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Decision

Matter of: Savantage Financial Services, Inc.

File: B-299798; B-299798.3

Date: August 22, 2007

Jon W. van Horne, Esq., Law Office of Jon W. van Horne, for the protester.
Thomas P. Humphrey, Esq., Amy Laderberg O'Sullivan, Esq., and Adelia Cliffe Taylor, Esq., Crowell & Moring LLP, for IBM Global Business Services, the intervenor.

Maj. Geraldine Chanel, Department of the Army, for the agency.

Paula A. Williams, Esq., and Ralph O. White, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest that agency unreasonably evaluated the protester's proposal is denied where the record shows that the agency's evaluation was reasonable and consistent with the stated evaluation factors; protester's disagreement with agency's evaluation is insufficient to show it was unreasonable.

DECISION

Savantage Financial Services, Inc. protests the award of a contract to IBM Global Business Services under request for proposals (RFP) No. W74V8H-06-R-0007, issued by the Department of the Army, for educational support services for the GoArmyEd program. Savantage challenges the evaluation of its technical and price proposals and the resulting source selection decision.

We deny the protest.

BACKGROUND

The Army Continuing Education System (ACES) promotes lifelong learning opportunities for soldiers by providing and managing quality self-development education programs and services. Historically, ACES programs and services have been provided through an installation-centric model; however, through the GoArmyEd contract, ACES will offer active duty soldiers anytime, anywhere access to high quality educational opportunities from participating colleges and universities

through the GoArmyEd web portal.¹ RFP Performance Work Statement (PWS), at 5-8.

The RFP, issued on September 29, 2006, contemplated the award of a single indefinite-delivery/indefinite-quantity contract for a base year with nine 1-year options. Award was to be made without discussions unless discussions were otherwise determined to be necessary. RFP amend. 5, at 2. With regard to contract performance, the solicitation set forth the major tasks the contractor will be expected to perform, including--program management, operation and maintenance of the GoArmyEd portal, soldier support and educational services, management of GoArmyEd portal schools, programmatic and technical support, and transition management. RFP PWS, at 15-49.

The RFP provided for award on a "best value" basis, considering six evaluation factors listed in descending order of importance--technical approach, management capabilities and approach, corporate recent and relevant experience, small business participation plan (large businesses only), past performance and price/cost. RFP amend. 4, at 47-51. The RFP advised that only proposals rated at least acceptable under the technical approach factor and the management capabilities and approach factor were to be considered for award. The RFP also stated that the agency was "more concerned with obtaining superior technical and management features than with making an award at the lowest overall cost to the Government." RFP amend. 4, at 44. Overall, the non-price factors, when combined, were significantly more important than price.

As part of their price/cost proposal, offerors were required to provide their pricing for applicable items identified in section B of the solicitation. In addition, the RFP required that offerors' price proposal "shall contain sufficient price detail (i.e., a breakout) for labor, equipment, hosting, etc., to support the proposed Firm Fixed Price." RFP amend. 5, at 14. The solicitation further advised that price/cost proposals would be evaluated for completeness and that the agency would perform a price analysis to ensure fair, reasonable and realistic prices. RFP amend. 4, at 44, 51.

The RFP provided detailed instructions for the preparation of proposals and requested, among other things, that offerors organize their proposals to correspond to the solicitation's evaluation factors. While setting forth page limitations for the various sections of the offerors' proposals, the RFP cautioned that each proposal was to clearly indicate the offeror's understanding of the proposal requirements through the submission of a satisfactorily completed proposal. RFP amend. 5, at 4-5.

¹ This acquisition is a follow-on to the existing Army University Access Online (eArmyU) contract which was competitively awarded to PricewaterhouseCoopers, now IBM.

Savantage, IBM, and a third offeror submitted proposals by the December 28, 2006 extended closing date.² Each member of the agency's source selection evaluation board (SSEB) individually rated each offeror's technical proposal by assigning for each non-price factor, and its related subfactors, an adjectival rating of excellent, good, acceptable, marginal, or unacceptable.³ These adjectival ratings were supported by detailed narratives of the strengths or weaknesses in the proposal. After the individual evaluations were conducted, the members of the SSEB met and assigned a consensus rating to each offeror's proposal for each non-price factor and related subfactors which were of equal importance; these overall ratings and proposed prices were as follows:

² The third offeror's proposal is not relevant to resolution of Savantage's protest; accordingly, our decision here does not further discuss that proposal.

³ Of relevance to this protest, the solicitation defined a marginal rating as follows:

The proposal demonstrates an approach which may not be capable of meeting all requirements and objectives. The approach has disadvantages of substance and advantages, which if they exist, are outweighed by the disadvantages. Collectively, the advantages and disadvantages are not likely to result in satisfactory performance. The risk of unsuccessful performance is high as the proposal contains solutions which may not be feasible and practical. These solutions are further considered to reflect high risk in that they lack clarity and precision, are generally unsupported, and do not demonstrate a complete understanding of the requirements. Risk Level: High.

RFP amend. 4, at 45-46.

Factors	IBM	Savantage
1: Technical Approach	Excellent	Marginal
Understanding of Requirement	Excellent	Marginal
Transition Plan	Good	Marginal
Established Systems Engineering Processes	Excellent	Acceptable
2: Management Capabilities & Approach	Excellent	Marginal
Program Management	Excellent	Marginal
Key Personnel	Excellent	Marginal
Quality Control Plan	Excellent	Acceptable
Compensation Plan for Professional Employees	Pass	Pass
3: Corporate Recent & Relevant Experience	Excellent	Good
Corporate Recent Experience	Excellent	Good
Corporate Relevant Experience	Excellent	Acceptable
4: Small Business Participation Plan	Acceptable	N/A
Small Business Participation Goals	Good	N/A
Achievement of Successful Overall Contract	Acceptable	N/A
Realism of Proposed [Small Business Participation] Goals	Acceptable	N/A
5: Past Performance	Low	Low
Quality of Product or Service	Low	Low
Timeliness of Performance	Low	Low
Cost Control	Low	Low
Business Relations	Low	Low
Overall Rating	Excellent	Marginal
6: Price/Cost		
Evaluated Price	\$214,334,656	\$190,443,754
Completeness	Yes	No
Reasonableness	Yes	Yes, for total only
Realism	Yes	Unable to determine

AR exh. 14, SSEB Initial Consensus Report, at 11, 21, 33, 38, 40, 47.

In its evaluation of Savantage's proposal, the SSEB found 15 weaknesses under factor (1) technical approach, and 14 weaknesses under factor (2) management capabilities and approach--the two most important evaluation factors. In addition, the agency found that Savantage's price proposal did not contain required price information for the option years which precluded the agency from determining price realism. AR exh. 14, SSEB Initial Consensus Report, at 12-14, 23-24. In contrast, the SSEB identified numerous significant strengths and no significant weaknesses in IBM's proposal under the two most important evaluation factors--technical approach and management capabilities and approach. Id. at 11-12, 22-23.

The SSEB reported its initial evaluation findings to the source selection authority (SSA) and recommended award to IBM based on these initial evaluations. Id. at 60-61. The SSA reviewed the evaluation findings, including the associated strengths and weaknesses of the proposals, and adopted the SSEB's technical findings and evaluation of proposed prices. The SSA determined that IBM's proposal represented the best value on the basis of the following considerations:

Savantage's overall rating for the non-price factors is "Marginal." Savantage received a Marginal rating for the 2 most important non-price factors. . . . Collectively, the "Marginal" ratings for the two most significant non-price factors in importance outweigh the Good rating in Factor 3 and results in an overall technical "Marginal" rating.

Savantage's cost/price offer was incomplete without required supporting data in compliance with the RFP. Specifically, Savantage failed to provide [deleted] to support its firm fixed price in Option Years 1 through 9. Savantage's evaluated price of \$190,443,754 appears to be the lowest but it is the SSA's determination that it cannot be deemed reasonable based on the information provided. Because Savantage's proposal was not complete, it was impossible to determine if their price is realistic for the work to be performed, which calls into question whether their proposed price is really the lowest offered.

* * * * *

IBM offered a superior technical proposal that contained merit significantly greater than either Savantage Solutions or [the third offeror]. IBM's price was the second highest but did not exceed the [independent government cost estimate] and provides the best solution for completing the requirement and there is very low risk of unsuccessful completion of the contract.

AR exh. 15, Source Selection Decision Document, at 47-48, 49. Award was made to IBM and the agency notified Savantage of the award decision. AR exh. 16, Agency's Letter to Savantage. After receiving a debriefing, Savantage filed this protest.

DISCUSSION

In its initial protest, Savantage challenged each specific weakness identified by the agency during its debriefing, arguing that its proposal was improperly rejected "for what appear to be arbitrary and capricious reasons." Protest at 23. In its comments, Savantage provided point-by-point arguments that addressed the weaknesses identified during the agency debriefing as well as the substantive nature of the agency's evaluated weaknesses as reflected in the contemporaneous evaluation and

source selection documents.⁴ According to the protester, the agency conducted an unreasonable evaluation of its proposal, and improperly determined that the proposal was unacceptable under the two most important evaluation factors--technical approach, and management capabilities and approach. Among other things, Savantage contends that the evaluators failed to recognize that Savantage met the solicitation requirements under these two evaluation factors, alleging that the evaluation was either “based on matters outside the stated evaluation criteria,” based “on matters that are simply irrelevant or irrational,” or was otherwise “based on nothing at all.” Protester’s Comments at 4.

In reviewing a protest of an agency’s proposal evaluation, our review is confined to a determination of whether the agency’s judgment was reasonable and consistent with the stated evaluation factors and applicable statutes and regulations. L-3 Communications Westwood Corp., B-295126, Jan. 19, 2005, 2005 CPD ¶ 30 at 5.

Where the source selection authority reasonably considered the underlying bases for the ratings consistent with the terms of the solicitation, the protester’s disagreement with the rating assigned to the proposal provides no basis to question the reasonableness of the judgments made in the source selection decision based on the underlying comparative strengths and weaknesses of the proposals. Ideamatics, Inc., B-297791.2, May 26, 2006, 2006 CPD ¶ 87 at 4; see also, Command Mgmt. Servs., Inc., B-292893.2, June 30, 2004, 2004 CPD ¶ 168 at 3.

We have considered all of Savantage’s arguments and the detailed contemporaneous record of the agency’s evaluation, including the individual evaluators’ summary evaluation forms, and source selection decision, and conclude, based on the extensive written record, that the agency’s evaluation of the protester’s proposal was reasonable. We discuss a few illustrative examples below.

Understanding of Requirement Subfactor

Under the understanding of requirement subfactor under the technical approach factor, the RFP provided that a proposal’s technical approach section shall be sufficiently specific, detailed, and complete to clearly and fully demonstrate that the offeror has a thorough understanding of the Army’s requirements and provides a comprehensive technical approach/solution to meeting the solicitation requirements. RFP amend. 4, at 47-48. Consistent with this, offerors were required to address 10 specific elements such as, the offeror’s concept of the operational aspects of a performance-based partnership, the expected performance of the contractor team and the government team; the processes and techniques for portal maintenance,

⁴ The weaknesses identified in Savantage’s proposal are described slightly differently in the agency’s contemporaneous evaluation documents compared to the description provided in Savantage’s debriefing; the weaknesses are, however, identical in substance.

oversight, and control, to include network operations; and the offeror's helpdesk and customer relationship management (CRM) concept, system, and processes to ensure that these services are provided in accordance with the PWS requirements. RFP amend. 5, at 5-6.

The record shows that in evaluating Savantage's proposal, the agency evaluators identified four strengths and seven weaknesses under the understanding of requirement subfactor. For example, the agency downgraded Savantage's proposal for failing:

to demonstrate an adequate understanding of current Army education operational structure and stakeholder responsibilities as outlined in the PWS. For example, Savantage misidentified [Army training requirements and resources systems (ATRRS)] and ITAP [integrated total Army personnel database] as ACES legacy systems, which they are not. Furthermore, Savantage proposes assuming some of the responsibilities that SOC [servicemembers opportunity colleges] will have under the GoArmyEd contract which is not appropriate.

to demonstrate an adequate understanding of the risks and appropriate mitigation strategies associated with such a large technical and services contract transition.

to adequately discuss how the full range of technology package support as well as the required management will be performed.

[to include sufficient] discussion regarding the risks surrounding the implementation of a completely new [deleted] tool and the [deleted] of the Saba software product that currently helps manage GoArmyEd courses and supports web-based stakeholder training.

AR exh. 14, SSEB Initial Consensus Report, at 12-13.

This led the evaluators to the following conclusion:

Collectively, the strengths and weaknesses are not likely to result in satisfactory performance. The risk of unsuccessful performance is high, as the proposal contained solutions which may not be feasible and practical, and will increase the level of effort for schools and other key stakeholders (e.g., reengineering the [deleted] concurrently with [deleted] as well as developing and implementing [deleted] during the six (6) month transition period). The approach proposed is further considered to reflect high risk in that it lacks clarity and precision, and is generally unsupported (e.g., Savantage stated that its approach will [deleted]). Savantage failed to demonstrate a full understanding of the complexities of the GoArmyEd requirements. If Savantage received

contract award, they would require increased Army oversight and resources to ensure contract requirements are met.

Id. at 13-14.

Savantage argues that these evaluation conclusions are unreasonable. For instance, the protester maintains that one of the weaknesses cited by the evaluators—that Savantage had misidentified ATRRS and ITAP as ACES legacy systems—was the result of the agency’s misevaluation of its proposal. In its protest filing, Savantage provided citations to its proposal allegedly showing where in Savantage’s proposal the firm had in fact identified the ATRRS and ITAP as Army programs and not ACES legacy systems. Protester’s Comments at 41.

Here, for example, the relevant portion of Savantage’s proposal states:

GoArmyEd Issues/Objectives	Savantage Team Solution Features and Benefits
ACES is constrained by disparate legacy systems that are not fully integrated.	Our team brings relevant Army system experience with our partner [deleted] who has supported key Army programs (ITAP-DB and ATRRS) currently supporting Soldiers and proven systems engineering processes for supporting mission critical systems aimed at optimizing the user experience. Benefit: Provides enhanced capability to advance the ACES’ goal of integrating systems to further enhance their service offerings through GoArmyEd.

AR exh. 6a, Savantage Proposal Vol. 1, at V1-1.0-3 (bold in original).

The quoted portion of Savantage’s proposal identifies disparate legacy systems as a problem and proposes a team experienced with ATRRS and ITAP programs as part of its solution to the problem. At a minimum, we think the Savantage proposal is itself unclear as to whether, as the protester claims, it could be read to indicate that Savantage had identified the ATRRS and ITAP programs as Army programs or whether these programs were ACES “legacy systems that [were] not fully integrated.” AR exh. 6a, Savantage Proposal Vol. 1, at V1-1.0-3. It is an offeror’s obligation to submit an adequately written proposal for the agency to evaluate, see Independence Constr., Inc., B-292052, May 19, 2003, 2003 CPD ¶ 105 at 5; it is the substance of an offeror’s proposal that an agency evaluates to establish an offeror’s understanding of, and compliance with, the terms of an RFP. Since Savantage had the burden of submitting an adequately written proposal, yet failed to do so, we have no basis to question the reasonableness of the agency’s evaluation.

To the extent that Savantage contends that the agency should have looked to the corporate experience section of Savantage’s proposal for an extensive discussion of the ATRRS and ITAP programs, we disagree. While Savantage’s proposal did include information concerning the ATRRS and ITAP programs in the corporate experience

section of its proposal, contracting agencies evaluating one section of a proposal are not obligated to go to unrelated sections of the proposal in search of needed information which the offeror has omitted or failed adequately to present. See, e.g., Sam Facility Mgmt., Inc., B-292237, July 22, 2003, 2003 CPD ¶ 147 at 5. Thus, Savantage's allegations in this regard do not render the agency's evaluation unreasonable.

As to the concern that Savantage proposed to assume some of the responsibilities that SOC (servicemembers opportunity colleges) will have under the GoArmyEd contract, the protester insists that this criticism "can't be substantiated" and therefore was unreasonable. Protester's Comments at 44. However, the record, in fact, clearly substantiates this criticism. The contemporaneous summary evaluation forms indicate that one evaluator specifically documented her concerns that Savantage's approach assumes some SOC responsibilities. This evaluator stated that Savantage's proposal to create "an Academic Advisory Board for GoArmyEd seems to imply that ACES needs academic thought leaders to guide the program other than SOC." AR exh. 21, Moorash Summary Evaluation Form, at 3. As a result, the agency evaluators concluded that Savantage's proposed advisory board reflected a lack of understanding of the RFP requirements because academic quality and student support services is a school responsibility that will be supported by SOC, the Army's academic facilitator. RFP PWS, at 37-38. While the protester maintains that the evaluators concerns about "assuming" some SOC responsibilities are unfounded, Savantage failed to explain why the agency's articulated reasons for these concerns were not reasonable. Consequently, we have no basis to conclude that this weakness was improperly identified, or was assessed in a manner inconsistent with the terms of the solicitation.

Transition Plan Subfactor

Savantage next challenges the evaluators' determination that its proposed transition plan represented a high risk of unsuccessful performance. Protester's Comments at 54. For example, one of the six weaknesses that reflected the agency's concern that Savantage's proposed transition plan was highly risky was described as follows:

Savantage proposed a transition approach that is very unrealistic and highly risky since it proposed to not only transition the current GoArmyEd system, but also to simultaneously accomplish all of the following tasks in the first six months of contract performance: implementing a new CRM tool; introducing a new school onboarding process; discontinuing the current Saba software and migrating its functionality to[deleted]; and developing and implementing fourteen (14) functional gaps. In addition, Savantage proposed to accomplish all of the above work with an unproven management structure.

AR exh. 14, SSEB Initial Consensus Report, at 17. Savantage asserts that the agency's criticism regarding the risk involved with Savantage's plan to replace Saba and the existing CRM software--both of which were proprietary to the incumbent contractor--with new software was unreasonable. Thus, the protester alleges that because the RFP, as supplemented by the agency's responses to industry questions, did not include any technical details regarding these two software programs, IBM, the incumbent, was the only offeror that could have known how Saba and the custom-coded CRM software implemented web-based stakeholder training. Protester's Comments at 57-60.

As a preliminary matter, if Savantage believed the RFP included insufficient information to ensure a fair competition, or that it otherwise was unfair to evaluate transitioning of these software programs to new software under the circumstances here, it was required to protest on this ground prior to the closing time. A protest based upon alleged improprieties in a solicitation that are apparent prior to the closing time for receipt of initial proposals must be filed before that time. Bid Protest Regulations, 4 C.F.R. § 21.2(a)(1) (2007). In any case, Savantage does not meaningfully dispute or otherwise demonstrate that the weaknesses identified in its proposed transition plan were unwarranted or were not supported by the contemporaneous evaluation record.

We conclude that neither Savantage's arguments discussed above, nor additional arguments made by Savantage and considered by our Office, furnish a basis to question the overall evaluation of Savantage's proposal as marginal under the technical approach evaluation factor. The record is replete with instances where the weaknesses identified in Savantage's proposal either were based on the level of detail, understanding, and risk presented in its proposal, or were areas where Savantage's approach met the RFP requirements but the evaluators concluded that its approach increased the risk of unsuccessful performance. While Savantage maintains that the marginal ratings were unjustified, its arguments amount to little more than disagreement with the agency's evaluation findings and does not render the evaluation ratings unreasonable. Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7.

Finally, since we conclude that the agency reasonably evaluated Savantage's proposal under the technical approach evaluation factor, and since the RFP here advised that proposals must be rated at least acceptable under this evaluation factor to be eligible for award, we need not consider Savantage's other challenges to the Army's evaluation findings under the management capabilities and approach evaluation factor. Nor will we consider the protester's arguments concerning the agency's evaluation of its price proposal. James J. Flanagan Shipping Corp., B-286129, Nov. 27, 2000, 2001 CPD ¶ 156 at 4 n.2.

Conflict of Interest

In its supplemental protest, Savantage argues that this procurement is fatally flawed by an impermissible conflict of interest. Specifically, Savantage asserts that a member of the SSEB had “some type of compensated relationship with University of Maryland University College (UMUC).” Protester’s Supplemental Comments, at 3. UMUC, the protester alleges, is a subcontractor to IBM under the eArmyU program and therefore this SSEB member evaluated proposals in a manner that favored IBM, causing it to win the GoArmyEd contract awarded here. Supplemental Protest at 1-3.

As relevant here, the Federal Acquisition Regulation (FAR) provides as follows:

Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships.

FAR § 3.101-1.

Contrary to Savantage’s assertions, we find no conflict of interest present here. The agency report includes detailed explanations and declarations in response to the protester’s claims. Our review of the record shows that none of the agency personnel who evaluated Savantage’s proposal, including this particular evaluator (who was temporarily employed as a consultant with ACES through the Intergovernmental Personnel Act Mobility Program), held a position that would be affected by the outcome of the procurement.

In addition, in response to Savantage’s challenges, the evaluator has provided evidence that he has had no relationship with his former employer, UMUC, for several years. While Savantage quibbles with the adequacy of the evaluator’s representations, we think the materials in the record answer the allegations raised. Moreover, the record confirms that this evaluator’s ratings were consistent with the ratings given by other members of the SSEB under these two evaluation factors.⁵

⁵ To the extent Savantage complains that this evaluator unfairly influenced or persuaded the other evaluators to lower the ratings initially assigned to the protester’s proposal resulting in lower overall consensus ratings assigned to its proposal, we note that consensus ratings need not be those initially assigned by the individual evaluators. Rather, the consensus ratings may properly be determined after discussions among the evaluators, which is what occurred here as documented in the SSEB consensus evaluation report. Joint Mgmt. & Tech. Servs., B-294229, B-294229.2, Sept. 22, 2004, 2004 CPD ¶ 208 at 4; Manufacturing Eng’g Sys., Inc., B-293299.3, B-293299.4, Aug. 3, 2004, 2004 CPD ¶ 194 at 6. Since there is no evidence
(continued...)

Accordingly, there is no basis to conclude that this award was tainted by a conflict of interest.

The protest is denied.

Gary L. Kepplinger
General Counsel

(...continued)

in the record that the challenged evaluator had any remaining ties with UMUC, we will not consider this matter further.