transition plan and Booz Allen did not, any differences in transition plans were not identified as a discriminating factor in the award decision. See AR, Tab 13, Business Clearance Memorandum, at 51. In sum, we find the agency's conclusions to be reasonable and consistent with the RFTOP's evaluation criteria.

Approach to PWS Sections

Booz Allen also challenges the agency's evaluation of SAIC's approach to accomplishing the requirements contained in PWS sections 4.1.8, 4.2 and 4.3.1. For example, with respect to PWS section 4.2, Booz Allen argues that the strength assigned to SAIC is undeserved and contends that the agency's justification for the strength is based on "no more than SAIC's parroted recitation of PWS terms." Comments and Supp. Protest at 21. The agency responds that SAIC utilized PWS subheadings in its proposal to identify its discussion of how it would perform those areas, and otherwise provided a comprehensive and detailed approach. Supp. COSF/MOL at 9.

The record shows that both offerors discussed in detail their proposed approaches to performing PWS section 4.2, and the agency assigned both a strength. See AR, Tab 4, Booz Allen Technical Proposal, at 23-25; AR, Tab 7, SAIC Technical Proposal, at I-24 to I-26. For Booz Allen, the evaluators found that Booz Allen proposed a "detailed approach" and identified discrete aspects that provided a "well-defined repeatable process that will enable improved decision making by the government." AR, Tab 10, Booz Allen Technical Evaluation Report, at 7-8. For SAIC, the evaluators concluded that the SAIC proposal "exceeded RFTOP requirements by including a detailed approach" and provided examples where it considered SAIC had "conveyed a good understanding of [the] requirements." AR, Tab 11, SAIC Technical Evaluation Report, at 7.

As another example, Booz Allen argues that the agency should have identified a deficiency in the SAIC proposal for its proposed approach to PWS section 4.3.1 because SAIC failed to include a commitment to perform some of the mandatory application maintenance tasks. Comments and Supp. Protest at 23-24. The agency acknowledges that SAIC did not parrot the RFTOP to state that it would perform these tasks, but argues that it reasonably concluded from SAIC's discussion of its approach that it will perform the required tasks. Supp. COSF/MOL at 10; see also AR, Tab 11, SAIC Technical Evaluation Board Report, at 7 (stating that proposal included an

approach for PWS paragraph 4.3.1.). Specifically, the agency points to the statement in SAIC's proposal that it will "ensure that the security posture of C2 networks and information systems across NIPR and SIPR enclaves remains protected and patched" as indication of SAIC's commitment to perform the "bi-weekly [a]ir [g]apping of fixlets and content from the NIPR to SIPR enclaves" as required by PWS section 4.3.1. Id.; see also AR, Tab 7, SAIC Technical Proposal, at I-27. On this record, we have no basis to conclude that the agency's evaluation was unreasonable.

Cost Realism Analysis

Booz Allen also raises a number of arguments challenging the agency's cost analysis. Protest at 14-17; Comments and Supp. Protest at 3-13. The crux of the protester's arguments is that the agency could not reasonably conclude, even with its upward adjustments, that SAIC could perform the task order at a cost so significantly below the cost of Booz Allen's performance as the incumbent contractor. Protest at 14-17; Comments and Supp. Protest at 3-6; Supp. Comments at 2-8. Booz Allen argues that higher labor rates will be required to adequately staff the task order because: (1) the contract primarily will be performed in Fort Meade and Columbia, Maryland, where personnel demands of multiple government agencies are high, and (2) the RFTOP included increased certification requirements that will allow qualified personnel to command higher salaries. Comments and Supp. Protest at 4-5.

More specifically, Booz Allen argues that the agency failed to properly evaluate whether the direct labor rates proposed by offerors were realistic and instead relied solely on a mechanical application of a standard deviation methodology which, as performed, contains multiple computation errors. Comments and Supp. Protest at 6-8, 10-12. Booz Allen also argues that the agency unreasonably abandoned its independent cost estimate. Id. at 8-10. Booz Allen argues that all of these errors resulted in a flawed and unreasonable cost realism analysis.

The RFTOP stated that proposals would be evaluated for realism and reasonableness in accordance with FAR subpart 15.4. RFTOP at 6-7. The FAR explains that an agency performs a cost realism analysis to determine the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR § 15.404-1(d)(1); Noridian Admin. Servs., LLC, B-401068.13, Jan. 16, 2013, 2013 CPD ¶ 52 at 4. In assessing cost realism, an agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or to verify each item; rather, the evaluation requires the exercise of informed judgment by the contracting agency. AdvanceMed Corp.; TrustSolutions, LLC, B-404910.4 et al., Jan. 17, 2012, 2012 CPD ¶ 25 at 13. Further, an agency's cost realism analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information reasonably available to the agency as of the time of its evaluation. Id. Our review of an agency's cost realism analysis is limited to determining whether the cost analysis is reasonably based and not arbitrary. Jacobs COGEMA, LLC, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

Standard Deviation and Labor Rates

Booz Allen first argues that the standard deviation analysis performed by the agency failed to assess realism, and instead merely compared offerors' proposed labor rates. In this regard, Booz Allen contends that the agency's review does not address whether the proposed labor rates realistically reflect the cost for the personnel at issue. Comments and Supp. Protest at 6. Booz Allen argues that utilizing SAIC's unrealistically low rates in its standard deviation analysis, prior to first determining that the rates were in fact realistic, provided no basis for the agency to conclude that the rates, even as adjusted, were realistic. Id.

Contrary to Booz Allen's argument, the agency first determined whether proposed labor rates were realistic. The record shows that the agency compared each offeror's proposed rates to the rates set forth in their respective underlying ID/IQ contracts (i.e., the SPAWAR multiple-award contracts). This comparison showed that SAIC's proposed rates were on average [DELETED] percent below its underlying ID/IQ rates, while many of Booz Allen's proposed labor rates far exceeded the rates in its underlying ID/IQ contract. AR, Tab 12, Cost Evaluation Board Report, at 5; see also id., Cost Comparison Matrix, at 29. In addition, the agency considered that SAIC proposed the labor mix and level of effort included in the RFTOP, mapped the RFTOP labor categories to SAIC's internal labor categories, applied a locality factor determined by industry data from the Economic Research Institute to its proposed rates based on the location of performance, and proposed pricing consistent with the company's most recent Forward Pricing Rate Recommendation (FPRR) from the Defense Contract Management Agency. Supp. COSF/MOL at 14; AR, Tab 12, Cost Evaluation Board Report, at 4. We find nothing unreasonable with the agency's decision to accept as realistic the rates received from SAIC and the other offerors.

We also disagree with the protester's assertion that the agency could not properly use a standard deviation analysis to calculate its realism adjustment to the proposed rates. As we have stated before, we do not find an agency's use of the standard deviation methodology as a tool for determining the realism of proposed labor rates to be per se objectionable where the solicitation does not require offerors to propose a unique staffing approach. Instead, we have concluded that an agency can appropriately make use of a standard deviation methodology to review differences in proposed labor rates. See, e.g., Noblis, Inc., B-414055, Feb. 1, 2017, 2017 CPD ¶ 33 at 12-13. Here, the agency's use of the standard deviation was not objectionable because the agency considered other information in the offeror's proposal to determine whether the labor rate proposed was realistic.

In addition to its general disagreement with the use of a standard deviation analysis, Booz Allen also argues that there are numerous errors in the agency's computations. Comments and Supp. Protest at 10-12. For example, Booz Allen argues that it was improper for the agency to include a labor rate only once when computing the mean in instances where the same rate would be applied to multiple employees. Id. Booz Allen

also argues that in one instance proposed labor rates for one labor category were erroneously included in the standard deviation calculated for a different labor category, skewing the results of both labor categories, and that in another instance proposed labor rates were omitted altogether. Id. Booz Allen also argues that SAIC did not use the geographical differential required by its FPRR, and that it is unclear whether the rates in SAIC's FPRR reflect labor categories with additional requirements for security clearances, certificates, and skillsets as required here. Id. at 10-11; see also Booz Allen Cost Expert Declaration, at ¶¶ 20-22. After correction of these errors, Booz Allen argues that SAIC's total evaluated price should have been \$31,717,851, which is only 4 percent lower than Booz Allen's proposed cost. Comments and Supp. Protest at 12; Booz Allen Cost Expert Declaration, at ¶ 26 and Attachment D.

The agency disputes several of Booz Allen's contentions, and argues that none of the errors alleged result in any significant change to the offerors' competitive positions. For example, the agency disputes that it was required to include a labor rate multiple times for multiple employees when calculating the standard deviation, and argues that to do so would have skewed the results of its analysis. The agency explains that, in its view, a rate for a labor category does not become more or less realistic because of the number of employees proposed to perform the position. Supp. COSF/MOL at 16. In addition, while the agency concedes some (but not all) of the alleged errors, it provided updated calculations to demonstrate that the alleged errors would result in only minor and largely off-setting upward and downward adjustments that are inconsequential. Id. at 16-17 and Exhibit 2, Standard Deviation Comparison. Finally, the agency admits that it apparently failed to recognize that SAIC had used the incorrect geographic differential to propose rates for several positions in the Fort Meade, Maryland area, but argues that the resulting increase in SAIC's costs would be just over \$[DELETED]¹⁰--not enough to overcome the significant price premium associated with the Booz Allen proposal. Id. at 17 and Exhibit 4, Adjusted Direct Rates for SAIC.

In our view, even assuming computational errors in the agency's standard deviation analysis, Booz Allen has failed to demonstrate that it was competitively prejudiced. Competitive prejudice is an essential element of a viable protest; where a protester fails to demonstrate that, but for the agency's actions, it would have a substantial chance of receiving award, there is no basis for finding prejudice, and our Office will not sustain the protest, even if deficiencies in the procurement are found. Smartronix, Inc.; ManTech Advanced Sys. Int'l, Inc., B-411970.9 et al., Dec. 9, 2016, 2016 CPD ¶ 362 at 10.

¹⁰ In its supplemental comments, Booz Allen alleges that the agency failed to account for a corresponding increase in indirect costs in its revised calculation of SAIC's costs using the correct geographic differential, and the amount of the error is in fact approximately \$[DELETED]. Supp. Comments at 17; see also Booz Allen Cost Expert Supplemental Declaration, at ¶ 12 and Attachment F.

Here, the solicitation's stated evaluation scheme provided for a best-value determination and stated that technical was more important than cost. As discussed above, the agency concluded that SAIC's proposal had more strengths than Booz Allen's proposal, even though both received a technical rating of good overall. Even Booz Allen acknowledges that after correction of these cost errors, SAIC's evaluated price would still be lower. Accordingly, Booz Allen has failed to demonstrate that any of the alleged errors in the agency's cost evaluation would significantly impact the relative total evaluated prices of SAIC and Booz Allen that would affect the competitive position of the parties. See id.; see also Noblis, Inc., supra, at 12-13. As a result, we find no basis to sustain this protest allegation.

Independent Government Estimate (IGE)

Booz Allen also argues that it was unreasonable for the agency to discard the IGE prepared for this task order competition. Comments and Supp. Protest at 8-10. The agency explains that the IGE was developed using the historical rates from the three prior task order orders that collectively constitute the scope of work for this task order, all of which had been awarded to Booz Allen using "less than full competition."¹¹ Supp. COSF/MOL at 15. The agency explains that it ultimately found the IGE to be unreliable given the circumstances of the incumbent task order awards. As a result, the agency concluded that the more appropriate consideration should be a comparison of the rates obtained through the instant competition. Id. In its comments, the protester argues that the agency's justification for abandoning the IGE, which reflects actual historic labor costs, is clearly erroneous.¹²

We are unpersuaded by the protester's arguments that the agency improperly dismissed or disregarded the IGE. Of significance here, the agency noted that the IGE had been prepared utilizing historical information from the three incumbent task orders awarded Booz Allen under a reduced level of competition and determined that the competition of the instant task order had resulted in proposed costs falling much lower than the IGE.¹³ Procuring agencies have discretion in how they utilize a government

¹¹ Two of the task orders were awarded to Booz Allen using an exception to the fair opportunity process for placing orders under multiple award contracts pursuant to FAR § 16.505(b)(2)(i). The third task order was awarded to Booz Allen because it was the only offeror to submit a proposal. AR, Tab 13, Business Clearance Memorandum, at 7.

¹² The protester provided evidence from its cost analysis expert to demonstrate that the rates used by the agency in its standard deviation analysis fell 10 to 44 percent below the IGE labor rates, and for the most highly compensated positions (which will charge the most hours on the task order), the rates calculated to be realistic fall between 26 and 44 percent below historical experience. Supp. Comments at 5; see also Supp. Declaration of Protester's Cost Expert, at ¶ 10.

¹³ The IGE estimated costs totaling \$43,807,789.82 for the base and option periods. AR, Tab 16, Independent Government Estimate, at 4. When developing the IGE, the

(continued...)

estimate in a cost realism evaluation; they are not required to find that proposed costs below the estimate are unreasonable. See QMX Support Services, Inc., B-408959, Jan. 6, 2014, 2014 CPD ¶ 21 at 6; Advanced Communication Systems, Inc., B-283650 et al., Dec. 16, 1999, 2000 CPD ¶ 3 at 9. We find nothing unreasonable with the agency's conclusion here. Booz Allen Hamilton, Inc., B-412744, B-412744.2, May 26, 2016, 2016 CPD ¶ 151 at 11.

While Booz Allen may have incurred higher costs in its performance of the incumbent task orders, we note that SAIC does not propose to hire the incumbent personnel currently performing the agency's requirements.¹⁴ As noted by the agency, SAIC intends to staff the task order using personnel currently employed by SAIC and its team members and has identified a pool of [DELETED] current employees within a [DELETED] radius of the primary places of performance with the necessary security clearance requirements to perform the task order. Supp. COSF/MOL at 14; AR, Tab 11, SAIC Technical Evaluation Board Report, at 3. We see no basis to conclude that the agency should have found SAIC's proposed rates unrealistic where it did not propose to hire the incumbent staff currently performing the requirement and where SAIC already has its own pool of employees that can perform this work. See Aegis Defence Servs., Ltd., B-403226 et al., Oct. 1, 2010, 2010 CPD ¶ 238 at 7 (agency reasonably gave little weight to IGE where awardee's staffing approach was different from the incumbent approach relied on to prepare the IGE).

Selection Decision

Finally, Booz Allen argues that the selection decision is flawed as a consequence of the errors in the technical and cost evaluations. Booz Allen contends that the award decision improperly relies almost exclusively on the overall technical ratings assigned to the offerors' proposals and unreasonably treated offerors as technically equivalent, in order to make award based on SAIC's illusory lower costs. The protester argues that a reasonable technical evaluation and a properly conducted cost analysis would have demonstrated that its technical advantages and realistic costs should result in award of the task order to Booz Allen.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of technical and cost evaluation results; cost and technical

(...continued)

agency also considered rates from Booz Allen's prior underlying ID/IQ contract, escalated by 3 percent. AR, Tab 13, Business Clearance Memorandum, at 6. Despite the fact that the IGE utilized Booz Allen's own contract rates, prior task order rates, and labor mix, Booz Allen's proposed costs were \$10,814,730.56 below the IGE.

¹⁴ The SAIC proposal states it will initially staff the task order with existing employees, and will "continue to screen, interview, and hire employees until all positions are filled." AR, Tab 7, SAIC Technical Proposal, at I-9.

tradeoffs may be made, and the extent to which one may be sacrificed for the other is governed only by the test of rationality and consistency with the solicitation's evaluation criteria. Halfaker and Assocs., LLC, B-407919, B-407919.2, Apr. 10, 2013, 2013 CPD ¶ 98 at 12. Even where, as here, technical merit is significantly more important than cost, an agency may properly select a lower-cost proposal if it reasonably decides that the cost premium involved in selecting a higher-cost proposal is not justified. See Concurrent Technologies Corp., B-412795.2, B-412795.3, Jan. 17, 2017, 2017 CPD ¶ 25 at 19; Exelis Sys. Corp., B-407673 et al., Jan. 22, 2013, 2013 CPD ¶ 54 at 8-9.

The record does not support Booz Allen's contention that the contracting officer¹⁵ relied exclusively on the adjectival ratings to make an award to SAIC, or even that the contracting officer considered the proposals to be technically equivalent, although both were rated good. Based on a comparative assessment of proposals, the contracting officer agreed with the ratings of good assigned to Booz Allen and SAIC, while recognizing that the reasons for the ratings assigned were divergent. AR, Tab 13, Business Clearance Memorandum, at 48-50. The contracting officer noted that five of the seven strengths identified in the SAIC proposal related to its qualitative management approach, while the remaining two were associated with SAIC's technical approach to fulfilling the government's requirements. Id. at 50-51.

The contracting officer further noted that Booz Allen's significant strength related to its proposal to exceed PWS section 9.3¹⁶ [DELETED], and that of its remaining four strengths, two related to its qualitative management approach and two related to its technical approach. Id. at 51. The contracting officer concluded that both SAIC and Booz Allen had strengths for their management and technical approaches that, when aggregated, resulted in an overall technical rating of good for both proposals. However, the contracting officer concluded that Booz Allen's significant strength for [DELETED] did not justify payment of a price premium, especially when there were more strengths associated with the SAIC proposal. Id. We find nothing unreasonable about the contracting officer's conclusions.

¹⁵ The contracting officer also served as the source selection authority for this task order award.

¹⁶ PWS section 9.3 established specific timeframes by which the contractor was required to achieve various percentages of staffing for the three activities delineated in the PWS until full staffing was achieved. See PWS at 20-21.

Further, as explained above, the record does not support Booz Allen's challenges to the agency's evaluation. Accordingly, we find no merit to Booz Allen's objections to the selection decision.

The protest is denied.

Susan A. Poling
General Counsel