

MHS EITSI DETERMINATION AND FINDINGS CONSOLIDATION AND BUNDLING
DETERMINATION AND FINDINGS
FOR APPROVAL OF
CONSOLIDATION AND BUNDLING OF REQUIREMENTS

MILITARY HEALTH SYSTEM (MHS)
ENTERPRISE INFORMATION TECHNOLOGY SERVICES INTEGRATOR (EITSI)

DEFENSE HEALTH AGENCY
DEPUTY ASSISTANT DIRECTOR INFORMATION OPERATIONS/J-6 (DAD IO/J-6)
INFRASTRUCTURE AND OPERATIONS DIVISION

DETERMINATION

In accordance with (IAW) both FAR 7.107-2(b) and FAR 7.107-3(a), as the Component Acquisition Executive, I determine that consolidation and bundling is necessary and justified for the Military Health System (MHS) Enterprise Information Technology Services Integrator (EITSI) requirement. This acquisition meets the definition of substantial bundling IAW FAR 7.107-4 (a)(1)(i) because the acquisition value is greater than \$8M. Bundling of the EITSI requirement will provide measurably substantial benefits to DHA as compared to meeting its agency's requirements through separate smaller contracts or orders, and is justified by an analysis captured in the MHS Enterprise Information Technology Services (EITS) Business Case Analysis (BCA).

FINDINGS

1. Since its inception, DHA has made significant investments in IT systems and support services through which it delivers IT operations to enable resource, cost, and operational efficiencies enabled by standardized, secure, and stable information management/information technology service-oriented infrastructure. To achieve cost savings, it is essential that DHA's service support model move from a fragmented to a unified shared support model. This unified shared support model provides substantial cost savings, enhanced interoperability, increased reliability, and agility through improvement in operational efficiencies.
2. DHA requires a strategy to unify management, oversight, and control of the distributed, diverse workforce consisting of Military, Government, and contractor personnel tasked to deliver IT sustainment and support services. This unification is critical to achieving sustainable control of resource-based costs with minimal risk to successful and efficient delivery of MHS EITS. It is required for the agency's mission success.
3. Three Courses of Action (COAs) were evaluated by the MHS EITS Integrated Project Team (IPT) using a standard set of criteria. The criteria determined the COAs' ability to provide

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sustainment and support across the MHS operational landscape while adhering to NDAA mandates and aligning with DHA’s IT strategy. The COAs are:

- COA 1: Market-Based operating model, where a market is a group of Military Treatment Facilities (MTFs) within a geographic region, typically anchored by a large hospital or medical center with IT service delivery coordinated and controlled through Market Offices.
- COA 2: Integrator with Geographic Service Providers (GSPs)/Capability Service Providers (CSPs), where markets are aligned by geographic boundaries and IT service delivery leverages a Multisourcing Services Integrator (MSI) model for unified control across the GSPs/CSPs.
- COA 3: Single Managed Service Provider, working through a single contract, inclusive of the entire MHS EITS scope, that is responsible for operating, managing, and integrating IT services across Markets and GSPs/CSPs.

4. This acquisition will consolidate the requirements from six existing contracts into one contract. The six contracts are listed in the table below:

Contract #	Vendor Name	POP	Vendor Size	Contr. Type	Competition	Description	Contract Cost
HT001516F0002	Perspecta	11/15/2015-11/14/2020	Large Business	FFP	Full & Open	Global Service Center (GSC)	
HT001118F0032	Leidos	9/28/2018-12/27/2023	Large Business	FFP	Full & Open	Performance and Planning Management (PPM)	
47QFWA19F0040	KSJ & Associates	9/22/2019-1/21/2021	Small Business	FFP	Full & Open	Program Mgmt. & Technical Mgmt. (PMTM)	
HT001515C0007	STS System Integration	9/30/2015-9/30/2020	Small Business 8(a)	FFP	8(a) Sole Source	Data Solutions Architecture SQL Support	
HT001119F0017	NetImpact Strategies, Inc.	6/12/2019-6/11/2023	Small Business 8(a)	FFP	8(a) Set Aside	MedCOI Program Management	
HT001118C0030	Tukn k Gov't Services	9/28/2018-9/27/2023	Small Business 8(a)	FFP	8(a) Sole Source	MHS Circuit Management	

Note: These contracts encompass various periods of performance that were standardized over a ten-year period for the purposes of the Cost Benefit Analysis.

By consolidating the six contracts into one, the resultant contract will not be suitable for small businesses. Because the consolidated contract is not suitable for small businesses, it constitutes bundling. FAR 2.101 defines “Bundling” as “consolidating two or more requirements for supplies or services, previously provided or performed under separate smaller contracts, into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern...”. FAR 2.101 further defines “separate smaller contract” as “a contract that has been performed by one or more small business concerns or that was suitable for award to one or more small business concerns.” Additionally, contract value will be greater than \$8M. Therefore, this acquisition meets the definition of Substantial Bundling as stated in the Consolidation and Bundling section of the MHS EITS Acquisition Strategy.

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5. By bundling the six contracts and using standardized processes and procedures to improve efficiency and effectiveness, functional interoperability across the scope of the six original contracts will be achieved. Additional savings will be realized from the use of tools at their maximum potential. Currently, several tools purchased by the Government are being utilized at a fraction of their potential due to ineffective and fragmented deployment of the tools across the six separate contractors. Having one contractor properly deploy the tools across the enterprise with the integrated staffing necessary to use all of the tools' capabilities will bring those efficiencies and resultant cost savings to fruition. Additionally, bundling the six into one contract will eliminate the duplication of administrative management efforts on the Government side.

6. Further savings will be realized through consolidation of common IT functions across the enterprise, resulting in efficiencies and elimination of resource duplication by consolidating common skills and requirements across the six contracts. Consolidation will better enable agility and speed of which resources can be reallocated in response to urgent emergent needs. Additionally, the ratio of senior to junior level labor categories will become more efficient as a result of streamlined processes and optimized knowledge management. Through standardization, process improvement, and more effective oversight, one contractor will be able to reduce the amount of resources needed to sustain capability in the long term, thereby further decreasing costs while improving service quality and resiliency.

7. The MHS EITS IPT has identified several benefits of having one contract. The benefits are documented in the Cost Benefit Analysis (CBA) section of the MHS EITS Business Case Analysis (BCA) report. Benefits of consolidating the requirements include quality improvements that will save time and improve performance and efficiency, such as task order management, contractor administration support, operational efficiencies, workflow optimizations, and labor task efficiencies. By combining similar work within one acquisition, the number of Full-Time Equivalent (FTEs) is expected to decrease as similar support will be provided within one contract versus being provided by six separate contracts. Additionally, a decrease in invoicing, payments, and contract oversight by Government personnel across all six contracts will be realized, which increases efficiency. The bundling of six contracts into one will allow more favorable labor rates from one contract vehicle. Having one contract will also provide the requiring office (Infrastructure and Operations Division (IOD)) with a single point of contact within DAD IO/J-6 for the contracted enterprise IT support.

8. The MHS EITS IPT conducted capability assessments of potential sources from September-December 2019 as part of its original market research, which resulted in the MHS EITS Market Research Report (MRR). As recommended in the MRR, a COA analysis was conducted using a BCA. The findings were presented to DAD IO/J-6 leadership and after analysis of the three COAs, DAD IO/J-6 leadership chose COA 2, EITS Integrator. This COA is a significant shift from the original single provider model presumed in the MRR, which required additional

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market research. The MHS EITS IPT conducted this additional market research and industry engagement from December 2019 to April 2020.

9. Based on the additional market research, the scope and scale of the EITSI requirement paired with additional analysis of industry capabilities, reinforced the capability assessments and concluded this requirement is not suitable for a small business set-aside. However, small business concerns affected by the bundling will have many opportunities to continue participating and potentially to expand their business. The bundled contract will include requirements for specialized labor skills that may be provided by small businesses. Additionally, the impacted small businesses may be able to provide experienced labor pools to the integrator to enable a successful transition and ensure contract requirements are met. Upon public announcement of the consolidation and bundling of this requirement, and with assistance from the DHA Small Business Office, DHA will expand outreach and encourage small business participation through formal requirements in the solicitation. Additional actions designed to maximize small business participation are contained and referenced in the acquisition strategy.

10. IAW FAR 10.001(c)(2), DHA will identify and notify affected incumbent small business concerns of the Government's intent to bundle the requirement at least 30 days before release of the solicitation, and provide information on how to contact the appropriate Small Business Administration representatives. Four incumbent small business concerns will be impacted as they perform on four of the six IT service support contracts to be consolidated.

11. Continuing with the structure of six separate contracts would cost an estimated \$824.73M over the planned 10 year period. This status quo is not sustainable. The cost of the bundled contract is estimated at \$662.56M. As shown in section 8, Cost Benefit Analysis of the BCA, bundling will save approximately \$162.17M. Estimated savings from bundling are 19.7%. The savings are well in excess of the 5% required by FAR 7.107-2(d)(1)(ii). I find that the savings will be measurably substantial.

Based on the foregoing findings, I determine, pursuant to FAR 7.107-2(b) and FAR 7.107-3(a) that the proposed consolidation and bundling of the requirements for the Military Health System Enterprise Information Technology Services Integrator is both necessary and justified and will serve the best interests of the Government.

APPROVAL OF DETERMINATION:

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Barclay P. Butler, Ph.D., MBA
Component Acquisition Executive

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For any questions my point of contact is Mr. Christopher D. Rieper, DHA Contracting Officer, reachable at (210) 221-6229, or Christopher.d.rieperviv@mail.mil.

