



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
4301 PACIFIC HIGHWAY
SAN DIEGO, CA 92110-3127

IN REPLY REFER TO:
LSJ No. 17-0180
Originator's Code: 55350

**CLASS LIMITED SOURCES JUSTIFICATION (LSJ)
FOR FORESCOUT MAINTENANCE AND SUPPORT**

1. Identification of the Agency and Contracting Activity.

Department of the Navy (DON)
SPAWAR SYSTEMS CENTER PACIFIC (SSC PAC)
2.0 Contracts, Code 22550
53560 Hull Street
San Diego, CA 92152-5001

2. Nature and/or Description of the Action Being Approved.

This acquisition is conducted under the authority of the Multiple Award Schedule Program under Title III of the Federal Property and Administrative Services Act of 1949. This justification is to seek approval for the use of limited sources under Federal Acquisition Regulation (FAR) Part 8.405-6 Limited Sources. The proposed action will limit sources to resellers on the Federal Supply Schedule (FSS) who are authorized to sell brand name ForeScout software licenses, proprietary appliances, and maintenance and support services on behalf of the Department of Defense (DoD) Enterprise Software Initiative (ESI).

The proposed contractual action will result in a multiple-award DoD ESI Blanket Purchase Agreement (BPA). This brand-name class limited sources justification will support ForeScout maintenance and support only. Ordering offices will be required to write their own LSJ when procuring new licenses. This DoD ESI BPA will be open to the entire DoD, Intelligence Community¹, and U.S. Coast Guard (when operating under the DON) in accordance with DFARS 208.74

¹ The Intelligence Community is a federation of executive branch intelligence agencies and organizations that are comprised of 17 member organizations (<https://www.dni.gov/index.php/intelligence-community/members-of-the-ic#>). Office of the Director of National Intelligence (ODNI) is authorized to procure IT through DoD ESI per the Memorandum of Agreement dated 15 May 2008 between DoD CIO and ODNI (<http://dodcio.defense.gov/Portals/0/Documents/Net-Centric-MOA.pdf>).

In the post-award phase, orders will be competed between BPA holders by warranted contracting officers and purchase card holders. This action will assist the DoD in further reducing the Total Cost of Ownership (TCO) for all DoD programs and organizations that have ForeScout requirements. The estimated value of this LSJ is \$38.4 million for ForeScout maintenance and support. A separate limited sources justification will need to be written at the Ordering Activity level for the procurement of any new ForeScout licenses.

The proposed strategy secures licensing at discounts below GSA preset prices and incorporates Terms and Conditions (Ts&Cs) in compliance with DoD ESI best practices.

3. Description of Supplies/Services.

The proposed action is to compete a multiple-award BPA for ForeScout brand name software licenses, proprietary appliances, and respective maintenance and support with a five year period of performance.

The DoD commonly utilizes ForeScout COTS software and hardware products to provide Network Access Control (NAC) that is capable of identifying all network managed and unmanaged endpoints, reporting of endpoints, identification of all user information as applicable, remediation of endpoints as required to meet network security requirements, and is compliant with Defense Information Systems Agency (DISA) Security Technical Implementation Guidelines (STIG).

Maintenance and support offered through this DoD ESI Agreement will meet the functional requirements and capabilities shown in Table 1 below.

TABLE 1 - MAINTENANCE AND SUPPORT SERVICES

Maintenance and Support Services Level	Description
Basic	1 year term (8 hours x 5 days); Software Updates, Integration Plugins, Email Support, Online Support Portal, Telephone Support (0800 to 1700), advanced hardware replacement in 5 business days

Maintenance and Support Services Level - cont'd	Description
Advanced	1 year term (24 hours x 7 days); Software Updates, Integration Plugins, Email Support, Online Support Portal, Telephone Support (24x7x365), advanced hardware replacement in 2 business days

The estimated value of the proposed BPA is \$74.5 million. Of this amount, the DoD is estimating \$36.1 million will be spent on new licenses and the remaining \$38.4 million is for maintenance and support which is the subject of this justification and discussed below. The IGCE was developed using FPDS-NG report data verified against ForeScout historical sales data. The Year One was developed using a three-year average of fiscal years 2015, 2016, and partial 2017. The remaining years were developed using the calculation for Year One plus inflation.

Table 2.1 contains the projected future costs for maintenance renewals for fiscal years 2018 thru 2022. Table 2.2 contains the projected future net cost avoidance for fiscal years 2018 thru 2022 based on a factor of (b)(4) off of the total estimated costs per fiscal year listed in Table 2.1. A (b)(4) discount off of GSA Schedule prices has been proposed by ForeScout during preliminary market research discussions.

TABLE 2.1 - PROJECTED ESTIMATED COSTS

	FY18	FY19	FY20	FY21	FY22	Total
MAINT SERVICES			(b)(5)			\$38,411,400

TABLE 2.2 - ESTIMATED NET COST AVOIDANCE

	FY18	FY19	FY20	FY21	FY22	Total
Net Cost Avoidance			(b)(5)			\$3,841,140

4. Identification of Justification Rationale.

The authority is FAR Subpart 8.405-6(b) - "Items peculiar to one manufacturer."

ForeScout Network Access Controls (NAC) are the only available applications capable of supporting identification of all network endpoints, both managed and unmanaged, and provide reporting on each endpoint. Endpoints consist of those devices that connect to and access the DoD network which includes servers, desktop computers, printers, and mobile devices and the DoD requires deployment of a NAC Solution to secure all network endpoints. NACs are required to support the Defense Information Systems Agency (DISA) Security Technical Implementation Guidelines (STIG) compliant port based security effort, identify all user information as applicable, and allow remediation of endpoints as required to meet DoD network security requirements. ForeScout NACs meet all of these DoD requirements.

Maintenance of ForeScout products are required in order to comply with maintenance policies within the DoD such as the SECNAV Instruction 5230.15 which requires vendor support for all Commercial-Off-The-Shelf (COTS) software because of the unacceptable operational and security vulnerability risks to the Information Technology (IT) assets of the Department of the Navy (DON). In addition, maintaining ForeScout licenses will enable all Services within the DoD to support compliance with DoD INSTRUCTION 5000.76 Accountability and Management of Internal Use Software by utilizing previous software investments in tools that can search, detect and monitor IT assets connected to any DoD network.

Since ForeScout is the sole owner of its Intellectual Property (IP) inclusive of its software source code, ForeScout is the only one who can provide maintenance and support on its perpetual software licenses, subscriptions, and software-dependent hardware. Software maintenance is necessary to provide the patches, updates, and hotfixes necessary to sustain ForeScout products running on DoD networks.

5. Determination of Best Value.

This multiple-award BPA will be established using the competitive procedures outlined in FAR 8.405-3(b). Best value will be determined on the basis of low price and assent to the BPA Terms and Conditions per FAR 8.405-3(a)(2). Best value at the order level will be determined as a result of a competition between BPA holders in accordance with FAR 8.405-3(c)(2). When determining best value at the order level, all DoD Contracting Officers will be required to comply with DPAP Class Deviation- 2014-00011, entitled "Determination of Fair and Reasonable Prices When Using Federal Supply Schedule Contracts."

See: <http://www.acq.osd.mil/dpap/policy/policyvault/USA001004-14-DPAP.pdf>

Based on the information provided herein, the Contracting Officer has determined that the proposed action is in the best interest of the Government and will allow the BPAs to be established on the basis of best value consistent with the principles described in FAR 8.404(d).

6. Description of Market Research Conducted.

Market research was conducted by requesting a complete list of ForeScout's "Letter of Supply" contract holders that are authorized to sell the full range of their commercial software licenses, proprietary appliances, and respective maintenance and support. Currently, these companies include Ciphertechs, Cooper River Information Technology, DLT, Patriot, Future Com, OPTIV and Thundercat Technology. Per the GSA e-Library website (<http://www.gsaelibrary.gsa.gov/ElibMain/home.do>), only DLT, Immix, and Patriot have a current Multiple Award Schedule (MAS) on GSA Schedule 70.

Based on this research, it is determined that there is a reasonable expectation of competition from at least three vendors per FAR 8.405-3(b)(1)(ii)(B)(2). Furthermore, this requirement will be solicited via the GSA e-Buy tool in accordance with FAR 8.405-3(b)(1)(ii)(B)(1) to "...afford all schedule contractors offering the required supplies or services under the appropriate multiple award schedule(s) an opportunity to submit a quote."

7. Other Facts Supporting the Justification.

- By utilizing the buying power of the DoD, DoD ESI ESAs have historically secured discounts below FSS prices. The Net Cost Avoidance estimates in Table 2.2 were developed by determining ForeScout's Fiscal Year 2014 through Fiscal Year 2017 historical sales by direct query of the Federal Procurement Data System - Next Generation (FPDS-NG) and ForeScout Sales Reports. Findings were reviewed with ForeScout to identify and quantify additional historical DoD spend through system integrators that did not appear in FPDS-NG. The five year estimated valued of this DoD ESI BPA as outlined in Table 2.1 is based on capture and migration of all future DoD ForeScout spend from all alternative vehicles. Estimated cost avoidance is based on a ForeScout pre-RFQ Rough Order of Magnitude (ROM) minimum mean of 10 percent

discount off of GSA list prices. The estimated cost avoidance numbers will be further analyzed in the Business Clearance Memorandum (BCM) in support of this acquisition.

- The DoD CIO has identified DoD ESI ESAs as a key tool in achieving compliance with the Federal Information Technology Acquisition Reform Act (FITARA) as outlined in OMB Memorandum M-15-14: Management and Oversight of Federal Information Technology.
- In accordance with OMB Memorandum "Category Management Policy 16-1: Improving the Acquisition and Management of Common Information Technology: Software Licensing" dated 2 June 2016, DOD ESI ESAs are a tool in achieving the goals of the federal-wide Enterprise Software Category Team (ESCT). See: https://www.whitehouse.gov/sites/default/files/omb/memoranda/2016/m-16-12_1.pdf

8. Actions to Remove Barriers to Future Competition.

It is not anticipated that SSC Pacific will take any action to remove the requirement for establishing future DoD ESI ESAs on a brand name basis for the reasons outlined in Section 4.

Individual orders for new licenses and hardware appliances placed against the resulting BPA must be supported by a limited source justification in accordance with FAR 8.405-6(b)(2)(iii), which states "... the justification for a brand-name item is required at the order level when a justification for the brand-name item was not completed for the BPA or does not adequately cover the requirements in the order." Furthermore, DFARS 208.7402(1) states "[DoD] ESI does not dictate the products or services to be acquired." Therefore, it is the responsibility of the end-users utilizing ForeScout products to promote competition for their specific requirements.

DoD ESI is continually engaged in identifying OEMs that provide significant volumes of COTS IT solutions to DoD systems and networks to identify additional candidates for future ESAs. The goal of these ESAs is to improve pricing, and terms & conditions for the development of additional contracts, orders, and ELAs at the command and component levels.

CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION:

I certify the facts and representation under my cognizance, which are included in this justification and its supporting acquisition planning documents, except as noted herein, are complete and accurate.

(b)(6)

07/26/17

Date

Enterprise Communication and Networks Division Head
SPAWAR Systems Center Pacific, Code 55300
Phone (619) 553-6715

REQUIREMENTS COGNIZANCE:

(b)(6)

7/28/17

Date

Communications and Networks Department Head
SPAWAR Systems Center Pacific, Code 55000
Phone (619) 553-3800

REVIEW FOR LEGAL SUFFICIENCY:

I have determined this justification is legally sufficient.

(b)(6)

8/2/17

Date

Assistant Counsel, Code 35100
Phone 619-553-9098

CONTRACTING OFFICER CERTIFICATION:

I certify that this justification is accurate and complete to the best of my knowledge and belief.

(b)(6)

Stacie Sedgwick
Contracting Officer
SPAWAR Systems Center Pacific, Code 22550
Phone: (619) 553-5587

2 Aug 17
Date

ACTIVITY COMPETITION ADVOCATE CONCURRENCE:

(b)(6)

Sharon M. Pritchard
Chief of Contracts
SPAWAR Systems Center Pacific, Code 2.0
Phone: (619) 553-3200

8-3-17
Date

HEAD OF CONTRACTING ACTIVITY (HCA) COMPETITION ADVOCATE CONCURRENCE:

(b)(6)

Nancy J. Gunderson
2.0 Director of Contracts
Phone: (619) 524-7014

8/3/17
Date

*ALL QUESTIONS REGARDING THIS LSJ ARE TO BE REFERRED TO SHANE MAHELONA, CONTRACT SPECIALIST, SPAWAR SYSTEMS CENTER PACIFIC, PHONE: (619)553-5663, EMAIL: SHANE.MAHELONA@NAVY.MIL.