EXCEPTION TO FAIR OPPORTUNITY JUSTIFICATION

Arms Control Enterprise System Operations and Maintenance Support

1. Description of action:

The Defense Threat Reduction Agency (DTRA) contracting activity intends to award Northrop Grumman (NG) a delivery order, on a sole source basis, under NG's General Services Administration (GSA) Alliant, multiple award, indefinite delivery/indefinite quantity (MA ID/IQ) Governmentwide Acquisition Contract (GWAC) for an effort entitled "Arms Control Enterprise System (ACES) Operations and Maintenance (O&M) Support." Current support is provided from Northrop Grumman's Space and Mission Systems organization which was recently merged with Northrop Grumman Information Technology, Inc. (NGIT) to form Northrop Grumman Information Systems (NGIS). However, the GSA Alliant contract with NG was awarded to the NGIT organization. For the purposes of this document and related procurement documents, we will use NG to refer to the Northrop Grumman NGIS organization which is their organization with the required specialized expertise and experience.

The Alliant Contract has a comprehensive Information Technology (IT) services based scope aligned with the Federal Enterprise Architecture (FEA) and Department of Defense Enterprise Architecture (DoDEA); ensuring technologies will remain within scope over the life of the contract. The contract covers a broad range of IT areas including sustainability of IT solutions, information assurance and cybersecurity.

2. Description of the supplies/services required:

The DTRA On-Site Inspection Directorate, Arms Control Interagency Liaison Division (OP-OSA) requires ACES O&M Support for a one-year period beginning 22 May 2011 and four (4) one-year option periods. This support is for application O&M for the ACES, both the Strategic ACES module installed in the May 2009 timeframe and the associated New START Treaty (NST) interim support, as well as the conventional module which has been in operation the last several years.

The minimum needs for the requirement include: basic systems, network, and security administration to keep the ACES servers performing at an optimal level to meet the user requirements, ensuring data is backed-up and can be restored, and ensuring the system is running in accordance with Department of Defense (DoD) security standards; providing user assistance with basic functions such as creating user accounts and resetting passwords; making code changes based on problems found or changes required by

treaty/agreement requirements; and assisting with the periodic chart/report generation, validation, and preparation of final versions required for international data exchanges.

The minimum needs for this requirement also include in-depth, extensive expertise and far-reaching experience with the data management and data exchange provisions and obligations placed on the USG as required by international arms control treaties and agreements. In accordance with DoD directives and guidance, DTRA is responsible for treaty/agreement data management and data exchange activities on behalf of the USG. More specifically, per Chairman of the Joint Chiefs of Staff Instruction, CJCSI 2320.01C, "Guidance for the Implementation of the Vienna Document 1999 and Associated Documents", DTRA shall "Develop and maintain the ACIN program directed by OUSD(AT&L), to include development, integration, and operation of the web-based ACES". DTRA requires expert, experienced contractor support that can provide the required specific expertise to comply with these treaty/agreement obligations

These services are presently being provided by NG via their GSA Millennia Lite GWAC No. GS07T00BGD0066/Delivery Order No. HDTRA1-09-F-0068, which will expire on 21 May 2011.

The total estimated value of this contract is **$13,400,000**.

3. Exception to Fair Opportunity:

The statutory authority for this non-competitive action is FAR 16.505(b)(2)(ii), "only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized."

4. Justification Rationale:

The current contractor, NG, has supported ACES development and O&M support since the start of ACES development in 2000. Prior to the ACES development effort, NG performed development work for the Compliance Monitoring Tracking System (CMTS), the ACES predecessor. The ACES Strategic Module was delivered to DTRA in July 2009 for deployment to the field. Continued NG O&M support is required to ensure that the on-going, critical O&M activities are accomplished. This continued support is essential to ensure that the U.S. Government (USG) is fully compliant with all international data management and data reporting/exchange requirements identified in conventional and strategic arms control treaties and agreements to which the USG is a signatory. NG is the only known software development contractor capable of providing the required ACES O&M support to DTRA that possesses the knowledge of the very detailed data reporting and notification requirements and the Treaty Limited Equipment

(TLE) and Treaty Limited Items (TLI) knowledge for the ACES supported treaties and agreements. ACES supported agreements include the Conventional Armed Forces in Europe (CFE) Treaty, the Vienna Document 1999 Agreement, the Global Exchange of Military Information Agreement, the Wassenaar Agreement, the United Nations Transparency in Armaments (UNTIA) Agreement, and the Treaty on Open Skies (OS Treaty). Knowledge of the similarities and differences in the notification thresholds, reporting requirements, equipment categories, etc., between these conventional arms control agreements is critical to ensuring accurate reporting with no inconsistencies that could reflect negatively on the USG. NG's expertise has been demonstrated in working with real data at very detailed levels in helping users explain year-to-year report variances and differences in equipment levels between the various conventional agreements. The NG team possesses the expertise that has enabled them to identify and work with users to resolve equipment reporting concerns and has been instrumental in ensuring accurate treaty reporting. In addition to the numerous conventional arms control treaties and agreements that the NG team has expertise with, they also have expertise with the Intermediate-Range Nuclear Forces (INF) Treaty, the Strategic Arms Reduction Treaty (START), and New START Treaty (NST).

Although the START treaty has expired, the ACES software still serves as a tool for the Air Force and other users to track aircraft and weapon movements and to ensure the data is in order for eventual NST implementation. NG has been a key participant in working groups with the Air Force and Joint Staff as they work to ensure their NST requirements are clearly and thoroughly documented. Based on their requirements analysis and software development of the ACES START module and from years of experience in working with the Air Force, Joint Staff, Navy, and others, the NG team has far-reaching and extensive experience with the START and NST treaty requirements. As with the conventional treaties and agreements, this expertise, has been clearly demonstrated in working with the users at very detailed levels to assist them in understanding every detail in the ACES generated reports.

Additionally, the DTRA RD Enterprise recently awarded an NST ACES Development contract (HDTRA1-10-C-0104) to NG and it is critical due to the tight schedule that a single vendor provides both the development and O&M support. To introduce a new O&M vendor that lacks the requisite treaty knowledge at this point would cause significant delays to both NST development and ACES maintenance releases and would risk system and USG failure in meeting treaty requirements. With NG's expert knowledge of and many years experience in working with the conventional and strategic treaties and agreements, they are uniquely qualified to provide the continued ACES O&M support while supporting the DTRA RD enterprise with the ACES NST development. Their extensive, broad-reaching knowledge of the detailed reporting and notification rules are critical in working with the users to make minor adjustments and enhancements to the software.

It is essential to the Government that the current contractor continues to provide the ACES O&M support because of the importance of the data being managed, the reports being generated, and the synergy with the NST development effort required to meet ambitious administration goals. The signing/implementation of the New START Treaty has been a very high-profile and key objective of the current Administration, and continued efficient and effective O&M ACES support is fundamental to successfully developing the ACES code to support NST implementation. The introduction of a new contractor to perform O&M support for ACES, which supports multiple agreements with hundreds of treaty/agreement validation checks and multiple system interfaces and sub-components, would introduce a high level of risk to the USG in properly reporting the status of treaty-limited items and producing periodic treaty reports for the international community.

Without continued NG support, with their extensive experience and in-depth understanding of the data reporting rules and notification process of all supported treaties and agreements and their complete understanding of U.S. policy concerning notification and reporting implementation, treaty notifications and reports will most likely be inaccurate and incomplete and will result in the USG's failure to meet treaty requirements. Additionally, the USG will be unable to respond to any short-notice treaty requirement changes that could be made in the coming months to the Vienna Document, CFE, or the NST. Delays in ACES development could result in increased Air Force and other manpower in the more manually focused processes that will need to be implemented in the absence of complete ACES functionality.

5. Market Research:

A market research report was produced documenting the research conducted and summarizing the results. A review of available Governmentwide Acquisition Contracts (GWACs) indicated that there are several contractors on various GWACs that have extensive experience with software maintenance and system administration. However, there was no evidence indicating that the contractors possess the requisite arms control treaty/agreement expertise, specifically in-depth knowledge of data reporting/notification requirements and TLE/TLI characteristics, that is critical to performing the software maintenance and making the updates/fixes.

The recently awarded DTRA Information Technology Support Services (ITSS) contract with Lockheed Martin Corporation was also considered as an option for this requirement. The ACES Program Manager met with the ITSS Program Manager to discuss the viability of using the contract and then a follow-up meeting with OSA team members was conducted. The ITSS contract has NG as a subcontractor and there could possibly be some synergy in the system administration and information assurance areas. However, this would only represent approximately 10% of the overall effort and the majority of the ACES work would have to be performed by NG, thereby creating an undesirable

contractual arrangement whereby the prime contractor would only be performing 10 percent of the total effort with NG performing 90% of the work in the role of a subcontractor. The periodic application of security patches to the ACES servers and some general systems administration is the only work that would lend itself for completion by the "in-house" Lockheed systems administration team. The installation of ACES application updates, minor fixes, and database changes would all still need to be done by the current programming team with the extensive treaty data reporting and notification experience. In addition, with the DTRA RD NST development effort recently awarded to NG, the introduction of a new contracting team to perform an insignificant portion of the work relative to the O&M support would introduce unnecessary risks to both the O&M and the NST development efforts. The risk would be potential time delays and a duplication of costs associated with the involvement of a prime contractor with little or no understanding of the project and of the details of the treaty parameters being automated. After analyzing the risks and discussing with OSA leadership/senior contracts official NG's unique in-depth knowledge of the very detailed data reporting and notifications requirements for all the conventional and strategic treaties and agreements supported by the ACES application, the PM determined the best approach for the Government is to utilize the GSA GWAC for the continued support. The necessary expertise to support ACES O&M requirements resides within the NG team currently supporting ACES and also developing the NST module. Other software developers would require at least a year to learn the detailed reporting and notification requirements of all of the supported treaties and agreements as well as reviewing previous year's reports against transaction logs to understand the detailed rules behind each transaction and associated with each category of equipment or military unit.

Based upon the results of the market research, the government has concluded that there are no other businesses capable of performing the required support that possess the arms control subject matter expertise and arms control data collection and reporting systems programming experience necessary to adequately fulfill the requirements.

However, the ACES Program Manager will ensure that the Statement of Work and associated deliverables (i.e. source code, system design documents, system interface documents, etc.) address all areas necessary to position DTRA to compete this effort in the future at the appropriate time should other vendors develop the requisite arms control data reporting/management and notification expertise for consideration when a critical ACES development effort is not on-going.

6. Other Supporting Facts:

As stated above, NG is the only responsible source capable of providing the required ACES O&M support due to their detailed knowledge of ACES and arms control data collection and reporting systems in general. They are the only known software development contractor that possesses the knowledge of the very detailed data reporting

and notifications requirements for all of the conventional and strategic treaties and agreements supported by ACES. Additionally, due to NG being the only known developer that completely understands the hundreds of treaty business rules, the data interrelationships, the users, and the related arms control processes, awarding the O&M support contract to another vendor at this time would likely result in problems in providing interim NST support, the inability to meet near-term treaty reporting requirements, and delay NST ACES development.

The lack of specific technical expertise and program knowledge required for the ACES program would make it unfeasible for another vendor to successfully fulfill the contract requirements at this time. The programs that ACES must interface with are high-visibility international programs such as the Organization for Security and Cooperation in Europe's (OSCE) Integrated Notification Application (INA) and Automated Data System (ADS) applications which work with foreign partner nations to accomplish program objectives. Additionally, ACES interfaces with U.S. systems such as the Navy's Strategic Programs Automated Reporting Treaty and Notification System (SPARTANS) and DTRA's Inspection Planning Module (IPM) and Open Skies Management and Planning System (OSMAPS) as well as with the Department of State's Nuclear Risk Reduction Center's communications links with very defined file transfer requirements. Technical insufficiency or program delays are unacceptable, could harm fragile international relationships forged to date, and could incur major program set-backs.

Due to the broad range and extensive knowledge of data management/reporting and notification processing required of the numerous supported treaties and agreements, a transition to another vendor at this time would require a long lead time for training, thereby creating potentially unacceptable delays in fulfilling the Agency's requirements owing to the lengthy delivery delays, and seriously jeopardize program execution. The long lead time would be necessary for in-depth analysis of the treaties and review of previous year reports for all treaties/agreements to obtain a thorough understanding of how every transaction affects the various end-of-year reports for each of the different but related agreements. The estimated additional cost to the Government as programmers and support personnel learn the treaty protocols/notification formats, obtain a solid understanding of user requirements, learn the interrelationships between the supported agreements, etc., would be approximately $1,500,000. This cost estimate is based on the time estimated for various programmers, treaty experts, document managers, system administrators, etc., to learn the details of the ACES system and obtain the necessary knowledge of the treaties and agreements it supports to be able to provide the O&M support. It is estimated that this learning time would take at least 18 to 24 months. As stated above, this highly specialized support is necessary to satisfy the various treaty/agreement requirements and the substantial additional costs of using another source would not be expected to be recovered through competition. Also, because ACES has been in the development phase for either the conventional or the strategic modules, and because the modules share the same servers and some of the same code for administrative

functions, competing the associated O&M support has not been a viable option because of the need to duplicate equipment. Also, there will be additional hardware and software costs to maintain development and test environments at both the O&M contractor's site (for periodic maintenance updates/bug fixes) and the development contractor's site.

7. Subsequent Actions:

As the ACES NST development effort concludes, the Program Office will be monitoring the marketplace to identify any sources that may be developing the specific expertise required for this effort.

Also, the Statement of Work for this effort will include requirements for the continued maintenance and delivery of system documentation which can be provided to future potential contractors to stimulate viable competition in the marketplace and provide for a more reasonable transition period when the program is in a stable state and there are no on-going critical development efforts.

Technical Certification

I certify that the data and information forming the basis for this justification are accurate and complete to the best of my knowledge and belief.

Contracting Officer Certification and Determination

I certify that this justification is accurate and complete to the best of my knowledge and belief. Additionally, I determine that the order represents the best value consistent with Federal Acquisition Regulations.

Lucy T. Jackson
Contracting Officer

1/28/2011
Date