



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

IN REPLY REFER TO:
LSJ No. 18-0099
Originator's Code: 55350

**LIMITED SOURCES JUSTIFICATION (LSJ)
FOR QADIUM**

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 Qadium software subscriptions and support services, and will result in a DoD ESI Blanket Purchase Agreement (BPA) for brand-name Qadium products. This DoD ESI BPA will be open to the entire DoD, Intelligence Community¹, and U.S. Coast Guard in accordance with DFARS 208.74. This action will assist the DoD in further reducing the Total Cost of Ownership (TCO) for all DoD programs and organizations that have Qadium requirements.

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 placed by warranted contracting officers and purchase card holders, and ordering offices will be required to write their own LSJ when procuring new subscription licenses or services.

The estimated value of this LSJ is \$37.6 million. The proposed strategy secures licensing at discounts below GSA catalog 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 award a BPA for Qadium brand name software subscriptions and support with a five year period of performance.

(b)(7)(e)

Qadium Support Services consist of assisting in the identification and remediation of public-facing digital asset and vulnerabilities, reporting and analytics, data delivery, and training. Support offered through this DoD ESI Agreement will meet the functional requirements and capabilities shown in Table 1 below.

TABLE 1 -SUPPORT SERVICES

Maintenance and Support Services Level	Description:
Daily	Daily Professional Services engagement ranging from 1 - 45 business days.
60-Day Staff Support	Staff support for 60 business days (0.25 FTE; FTE = 2080 hours).

Qadium's Expander software is an enterprise product that monitors the entire device layer of the Internet for customer asset vulnerabilities. Additionally, Qadium's global Internet intelligence platform consists of proprietary information for asset monitoring. (b)(4)

The IGE was developed using FPDS-NG report data verified against Qadium historical sales data. Year One was developed using a five-year average of fiscal years 2013 through 2017. The remaining years were developed using the calculation for Year One plus inflation.

Table 2.1 contains the projected future costs for subscriptions and support fiscal years 2018 thru 2022.

TABLE 2.1 - PROJECTED ESTIMATED COSTS

	FY18	FY19	FY20	FY21	FY22	Total
SOFTWARE AND SERVICES	(b)(5)					\$37,590,130

4. Identification of Justification Rationale.

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

In order to establish a DoD ESI Enterprise Software Agreement, the government must ensure that the commercial terms and conditions that govern the sale and use of its products do not include provisions that violate federal law or compromise the IP rights of the federal government. See DoD IG Report DODIG-2013-115: <http://www.dodig.mil/pubs/documents/DODIG-2013-115.pdf>.

In order to review, edit, and finalize the terms and conditions that will govern a DoD ESI Enterprise Software Agreement, the government must have privity of contract with either the IP owner (i.e. Qadium) or vendors authorized to enter into contracts on its behalf. Resellers that do not have a current "Letter of Supply" from Qadium cannot legally execute its End User License Agreement(s), Terms of Service, or related IP terms and conditions in support of this requirement. Therefore, in order to create this privity of contract, it is necessary to compete this requirement on a brand-name basis among authorized resellers.

5. Determination of Best Value.

This 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 using the techniques at FAR 15.404-1(b). 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 BPA to be established on the basis of best value consistent with the principles described in FAR 15.404-1(b).

6. Description of Market Research Conducted.

Market research was conducted by requesting a complete list of Qadium's "Letter of Supply" contract holders that are authorized to sell the full range of their commercial software subscriptions and support services. Currently, the sole reseller for Qadium to the federal government is Carahsoft Technologies LLC, regardless of whether the acquisition takes place on Federal Supply Schedules, Government Wide Acquisition Contracts such as NASA SEWP, or the open market.

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.

- The DoD CIO has identified DoD ESI Enterprise Service Agreements (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. As Qadium adds authorized resellers on Schedule 70, our BPA will allow on-ramping to add additional BPA awardees.

Individual orders 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 Qadium 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)

04/03/18

Date

Enterprise Communications & Networks Division Head, Code 55300
Phone (619) 553-6715

REQUIREMENTS COGNIZANCE:

(b)(6)

4/5/18

Date

Communications and Networks Department Head, Code 55000
Phone (619) 553-3800

REVIEW FOR LEGAL SUFFICIENCY:

I have determined this justification is legally sufficient.

(b)(6)

4/9/18

Date

Associate Counsel, Code 35100
Phone 619-553-4703

CONTRACTING OFFICER CERTIFICATION:

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

(b)(6)

4/19/2018
Date

Spencer Sessions
Contracting Officer
SPAWAR Systems Center Pacific, Code 22550
Phone: (619) 553-4523

ACTIVITY COMPETITION ADVOCATE CONCURRENCE:

(b)(6)

4/12/18
Date

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

APPROVAL:

Upon the basis of the above justification, I, as Executive Director SPAWAR SSC Pacific, hereby approve the contractual action described herein using Limited Sources, pursuant to the authority of Federal Acquisition Regulation (FAR) 8.401 Multiple Award Schedule (MAS) Program, pursuant to the authority of Title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. § 251, et seq) and 40 USC § 501, Services for Executive Agencies.

(b)(6)

Date: 4/10/18

Mr. Bill Borwit
Executive Director
SPAWAR Systems Center Pacific
Phone: (619) 553-3010

*ALL QUESTIONS REGARDING THIS LSJ ARE TO BE REFERRED TO AZARIAH
ELLINGTON, CONTRACT SPECIALIST, SPAWAR SYSTEMS CENTER PACIFIC,
PHONE: (619)553-4536, EMAIL: AZARIAH.ELLINGTON@NAVY.MIL.