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Decision

Matter of: InSap Services, Inc.

File: B-417596.2; B-417596.3

Date: September 23, 2019

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Michael P. Grogan, Esq., and Amy B. Pereira, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protest challenging the agency's determination that bundling its requirements would result in measurably substantial benefits through significant cost savings is denied where the agency has reasonably calculated those benefits consistent with the Small Business Act and relevant regulations.

2. Protest challenging that the agency failed to properly consider and document whether small businesses could perform a substantially bundled contract as the prime contractor through teaming is denied where the agency reasonably determined and documented that a small business could not meet its requirements, but encouraged teaming.

DECISION

InSap Services, Inc., a small business of Marlton, New Jersey, protests the terms of request for task order proposals (RFTOP) No. UNAWRD-19-R-UNIF, issued by the Department of the Army, Army Contracting Command (Army), for unified enterprise resource planning capability support services. The protester contends that the agency improperly bundled its requirements under the solicitation because the agency failed to adequately justify its bundling decision.

We deny the protest.

BACKGROUND

The agency seeks to procure capability support services for five Army enterprise resource planning (ERP) systems. Agency Report (AR) Tab 1, Combined Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 1-2. These services include contract and program management, administration of help desk services, hardware and software maintenance, application development, training and knowledge management, transition services, compliance, cybersecurity management, organizational change management, and Agile software development implementation. AR, Tab 23, Consolidation/Bundling Determinations and Findings (D&F), at 2. The Army has previously procured these services under ten separate contracts, six of which are currently performed by small businesses. Id. at 3-4. InSap currently performs as the prime contractor on four ERP support contracts. Id. at 4.

The Army intends to bundle the requirements under these 10 contracts into a single procurement, which it calls the unified ERP capability support services contract. Id. at 1. The agency provides that bundling these requirements is "essential to the Government as it aligns with the Army's mission objective of ensuring readiness at [the] best value" and that the bundled contract "will maximize capability support efficiencies and enhance overall effectiveness in an increasingly resource constrained environment." Id. at 25. Moreover, the Army notes that maintaining separate contracts or task orders does not provide the same benefits as a bundled contract would, and that in addition to non-quantifiable benefits, the agency anticipates a cost savings of \$145.78 million, or a 14.71 percent reduction from the currently administered contracts. Id.

The Army conducted various forms of market research from March 2018 to March 2019 to support its bundling decision. COS/MOL at 2. For example, in March and April 2018, the agency met with those contractors supporting the Army's ERP requirements, including InSap, to gather information about potentially awarding one contract for unified capability support. AR, Tab 23, D&F, at 6. From October 2018 to February 2019, the agency published four requests for information (RFIs) to the Federal Business Opportunities (FBO) website. Id. These RFIs, among other things, sought information concerning the identification of interested and qualified vendors, and allowed potential offerors to review and comment on the performance work statement and draft RFTOP. COS/MOL at 2-5; AR, Tab 23, D&F, at 6. On February 25, 2019, the Army hosted an industry day to brief potential offerors concerning various aspects of the procurement and to "engage in conversation with interested vendors in order to improve [their] understanding of the requirements and gain feedback to enhance the acquisition and draft documents prior to issuance of the official RFTOP." AR, Tab 23, D&F, at 7. More than 55 firms provided input to the agency during its market research, including large and small businesses. Id. at 6-7.

Based upon its market research, the agency concluded that its "requirement can only be provided by large businesses due to the complexity, magnitude, and Army operational risks coupled with the unique requirements for enterprise-wide Capability Support Services." Id. at 7. The Army provided that a "[s]mall business does not have the

capability or capacity to implement enterprise-wide common processes and tools, an enterprise help desk shared service, and a scalable Agile software development framework.” Id. Accordingly, the agency concluded that “[g]iven [the] high number of contractor personnel, the complexity of the requirements and the enterprise-wide scale of the shared services model, large businesses are the only vendors that can support this effort.” Id. However, the Army acknowledged that while only a large business could meet its requirement, “small businesses will continue to play a significant role through subcontracting” and that to “mitigate the loss of prime [small business] contracts, teaming arrangements are encouraged. . . .” Id. The agency’s contracting officer and small business specialist presented these findings to the Small Business Administration’s (SBA) procurement center representative, who concurred with the Army’s conclusions. See AR, Tab 25, Small Business Coordination Record, at 2.

On May 8, the agency informed small businesses holding ERP support contracts, including InSap, that the agency intended to bundle its requirements under the National Institutes of Health’s (NIH) Chief Information Officer-Solutions and Partners 3 (CIO-SP3) unrestricted governmentwide acquisition contract (GWAC).¹ Protest, Exh. A. InSap does not hold a CIO-SP3 contract. Protest at 1. That same day, the Army posted on the FBO website notice of the agency’s intent to bundle its requirements under the unified ERP. Protest, Exh. B at 2. The agency’s notice provided that the Army expected measurably substantial benefits to be achieved via bundling, which included cost savings in excess of \$9.4 million, a higher quality of service delivery, a shift in oversight responsibility to the agency, greater knowledge retention and knowledge transfer, and a reduction in administrative costs. Id. at 6.

On June 6, 2019, the Army issued the subject RFTOP under NIH’s CIO-SP3 GWAC.² The solicitation contemplates the issuance of a combination fixed-price and cost-reimbursement task order--with a 1-year base period, four 1-year options, and an additional 1-year award term period of performance--in accordance with Federal Acquisition Regulation (FAR) § 16.505. AR, Tab 30, RFTOP, Amend. 1, at 3-4, 6. The solicitation advises that the competition will be conducted in three phases, with the agency selecting the awardee by utilizing acceptable/unacceptable selection criteria for phase I, and subjective trade-off analyses for phases II and III. Id. at 3-4, 8. As

¹ CIO-SP3 is an indefinite-delivery, indefinite-quantity contract that authorizes federal agencies to award task orders to acquire information technology services. See CIO-SP3 GWAC Contract (Conformed) (March 2016), Articles B.1, B.2, B.3, available at <https://nitaac.nih.gov/services/cio-sp3> (last visited Sep. 19, 2019).

² This protest is within our jurisdiction to hear protests of task orders placed under civilian agency indefinite-delivery, indefinite-quantity (IDIQ) contracts valued in excess of \$10 million. 41 U.S.C. § 4106(f)(1)(B); see also Wyle Labs., Inc., B-413989, Dec. 5, 2016, 2016 CPD ¶ 345 at 4 (the authority under which we exercise our task order jurisdiction is determined by the agency that awarded the underlying IDIQ task order contract, rather than the agency that issues or funds the task order).

relevant here, for phase I, offerors were required to submit their notice of intent to participate by June 17. Id. at 9. On June 14, InSap submitted this protest to our Office.³

DISCUSSION

InSap challenges the agency's decision to bundle its requirements under the subject solicitation, arguing that the Army failed to properly justify and document its bundling decision. Protest at 1. In this regard, InSap contends that the Army failed to demonstrate measurably substantial benefits, namely cost savings, as required for a bundled procurement. Protest at 5; Comments at 5-8. In addition, the protester argues that the agency did not properly consider whether a small business could perform the required services as a prime contractor through a teaming arrangement, which, InSap contends, the Army was required to do for the substantially bundled procurement at issue here. Protest at 6; Comments at 8-9. For the following reasons, we find no basis to sustain the protest.⁴

Under the Small Business Act, agencies shall, to the maximum extent practicable, "avoid unnecessary and unjustified bundling of contract requirements that precludes small business participation in procurements as prime contractors." 15 U.S.C. § 631(j)(3). The Small Business Act defines bundling as consolidating two or more procurement requirements previously provided or performed under separate smaller contracts into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern due to: (a) the diversity, size, or specialized nature of the elements of the performance specified; (b) the aggregate dollar value of the anticipated award; (c) the geographical dispersion of the contract performance sites; or (d) any

³ On May 20, InSap submitted a protest to our Office challenging the agency's bundling decision. However, because the agency had not issued a solicitation for its bundled requirement, we dismissed InSap's protest as premature. InSap Services, Inc., B-417569, June 11, 2019 (unpublished decision).

⁴ While we do not address every protest ground raised by InSap, we have reviewed them all and find that none provides a basis to sustain the protest. For example, InSap challenges the reasonableness of the agency's conclusion that bundling its requirements under a single contract would have certain non-quantifiable benefits. Protest at 5-6; Comments at 10. The protester contends that these benefits are mere "shorthand phrases and common buzz words" and are not thoroughly explained. Comments at 10. However, our review of the record confirms that the Army's rationale for its non-quantifiable benefits was reasonably explained. In this regard, the Army explains, across nine different areas, why bundling its requirements would result in efficiencies, quality improvements, risk reduction, and other intangible benefits. AR, Tab 23, D&F, at 13-14, 19-20. As a result, this protest ground is denied.

combination of the factors described in subparagraphs (a), (b), and (c). 15 U.S.C. § 632(o)(2).

The Act also provides that an agency may determine that consolidation of requirements through contract bundling is “necessary and justified if, as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the Federal Government would derive from the consolidation measurably substantial benefits,” including such benefits as cost savings, quality improvements, reductions in acquisition cycle times, and/or better terms and conditions. 15 U.S.C. § 644(e)(2)(B); see also FAR § 7.107-3(a)-(c); 13 C.F.R. § 125.2(d)(2). As relevant here, for a procurement in excess of \$94 million, benefits are considered measurably substantial if individually, in combination, or in the aggregate, the anticipated financial benefits are equivalent to five percent of the estimated order value or \$9.4 million, whichever is greater. FAR § 7.107-3(d); see also 13 C.F.R. § 125.2(d)(2)(ii)(B). For this bundled contract, the Army’s cost estimate is approximately \$991.32 million. AR, Tab 28, Independent Government Cost Estimate (IGCE), at 1. Accordingly, in order to be considered measurably substantial, the agency’s anticipated financial benefits must exceed \$49.57 million. FAR § 7.107-3(d)(2); see also 13 C.F.R. § 125.2(d)(2)(ii)(B).

Here, because the estimated cost for the Army’s requirement exceeds \$8 million, the Army’s bundled requirement also constitutes “substantial bundling.” FAR § 7.107-4(a). In a substantially bundled procurement, in addition to meeting the requirements for a bundled procurement under FAR § 7.107-3, the FAR requires agencies to provide additional documentation, including “document[ing] its strategy” concerning “[a]ctions designed to maximize small business participation as contractors, including provisions that encourage small business teaming.” FAR § 7.107-4(b)(3); see also 13 C.F.R. § 125.2(d)(3)(iii).

Because bundled or consolidated procurements combine separate and multiple requirements into one contract, they have the potential for restricting competition by excluding firms that furnish only a portion of the requirement; we therefore review challenges to such solicitations to determine whether the approach is reasonably required to satisfy the agency’s needs. 2B Brokers et al., B-298651, Nov. 27, 2006, 2006 CPD ¶ 178 at 9. We have recognized that bundling may serve to meet an agency’s needs where the agency reasonably determines that consolidation will result in significant cost savings or operational efficiencies. U.S. Electrodynamics, Inc., B-403516; B-403516.2, Nov. 12, 2010, 2010 CPD ¶ 275 at 3-4; see B.H. Aircraft Co., Inc., B-295399.2, July 25, 2005, 2005 CPD ¶ 138 at 7; Teximara, Inc., B-293221.2, July 9, 2004, 2004 CPD ¶ 151 at 6.

Cost Savings

The protester first argues that the Army has failed to demonstrate measurably substantial benefits, namely, cost savings, which are necessary for a substantially bundled procurement. Protest at 5. InSap claims that the approximately \$146 million dollars of cost savings the Army expects to achieve through bundling its requirements

was unreasonably calculated and is inconsistent with the actual cost savings to be achieved. Comments at 5-8; Supp. Comments at 2-5; Second Supp. Comments at 2-3. As such, the protester contends that because the cost savings underpinning the agency's bundling decision are "entirely illusory," the Army's decision to bundle is unreasonable. Comments at 8.

The Army estimates that it will achieve cost savings of approximately \$145.78 million by bundling its requirements on the unified ERP contract: \$122.68 million in cost savings through a reduction in contractor manpower equivalents (CMEs), and \$23.1 million as a result of procurement and administration cost savings.⁵ AR, Tab 41, Consolidated Estimated Savings, Version 2. InSap challenges the Army's calculation of its cost savings in both areas.

Concerning the Army's calculation of the cost savings expected as a result of a reduction in CMEs, InSap argues that the agency's analysis is flawed. Comments at 7-8; Supp. Comments at 2-4; Second Supp. Comments at 2-3. For example, InSap contends that the Army failed to consider the "difference between CMEs necessary for the unified ERP support services work and the CMEs currently working on the ten contracts" that are being bundled. Comments at 7. InSap also argues that the agency's explanation that some cost reductions will be achieved by moving to a centralized help desk is unreasonable, as is the Army's assumption that the cost of labor under the bundled procurement will be the same as the labor cost under the 10 currently performed contracts. Comments at 7-8; Supp. Comments at 2-4.

We find no basis to conclude that the agency's calculation of cost savings based on CME reductions was unreasonable. The agency identified [DELETED] CME positions that would be eliminated or transferred to government personnel through the bundling of the Army's requirements. AR, Tab 43, Contract Officer's Declaration, at 1. Of those [DELETED] CME positions, [DELETED] would be eliminated outright and [DELETED] would be transferred to government personnel, resulting in a total cost savings (excluding procurement and administration cost savings) of \$122.67 million, or 12.39 percent of the estimated contract order. *Id.* This amount of savings, however, does not account for costs that will be incurred by the agency for having government employees perform the tasks previously performed by CMEs.⁶ Deducting these costs, which the

⁵ The Army's initial cost savings estimate was \$142.78 million. AR, Tab 36, Consolidated Estimated Savings, Version 1. However, the agency provides that a "document control issue" necessitated an upward adjustment to the estimate by nearly \$3 million. AR, Tab 42, Contract Officer's Declaration, at 1. This adjustment appears to relate to three CME positions that are slated to be removed on the bundled contract, but were not included in the initial calculation, and the removal of a CME position that was erroneously included with the initial cost estimate. *Id.*

⁶ We asked the SBA to provide its views on whether the Army was required, as part of its bundling analysis, to reduce its estimated cost savings achieved through CME reductions by the cost of having government employees perform that work. While the
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Army has determined to be approximately \$26.62 million, the agency calculates that it will achieve a total cost savings through CME reductions of \$96.05 million, or 9.69 percent of the estimated bundled contract value, still well above the five percent cost savings required.⁷ Id.

Moreover, we do not find persuasive InSap's argument that the agency failed to adequately calculate its estimated cost savings, where it did not compare the difference between the CMEs necessary to perform the agency's requirements on 10 separate contracts with the CMEs necessary to perform those requirements on the bundled contract. Though InSap disagrees with the agency's approach to calculating the estimated cost savings, we agree with the Army that it was not required to identify each and every CME position that would carry over from the 10 contracts to the bundled effort; we find reasonable the agency's use of the CME positions that would no longer be required on the bundled procurement--and their attendant costs--as a means of determining its CME cost savings.

InSap also challenges the cost savings realized via reductions in help desk CMEs, arguing that moving to a centralized help desk will not reduce costs. Supp. Comments at 3. The agency provides that by establishing a help desk at a centralized location on the bundled procurement, the number of help desk CMEs can be reduced by [DELETED]. AR, Tab 23, D&F, at 12; AR, Tab 41, Consolidated Estimated Savings, Version 2. In this regard, the Army provides that a reduction in the CMEs is attributed to increased efficiencies, utilization of common processes and procedures, and standardized testing and training. Supp. MOL at 6. While InSap argues that the agency has not identified the efficiencies to be realized and contends that the location of the help desk is not a relevant cost factor, we disagree. The record demonstrates that the agency has explained why it believes it can reduce its help desk CMEs, for example, through standardization of processes. See AR, Tab 23, D&F, at 12; Supp. MOL at 6. Moreover, we do not find unreasonable the agency's determination that operating one

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Army provides that the regulations do not require an agency to consider these costs as a reduction in savings, the SBA asserts that the agency should have considered the costs of in-sourcing these requirements in its bundling cost savings analysis. Agency Response to SBA's Comments, Sept. 4, 2019, at 2; SBA Comments at 8. We need not address whether the Army was required to adjust its cost savings in this manner, as even with such an adjustment, the Army's cost savings are still well above the required \$49.57 million. See FAR § 7.107-3(d)(2).

⁷ In response to the protester's challenge concerning whether the agency properly accounted for in-sourcing certain CME responsibilities, the agency, in a supplemental filing, identified that [DELETED] CME positions would be transferred to government employees. AR, Tab 43, Contract Officer's Declaration, at 1. The Army, using an estimate for the five-year cost of employing the average federal employee, determined that in-sourcing these [DELETED] positions would cost the Army \$26.62 million. Id.

centralized help desk, rather than various help desks at multiple locations, would result in efficiencies achieved through “common process and procedures, [and] standardized training and test automation”⁸ Supp. MOL at 6.

Similarly, we find the agency’s estimation of the cost of labor in its bundling analysis to be unobjectionable. InSap alleges that the agency’s calculation is unreasonable because the large business that ultimately performs as the prime contractor on the bundled contract would likely have higher overhead rates than the rates of the small businesses performing under the contracts to be bundled. Comments at 8; Supp. Comments at 4. However, the agency calculated its labor rates using the historical average rates for the 10 contracts the Army seeks to bundle, which included both large and small businesses. Supp. MOL at 7. The protester does not provide sufficient information to suggest that the agency’s use of these labor rates to estimate its CME cost savings was unreasonable. Because the agency’s cost savings exceed \$49.57 million, and are therefore measurably substantial, the protest ground is denied.⁹

Concerning procurement and administration costs, InSap contends that the manner in which the Army calculated the hours and dollar values associated with procuring and administering the ten bundled contracts failed to take into account significant variations amongst those contracts in terms of size, scope, and method of procurement, and included two different estimating techniques.¹⁰ Comments at 6. Much like its argument

⁸ The protester contends that the record demonstrates that the unified work will not be performed at a single location. Supp. Comments at 3. However, while the record reflects that the bundled work will be performed at multiple locations, we find nothing in the record to confirm that the help desk services will be performed at more than one location. See generally AR, Tab 24, Market Research Report.

⁹ The SBA argues that the Army failed to reasonably determine that bundling its requirements was necessary and justified. SBA Comments at 6. In this regard, the SBA provides that the agency’s initial determination supporting its bundling decision did not include reductions for the costs associated with administering the unified contract or in-sourcing work to federal employees. Id. While the SBA acknowledges that the agency later provided this information as part of its supplemental filings for this protest, the SBA contends that this information should have been included as part of the agency’s initial determination of its intent to bundle. Id. While we agree with the SBA that this information should have been provided in the Army’s initial determination, we do not find that the Army’s failure to do so prejudiced the protester. Indeed, as we have concluded that the agency’s calculation of its estimated cost savings--even accounting for these reductions--was not unreasonable, we cannot conclude that the agency’s failure in this regard would alter, ultimately, the propriety of the agency’s bundling decision.

¹⁰ In its second supplemental comments, the protester also argues, for the first time, that the cost savings associated with the reduction in procurement and administration costs achieved through bundling are inflated. Second Supp. Comments at 3. This

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concerning CME cost savings, InSap also argues that the agency's cost savings analysis failed to compare the difference in cost associated with procuring and administering the bundled contract with the cost of procuring and administering the ten separate contracts the agency seeks to bundle. Comments at 6; Supp. Comments at 5-6. While the Army has provided the costs of procuring and administering the unified ERP in response to this protest, InSap challenges the reasonableness of those costs. Supp. Comments at 4-5.

To determine the procurement and administration cost savings, the Army first outlined the tasks associated with providing capability support services for the Army's ERP systems under each of the 10 contracts being performed, to include such responsibilities as preparing a solicitation, conducting market research, evaluating proposals, and awarding and managing the contract. Supp. MOL at 3. Each of the affected Army offices--Program Management Office (PMO), Software Engineering Center (SEC), and Army Contracting Command (ACC)--estimated the number of work hours necessary to perform those tasks; the Army averaged these estimated hours to arrive at the total estimated hours for awarding and administering each of the ten contracts. *Id.* at 3. The estimated total hours was divided by 1,780--the Army's estimate for the hours worked in a fiscal year--and then multiplied by \$121,000, which the agency determined represented the total yearly cost for employing the average federal employee.¹¹ *Id.* at 3-4. Finally, this number was multiplied by 10 (representing each of the 10 contracts the Army seeks to bundle) for a total estimated savings for procurement and administration costs of approximately \$23.1 million.

Based on our review of the record, we find no basis to object to the agency's method of calculating its projected procurement and contract administration cost savings. While

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argument constitutes a piecemeal presentation of issues; the timeliness requirements of our Bid Protest Regulations do not contemplate the piecemeal presentation or development of protest issues. See Battelle Memorial Institute, B-278673, Feb. 27, 1998, 98-1 CPD ¶ 107 at 24 n.32; 4 C.F.R. §21.2(a)(1). Here, InSap's argument concerning the agency's calculation of its award and administration savings were known or should have been known to the protester when the agency filed its report; the information forming the basis for InSap's argument here is unchanged by the agency's subsequent filings.

¹¹ While the PMO and SEC offices used this cost averaging approach, ACC used a slightly different method; ACC's estimate multiplied the average hours for each task by an estimated pay rate for the specific employee charged with conducting that task. Supp. MOL at 4-5; AR, Tab 41, Consolidated Estimated Savings, Version 2. While the protester asserts, and we agree, that ACC's estimating method is likely more precise, InSap fails to show how the agency's reliance on alternative estimating methods resulted in an unreasonable estimate of the costs associated with performing these tasks. Supp. Comments at 4-5.

InSap is likely correct that the costs associated with the agency awarding and administering 10 different contracts with varying requirements and manpower are not uniform, we do not find unreasonable the agency's decision to estimate the associated man hours and costs. While the protester would have preferred the agency "collect, use or estimate costs on a contract by contract basis. . ." we conclude that the Army's estimating methods are unobjectionable. Comments at 6; see U.S. ElectroDynamics, Inc., supra, at 4-5. In any event, even if the agency's calculations were flawed with respect to its award and administration cost savings, such errors would not be material to a determination of whether the agency's bundling would achieve measurably substantial benefits; as discussed above, the cost savings attributable to the reduction in CMEs as a result of bundling is in excess of the required \$49.57 million.¹² See FAR § 7.107-3(d)(2). This protest ground is denied.

Consideration of Small Businesses and Teaming

InSap next contends that the Army failed to properly consider the ability of small businesses to perform the bundled contract as a prime contractor via a teaming agreement, as it alleges was required under FAR § 7.107-4(b)(3). Comments at 8-9; Supp. Comments at 8-9. In this regard, InSap argues that while the agency provides that a single small business is incapable of fully staffing the bundled contract, the Army ignores the fact that the small businesses currently performing the contracts to be bundled could supply the majority of the contractor personnel necessary, if they teamed. Comments at 8-9. The protester also provides that the agency did not consider whether a small business could otherwise perform this requirement, either as a prime contractor with a large business subcontractor, or through a mentor-protégé joint venture.¹³ Id. at 9.

¹² For example, we note that it appears the agency did not properly account for the costs of awarding, transitioning, and administering the bundled contract across the entire period of performance. See Supp. MOL at 5-6 (noting that [DELETED] FTEs will administer the bundled contract, but not calculating the cost of administering the contract over the five year period of performance).

¹³ In addition to the protester's contentions, the SBA also argues that the agency has failed to adequately explain why this procurement, as bundled, was not set aside for small businesses, as it argues the agency's rationale is insufficient to determine if the "rule of two" has been met. SBA Comments at 6-7; see FAR § 19.502-2; see also 13 C.F.R. § 125.2(f)(2). Though the protester does not allege that two or more small businesses could perform this requirement, we note that such a determination would run counter to the agency's and protester's conclusion that the requirements are being bundled, since the Small Business Act defines bundling as the consolidation of two or more requirements on a single contract "likely to be unsuitable for award to a small-business concern. . . ." 15 U.S.C. § 632(o)(2); see also 13 C.F.R. § 125.1.

The agency argues that it did assess the ability of small businesses to perform as the prime contractor. Supp. MOL at 8-10. The agency contends that its market research determined that, based on the responses received from small businesses through the Army's multiple RFIs, the risk of unsuccessful performance with a small business performing as the prime contractor was high. Id. at 8. In this regard, the agency notes that no small business demonstrated the ability to provide the necessary manpower or had the necessary expertise on certain software applications. Id. Moreover, the Army's market research determined that there were no viable contract vehicles that would allow a small business to perform as the prime contractor. Id. at 8-9. Instead, the Army determined that large businesses did have the required capabilities and found that several contract vehicles, including the CIO-SP3 contract, would be available to award a task order. Id. The agency provides that it did not receive any responses from small businesses during its market research indicating that they were interested in a teaming arrangement or forming a joint venture. Agency Response to SBA's Comments, Sept. 4, 2019, at 5.

The FAR's substantial bundling procedures provide that "the agency shall document its strategy" for "[a]ctions designed to maximize small business participation as contractors, including provisions that encourage small business teaming." FAR § 7.107-4(b)(3); see also 13 C.F.R. § 125.2(d)(3). We have found that an agency's acquisition strategy must specifically consider and adopt means by which the agency could maximize small business participation as prime contractors in a manner consistent with its need for cost savings and efficiency. B.H. Aircraft Co., Inc., supra, at 3; Teximara, Inc., supra, at 12.

The record demonstrates that, consistent with its need for cost savings and efficiency, the agency, through its market research, concluded that a "[s]mall business does not have the capability or capacity to implement enterprise-wide common processes and tools, an enterprise help desk shared service, and a scalable Agile software development framework." AR, Tab 23, D&F, at 7. Accordingly, the agency concluded that "[g]iven [the] high number of contractor personnel, the complexity of the requirements and the enterprise-wide scale of the shared services model, large businesses are the only vendors that can support this effort." Id.

However, the agency did not foreclose the possibility of small business participation, as its bundling justification provides that "teaming arrangements are encouraged and offerors will be evaluated on their [small business] utilization/participation as a standalone evaluation factor under this best value procurement." Id. The record before us demonstrates that during the agency's market research, no small business expressed an interest in entering into a teaming arrangement or a joint venture to perform the Army's requirements as a small business; InSap, itself, did not provide that it intended to team. Moreover, the agency received concurrence from the SBA procurement center representative concerning its proposed procurement approach; the SBA did not require any changes to the Army's procurement approach. AR, Tab 25, Small Business Coordination Record, at 2. On balance, given the significant cost savings--in excess of \$90 million--to be achieved through the Army's bundling of its requirements, as well as other efficiencies and non-monetary benefits expected to be

realized, the record supports the conclusion that the acquisition planning process reasonably considered the need to maximize small business participation, to include small business teaming. This protest ground is denied.

The protest is denied.

Thomas H. Armstrong
General Counsel