

Choose the funding source: [redacted] [redacted] [redacted] [redacted]

**Contracting Activity:** Defense Human Resources Activity Enterprise Operations Center, Enterprise Acquisitions Division

**Component/Requirement Title:** Defense Manpower Data Center’s Defense Travel Modernization

**Authority (include full title):** FAR 6.302-1 -- Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements

**Estimated Contract Cost (including options):** [redacted] J&A Type: ☐ Class ☒ Individual

**COORDINATION & APPROVALS: (>\$100M)**

Date	[redacted] [redacted] [redacted]	[redacted] [redacted] [redacted]
Date	[redacted] [redacted] [redacted]	[redacted] [redacted] [redacted]
Date	<b>Contracting Officer</b> Melissa Tamayo DHRA DEOC	[redacted] [redacted] [redacted]
Date	[redacted] [redacted] [redacted]	[redacted] [redacted] [redacted]
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Date	[redacted] [redacted] [redacted]	[redacted] [redacted] [redacted]
Date	[redacted] [redacted] [redacted]	[redacted] [redacted] [redacted]
Date	<b>APPROVED BY: Senior Procurement Executive</b> John M. Tenaglia Principal Director Defense Pricing and Contracting	[redacted] [redacted] [redacted]

**I. Agency/Contracting Activity.**

Defense Human Resources Activity (DHRA) Enterprise Operations Center (DEOC) Enterprise Acquisition Division (EAD), 4800 Mark Center Drive, Suite 03E25, Alexandria, VA 22350

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

DHRA intends to award a Federal Acquisition Regulation (FAR) based firm-fixed price Software as a Service (SaaS) subscription-based contract to Concur Technologies, Inc. (Concur) on a sole source basis for the Defense Travel Modernization (DTM) program. The FAR based contract is a follow-on to a prototype Other Transaction Agreement (OTA) awarded by Army Contracting Command – New Jersey (ACC-NJ) under the authority of 10.U.S.C. 2371b. The period of performance will include a one-year base period and six one-year option periods.

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

The Government requires a secure, efficient, and effective commercial travel solution to book travel, provide travel fulfillment service, manage travel-related expenses, and initiate travel-related financial transactions. DMDC, through a joint effort involving the Defense Travel Management Office (DTMO) and Department of Defense (DoD) component stakeholders, requires production and full deployment of the DTM program. The primary purpose of DTM is to improve travel performance outcomes by delivering state-of-the-art, industry leading travel and expense management to the entire DoD. DTM is a web based travel-as-a-service system provided through cloud based commercial SaaS and will provide world class industry standard travel capabilities to the DoD through a streamlined travel system. The Contractor will provide the personnel, management, materials and equipment necessary to produce and implement the DTM system. To implement the program, the contractor will configure its SaaS to integrate with DoD's financial management systems. The Government anticipates that DTM will transition from approximately 2,000 users and 1,000 travel transactions in Fiscal Year (FY) 21 to 30,000 transactions in FY 22, and will ramp up from there to achieve a steady state of approximately 3.8 million transactions per year by FY 25. The estimated value of the contract is [REDACTED] for all seven years. FY 21 Operations and Maintenance funds in the amount of [REDACTED] are available for the base period.

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

10 U.S.C.2304(c)(1) as implemented by FAR 6.302-1 - Only one responsible source and no other supplies or services will satisfy agency requirements.

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

Pursuant to FAR 6.302-1 (a)(2)(iii), DoD may deem services available from only one source in the case of follow-on contracts for the continued provision of highly specialized services 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. (See 10 U.S.C.2304(d)(1)(B).) Competing this requirement would result in both a substantial duplication of cost to the Government that is not expected to be recovered through competition and an unacceptable delay in fulfilling the requirement.



As a FAR based follow-on to an OTA Prototype Agreement, Project Number C5-18-0095, under modification W15QKN-17-9-5555 P00053, that has been in place since August 2018 for the development of a DoD-specific travel system, the work is highly specialized. ACC-NJ competitively awarded the Agreement to Consortium Management Group Inc. (CMG) in accordance with (IAW) 10.U.S.C. 2371b. Concur, a member of the CMG, developed the DTM prototype based on a commercial product. During the OTA, Concur conformed the SaaS travel system to DoD's particular operational and regulatory requirements. It has taken three years, including more than 30 sprint cycles, for Concur to configure DTM and adapt it for DoD's specific operational and regulatory compliance requirements. Through the iterative Sprint process, Concur implemented configuration of their travel and expense product to provide the DoD functionality IAW the DoD Joint Travel Regulation (JTR). This included configuration for temporary duty business travel, local travel, travel to military installations and overseas travel. Concur also built the Concur Cloud for Public Sector hosted in Amazon Web Service (AWS) GovCloud to provide the baseline required for FedRAMP and DoD cybersecurity requirements. The DoD configuration and data was then deployed to the Concur public sector cloud. This environment was assessed for baseline cybersecurity compliance by a DoD CIO Cybersecurity Assessment Team; Concur continues to cyber harden this environment. DTM now incorporates the DoD travel rule sets, cybersecurity for the DoD, and will facilitate auditing financial transactions to ensure accurate accounting.

These highly specialized services will support the entire DoD and include travel across all theaters of operations. DTM services will ensure expedient travel to and from anywhere in the world but also allow for a process within the DoD to approve the travel and ensure timely reimbursement to the traveler(s). The sole source follow-on is needed to continue integrating and configuring the software for different types of travel and to move DTM towards fully replacing the current Defense Travel System (DTS) and Travel Management Company (TMC) business model. To fully implement the DTM with the intent of replacing the legacy DTS system, the prototype must transition from development to the next stage of production and implementation. This transition will include ongoing sprints for continued configurations of the software to add functionalities for other travel types such as Leave, Medical, Training, and Deployments/Contingencies/Exercise travel – all of which are unique to DoD and must be implemented according to the JTR and the DoD Financial Management Regulation. These ongoing sprints will bring the DTM solution provided in the prototype to Full Operational Capability for the DoD and enable the sunset of DTS. Concur can provide this service because it has worked on integration between Concur Travel & Expense product (CTE), Global Exchange (GEX), and DoD financial systems for financial obligation and disbursement processing, as well as DoD cybersecurity compliance for the past three years. Any other vendor would require three years to integrate a comparable SaaS travel and expense capability. Due the continuing technical challenges of conforming an otherwise commercial system to DoD's unique requirements, the Government anticipates accomplishing full integration will take the next several years, after which, the Government will determine if the DTM can fully replace DTS. Any other direction will not allow recovery of funds expended and will delay the ultimate production contract by an additional three years. Another provider could not pick up the program from this point and carry it forward, as it would require the other provider to implement its own SaaS product, thus requiring the DoD to expend funds to duplicate the work that has already been done by Concur.

The original DTM business case analysis conducted in 2017 by the Chief Management Office (CMO)-Chief Information Office (CIO) led Cross-Functional Team for Travel (CFT-T) showed SaaS as the best way forward for DoD travel, because SaaS provides a state of the art travel application at reduced costs when compared to the current travel system and TMC construct. The DoD has approximately four million annual TDY trips. The savings that may be realized by this contract can be compared with what it costs the DoD each year to operate and sustain DTS, approximately [REDACTED], and the annual costs of the TMC support, approximately [REDACTED]



██████████. The annual total of ██████████ for DTS and TMC when divided by the number of TDY trips results in a ██████████ per trip cost. The business case stated that a reduction in the cost per trip using Concur's SaaS would ultimately be realized if it is fully integrated for all types of travel. Based on what has been learned in the prototype the actual cost per trip will likely be ██████████ at full production volume which, when multiplied by the approximate number of trips, equates to a savings of approximately ██████████ per year. The time and expense required for another provider to replicate the underlying data and subsequent analysis of cost-savings, if any, to be achieved by its services would quickly swallow the amount of the projected savings presented by the Concur system and would allow the ██████████ already invested to go by the wayside because the Government would not use the system that has already been developed for it.

The DoD has incurred ██████████ in costs to modernize travel. Awarding to any other vendor would result in a substantial duplication of those costs which is not expected to be recovered through competition. During the 18-month Phase 1A and 1B prototype performance period, Concur stood up, configured, and deployed a travel and expense product in the commercial data center resulting in full end to end travel management services and an online application for a small DoD organization of approximately 1,000 total travelers. Concur then built and deployed the travel and expense product in an AWS GovCloud environment to meet Federal Risk and Authorization Management Program (FedRAMP) and DoD cybersecurity requirements. The total dollars invested into the prototype program is ██████████ which includes Phase 1A cost ██████████, Phase 1B cost ██████████, a nine-month extension ██████████ and a three-month extension cost of approximately ██████████. There has been an additional ██████████ in funds executed in other efforts in support of the program for program management, GEX, audits, datamart and cybersecurity controls, bringing the total cost to the DoD to ██████████. Going to any other vendor would require incurring all those costs and time again, as new environments would need to be set up, and any other vendor would need to build and transition the DoD onto a new commercial travel and expense management system hosted within a cloud environment to comply with FedRAMP moderate security controls, as well as DoD Cloud Computing Security Requirements Guide (CC SRG) Impact Level 4 (IL4) controls. Additionally, any other vendor would need to demonstrate the capability to interface with the DoD financial systems. Based on the required configuration IAW DoD JTR and integration with DoD financial systems for each of the Services, these efforts would take an additional 36 months, which is an unacceptable delay to the modernization of the DoD's travel.

Any delays will impact the Government because it will require continued use of the aging travel system. DTS is a legacy system that continues to incur technical debt through poor usability, low customer satisfaction, and improper payment of travel entitlements. As cloud-based commercial SaaS, Concur will provide the DoD with a travel and expense management capability that remains technically current and benefits from the constant enhancement of the Concur commercial product. The Concur product also provides a modern, easy-to-use interface to book and expense travel that will provide improved usability and customer satisfaction for our Service members and government employees. The underlying artificial intelligence/machine learning engine providing expense audit function in the Concur product gives real-time feedback to identify possible irregularities to the traveler and approver as travel expenses are submitted. The Concur capability has already shown evidence of significantly reducing improper travel payment. DTS is being replaced in order to take advantage of SaaS so the Government does not have to continue to maintain a Government-owned system, which is not as user friendly as the commercial capabilities that exist with the SaaS. The longer these DTS conditions persist, the longer DoD will go without realizing the full benefit of a modernized cloud based commercial travel and expense capability and the more time and money it will lose due to the current system's inefficiencies. Additionally, continuing to use DTS will require further investment to update it, making the efforts and investment in DTM over the past three years meaningless.



The DTM has not only accomplished the technical objectives for the prototype, but also achieved particularly favorable results which include a 31% increase in optimal fare usage and achieving a touchless travel fulfillment rate of 75% compared to a 22% rate with the DoD's legacy travel system. The success translates to significantly lower transaction costs. Competing the effort from this juncture would not result in the Government being able to recoup the costs expended to date and would require at least the same amount of time expended on the Concur system thus far with little guarantee that a different provider would be able to achieve the same efficiencies. As evidenced by the results of the OTA competition and the sources sought posted for this sole source for production, a competition would not result in a vendor that could provide these services without substantial duplication of costs for a prototype, financial system integration, testing, cybersecurity compliance, and limited deployments. It is expected that an additional [REDACTED] would be required to get where DTM is today. To compete this requirement, the award price would have to enable the Government to save at least an additional [REDACTED] per year over the full seven-year life of the contract to recoup the [REDACTED] that the Government has already expended. No responses were received in response to the sources sought. A new provider would also need to integrate its system in a very short amount of time for less money than was expended over the last three years.

Delaying the production contract will also delay the cost avoidance that will be realized by using the Concur SaaS. Based on the prototype competition, market research, and an assessment of the marketplace in general, that type of additional cost savings is not feasible. Additionally, the Government would not be able to recoup all the time and effort it has expended in researching and evaluating the Concur capability. Accordingly, over the life cycle of the program, the competition would not allow the Government to realize any cost savings so as to recoup any of the amounts already spent. Furthermore, as described above, the complicated process of conforming a vendor's services to the DoD's requirements takes multiple iterations over dozens of months just to provide a proof of concept, let alone to be prepared to transition to full operational capacity. During that time, the Government would lose the increased efficiency that such a modernized system would provide. Just as importantly, the Government would continue to pay a premium of [REDACTED] per year for that outdated system by failing to recognize the savings that will be created by the products and services that are the subject of this contract. It would take an additional 36 months to get a new travel and expense program to where DTM is today.

Finally, because the Deputy Secretary of Defense established the CFT-T and directed modernization of DoD travel in June 2017, DTS has been in sunset mode and thus no enhancements or technology refresh have been occurring over the last three years. Delaying award would require the DoD to enhance DTS and purchase additional hardware ([REDACTED]) to ensure it remains a viable travel system.

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

- a. The Government conducted a competition for the DTM prototype OTA. Based on market research prior to solicitation of the DTM prototype, the Government determined the Command, Control, Communications, and Computer Technologies (C5) Consortium to be the most advantageous vehicle to solicit as many potential sources as practicable for this requirement, to include sources that would normally not conduct business with the DoD. The C5 Consortium represents a compilation of industry and academia brought together to enhance the warfighter's lethality and survivability through 10 U.S.C. §2371b OTA agreements. It is available for use by all service laboratories and program offices within the DoD to advance and expand the nation's military technological superiority in critical fields of command, control, and communications in cyberspace. The C5 Consortium consists of twenty

capability domains to include software and hardware technologies, enterprise systems, information operations, enabling technologies, and training.

On September 25, 2017, the Government published a special notice for an industry day under solicitation number W15QKN-17-C-X-0B7S. The purpose of the industry day was to identify possible collaboration and business opportunities to modernize DoD Travel. The notice was modified prior to industry day, informing all interested vendors of the Governments intent to post a Request for White Papers (RWP) via the consortium. The industry day was held October 12, 2017 with 129 attendees.

On April 19, 2018, ACC-NJ issued a RWP to the C5 Consortium. The RWP informed industry of the possibility of a follow-on effort. A total of five white papers were received from Consortium members, reviewed and evaluated by Government technical representatives and ACC-NJ personnel IAW the selection criteria set forth in the RWP. Three of the white papers were determined to be the best value for the Government and were selected to give a technical demonstration to be evaluated prior to final selection for issuance of Request for Prototype Proposal (RPP). Based on evaluation of the technical demonstrations, Concur was determined the best value to the Government.

On June 11, 2018, RPP C5-18-RPP-95 was issued to Concur. After evaluation and negotiation, proposal C5-18-PROP-0095 rev2 dated July 31, 2018 was determined fair and reasonable. Award was made August 14, 2018 under Agreement W15QKN-17-9-5555 (P00053) Project Number C5-18-0095.

- b. A sources sought and notice of intent to sole source synopsis was issued April 30, 2021 to May 17, 2021 and June 14, 2021 to June 21, 2021 under H98210-21-DTM1, to determine if there were any vendors that could provide a SaaS. Vendors were asked to provide capabilities and market information to include a fully integrated commercial travel SaaS capability configurable to the needs of DoD and the ability to serve the travel needs of more than 2.3 million travelers, as well as to iteratively support temporary duty travel, business travel, training travel, travel in support of deployments, exercises, maneuvers, war games, and contingency operations; medical travel, leave in conjunction with TDY travel; and government funded leave travel. Vendors were also asked to demonstrate their capability to obtain the Authority to Operate by Defense Information Systems Agency at IL4, meet DoD Cybersecurity requirements and DoD Instruction 8501.01 Risk Management Framework (RMF) for DoD Information Technology, integrate with Global Exchange Service, develop reports, queries and dashboards necessary to provide needed metrics and data feeds, and to provide an application and travel fulfillment services help desk support (web and live) 24/7, 365 days a year to customers located in the Continental United States and overseas. The Government did not receive any responses to the sources sought.
- c. Efforts to solicit potential sources for follow-on: Market research was conducted via the industry day for the prototype, a RWP for the prototype, technical demonstrations for the prototype, and a sources sought under North American Industry Classification System (NAICS) 511211, Software Publishers. Initial market research for the prototype resulted in five companies with specific interest in the prototype that submitted white papers. There were enough technically acceptable proposals used to determine capabilities in the marketplace that there are known companies that can produce a solution if the requirement were to be competed. The Government will conduct market research during the third and fourth years after the contract is awarded to determine whether competition of the follow-on would result in substantial duplication of costs that could not be recovered through the competition. Additionally, the contract will include an 18-month transition out period to allow



adequate time and to require sufficient coordination between contractors to transition travel between vendors.

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

The Contracting Officer will determine a fair and reasonable price utilizing proposal analysis techniques found at FAR 15.404-1, including comparison with historical prices paid and/or comparison to the Independent Government Cost Estimate.

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

See Section VI(b) above.

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

The DoD has invested in excess of [REDACTED] for the DTM program over the past three years. The prototype has been deemed successful and a restart with a new vendor would cause substantial duplication of cost to the Government that is not expected to be recovered through competition. DTS is an aging legacy system that continues to incur technical debt. As cloud-based commercial Software-as-a-Service, DTM will provide the DoD with a travel and expense management capability that remains technically current and benefits from the constant enhancement of the commercial product.

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

The contractors listed below participated in the procurement of the DTM prototype OTA; however, the sources sought notice for this follow-on production contract received no responses.

American Express Global Business Travel (AMEX GBT)  
Apptricity Corporation  
Omega World Travel  
Travelport

**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.**

DMDC will continue to monitor the marketplace for any new products that may come available that can meet the minimum technical requirements. DMDC will address the Government's minimum needs and conduct an in-depth marketplace analysis to ensure maximum practicable competition is obtained. The development of new travel capability offerings from industry could remove barriers to competition should an efficient and cost effective DoD business travel and expense substitute for DTM become available. DMDC continually reviews the marketplace to identify products and technology trends that can support DMDC missions. The Government will issue another sources sought three or four years after the award of this contract, in order to account for a potential competitive procurement and a transition period of 18 months.

**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.