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**Comptroller General
of the United States**

**United States Government Accountability Office
Washington, DC 20548**

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Decision

Matter of: World Wide Technology, Inc.

File: B-298888

Date: December 1, 2006

Stephen S. Kaye, Esq., and William E. Olson, Esq., Bryan Cave LLP, for the protester.
Janine S. Benton, Esq., and Kathy C. Potter, Esq., Benton & Potter, PC, for
Government Technology Services, Inc., an intervenor.
John R. Caterini, Esq., and Barry C. Hansen, Esq., Department of Justice, for the
agency.
Guy R. Pietrovito, Esq., and James A. Spangenberg, Esq., Office of the General
Counsel, GAO, participated in the preparation of the decision.

DIGEST

In a procurement conducted under Federal Supply Schedule procedures, protest challenging agency's price analysis under a solicitation that provided for a realism assessment of quoted fixed prices for the issuance of a blanket purchase agreement is denied, where the protester asserts that the agency failed to consider that quoted laptop computers would not be available throughout the agreement's base term, but the record shows that the source selection official in fact considered whether the laptop computer models quoted would be available and reasonably concluded based upon the information before him that the models would be available.

DECISION

World Wide Technology, Inc. protests the establishment of a blanket purchase agreement (BPA) with Government Technology Services, Inc. (GTSI) by the Department of Justice (DOJ) under request for quotations (RFQ) No. DJJL-06-RFQ-0397 for desktop and laptop computers. World Wide complains that the agency unreasonably evaluated the realism of GTSI's proposed fixed prices.

We deny the protest.

The RFQ provided for the establishment of a BPA with a 3-year base period and 1-year option period for desktop and laptop computers and optional accessories, services, and peripheral equipment. The competition was limited to vendors who hold contracts under schedule 70 of the General Services Administration Federal

Supply Schedule (FSS). Prospective vendors were informed that the agency intended (but did not guarantee) to place an initial order for approximately 15,000 computers and to purchase approximately 60,000 computers over the base period of the BPA.

The solicitation informed vendors that quotations would be evaluated on the basis of four factors: proposed workstation and laptop products, technical/management proposal, past experience/past performance, and “total evaluated price,” and that award would be made on the basis of a price/technical tradeoff. RFQ, Evaluation Factors, at 1-2. With respect to the price evaluation factor, the solicitation provided a pricing table, on which vendors were to provide their FSS contract unit prices, their prices offered under this BPA, and their discounts from the FSS contract prices for each of the required computers, accessories and peripheral equipment for each of the 3 years of the BPA’s base period. The pricing table evenly spread the agency’s identified estimated quantities of desktop and laptop computers over the 3-year base period. See RFQ amend. 4, at 6-8. Vendors were informed that the price evaluation factor would be evaluated as follows:

Based on the proposed DOJ [BPA] unit prices times the DOJ estimated quantities for each line item, a Grand Total All Workstations and Options Amount will be calculated by the Pricing Table. In reviewing and verifying an Offeror’s Grand Total Evaluated Amount, the Government may make adjustments to the pricing table for errors and omissions, or make other corrections as deemed necessary by the Contracting Officer. In addition to the aforementioned adjustments, the Government may make Price Realism adjustments to the Gran[d] Total Evaluated Amount, if the circumstances warrant.

RFQ, Evaluation Factors, at 1.

The RFQ also provided a “technology refreshment” provision, under which the vendor or the agency could propose or request product substitutions for a number of reasons, including that the vendor’s BPA product had been discontinued by the manufacturer. Vendors were informed that

discounts proposed for the initial products shall apply to all subsequent additions or substitutions, which must be compliant with the [statement of work] requirements. If DOJ agrees to a permanent substitution, it shall receive at least the same percentage discount from the GSA price of the new item that it received on the original item.

RFQ, BPA, at 11.

DOJ received quotations from a number of vendors, including World Wide and GTSI, whose quotations along with those of two other vendors were included in the “competitive range.” Discussions were conducted and revised quotations obtained. Agency Report (AR) at 9-11.

The final revised quotations of World Wide and GTSI, which both offered the same Hewlett Packard desktop and laptop computer models, received the following technical scores:

	Maximum Points	GTSI	World Wide
Proposed Desktop and Laptop	40	40	40
Technical/Management	40	36	40
Experience/Past Performance	20	15	18
TOTAL	100	91	98

AR, Tab 13, Source Selection Recommendation Report, at 5. These numerical ratings reflected the evaluators’ judgment that both firms had submitted “outstanding” quotations with a number of strengths and no weaknesses or deficiencies. See AR, Tab 16, Technical Evaluation Report, at 13-15, 20-22.

The firms’ quoted prices were evaluated under three pricing scenarios: (A) where the estimated requirements were spread evenly over the 3-year BPA period (as provided in the solicitation’s pricing table); (B) where 67 percent of the estimated requirements were obtained in the first year and the remainder in the second year; and (C) where all of the estimated requirements were obtained in the first year of the BPA.¹ World Wide’s and GTSI’s evaluated prices under the three scenarios were found to be:

Scenario	GTSI	World Wide
A	\$42,331,130	\$47,394,500
B	\$55,253,560	\$56,538,000
C	\$63,110,670	\$62,179,500

AR, Tab 13, Source Selection Recommendation Report, at 5.

¹ The agency’s evaluation plan provided that, as part of the source selection recommendation report, a number of different pricing scenarios would be calculated “to test the unit prices proposed across a range of possibilities.” AR, Tab 33, Evaluation Plan, at 7.

The evaluators recommended to the source selection official (SSO) that the BPA be awarded to GTSI because they concluded that World Wide's point advantage did not reflect a significant technical advantage and that World Wide's evaluated price was only low under the third scenario, which the evaluators concluded was unlikely to occur. Id. at 7.

The SSO accepted the evaluators' judgment that World Wide and GTSI had submitted outstanding quotations. With respect to the technical/management factor, the SSO found that World Wide's point score advantage did not reflect any "significant differences" between the firms' quotations. The SSO viewed World Wide's point score advantage under the experience/past performance factor as "slight." AR, Tab 6, Source Selection Decision, at 5.

With respect to the firms' evaluated prices, the SSO stated that, although both firms quoted "deep discounts" to their schedule contract prices, GTSI was more aggressive than World Wide with respect to that firm's pricing for the second and third year of the BPA, and that was the reason that GTSI's evaluated price was determined to be lower under scenarios A and B. The SSO also determined that, although World Wide's evaluated price was lower than GTSI's price under scenario C (which reflected the agency's purchase of all its estimated quantities in the first year of the BPA), this scenario was "most unlikely." This was so because the various DOJ components that will place orders under the RFP have a range of buying cycles that cover the 3-year contract period beyond the first year. Id. at 6.

Besides the above scenarios, the SSO considered the firms' proposed prices under a number of additional scenarios, in which, under the BPA technology refreshment provision, the desktops and/or laptops would be replaced by newer equipment. The SSO stated that although "[i]t is a common accepted fact that computer technology prices fall over time as new products are introduced to the market," it is possible that substituted equipment could be offered, accepted, and priced at the higher first year BPA prices, and not at the lower prices quoted for the second and third years of the BPA. Id. According to the SSO, this could happen because the BPA's technology refreshment provision mandates that the original offered discounts must be applied to substituted equipment. The SSO stated that he determined, from his own research done on the internet, that Hewlett Packard had announced a replacement for the desktop computer model offered by both World Wide and GTSI, and that therefore there was a reasonable possibility that the desktop model would be "tech refreshed out" before the third year of the BPA. The SSO determined, however, that the laptop computer models quoted by the two firms had only recently been put on the market and that there was a reasonable possibility that these models would still be in production and available in the third year of the BPA base period. Thus, under the additional scenarios considered by the SSO to account for possible substitution, the SSO first calculated the firms' evaluated prices for the desktop computer models for the first year of the BPA as applicable to the estimated quantities for total 3-year BPA contract, based on the assumption that if desktops were substituted it would be at

prices equivalent to the BPA's first year prices.² Added to this figure were the prices for laptops, calculated consistent with scenarios A and B, based on the assumptions that either the estimated quantities of the laptops would be purchased in even quantities over the 3-year BPA term, or 67 percent of the laptops would be purchased in the first year and 33 percent in the second year. Under each of these additional scenarios, GTSI's evaluated price was determined to also be lower than World Wide's evaluated price. Id. at 6-7.

The SSO selected GTSI's quotation for award, based upon his determination that GTSI's quotation provided the lowest evaluated price in almost all situations, with the exception of one scenario that the SSO believed was unlikely to occur, and that GTSI's evaluated price advantage outweighed World Wide's "slight" advantage under the experience/past performance factor. Id. at 5-7. The BPA was awarded to GTSI, and, following a debriefing, this protest was filed.

World Wide challenges the SSO's price analysis, complaining that his analysis did not consider that the laptop computers would likely also be "technically refreshed" during the BPA's term. In this regard, World Wide contends that information available from the manufacturer would have established the laptop computer models (offered by both GTSI and World Wide) would also become unavailable after the first year of the BPA. Because both the desktop and laptop computers will assertedly likely be technically refreshed during the BPA's base period, the protester argues that, in calculating the vendors' evaluated prices, the SSO should have considered the firms' first year prices as reflecting the "realistic" prices quoted by the firms. See Protester's Comments at 5. Such a calculation is equivalent to scenario C, under which World Wide's evaluated price would be lower than that of GTSI's.

Where, as here, a solicitation provides for the establishment of a BPA on a fixed-price basis, "realism" of vendors' proposed pricing is not ordinarily considered. See Systems, Studies, and Simulation, Inc., B-295579, Mar. 28, 2005, 2005 CPD ¶ 78 at 6. However, an agency may provide for a price realism analysis in a solicitation that contemplates the issuance of a BPA against the vendors' FSS contracts for the limited purpose of measuring vendors' understanding of the requirements or to assess the risk inherent in a vendor's quotation. See OMNIPLEX World Serv. Corp., B-291105, Nov. 6, 2002, 2002 CPD ¶ 199 at 9; PHP Healthcare Corp., B-251933, May 13, 1993, 93-1 CPD ¶ 381 at 5. The nature and extent of such a price realism analysis ultimately are matters within the sound exercise of the agency's discretion, and our review of such an evaluation is limited to determining

² We are unsure of the basis for the assumption that first year prices are the proper way to evaluate the "realistic" prices for computers that will likely be refreshed during the BPA's 3-year base period. However, the protester has raised no concerns in this regard and has adopted this methodology in its protest asserting that its quotation should have been considered as having a lower "realistic" price.

whether it was reasonable and consistent with the solicitation's evaluation criteria. Citywide Managing Servs. of Port Washington, Inc., B-281287.12, B-281287.13, Nov. 15, 2000, 2001 CPD ¶ 6 at 4-5. A price realism analysis, if conducted, may affect the technical evaluation, but cannot properly lead to adjustment of the firms' fixed prices. See Verestar Gov't Servs. Group, B-291854, B-291854.2, Apr. 3, 2003, 2003 CPD ¶ 68 at 6 n.3.

The agency's analysis of the firms' quoted pricing here was apparently to assess quotation risk focusing on the possible impact of technical refreshment during the BPA base period on the vendors' prices. The protester does not contend that this basic methodology was insufficient, but for the reasons stated above contends that the agency improperly analyzed the results of the scenarios.

As explained below, the protester's arguments provide us with no basis to object to the agency's analysis of the vendors' quoted pricing. The SSO analyzed the vendors' quoted prices under a number of scenarios, including the agency's consideration of the "technology refreshment" of the firms' proposed desktop computers. Under all but one of these scenarios, a scenario not likely to occur, GTSI's evaluated prices were lower than that quoted by World Wide.

Contrary to the protester's arguments that the agency did not reasonably consider that the laptop computer models might not be available throughout the BPA base term, we find that the SSO did in fact do so. That is, the SSO considered whether the laptop computers would be subject to "technology refreshment" and concluded from the information that was before him that the laptops would likely be available through the third year of the BPA. In this regard, SSO performed his own research on the internet, which indicated to him that the laptop computer models were relatively new and not likely to soon be replaced by new models. AR, Tab 6, Source Selection Decision, at 6. The protester has provided life-cycle charts for the laptop computer models offered by the two firms, which it states it obtained from Hewlett Packard, that purportedly shows that the laptop computers could not be ordered after October 2007. See Protest exh. 4; Protester's Comments, exh. 5. World Wide argues that this information was readily available from Hewlett Packard. However, the protester has failed to show how the agency would have been aware of this information or would know to inquire of the manufacturer as to when the laptop computers would be discontinued. In this regard, the protester has also not provided any statements or other evidence from the manufacturer to support its arguments. Moreover, we note that the protester's quotation included no information indicating to DOJ that the laptop computer models offered by World

Wide (the same models offered by GTSI) would become unavailable or would be subject to “technology refreshment” before the end of the BPA’s term.

We deny the protest.

Gary L. Kepplinger
General Counsel