



Justification and Approval (J&A) for Other Than Full and Open Competition

NOTE: If a Justification and Approval was approved for the preceding acquisition, a copy of the approved J&A for the predecessor action must be included in the staff package for approval of the instant J&A. This applies to J&A staff packages that are submitted for review and approval at a level above the contracting officer. The predecessor J&A will be used as a reference document by the approving official.

Choose the funding level for this J&A Document:

[Redacted]

Contracting Activity: AFELMIC/HNIK

Purchase Request / Local ID Number: TBD

Program / Project (and PE, if applicable): Cloud Hosted Enterprise Services (CHES)

Program Type (PEO or Other Contracting): PEO C3I&N

Authority (include full title): 10 U.S.C. 2304(c)(1), as implemented by FAR 6.302-1(a)(2)

Estimated Contract Cost (including options): [Redacted] J&A Type: Class Individual

COORDINATION (AFFARS 5306.304(a))

[Sign and Save Procedure](#)

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Date	Project Lead / Program Mgr / Requiring Activity	Signature	
20 Jul 2017	[Redacted]	[Redacted]	X
20 Jul 2017	Contracting Officer (CO)	[Redacted]	X
24 Jul 2017	Local Legal Reviewer	[Redacted]	X
25 Jul 2017	Chief of the Contracting Office (COCO)	[Redacted]	X

APPROVAL (AFFARS 5306.304(a))

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Date	Competition Advocate [Name] [Office Symbol / Phone Number]	Signature	
2 Aug 17	Gerald F. O'Connell	[Redacted]	X



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Note 1: See guidance at the end of this document for completing the following sections.

Note 2: Each field will expand automatically if additional space is needed.

I. Contracting Activity.

The contracting organization responsible for this Justification for Other Than Full and Open Competition is the United States Air Force (USAF) Air Force Materiel Command (AFMC), Air Force Life Cycle Management Center (AFLCMC), Command, Control, Communications, and Intelligence (C3I) Infrastructure Division, AFLCMC/HNIK located at 3 Eglin Street, Bldg. 1612, Hanscom AFB, MA 01731-2100. The Contracting Officer is [REDACTED]. The Program Manager is [REDACTED].

II. Nature and/or description of the action being processed.

The USAF, AFMC, AFLCMC, Program Executive Officer (PEO) for Command, Control, Communications, Intelligence, and Networks (C3I&N), C3I Infrastructure Division is in the process of executing the installation of CHES infrastructure at AF Area Processing Centers (APCs) to support the migration of AF users to Microsoft Office 365 (O365). The purpose of this J&A is to execute, by means of other than full and open competition, a new sole-source contract with NES Associates, LLC (NES). The contract will support the CHES project formally known as Collaboration Pathfinder (CP). The award will be accomplished under the authority of Federal Acquisition Regulation (FAR) 6.302-1 -- Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.

The contract will be awarded in August 2017 and will use Fiscal Year (FY) 2017 3080 funds for the base and option CLINs other than Contractor Logistics Support (CLS). FY 2018 3400 funds will be used for CLS. The contract will complete installation (integration, delivery and installation) of CHES Stacks Three and Four. Options will be used for CHES Stack Five and CLS. The primary contract type for the above work is Firm Fixed Price (FFP). In addition, Labor Hour (LH), Cost Reimbursement (CR) contract types will be used to address unforeseen changes in the APCs.

In accordance with FAR 17.202(a), the CO determined that use of options is in the Government's best interest as none of the limitations in FAR 17.202(b) and (c) prohibit use of options. Per FAR 17.206(a), the CO determined the Government is likely to exercise the options to save costs and more efficiently meet program requirements.

The planned period of performance is based on execution of each CHES Stack. Each stack includes the FFP, CR, and LH contract types to complete stack implementation.

- The Stack 3 performance period is from 1 August 2017 to 1 February 2018.
- The Stack 4 performance period is from 1 October 2017 to 1 April 2018.
- The Stack 5 option performance period is estimated from 1 December 2017 to 1 June 2018.
- The Contractor Logistics Support options will each have a performance period of one year following installation and acceptance of the applicable CHES stack.

The estimated dollar value for the contract is [REDACTED] as authorized by this J&A.



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III. Description of supplies/services required to meet agency needs.

CHES is a Commander/Air Force Space Command (AFSPC/CC) directed initiative aimed at providing collaborative tools (Exchange, SharePoint and Skype for Business) via outsourcing to the cloud. The CHES AF-wide expansion was approved on 9 March 2017 at Information Technology Governance Executive Board (ITGEB). CHES is the AF's adoption of O365. A CHES Stack is an Air Force Network (AFNet) instantiated stack of servers that must exist in order to deliver services associated with O365.

NES will provide the following services on a FFP Basis:

- Complete integration, shipment, installation, application loading support, and test of CHES Stack 3.
- Complete integration, shipment, installation, application loading support, and test of CHES Stack 4.
- Option to complete integration, shipment, installation, application loading support, and test of CHES Stack 5.
- Option to provide one year of Contractor Logistics Support (CLS) for each stack.

NES will provide the following services as described below:

- CR CLINs will be used to provide for travel, shipping and unanticipated supply requirements created by changing or unknown data center conditions.
- LH CLINs will be used to provide for unanticipated labor requirements created by changing or unknown data center conditions.
- CR CLINs will be used to provide for Subject Matter Expert support.

Funds for all equipment and installation services will be FY 2017 3080 funds. Funds for CLS will be FY 2018 3400 funds.

IV. Statutory authority permitting Other than Full and Open Competition.

The statutory authority that permits Other Than Full and Open competition for this acquisition is 10 U.S.C. 2304(c)(1) as implemented by FAR 6.302-1(a)(2)(ii)(A) and (B), Services may be deemed to be available only from the original source in the case of a follow-on contract for the continued development or production of a major system or highly specialized equipment, including major components thereof, when it is likely that award to any other source would result in (A) substantial duplication of cost to the Government that is not expected to be recovered through competition or (B) unacceptable delays in fulfilling the agency's requirements. The contract will be awarded on a sole source basis in the interest of avoiding duplicated costs and unacceptable delays in the installation of CHES infrastructure system and AF migrations to O365.

V. Demonstration that the contractor's unique qualifications or nature of the acquisition requires the use of the authority cited above (applicability of authority).

The Defense Logistics Agency (DLA) executed a FAR Part 16.5 contract action under the GSA Schedule 70 contract vehicle approximately 18 months ago. The awardee was NES Associates for the design and installation of the equivalent infrastructure for DLA's migration to Microsoft O365. As a follow on to that effort, AFSPC, under the Defense Technical Information Center (DTIC) Cyber Security and Information Systems Technical Area Task (CS TAT), awarded to NES, via Booz Allen Hamilton (BAH), the delivery of the infrastructure and design of the AF's CHES Stack 2, an AFNet instantiated stack of servers that must exist in order to deliver services associated with CHES/O365. NES is currently successfully performing the installation of infrastructure for a CHES Stack at Scott AFB APC.



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A direct award to NES enables the Government to work directly with the primary service provider. NES Associates is the only supplier to successfully complete the scope of work required for a Department of Defense (DoD) approved Cloud Access Point Solution that meets the requirements of the DoD Cloud Computing Security Requirements Guide V1R3 and the DoD Secure Cloud Computing Architecture (SCCA) Functional Requirements V2.9 dated 31 Jan 2017. While other contractors may be able to perform similar work, the AFSPC schedule cannot tolerate a delay in CHES stack implementation and only NES Associates has successfully executed two installations and demonstrated the capability to deliver stacks in the time-frame available to avoid schedule delays and costly project overruns.

As documented in the attached letter, AFSPC Commander Gen Whiting identifies a [REDACTED] cost estimate over one year if the AF is required to run dual operations, required if all users are not migrated by end of Calendar Year 2017. AF will successfully avoid dual operations costs between the new system and the legacy system with an award to NES. Full and Open competition for the award is expected to add [REDACTED] months of delay for contract solicitation, source selection, technical evaluation and contract award through use of a competed contract. Award of the contract to a firm other than NES is expected to result in a [REDACTED] month learning curve or an additional [REDACTED] months to integrate, ship, install, support application loading and test the first stack in this contract. The additional [REDACTED] months of performance period due to the learning curve is estimated to cost an additional [REDACTED]. The total cost impact of a [REDACTED] month delay in Stack 3 deployment alone, affecting 250K of the 550K AF users is as follows:

[REDACTED] over [REDACTED] months extrapolated to 250K users out of 550K users is [REDACTED]
Additional performance period cost is [REDACTED] to [REDACTED]
Total Cost is [REDACTED] to [REDACTED]

Each additional month of delay is expected to add [REDACTED] in cost to the Government. The Air Force is requesting approval to award an Undefinitized Contract Action (UCA) to meet program requirements and reduce cost to the Government.

In addition, the [REDACTED] month delay would result in additional risk related to lack of failover capability for 300K AF users on the new CHES system for this time frame. Accordingly, NES Associates, LLC is the only firm capable of providing the supplies and services described in Section III above without the U.S. Air Force experiencing unacceptable delays in fulfilling its requirements for all 550K CONUS AF users to be migrated to the cloud by the end of CY2017 and 100% redundancy for all migrated users.

VI. Description of efforts made to ensure that offers are solicited from as many potential sources as practicable.

AFLCMC/HNIK published a Notice of Contract Action (NOCA) to the Government Point of Entry (GPE), Federal Business Opportunities (FBO.gov), on 5 June 2017 (see Attachment 3) to research the market place and determine if there were any interested parties. The posting was on the GPE until 21 June 2017 and resulted in no responses from interested parties.

VII. Determination by the Contracting Officer that the anticipated cost to the Government will be fair and reasonable.

NES will provide a proposal which includes labor hours, labor categories, labor rates and overhead rates. Certified cost or pricing data will be required. A technical evaluation, cost analysis and profit analysis will be performed on the proposal. The Defense Contract Management Agency (DCMA) will be contacted for labor and overhead rate information on NES; this information will be included in the cost analysis. The Government will set ceiling amounts on all cost and labor hour CLINs.



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A price analysis will be performed on labor rates using General Service Administration (GSA) and other market data. An overall price analysis will be performed on each stack implementation effort and the CLS effort relative to the estimate developed by the Government Cost Estimation team.

The Government obtained actual cost data from a previous AF Project and another DOD agency (DLA) for whom NES Associates completed stack installations. The work performed on those T&M contracts was consistent with the NTE price proposal submitted by NES for this effort. An overall price analysis will be performed on each stack implementation effort relative to historical pricing for these past stack implementations.

For labor hour CLINs the labor rates and scope of work will be evaluated prior to contract award. These CLINs will utilize Technical Requirements Notice (TRN) procedures for any implemented work.

The set of actions described above are expected to ensure the Government pays a fair and reasonable price for the services and supplies acquired under this contract.

VIII. Description of the market research conducted and the results, or a statement of the reasons market research was not conducted.

As described in Section VI above, market research, in accordance with FAR Part 10, was conducted by synopsis of the proposed acquisition, advising industry of the pending acquisition and soliciting inquiries from interested parties. The synopsis was posted on 5 June 2017. The notice closed on 21 June 2017 and the Government received no inquiries or responses to the NOCA. In addition, the Program Office conducted market research at the outset of the program to find successful methods for implementing the CHES infrastructure. The research was conducted with Department of Defense groups implementing similar cloud initiatives. The result was NES was the only firm to have successfully designed and implemented this type of infrastructure.

IX. Any other facts supporting the use of Other Than Full and Open Competition.

The proposed contract action is the only viable approach to enable the Government to meet program schedule requirements and eliminate costs associated with delay, as identified in Section V.

X. List of sources, if any, that expressed interest in the acquisition.

See Section VI above.

XI. A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before making subsequent acquisitions for the supplies or services required.

A subsequent acquisition is not anticipated for this effort. If a follow-on contract action is required, AFLCMC/HNIK will take all requisite approaches to maximize industry participation.



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XII. Certification by the Contracting Officer.

As evidenced by my signature above, I have determined this document to be both accurate and complete to the best of my knowledge and belief.

XIII. Certification by the technical/requirements personnel.

As evidenced by my (our) signature(s) above, I (we) certify that any supporting data contained herein, which is my (our) responsibility, is both accurate and complete.

Remove the Guidance pages below.

Remove the IACR pages below.