



ODYSSEY SYSTEMS

managing the technology challenge

Lowest Price Technically Acceptable (LPTA)- Is It Always the Best Deal?

NCMA Boston Chapter March Workshop
11 March 2015

Overview

- Background and History
- Understanding FAR Part 15
- Best Value Continuum
- Factors to Consider
- LPTA Risks
- Definition of Technically Acceptable
- Protests and Decisions
- Take Aways

Background

- 2010- Better Buying Power Initiative 1.0
Increase efficiencies for warfighter capabilities with declining budgets
- 2011 Memo from OUSD
Standardize approach for competitively negotiated source selection.
- 2012 Better Buying Power 2.0
Continue efficiency and productivity in defense spending

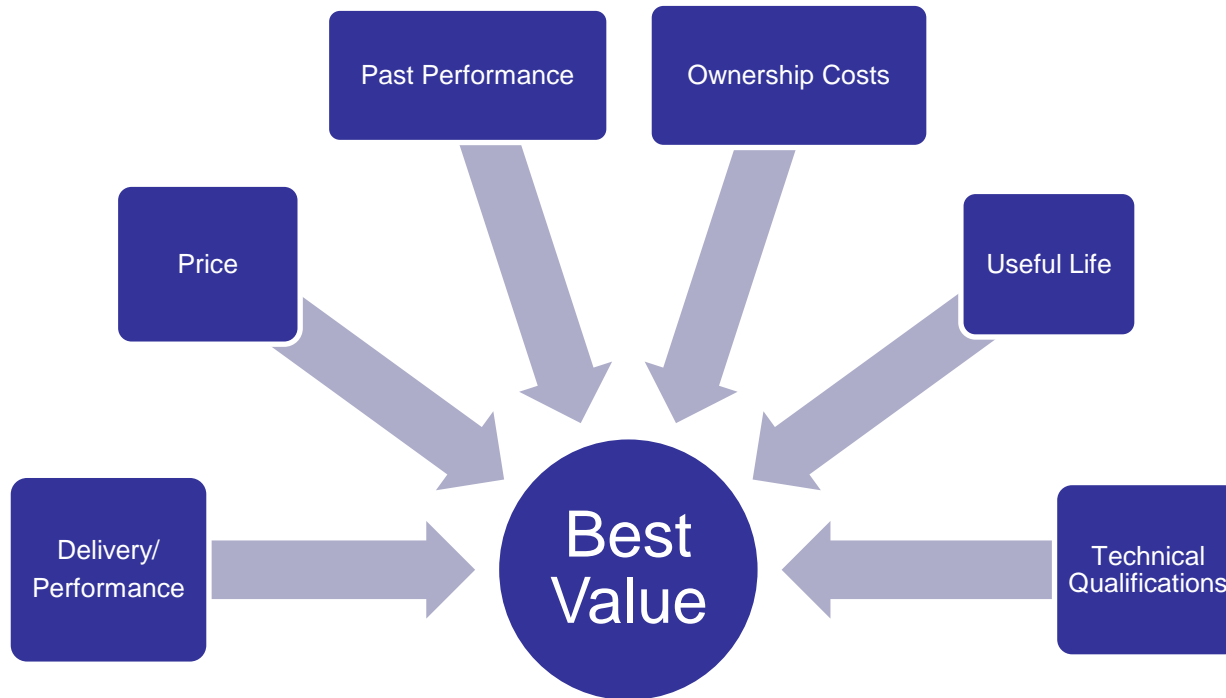
Best Value Continuum

- Trade Off Process-consider non-cost factors such as past performance, reliability, risk aversion. Government can award without lowest price or highest technical capability.



- LPTA-by definition, should be used when best value is expected to result from the selection of technically acceptable proposal with lowest evaluated price.

Factors to Consider



LPTA Risks

Complex professional services may not be in best interests of the Government program:

- Severely underbid
- Difficulty managing budgets
- Hiring and retaining proper staff for execution

Systematic Issues:

Reduction in OH & G&A = no IR&D, training on emerging technologies, division of program teams

Definition of Technically Acceptable

Technical standards should be high enough to permit sufficient price competition

Includes all non-price factors e.g. domain expertise, key personnel, past performance

Offeror should demonstrate their ability to master the issues and resources needed to address them in conjunction with ability to adapt to changing needs

Protests

Kirti International of Galveston, Texas: Asserted Navy unreasonably found their proposal technically unacceptable.

Technically acceptable in each of four areas: • corporate experience • capabilities/personnel • ISO 17357:2002(E) • Past Performance • include technical records & test reports demonstrating compliance with ISO 17357:2002(E)

Department of Navy concluded technical approach unacceptable: • Failed to provide adequate proof of compliance with ISO 17357:2002(E) • Ambiguous due to references to standards other than ISO 17357:2002(E) • Uncertain whether Kirti intended to perform within terms of the RFP • Kirti's intentions regarding performance was the issue, not capability

Protests

Orion Technology, Inc. of Huntsville, Alabama and Chenega Integrated Mission Support, LLC of Alexandria, Virginia: Orion and Chenega allege that the Department of Army improperly used an undisclosed staffing estimate to determine if Offeror's staffing levels were adequate.

The solicitation advised offerors:

- 1) technical acceptability evaluated considering technical/ management & past performance
- 2) price evaluation

Failure to meet a requirement may result in technically unacceptable determination

- "Acceptable" clearly meet minimum requirements of the solicitation
- "Unacceptable" in any technical subfactors results means proposal(s) will not be considered further for award.

Department of Army concluded technical approach unacceptable because Orion and Chenega failed to offer adequate staffing levels.

Protest Decisions

Kirti's protest was DENIED!

GAO concluded the agency reasonably found Kirti's proposal technically unacceptable with regard to ISO 17357:2002(E). Clearly stated requirements are considered material to the Government's needs. A proposal that fails to conform to material terms is technically unacceptable and ineligible for award.

Orion and Chenega's protest was sustained!

GAO concluded the agency mechanically applied an undisclosed staffing estimate to determine acceptability or unacceptability of the proposals. Where the agency believed the undisclosed staffing estimate reflected minimum requirements it was required to disclose this information to offerors during discussions. GAO also found the agency subjected protestor's staffing to a stricter level of scrutiny as compared to evaluation of awardee's proposal.

Take Aways

- Mission critical/complex service efforts are best served with trade off approach to yield best value.
- If LPTA is chosen for source selection, all technical requirements must be specifically defined to ensure technical acceptability.