



DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. The entire decision has now been approved for public release.

Decision

Matter of: nou Systems, Inc.

File: B-421225

Date: December 22, 2022

David Z. Bodenheimer, Esq., and Madison Plummer, Esq., Nichols Liu LLP, for the protester.

Major James S. Kim, and Michael McDermott, Esq., Missile Defense Agency, for the agency.

Michelle E. Litteken, Esq., and Christina Sklarew, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest that the agency's technical evaluation was unreasonable because the agency applied an unstated evaluation criterion, failed to recognize strengths in the protester's proposal, and improperly weighted the technical subfactors is denied where the agency's evaluation was reasonable and consistent with the solicitation.
 2. Protest challenging the agency's cost realism analysis is denied where the agency performed a comprehensive analysis of all major cost elements and reasonably determined that proposed costs were consistent with each offeror's technical approach and were realistic for the work to be performed.
 3. Protest that the agency's source selection decision was unreasonable because it was premised on a flawed evaluation and failed to consider proposed cost savings is denied where the record shows that the evaluation was reasonable and consistent with the evaluation criteria.
-

DECISION

nou Systems, Inc. a small business of Huntsville, Alabama, protests the award of an indefinite-delivery, indefinite-quantity (IDIQ) contract to Corvid Technologies, LLC (Corvid), a small business of Mooresville, North Carolina, under request for proposals (RFP) No. HQ0855-21-R-0004, issued by the Missile Defense Agency (MDA) for specialized support services for test instrumentation. The protester challenges the agency's evaluation of proposals under the technical and cost factors, and the best-value tradeoff decision.

We deny the protest.

BACKGROUND

The MDA's director for test is responsible for structuring a responsive capability that provides, maintains, and develops common test resources and infrastructure required to execute tests by leveraging element laboratories, ranges, executing agents, and functional expertise. Contracting Officer's Statement (COS) at 2.

The solicitation, issued on April 23, 2021, as a small business set-aside,¹ contemplated the award of a single IDIQ contract to support test instrumentation systems, as well as the development of a new system, referred to as the mission execution and display distribution system (MEDDS).² COS at 2. The contract would include cost-plus-award-fee, cost-plus-incentive-fee, and cost-reimbursable contract line item numbers. Agency Report (AR), Tab 3, Solicitation; Tab 52, RFP § L at 5.

The solicitation established that award would be made using a best-value tradeoff considering the following factors: technical; management; information management and control plan; past performance; facility security clearance; and cost/price. AR, Tab 53, RFP § M at 3, 5. The technical factor was more important than the management factor, and all factors other than cost/price, when combined were significantly more important than cost/price. *Id.* at 5. As relevant here, the technical factor consisted of four subfactors of equal importance, each of which would receive a separate rating. *Id.* The subfactor ratings would not be consolidated into a single technical factor rating.³ *Id.*

As also relevant here, the solicitation established that MDA would evaluate cost/price proposals for reasonableness and realism. RFP § M at 16-17. The solicitation stated that the agency would assess whether an offeror's proposed labor hour quantities, labor skill mix, rates, and other direct costs reflected a clear understanding of the requirement, were consistent with the proposed technical and management

¹ MDA issued three amendments to the solicitation. As relevant here, amendment 3, issued on August 20, 2021, provided the final versions of the instructions and evaluation criteria. The final versions of the instructions and evaluation criteria are cited herein as sections L and section M, respectively.

² MEDDS will integrate two existing systems (known as test support systems and the MDA digital display distribution system) into a consolidated platform for test viewing and test execution product and displays. COS at 2.

³ The four technical subfactors consisted of the following: pacific collector range safety system, x-band transportable radar (XTR-1), MEDDS, and cyber compliance. RFP § M at 9-11. Each technical subfactor was representative of a task order. *Id.* at 9. With the exception of the cyber compliance task orders, the task orders would be issued after IDIQ award. *Id.* at 18.

approaches, and were realistic for the work to be performed. *Id.* at 17. The solicitation instructed offerors to account for all costs necessary to complete the requirements and to include a narrative to explain all judgment-based elements of cost projections. RFP § L at 25-26.

MDA received three proposals before the September 13, 2021, deadline for submission. COS at 4. After evaluating initial proposals, the agency established a competitive range that included the three offerors, and held discussions. *Id.* All three offerors submitted timely final proposal revisions. *Id.* The source selection evaluation board (SSEB) evaluated the proposals and documented their findings in a proposal analysis report (PAR), and the cost/price evaluation team documented their findings in a cost evaluation report (CER). *Id.* at 5; AR, Tab 63, CER at 2. The cost/price evaluation team determined that nou Systems’s and Corvid’s proposals did not require any adjustments based on probable cost. AR, Tab 63, CER at 16, 30.

The PAR and CER were presented to the source selection advisory council (SSAC), which accepted the evaluation results for all but one technical subfactor. AR, Tab 62, PAR at 161. For this subfactor, MEDDS, the SSEB had assessed six strengths to Corvid’s proposal and rated it as good; the SSAC examined the strengths, found that Corvid’s proposal was assessed strengths for five of this subfactor’s six elements, and increased the rating to outstanding.⁴ *Id.* The SSAC evaluated the protester’s and awardee’s proposals as follows:

	nou Systems	Corvid
Technical	Combined Technical/Risk	
Pacific Collector Range Safety System	Good (Low)	Acceptable (Low)
XTR-1	Outstanding (Low)	Good (Low)
MEDDS	Acceptable (Low)	Outstanding (Low)
Cyber Compliance	Acceptable (Low)	Acceptable (Low)
Management	Combined Technical/Risk	
Recruitment, Retention, Surge Support	Acceptable (Low)	Acceptable (Low)
Management Approach	Good (Low)	Acceptable (Low)
Transition Planning	Acceptable (Low)	Acceptable (Low)
Information Management and Control Plan	Acceptable	Acceptable

⁴ The solicitation defined an outstanding rating as follows: “Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths, and risk of unsuccessful performance is low.” RFP § M at 6. The SSAC did not increase the rating the SSEB had assigned to the protester’s proposal under the MEDDS subfactor because nou Systems’s proposal received strengths for only two of the six elements. AR, Tab 62, PAR at 161.

	nou Systems	Corvid
Past Performance	Acceptable	Acceptable
Facilities Security Clearance	Acceptable	Acceptable
Cost/Price		
Proposed Cost	\$39,497,943	\$36,597,427
Probable Cost/Total Evaluated Price	\$39,947,943	\$36,597,427

Id. at 162.

The SSAC compared the proposals at a factor and subfactor level, including the strengths and weaknesses that each proposal received.⁵ AR, Tab 62, PAR at 161-170. The SSAC found that Corvid’s proposal had a “slight overall advantage” for the technical factor “based on the advantages identified in Corvid’s strengths, absence of weaknesses in Corvid’s proposal, and the assessment of a weakness in [nou Systems’s] proposal.” *Id.* at 167. The SSAC also found that nou Systems’s proposal was stronger than Corvid’s proposal under the management factor as a result of the strength that nou Systems’s proposal received for the use of a program-wide test bed. *Id.* at 168. The SSAC noted that the offerors’ proposals were equally rated under the other factors, and the probable cost of the protester’s proposal was approximately 8% higher than the probable cost of Corvid’s proposal. *Id.* at 169.

The SSAC recommended that award be made to Corvid and summarized the basis for the recommendation as follows:

Because the Technical Factor is the most important Factor, Corvid’s slight advantage for that Factor, combined with Corvid’s 7.93 [percent] lower [total evaluated price], supports a conclusion that Corvid presents the best value to the Government, despite [nou Systems’s] advantage in the less important Management factor. Even if Corvid did not have a slight advantage in the Technical Factor and the proposals were considered equal for that most important Factor, Corvid would still be the best value to the Government. The advantage provided by [nou Systems] under the less important Management Factor, which was the use of a program wide test bed to support their management approach, is not significant enough to justify paying a price premium of 7.93 [percent] over Corvid, especially when doing so would also incorporate the weakness in [nou Systems’s] Technical approach.

⁵ The SSAC’s analysis and recommendation was included within the PAR. AR, Tab 62, PAR at 161-75.

AR, Tab 62, PAR at 175. The source selection authority adopted the SSAC's ratings, comparative analysis, and award recommendation and selected Corvid's proposal for award. AR, Tab 65, Source Selection Decision (SSD) at 4, 6.

After being notified of the award decision and receiving a debriefing, nou Systems filed this protest with our Office.

DISCUSSION

nou Systems challenges the agency's evaluation of the firm's proposal under the technical factor, the cost/price evaluation, and the best-value tradeoff decision. While we do not discuss each individual evaluation challenge or variation thereof raised by the protester, we have considered them all and find that none provides a basis to sustain the protest.

Technical Evaluation

nou Systems argues that MDA's evaluation of its technical proposal was unreasonable because the agency applied an unstated evaluation criterion in its assessment of a weakness and failed to recognize strengths in the protester's proposal, and the agency improperly assigned unequal weight to the technical subfactors. Protest at 10-11, 29-35.

The evaluation of technical proposals is a matter within the discretion of the contracting agency, since the agency is responsible for defining its needs and the best method for accommodating them. *Cherokee Nation Tech. Sols., LLC*, B-411140, May 22, 2015, 2015 CPD ¶ 170 at 5. In reviewing an agency's evaluation, we will not reevaluate technical proposals but, rather, will examine the agency's evaluation to ensure that it was reasonable and consistent with the solicitation's stated evaluation criteria and with procurement statutes and regulations; a protester's disagreement with an agency's judgment, without more, is insufficient to establish that an agency acted unreasonably. *Id.* at 5-6. Further, it is an offeror's responsibility to submit a well-written proposal, with adequately detailed information which clearly demonstrates its compliance with the solicitation requirements and allows a meaningful review by the procuring agency. See, e.g., *Innovative Pathways, LLC*, B-416100.2, June 13, 2018, 2018 CPD ¶ 212 at 5; *Hallmark Capital Grp., LLC*, B-408661.3 *et al.*, Mar. 31, 2014, 2014 CPD ¶ 115 at 9.

Unstated Evaluation Criterion

The protester contends that MDA applied an unstated criterion to its proposal when the agency assessed a weakness under the MEDDS subfactor. Protest at 15. MDA assessed a weakness after finding that nou Systems's proposal did not provide a technical approach to ensuring legacy system continuity. *Id.* The evaluators explained the weakness as follows:

Their approach to leverage team-wide incumbency and attract non-teammate incumbents addresses transition from a management perspective, but does not provide a solution to ensuring the actual operations of the affected systems. This flaw increases the risk of unsuccessful contract performance because it does not ensure that legacy systems will be fully mission capable as requirements are transitioned, resulting in the inability to support required and mandatory mission requirements.

AR, Tab 62, PAR at 35-36.

The protester contends that the solicitation did not require offerors to ensure legacy system continuity. Protest at 16. The protester further argues that the only requirement pertaining to legacy systems was the requirement to submit a legacy system continuity plan after award. *Id.* The agency responds that the solicitation stated that MDA would evaluate the offeror's approach to transition "current MDA system requirements," and that language refers to what will become the legacy system during performance. Memorandum of Law (MOL) at 30-31; COS at 9.

As a general matter, when evaluating proposals an agency properly may take into account specific, albeit not expressly identified, matters that are logically encompassed by, or related to, the stated evaluation criteria. *Synaptek Corp.*, B-410898.6, Feb. 29, 2016, 2016 CPD ¶ 78 at 9. When a protester challenges an evaluation as unfairly utilizing unstated evaluation criteria, our Office will assess whether the solicitation reasonably informed offerors of the basis for the evaluation. *ERP Servs., Inc.*, B-419315, Feb. 24, 2021, 2021 CPD ¶ 85 at 3.

We find no basis to object to the assessment of a weakness here. For the MEDDS subfactor, the solicitation listed six areas that the agency would evaluate, including: "the extent to which the proposal demonstrates an understanding of an approach to . . . Transitioning current MDA system requirements to ensure an efficient process and orderly transition with minimal disruption to test operations." RFP § M at 10-11. As discussed above, one of the primary objectives of the protested contract is to develop a new system--MEDDS--which will combine the capabilities of existing systems. COS at 2. The agency's explanation that the current MDA system is equivalent to the legacy system is therefore reasonable.⁶ Because the requirement to ensure legacy system continuity is encompassed within the stated criteria, the protest allegation is denied.

⁶ Additionally, nou Systems's proposal suggests that the protester agreed with this interpretation at the time of proposal submission. The section of the protester's proposal discussing the MEDDS subfactor states: "[nou Systems] demonstrates an exceptional understanding and approach to the design, development, and operation of MEDDS, and provides for the continued use of the legacy systems (*i.e.*, [test support systems] and [the MDA digital display distribution system])." AR, Tab 74, nou Systems Proposal Vol. II at 6.

See *UDC USA, Inc.*, B-419671, June 21, 2021, 2021 CPD ¶ 242 at 5 (agency did not apply unstated criteria when the requirements were logically encompassed by the evaluation criteria).

Additional Strengths

nou Systems argues that the agency failed to recognize two strengths in its proposal under the cyber compliance subfactor.⁷ Comments at 35. As a representative example, nou Systems contends that MDA should have assessed a strength because it proposed an enterprise-wide test bed.⁸ Protest at 30. The protester asserts that MDA acknowledged the advantages of its approach when the SSEB evaluated the protester's proposal under the management approach subfactor, and the agency should have also assessed a strength for this under the cyber compliance subfactor.⁹ *Id.* at 30-31. MDA responds that the evaluators did not assess a strength for the proposed enterprise-wide test bed under the cyber compliance subfactor because the approach met, but did not exceed, the evaluation criteria. MOL at 42-43; COS at 19-20.

We have reviewed nou Systems's contentions with respect to the agency's evaluation of its technical proposal and find that they do not provide a basis to question the reasonableness of the evaluation. An agency's judgment of whether to assess unique strengths is a matter within the agency's discretion and one that we will not disturb where the protester has failed to demonstrate that the evaluation was unreasonable. *Lukos, LLC*, B-416343.2, Aug. 13, 2018, 2018 CPD ¶ 282 at 4. The record shows that the agency thoroughly reviewed the protester's proposal and assigned strengths to the areas in which it determined nou Systems exceeded specified requirements in a manner advantageous to the government. See AR, Tab 62, PAR at 16-52. The agency explains that it did not believe a strength was warranted under the cyber compliance subfactor for the proposed use of an enterprise-wide test bed because a test bed is an industry best practice and is an adequate method to meet the requirement. MOL at 42-43; COS at 19-20. While the protester may believe that it is entitled to additional strengths, the agency was aware of the benefits of nou Systems's proposal, and the

⁷ In its initial protest, nou Systems argued its proposal should have received two additional strengths under the MEDDS subfactor, but subsequently withdrew those protest grounds. Comments at 35.

⁸ The solicitation defined a strength as an "aspect of an Offeror's proposal that has merit or exceeds specified performance or capability requirements in a way that will be advantageous to the Government during contract performance." RFP § M at 7-8.

⁹ MDA assigned a strength to the protester's proposal for this aspect of its approach under the management subfactor "because the use of a test bed will reduce risk (technical, performance, cost and schedule), efficiently utilize labor hours and reduce the subsequent costs for the implementation of updates, patches, and new software while executing multiple [] program wide task orders simultaneously." AR, Tab 62, PAR at 49-50.

protester has not shown that the agency's assignment of strengths was unreasonable. Accordingly, this protest ground is denied.

Weight of Technical Subfactors

The protester contends that MDA deviated from the solicitation by over-weighting and under-weighting the technical subfactors, which resulted in the agency erroneously concluding that Corvid's proposal had a slight technical advantage.¹⁰ Protest at 10-15; Comments at 5-8. According to the protester, because its proposal received higher ratings for two of the technical subfactors, and the offerors' proposals were equally rated under the fourth subfactor, it "won" the technical evaluation. Protest at 13; Comments at 8. MDA responds that the agency recognized that nou Systems's proposal was more highly rated under two of the four technical subfactors, but the SSAC (as well as the source selection authority) looked beyond the adjectival ratings and found that Corvid had a slight advantage. MOL at 23; COS at 5-6. The agency maintains that all technical subfactors were given the same weight. MOL at 26.

We have reviewed the record and have found nothing that demonstrates that the agency considered one subfactor as more important than the others under the technical factor. Rather, the record shows that the SSAC compared the offerors' proposals under each technical subfactor and discussed the strengths, weaknesses, and adjectival ratings assessed to each proposal. AR, Tab 62, PAR at 163-167. The SSAC then concluded that because of the advantages that Corvid's proposal offered--and the weakness that nou System's proposal was assessed under the MEDDs subfactor--Corvid's proposal had a "slight overall advantage" for the technical factor. *Id.* at 167.

Contrary to the protester's assertions, the fact that its proposal received higher ratings for two of the four subfactors does not mean that MDA was required to conclude that nou Systems's proposal was technically superior. The protester's arguments are inconsistent with our Office's well-established guidance that an agency's evaluation is not to be based upon a mathematical counting of strengths and weaknesses--or a mechanical comparison of adjectival ratings, but rather, on a qualitative assessment of the relative merits of the competing proposals.¹¹ *LOGC2, Inc.*, B-416075, June 5, 2018,

¹⁰ nou Systems also contends that MDA's consideration of the weaknesses constituted unequal treatment. Protest at 29; Comments at 34-35. Because we find the agency's assessment of these weaknesses was reasonable and consistent with the solicitation, we need not separately address the protester's unequal treatment allegation.

¹¹ The protester argues, without any citation of legal authority, that "whether the ratings are 'binding' or merely a 'guide' only matters when the decision-maker rejects or revises the evaluation panel's ratings or findings." Comments at 8. nou Systems contends that because the source selection authority concurred with the SSAC about the technical subfactor ratings, and nou Systems's proposal received higher ratings for two of the four subfactors, MDA was required to conclude that nou Systems's proposal held a technical advantage. The protester is incorrect. Adjectival ratings serve as a guide regardless of
(continued...)

2018 CPD ¶ 204 at 10 (“[A]djectival descriptions and ratings serve only as a guide to, and not a substitute for, intelligent decision-making; our Office has repeatedly rejected protest arguments that essentially seek a mathematical or mechanical consideration of the number of strengths or weaknesses assessed against the offerors”); see also *SRA Int’l, Inc.*, B-407709.5, B-407709.6, Dec. 3, 2013, 2013 CPD ¶ 281 at 12-13.

The fact that the weakness that nou Systems’s proposal received and the strength that Corvid’s proposal received under the MEDDS subfactor proved to be discriminators in the evaluation does not mean the agency over-weighted the MEDDS subfactor. *ARC Relocation, LLC*, B-416035.2, B-416035.3, Nov. 22, 2019, 2019 CPD ¶ 407 at 12 (rejecting argument that identifying a feature in an offeror’s approach as a discriminator shows the agency altered the weighting of the evaluation factors).

Cost Evaluation

nou Systems asserts that MDA’s evaluation under the cost/price factor was unreasonable because the agency failed to conduct a cost realism analysis.¹² Protest at 38. The protester argues that MDA should have adjusted the offerors’ probable costs related to overtime labor, radar upgrades, and travel.¹³ *Id.* at 38-39. MDA responds that it conducted a cost realism analysis, but no cost adjustments were made because the cost/price evaluation team found the costs proposed to be realistic. MOL at 51-52. The agency also asserts that the protester’s arguments concerning probable cost adjustments are inconsistent with the requirement in the Federal Acquisition Regulation (FAR) to consider the unique aspects of an offeror’s technical approach. *Id.* at 56 (citing FAR 15.404-1(d)(1)).

(...continued)

whether the source selection authority agrees with the evaluators’ findings. *LOGC2, supra.*

¹² nou Systems also contends that DMA’s cost realism analysis was unreasonable because the agency did not normalize the offerors’ proposed travel costs. Protest at 39; Comments at 50. We find this argument untimely. The solicitation established that each offeror could propose travel costs based on the offeror’s approach. RFP § L at 31, 35. To the extent the protester believed the agency was required to normalize travel costs (*i.e.*, use a “plug-n” number), nou Systems should have challenged the terms of the solicitation. 4 C.F.R. § 21.2(a)(1).

¹³ In its protest, nou Systems argued that MDA failed to either increase Corvid’s probable cost or assess a weakness because of staffing risks presented by Corvid’s approach. Protest at 39. nou Systems failed to meaningfully address MDA’s response to these allegations in its comments. See Comments at 45-50. Accordingly, we consider the protester to have abandoned the argument, and we do not address it further. See *Organizational Strategies, Inc.*, B-406155, Feb. 17, 2012, 2012 CPD ¶ 100 at 3.

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed costs are not considered controlling because, regardless of the costs proposed, the government is bound to pay all actual, allowable costs. FAR 15.404-1(d)(1); *Rollout Sys., LLC*, B-414145, Feb. 24, 2017, 2017 CPD ¶ 104 at 5. Consequently, an agency must perform a cost realism analysis to evaluate the extent to which an offeror's proposed costs are realistic for the work to be performed. FAR 15.404-1(d)(2); *Acquisition Servs. Corp.*, B-409570.2, June 18, 2014, 2014 CPD ¶ 197 at 13. However, an agency is not required to conduct an in-depth cost analysis, or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. *Id.* An agency's cost realism analysis need not achieve scientific certainty; rather, the methodology employed must be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information available to the agency as of the time of its evaluation. *DynCorp Int'l LLC*, B-411465, B-411465.2, Aug. 4, 2015, 2015 CPD ¶ 228 at 8.

As an initial matter, the record demonstrates that MDA conducted a comprehensive cost realism analysis. The cost evaluation team reviewed each offeror's technical approach, labor hour quantities, labor mix, direct rates, indirect rates, fully burdened labor rates, material costs, other direct costs, and travel to determine whether the proposed costs were realistic. AR, Tab 63, CER Report at 16. The cost/price evaluation team found that each offeror's proposed cost/price was reasonable and realistic. *Id.* at 16, 30. We find that MDA's cost realism analysis was consistent with the FAR and led to the reasonable conclusion that no adjustments were needed. *IBM Corp.*, B-417664, Sept. 18, 2019, 2019 CPD ¶ 327 at 7 (agency's cost realism analysis that did not result in any probable cost adjustments was reasonable).

nou Systems also contends that MDA should have either increased certain elements in Corvid's probable cost or removed those elements from the protester's probable cost to provide for a fair and equal cost/price evaluation. Protest at 38-39. For example, nou Systems argues that it included costs for computer hardware and software associated with a radar upgrade, and MDA should have either added those costs to Corvid's probable costs or applied a downward adjustment to nou System's probable cost. *Id.*; see Comments at 48-49. We disagree. A cost realism evaluation must evaluate each offeror's unique technical approach and assess whether the costs proposed are realistic for that approach. FAR 15.404-1(d)(1); *Concurrent Techs. Corp.*, B-412795.2, B-412795.3, Jan. 17, 2017, 2017 CPD ¶ 25 at 15. The realism of an offeror's costs is not assessed by comparing one offeror's proposed costs to another offeror's proposed costs, but rather, assessing whether the offeror's proposed costs are realistic for its unique technical approach. *Onyx-Technica, JV*, B-412474, B-412474.2, Feb. 26, 2016, 2016 CPD ¶ 65 at 5. nou Systems proposed a radar upgrade and included the associated costs in its proposal.¹⁴ There was no basis for MDA to make an upward

¹⁴ The protester's contention that MDA should have made downward adjustments to its probable cost is inconsistent with the FAR. The FAR directs agencies to "adjust[] each (continued...)

adjustment to Corvid's probable cost to align with nou Systems's proposed approach. Accordingly, we find that the protester's allegations provide no basis to sustain the protest.

Source Selection Decision

nou Systems challenges the agency's best-value tradeoff decision on the basis that the agency "reached the wrong result based upon material errors in the source selection process." Comments at 51. This allegation is derivative of the protester's challenges to the agency's evaluation, all of which we have denied. Thus, we dismiss this allegation because derivative allegations do not establish independent bases of protest.

Advanced Alliant Solutions Team, LLC, B-417334, Apr. 10, 2019, 2019 CPD ¶ 144 at 6.

Additionally, nou Systems argues the best-value tradeoff decision was unreasonable because the agency failed to consider cost savings that the protester proposed.¹⁵ Protest at 35-38. Specifically, the protester contends the source selection decision was unreasonable because MDA did not consider that nou Systems's proposed enterprise-

(...continued)

offeror's proposed cost, and fee when appropriate, to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis." FAR 15.404-1(d)(2)(ii). Agencies should make downward adjustments to an offeror's evaluated cost when the proposal evidences a misunderstanding of the requirements in a manner which would cause the government to incur a lower cost than that identified in the proposal. *Concurrent Tech. Corp.*, *supra* at 16. Where an offeror's proposed costs reflect its technical approach, the agency need not make a downward adjustment. *Alion Sci. & Tech. Corp.*, B-410666, Jan. 22, 2015, 2015 CPD ¶ 91 at 9.

The agency did not find that nou Systems misunderstood the requirements in a manner which would cause the government to incur a lower cost than that identified in nou Systems's proposal, and MDA was therefore under no obligation to make such downward adjustments to the protester's proposal. *TriCenturion, Inc.; SafeGuard Servs., LLC*, B-406032 *et al.*, Jan. 25, 2012, 2012 CPD ¶ 52 at 15 (agency was not required to make adjustments for efficiencies in the protester's approach).

¹⁵ The protester asserts that in *Health Net Federal Services, LLC*, B-401652.3, B-401652.5, Nov. 4, 2009, 2009 CPD ¶ 220, our Office concluded that an agency must consider cost savings as part of its best-value tradeoff determination. Protest at 35-36. The protester is incorrect. In *Health Net*, *supra*, the solicitation established that cost savings would be considered in the technical evaluation, and we sustained the protest because the technical evaluation and resulting best-value tradeoff did not acknowledge the cost savings the protester's proposal offered. We did not conclude that an agency is required to consider cost savings in all best-value determinations.

wide test bed and approach to radar upgrades would reduce costs, and its accounting of overtime premiums would avoid costs.¹⁶ *Id.*; Comments at 44-45.

We disagree. The record demonstrates that the source selection authority was aware of the strengths assessed to nou Systems's proposal--including the strengths associated with cost savings. AR, Tab 65, SSD; see *also* AR Tab 62, PAR at 172-175 (describing strengths assessed to each proposal). As such, the advantages that nou Systems's approach offered were considered in the award decision. To the extent the protester believes the cost-saving measures that it proposed would have lowered its costs of performance, it was incumbent on the protester to account for those savings in its cost/price proposal. As discussed above, MDA was not required to make downward adjustments to reflect efficiencies or cost saving measures. *TriCenturion, supra*.

The protest is denied.

Edda Emmanuelli Perez
General Counsel

¹⁶ The agency assessed nou Systems's proposal a strength under the management approach subfactor, in part, because of savings associated with the enterprise-wide test bed. AR, Tab 62, PAR at 49-50. Similarly, MDA assessed a strength for nou Systems's approach to radar upgrades. *Id.* at 30. The agency did not assess a strength for including overtime costs, and the agency did not consider this to be a savings. MOL at 50; COS at 24-25. In its comments on the agency report, nou Systems failed to meaningfully address MDA's response to its allegations about considering overtime cost avoidance in the source selection decision. See Comments at 44-45. Accordingly, we consider the protester to have abandoned the argument, and we do not address it further. See *Organizational Strategies, Inc., supra*.