Comptroller General
of the United States

Washington, D.C. 20548

Decision

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Matter of: Electronic Data Systems Corporation

File: B-280133; B-280133.2

Date: September 3, 1998

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Maj. Jonathan C. Guden, Department of the Army, for the agency.
David A. Ashen, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest that agency significantly understated the savings associated with the identified discriminators in its technical proposal, including time savings for travelers and authorizing officials resulting from proposed accelerated deployment of new official travel system, is denied where: (1) solicitation assigned only limited weight to deployment in the technical evaluation; and (2) agency reasonably focused on budgetary savings generated by a reduction in staffing rather than more intangible, incidental time savings and quality of life enhancements for travelers and authorizing officials.

DECISION

Electronic Data Systems Corporation (EDS) protests the Department of the Army's award of a contract to BDM International, Inc., under request for proposals (RFP) No. DAMT01-97-R-1003, for a new official travel system and travel management services. EDS primarily challenges the best value determination.

We deny the protest.

The solicitation contemplated award of a fixed-price requirements contract for a base period of 5 years, with three 1-year options, for: (1) a new travel management software system, designated the Common User Interface (CUI), to be deployed to Department of Defense (DOD) users worldwide; (2) operation and maintenance of the CUI; and (3) travel management services with respect to official travel performed by travelers assigned to organizations in Defense Travel Region (DTR) 6 (comprised of the states of North Dakota, South Dakota, Nebraska,

Minnesota, Iowa, Missouri, Wisconsin, Illinois, Michigan, Kentucky, and Indiana, and other designated areas). The CUI is an automated software system that will facilitate travel management by allowing DOD travelers to use their personal computers to handle functions that were previously performed on paper and in multiple steps, ensuring compliance with DOD travel policies, performing financial and accounting functions (such as "should cost" estimates, financial settlement computation, and electronic fund transfers), and maintaining travel data.

The solicitation provided for award to be made to the "responsible Offeror whose offer represents the best overall value to the Government" under the following four criteria (listed in descending order of importance): (1) written proposal, comprised of factors for performance work statement (PWS) (with subfactors for CUI architecture, CUI functionality, CUI support and travel management services), past performance/prior experience/financial history, and subcontracting plan; (2) demonstration; (3) price/fees, including cost/price and point-of-sale discount (including discount for official air travel services and rebate of a percentage of the commissions received on all non-air travel services); and (4) oral presentation. RFP § M.7, Basis for Contract Award and Relative Importance of Evaluation Areas (Official). The solicitation stated that price/fees were "significantly less important than the combined evaluation of the written proposal, demonstration, and oral presentation." Id.

Two proposals, from BDM and EDS, were received by the closing time. Both were included in the competitive range. Following discussions with the offerors, the Army requested best and final offers (BAFO). Based upon its evaluation of BAFOs, the source selection evaluation board (SSEB) rated the proposals as follows:

	BDM	EDS
WRITTEN PROPOSAL		
PWS (Overall)	**Good**	**Good**
CUI Architecture	Good	Good
CUI Functionality	Good	Good
CUI Support	Good	Good
Travel Management	Good	Excellent
Performance/Experience/Financial (Overall)	**Good**	**Good**
Past Performance	Excellent	Good
Prior Experience	Good	Good
Financial History	Satisfactory	Satisfactory
Subcontracting[1]	**Good**	**Good**
DEMONSTRATION	**Good**	**Good**
PRICE/FEES		
Cost/Price	$263.7 million	$[DELETED]
Less Discount (original/corrected)[2]	$[DELETED]	$[DELETED]
Net Cost (original/corrected)	$[DELETED]	$[DELETED]
ORAL PRESENTATION	**Satisfactory**	**Good**

In addition, as part of its evaluation of BAFOs, the source selection advisory council (SSAC) established a working group to identify and quantify discriminators between the proposals. The evaluators identified 37 discriminators, of which 28 were advantages offered by EDS's proposal and 9 were advantages offered by BDM's. Ten of the 37 discriminators were evaluated as having a determinable value; 6 of these were evaluated as offering direct dollar cost savings and 4 were evaluated as offering opportunity cost savings generated from a reduction in required time and

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[1]SSAC Memorandum for the Source Selection Authority, Attached Area/Factor/Subfactor/Element [Evaluation].

[2]Contracting Officer's Statement, July 10, 1998, at 30-31.

effort on the part of DOD personnel. The direct cost discriminators totalled $107.58 million for EDS's proposal and $180,000 for BDM's; the opportunity cost discriminators totalled $130.46 million for EDS's proposal and $5.6 million for BDM's.

The SSAC found that while EDS's proposal had an advantage with respect to its written proposal--based on EDS's advantage with respect to the PWS, compared to BDM's slight advantage with respect to performance/experience/financial--and oral presentation, BDM's proposal had an advantage with respect to price/fees. (Neither proposal had an advantage with respect to the demonstration.) The SSAC concluded that "the value-added benefits that EDS proposed were not compensatory to the higher price/fees proposed by EDS," which were [DELETED] BDM's. SSAC Memorandum for the Source Selection Authority.

Likewise, the source selection authority (SSA) concluded that the "slightly more advantageous PWS and Oral Presentation" rating of EDS's proposal did not offset the "significantly more advantageous Price/Fees" of BDM's proposal. Source Selection Decision Statement, Defense Travel Region Six, Official Travel Services, at 4.[3] In this regard, as part of his "best value judgment," the SSA specifically determined that the increased value for EDS's software associated with the identified discriminators "is an optimistic value and that the opportunity [cost] savings in particular are speculative and will not materially [a]ffect DOD's bottom line costs." Id. For example, the SSA noted that opportunity cost savings of 205 staff years ($61.458 million) were attributed to EDS's proposal based on the calculation that the greater ease-of-use of EDS's CUI screens would save 4 minutes per travel record transaction. The SSA concluded that "given that making travel arrangements is a small part of most DOD employees' tasks, I cannot conclude that the DOD will eliminate, save or reduce any of the 205 positions based upon the use of one CUI versus another." Id. The SSA determined that in view of the advantage held by BDM's proposal in the performance/experience/financial, subcontracting and price/fees areas, BDM's proposal was the best value overall. Upon learning of the resulting award to BDM, EDS filed this protest.

QUANTIFICATION OF DISCRIMINATORS

EDS argues that the agency significantly understated the savings associated with the identified discriminators and, as a result, the advantages offered by EDS's proposal were not adequately considered in the source selection decision. EDS primarily challenges the agency's calculation of the savings associated with EDS's proposal of

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[3]In addition to the advantages of BDM's proposal as identified by the SSAC, the SSA concluded that BDM's proposal also was more advantageous with respect to subcontracting, due primarily to BDM's past performance in this regard.

an accelerated schedule for CUI deployment. In this regard, section F.5.2 of the RFP listed performance locations within DTR 6 and set forth a date for each location by which full contract performance was to commence; overall, full contract performance within DTR 6 was to commence within 2 years of award. In addition, section F.5.3 listed performance commencement dates for a small number--approximately 214--of the many locations outside DTR 6. Although the agency expected that complete worldwide deployment of the CUI would take place within the contract's 5-year base period, Contracting Officer's Statement, July 10, 1998, at 11, the RFP did not establish a detailed schedule for deployment of the CUI to all DOD sites worldwide.

While BDM's proposal was evaluated as offering DTR 6 deployment in accord with the 2-year solicitation schedule, its "[a]ggressive worldwide deployment schedule" of 38 months was rated a strength. SSAC Memorandum for the Source Selection Authority, Attached Evaluation of BDM Performance Work Statement, CUI Support, CUI Deployment to DOD Users. EDS's proposal of complete DTR-6 deployment within 12 months and worldwide deployment within 24 months also received a strength for an "[a]ggressive deployment schedule." SSAC Memorandum for the Source Selection Authority, Attached Evaluation of EDS Performance Work Statement, CUI Support, CUI Deployment to DOD Users. In addition, EDS's proposed accelerated deployment schedule was identified as a discriminator between the proposals which was likely to result in direct--rather than opportunity cost--savings of $38.05 million. In calculating this level of savings, the agency assumed that (1) direct monetary savings would only occur in connection with administrative personnel, not travelers and authorizing officials; (2) yearly savings from use of EDS's CUI would total $76.1 million (the savings at contract year 8--i.e., after full deployment and transition); and (3) the government would be able to take advantage of only 6 months of EDS's proposed acceleration. The Army credited EDS with only 6 months of acceleration because of limitations imposed by the time the Army would require to transition from the current commercial travel contracts in effect for the various sites, train government personnel in use of the system and draw down the government's excess travel management capacity, and because of the risk that EDS would be unable to deploy as proposed. Declaration of SSEB Chief of Cost Team, July 27, 1998, at 2-3; SSAC Memorandum for the Source Selection Authority, Attached DTS Value Analysis.

EDS challenges the Army's determination that DOD would save only $38.5 million as a result of EDS's proposed accelerated deployment schedule. EDS asserts in this regard that the agency's determination that DOD could take advantage of only 6 months of acceleration was inconsistent with provisions of the RFP that, in EDS's view, suggested that a 24-month deployment schedule would be feasible. Further, the evaluation allegedly ignored the single most important component of the protester's claimed additional savings--cost savings related to the time saved by travelers and authorizing officials under the new travel management system were

not considered in the agency calculation. EDS Comments, July 17, 1998, at 36; EDS Comments, Aug. 5, 1998, at 12. According to EDS, the agency acted unreasonably in limiting its calculation of savings to those that will accrue to administrative personnel; EDS asserts that travel reengineering studies generally have included travelers' and authorizing officials' time savings when calculating the total possible savings. In this regard, EDS notes that in a 1997 study prepared for DOD's travel reengineering officials, approximately $312 million of the approximately $402 million overall yearly savings attributed to the new travel system when fully implemented were associated with time savings accruing to travelers and authorizing officials. Initial Economic Analysis, DOD Travel Reengineering Project, Sept. 10, 1997, at 6-1; EDS Comments, July 17, 1998, at 42-43.

We find that EDS has not shown that its proposal was entitled to significantly greater credit in the cost/technical tradeoff for its proposed accelerated CUI deployment. In this regard, an agency may not give weight or consideration to a factor in the best value determination that is disproportionate to the weight assigned to that factor under the RFP's technical and price/cost evaluation scheme. Here, the record shows that EDS's proposal in fact did receive a strength for an aggressive deployment schedule under the CUI Deployment to DOD Users evaluation element. That element, however, was only one of seven evaluation elements set forth in the RFP under the CUI Support subfactor, which itself was only one of four subfactors under the PWS factor, which, in turn, was only one of three factors under the Written Proposal criterion, and that criterion was only one of four evaluation criteria.[4] Attributing a value exceeding $200 million to accelerated CUI deployment would, in our view, have meant giving that element weight grossly disproportionate to its weight in the RFP evaluation scheme.

Moreover, we conclude that in deciding whether to pay a significantly higher price (approximately $[DELETED]), the Army reasonably discounted the cost impact of additional time savings and quality of life enhancements for travelers and authorizing officials resulting from EDS's accelerated deployment and easier-to-use CUI screens. We think the SSA reasonably determined that since travel administration is not the primary duty of travelers and authorizing officials, any

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[4]EDS suggests that consideration of its accelerated deployment schedule also would have been appropriate under other evaluation factors, including: (1) Logistics Support, another evaluation element under the CUI Support subfactor; (2) CUI Implementation, also an evaluation element under the CUI Support subfactor; (3) CUI Deployment to Travel Management Service Contractors, another evaluation element under that subfactor; and (4) CUI Functionality, a subfactor under the PWS factor. RFP § L.8.1.1.1. However, even considering these evaluation areas, the solicitation assigned deployment considerations only limited weight in the evaluation.

increased time that travelers and authorizing officials will be able to devote to their primary duties under EDS's approach will not in fact result in any cost savings through personnel reductions. Declaration of Chief of Cost Team, July 27, 1998, at 12-13.

DOD's Economic Analysis, cited by EDS, is not inconsistent with this conclusion. That study recognized that "[i]n practice, Traveler[s'] and [Authorizing Officials'] primary mission performance should improve because less time is consumed in travel process activities," and that the calculated savings under the agency's program analysis and evaluation model are "extremely high" because the model treats time savings on the part of travelers and authorizing officials as tangible savings. Economic Analysis at 4-7. However, the Economic Analysis recognized the distinction between direct, tangible monetary savings from staffing reductions and opportunity cost savings, finding that:

> the savings in the Traveler and Mission areas are reductions of the lost mission time spent by Travelers and [Authorizing Officials] conducting travel processes. Although measurable, these savings are not tangible in that reductions to DOD Travelers or [Authorizing Officials] are not feasible results of an improved travel system.

Id.

In summary, deployment considerations were only assigned limited weight under the solicitation, and in determining the extent of the credit to be given in this regard, the agency reasonably focused on savings generated by a reduction in staffing rather than more intangible, incidental time savings and quality of life enhancements for travelers and authorizing officials. We find nothing in EDS's arguments that would lead us to conclude that any additional savings that could reasonably be expected to result from EDS's discriminators would have altered the technical evaluation and offset BDM's significant price advantage in the cost/technical tradeoff.[5]

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[5]EDS argues that BDM's proposal should be rejected as unacceptable because its proposed delivery schedule is noncompliant with both the required performance schedule for the DTR 6 sites (RFP § F.5.2) and that for the (approximately 214) sites outside DTR 6 for which performance dates were specified (RFP § F.5.3). However, EDS's protests in this regard were first filed more than 6 weeks after its counsel received a copy of BDM's proposal (under the protective order issued in this case) and thus are untimely. 4 C.F.R. § 21.2(a)(2) (1998); EDS Comments, July 27, 1998, at 20-24; EDS Comments, Aug. 5, 1998, at 28-36. In any case, as maintained by the Army and BDM, this aspect of EDS's protest is based on a misreading of BDM's proposal.

DISCUSSIONS

EDS argues that the Army failed to conduct meaningful discussions and, indeed, misled it during the discussions that were held regarding its proposal, by questioning EDS concerning its ability to meet the accelerated deployment schedule, but failing to advise EDS that the agency viewed its proposed accelerated deployment as not achievable and of no value to the government.[6] EDS asserts that it proposed a significantly more costly approach in order to accelerate deployment. (According to EDS, "its entire bidding strategy [DELETED] were all driven by the need to meet the accelerated two year schedule." EDS Comments, July 27, 1998, at 30.)

EDS's argument is based on an incorrect premise--that the Army did not consider EDS's proposed accelerated deployment to be of value. Although the Army did not believe that it could take advantage of all of the proposed acceleration, it credited EDS's proposal with 6 months of acceleration and assigned the proposal a technical strength on this account. Further, EDS had no reasonable basis for assuming that it would receive additional credit; the solicitation did not require consideration of savings from accelerated deployment in the evaluation of price/fees, and only assigned deployment considerations a limited weight in the technical evaluation.[7]

BDM'S PRICE

EDS argues that the source selection decision was flawed because the SSA was unaware of, and thus failed to take into account, the concern expressed by the evaluators, that BDM's proposal included the cost for as few as [DELETED] staff years per year--based on a calculation of one staff year for every $114,000 in price--

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[6]The Army advised EDS during discussions that its proposal "did not provide convincing evidence that the offeror can deploy the CUI globally in the time frame proposed," and "did not provide convincing evidence that the offeror can implement the CUI in the time frame proposed." EDS Discussion Items, Nos. 27, 28.

[7]Although arguably inconsistent with the agency's determination that EDS's accelerated deployment was of value to the government, we note that, during discussions, EDS was specifically advised in writing that the agency characterized EDS's proposal to accelerate deployment to be an approach that only: "Meets Requirement; Not Considered Enhancement." Evaluation of EDS [Defense Travel System] Proposal Enhancements, at 1. This notice further supports the conclusion that EDS had no reasonable basis for assuming that it would receive additional credit for its accelerated deployment. Further, the Army specifically cautioned EDS during discussions that its "price for CUI Operations and Maintenance (O&M) is too high." EDS Discussion Items, No. 44.

for CUI operations and maintenance (O&M); approximately 300 staff years were assumed in the government's most probable cost (GMPC) estimate, and the evaluators concluded that the cost of additional required staff could total as much as $[DELETED] over the life of the contract.[8] BDM Consensus Evaluation Worksheet (Official) (BAFO) at 3-4; BDM Individual Evaluation Worksheet, Best and Final Offer (BAFO) Official, E. G. Dickens Jr.; Declaration of SSEB Chief of Cost Team, July 27, 1998, at 14-16.

The record indicates that the SSAC determined that the issue was not significant, and thus that the SSA need not be briefed on it, because BDM had reaffirmed the sufficiency of its staffing during discussions, its overall price was within (albeit at the lower end of) the cost range in the agency's GMPC,[9] and the solicitation provided for award of a fixed-price contract under which the contractor would be responsible for any additional costs of performing the statement of work. SSAC Chairman Memorandum, July 2, 1998, at 3-4; Contracting Officer's Statement, July 10, 1998, at 49-50; Declaration of SSEB Chief of Cost Team, July 27, 1998, at 14-16. Reflecting this latter fact, the solicitation neither established minimum staffing levels nor required the submission of proposed staffing levels or of detailed cost and pricing data in support of an offeror's proposed approach. Although the solicitation did generally provide that "[e]xcessively high or low cost/price may be deemed to indicate a lack of understanding of the requirements of this solicitation," RFP § M.7.3(a), BDM's overall price was not viewed as excessively low--it was within the cost range in the agency's GMPC. Furthermore, the fact that BDM's technical proposal received the same final overall rating as did EDS's under the Written Proposal evaluation criterion, a rating EDS has not shown to be unreasonable, indicates that the Army viewed BDM's overall understanding of the solicitation favorably. In these circumstances, and in view of BDM's significant

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[8]In a further evaluation of BDM's proposal undertaken after EDS filed its protest, the agency determined that the cost team had failed to include subcontractor costs in its calculations of staffing; the agency determined that consideration of subcontractor inputs could add as many as [DELETED] additional staff, for a total possible O&M staffing (based on $114,000 per staff year) of [DELETED]. Declaration of SSEB Chief of Cost Team, Aug. 5, 1998, at 11-12. In contrast, EDS's proposal was evaluated as assuming [DELETED] staff years and as including the cost of [DELETED] staff years at the government-calculated rate of $114,000 per staff year. Declaration of SSEB Chief of Cost Team, July 27, 1998, at 15.

[9]The agency cost evaluators noted that "[w]e would expect BDM's proposal cost to be nearer the lower end of the GMPC estimate because the lower end estimate is based on a solution that uses the Travel Manager software, which is the software BDM is using in their solution." BDM Consensus Evaluation Worksheet (Official) (BAFO) at 2.

price advantage and favorable technical evaluation, this argument provides no basis for disturbing the award.

The protest is denied.

Comptroller General
of the United States