



Decision

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Matter of: Red River Computer Company, Inc.

File: B-414183.4; B-414183.6; B-414183.7

Date: June 2, 2017

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DIGEST

1. Protest challenging agency's technical evaluation is denied where the agency evaluated quotations in accordance with the stated evaluation criteria and did not treat vendors unequally.
2. Protest challenging agency's failure to seek clarification from the protester regarding an identified weakness is denied where correcting the weakness would have required discussions.
3. Protest challenging agency's price evaluation is sustained where the agency failed to meaningfully compare vendors' price quotations on an equal basis.

DECISION

Red River Computer Company, Inc., of Claremont, New Hampshire, protests the issuance of blanket purchase agreements (BPAs) to three vendors¹ under request for quotations (RFQ) No. HSHQDC-16-Q-00195, issued by the Department of Homeland Security (DHS) for agency-wide enterprise computing services and cloud computing services. Red River challenges the agency's technical and price evaluation, and asserts that the agency's best-value determination was flawed.

We sustain the protest in part and deny the protest in part.

BACKGROUND

On June 24, 2016, DHS issued the RFQ, which was limited to vendors holding General Services Administration's (GSA) Federal Supply Schedule Contract 70, General Purpose Commercial Information Technology, Equipment, Software and Services, Special Identification Number (SIN) 132-52, electronic commerce and subscription services, and/or SIN 132-40, cloud computing services. Contracting Officer's Statement (COS) at 1-2. The RFQ envisioned that task orders issued under the BPAs would be either fixed-price, time and material, or a combination of the two. RFQ at 13. The RFQ sought to award BPAs to multiple vendors to provide access to infrastructure-as-a-service (IaaS) cloud services, either directly from cloud service providers or through resellers. RFQ at 6. Such cloud services were required by the solicitation to include commercial, commodity-based IaaS cloud services that were authorized by the Federal Risk Authorization and Management Program (FedRAMP). Id.

The RFQ stated that the agency may award "without conducting exchanges; however, the [contracting officer] reserves the right to hold exchanges with Quoters based on the content of their individual quotations." Id. at 64. The solicitation anticipated that the agency would make approximately 3-5 awards based on the quotations offering the agency the best value, considering both price and non-price factors. Id. at 64-65. The evaluation would consider the following five factors, in descending order of importance: (1) breadth of IaaS cloud services solutions offered; (2) cloud service solutions experience; (3) customer service approach; (4) past performance; and (5) price. Id. at 65.

The RFQ provided that the determination of best value would be made by comparing the differences in the value of the technical evaluation factors with the differences in the price. Id. at 64. In making this comparison, the agency stated it would be more concerned with obtaining performance capability superiority rather than the lowest overall price as the technical factors, when combined, were considered significantly

¹ These vendors are: (1) Four Points Technology, LLC, a service-disabled, veteran-owned small business located in Chantilly, Virginia; (2) Govplace Inc., of Reston, Virginia; and (3) InfoReliance Corporation, of Fairfax, Virginia.

more important than price. Id. at 64-65. However, as the technical evaluations became more equal, price would become more important in making the award determination. Id. at 65. In the event that the agency found two or more quotations to be technically equivalent, the agency reserved the right to award a BPA to the vendor that provided the greatest price discount. Id.

With regard to the price evaluation, the RFQ called for the agency to evaluate a cloud service scenario over the BPA’s 5-year ordering period. Vendors were instructed to complete a pricing model scenario table by inputting fixed unit prices from their schedule, proposed BPA price discounts, and extended prices offered at the BPA level for five cloud service items over five ordering periods. Id. at 55. The RFQ stated that prices must be traceable to the vendor’s GSA schedule, and should reflect the vendor’s “best available offering to meet the identified DHS needs.” Id. The solicitation required that discounts submitted in the pricing model for purposes of evaluation correspond to the discounts submitted for the BPA. Id. Vendors were told to price the model using certain pricing assumptions, including “100% utilization, on-demand for all ordering periods.” Id.

Discounts offered in the vendor’s overall price quotation were required to be “in terms of a flat percentage to be applied against the GSA Schedule price for the product or service.” Id. at 13. If discounts were conditional on a given dollar volume or other condition, vendors were obligated to clearly state their assumptions applicable to each conditional discount. Id. The agency stated that it intended “to evaluate the individual areas in each vendor’s price quotation to make a determination of price reasonableness,” but also warned that the agency did not intend to evaluate aggregate pricing for the vendors’ solutions, i.e., by determining an overall bottom line price for the entire 5-year BPA ordering period. Id. at 64.

Red River submitted a timely quotation in response to the solicitation. On November 30, the agency announced BPA awards to four vendors. COS at 3. Following protests of those awards, the agency announced that it would take corrective action by conducting a new evaluation and making a new source selection determination. Id.

As relevant here, the agency reevaluated the quotations as follows:

	Breadth of IaaS Cloud Solutions	Cloud Service Solutions Experience	Customer Service Approach	Past Performance	Average Discounted Monthly Price
Four Points	Exceptional	Exceptional	Exceptional	Exceptional	\$431.59
InfoReliance	Exceptional	Exceptional	Exceptional	Very Good	\$487.24
Govplace	Exceptional	Exceptional	Exceptional	Very Good	\$227.00
Red River	Exceptional	Very Good	Satisfactory	Very Good	\$509.34

Id. at 11.

On February 13, 2017, the agency announced awards to three vendors: Govplace, Four Points, and InfoReliance. This protest followed.

DISCUSSION

The protester challenges the agency's evaluation of Red River's technical quotation and alleges that the agency treated vendors unequally in its technical evaluation. Red River also alleges unequal treatment because the agency issued a clarification letter to eight of the vendors, but did not seek clarification from Red River. The protester additionally contends that the agency failed to consider that InfoReliance's and Four Points' price quotations were materially non-compliant. Last, the protester asserts that the agency's best-value determination failed to adhere to the solicitation's evaluation criteria.²

For the reasons discussed below, we sustain the protest in part and deny it in part.

Technical Evaluation

The protester argues that the agency improperly determined that Red River's quotation did not reflect significant levels of relevant, IaaS size or complexity under the cloud service solutions experience evaluation factor. Under this factor, the agency committed to evaluating vendors' experience with current or prior customers to which FedRAMP cloud solutions had been successfully delivered or to current or prior customers to which commercial cloud solutions had been successfully delivered. RFQ at 66. The RFQ provided that "[l]arge and complex implementations involving high numbers of instances, licenses, etc. will be more favorably evaluated by the Government." Id.

DHS assigned Red River a strength under the cloud service solutions experience evaluation factor for its "experience performing large and complex Cloud projects," but the agency qualified this strength by noting that "[o]ther experiences showed complexity in the labor and support services, but did not reflect significant levels of IaaS size or complexity." Agency Report (AR), Tab 13, Red River Consensus Technical Evaluation Report, at 4.³ Additionally, Red River received a strength for its experience selling

² While we do not address every argument raised by Red River in its protest, we have reviewed each issue and, with the exception of the below-discussed challenges to the agency's price evaluation, do not find any basis to sustain the protest. For example, the protester argued that none of the awardees had contracts reflecting significant levels of IaaS size or complexity and therefore the awardees should not have received exceptional ratings under the cloud service solutions experience evaluation factor. We dismissed this protest ground as speculative because it failed to set forth a detailed statement of the factual and legal grounds for protest as required under our Bid Protest Regulations. See 4 C.F.R. § 21.1(c)(4); Mark Dunning Indus., Inc., B-413321.2, B-413321.3, Mar. 2, 2017, 2017 CPD ¶ 81 at 2.

³ Tab 13 of the Agency Report combined two separate documents: the agency's technical evaluation report for all vendors and the agency's consensus technical
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FedRAMP cloud solutions to multiple government agencies, but the agency noted that “the IaaS portion of the cited examples . . . are ancillary to overall contracts for design and development of a cloud solution, including migration and transition services,” which is “experience in areas outside the scope of this acquisition.” Id.

The protester contends that these criticisms were the reason its quotation was not rated higher under this factor. Red River challenges the accuracy of these criticisms and additionally argues that they represent the application of unstated evaluation criteria. In support of this argument, the protester notes that the solicitation’s evaluation criteria did not expressly state that IaaS experience would be considered more favorably, and that, at any rate, Red River’s quotation showed broad IaaS experience, including actual deployment and operations experience.

Where an agency conducts a formal competition for the establishment of a BPA, we will review the agency’s actions to ensure that the evaluation was reasonable and consistent with the solicitation and applicable procurement statutes and regulations. Alexander & Tom, Inc., B-412358 et al., Jan. 21, 2016, 2016 CPD ¶ 46 at 4. While agencies are not permitted to use unstated evaluation factors in evaluating quotations, an agency properly may take into account specific matters that are logically encompassed by, or related to, the stated evaluation criteria, even when they are not expressly identified as evaluation criteria. Camber Corp., B-413505, Nov. 10, 2016, 2016 CPD ¶ 350 at 5. Additionally, in evaluating quotations in accordance with the stated evaluation factors, agencies may properly consider the degree to which quotations exceed the solicitation requirements. USGC Inc., B-400184.2 et al., Dec. 24, 2008, 2009 CPD ¶ 9 at 6-7.

Based on our review of the record, we do not find the agency’s consideration of Red River’s limited IaaS experience to be unreasonable. In this regard, the stated purpose of the acquisition was to provide the agency with access to IaaS cloud services, either directly from cloud service providers or through resellers. See RFQ at 6. As our Office noted in FujiFilm Med. Sys. USA, Inc., B-400733.9 et al., Dec. 1, 2009, 2009 CPD ¶ 244 at 5, it is always reasonable for an agency to consider whether an offeror has specific experience directly related to the work to be performed under the solicitation, even if such experience is not explicitly called for in the solicitation. Here, while the evaluation criteria for the cloud service solutions experience factor did not expressly state that significant IaaS experience would be considered more favorably than non-IaaS experience, we consider IaaS experience to be directly related to the work to be performed under the solicitation and therefore logically encompassed by the stated evaluation criteria. See FujiFilm Med. Sys. USA, Inc., supra. Accordingly, we find the agency’s consideration of this experience to be reasonable.

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evaluation report for Red River. Unless otherwise noted, citations to tab 13 in this decision refer to the latter document.

Nor do we find the agency's assessment of Red River's IaaS experience to be unreasonable or inaccurate. In this regard, while the protester contends that its quotation provided examples of broad IaaS experience, these cited examples come from the quotation section listing Red River's IaaS cloud service offerings, not from the quotation section addressing the cloud service solutions experience of Red River and its teaming partners. In the quotation section addressing such cloud services experience, the experience provided does not reflect significant levels of IaaS size or complexity. Nor does the protester contend otherwise. When evaluating a particular section of a proposal or quotation, evaluators are not obligated to go to unrelated sections of the proposal or quotation in search of missing or inadequately presented information. Savantage Fin. Servs. Inc., B-299798, B-299798.3, Aug. 22, 2007, 2007 CPD ¶ 214 at 9. Accordingly, we do not find the agency's conclusions regarding the scope of Red River's IaaS experience to be unreasonable.

Red River additionally asserts that the agency treated vendors unequally in its evaluation of the cloud service solutions experience factor. In this regard, the protester argues that while the agency credited Govplace and InfoReliance with significant strengths related to the size and complexity of the cloud projects they had implemented, DHS only credited Red River with a mere strength despite the fact that Red River's experience was longer and, in some cases, involved the same cloud service providers.

In conducting procurements, agencies may not generally engage in conduct that amounts to unfair or disparate treatment of competing vendors. Arc Aspicio, LLC; Aveshka Inc.; Chakrabarti Mgmt. Consultancy, Inc., B-412612 et al., Apr. 11, 2016, 2016 CPD ¶ 117 at 13. Where a protester alleges unequal treatment in a technical evaluation, it must show that the differences in ratings did not stem from differences between the vendors' quotations. See Camber Corp., supra.

Based on our review of the record, we are not persuaded that the agency treated Red River unequally. In this regard, we note that the agency assigned Red River a strength for having some experience performing large and complex cloud projects with FedRAMP cloud service providers, but also noted that Red River's experience "did not reflect significant levels of IaaS size or complexity." AR, Tab 13, Red River Consensus Technical Evaluation, at 4. Similarly, Red River was assigned a strength for its experience selling FedRAMP cloud solutions to multiple government agencies, but the agency noted that the IaaS portion of this experience was ancillary to overall contracts for design and development of a cloud solution, which was experience falling outside the scope of this acquisition. Id. While Red River asserts that much of the agency's reasoning for assigning significant strengths to Govplace and InfoReliance applies equally to Red River, this argument overlooks the fact that the agency determined that Red River's experience warranted strengths, rather than the significant strengths, due to Red River's limited IaaS experience. See Supp. COS at 13-14. In contrast, Govplace and InfoReliance's quotations did not contain this same limited experience, with both quotations providing examples of large and complex IaaS efforts. See, e.g., AR, Tab 19a, Govplace Technical Quotation, at B-16; AR, Tab 20a, InfoReliance Technical Quotation, at 22. The record therefore reflects that the difference in the agency's

assignment of significant strengths to InfoReliance and Govplace, but not to Red River, was the result of differences in the vendors' quotations.

The protester also challenges the agency's evaluation of Red River's quotation under the customer service approach evaluation factor. Under this factor, the agency committed to evaluate vendors' plan for proactively maintaining currency in its cloud service offerings on its schedule 70 contract. RFQ at 66. The RFQ noted that "[f]requent refreshes of offerings aligned with new technologies, market needs, and commercial practices will be more favorably evaluated by the Government." Id. In evaluating this factor, DHS assigned a significant weakness to Red River as follows:

Significant Weakness: The Red River customer service approach presented in the quote narrative is unclear in describing what is on-demand vs. by request only, centralized vs. decentralized, and what is automated vs. manual. It is also unclear regarding the division of control between Red River vs. the Government (e.g. provisioning: "Red River trained staff and team will [DELETED]" (quote page 25)), which could prevent the Government from self-provisioning and fully managing the Government cloud environment. Per Section 2.6.2.1 of the [statement of work], the Government requires direct access to the [cloud service provider] for ordering, configuring, and provisioning IaaS resources (it is not clear that the Red River approach provides this). This lack of information introduces significant risks on how customer support will be provided and the extent to which it is available and easily accessible by DHS, significantly reducing the potential for successful performance.

AR, Tab 13, Red River Consensus Technical Report, at 6. In response to this significant weakness, the protester argues that the solicitation did not contain a requirement to provide direct access to the cloud service provider for provisioning IaaS resources. The protester additionally contends that, even if such access was required, Red River's quotation indicated it would provide the requisite direct access.

We find that the agency's assessment of a significant weakness in this regard to be reasonable. As an initial matter, we note that the agency assessed a significant weakness in Red River's quotation based on a general lack of clarity in Red River's quotation in several different areas. However, the protester challenged only one of these areas: the lack of clarity in describing whether Red River would provide direct access to the cloud service provider for provisioning purposes. The protester thus failed to directly address much of the underlying rationale for the assessment of the significant weakness.

With regard to access to cloud service providers, the solicitation stated that "reseller-provided management tools shall not block, hinder, or interfere with access to native interfaces or user access to native tools, but rather shall provide additional functionality related to the cloud management activities listed above." RFQ at 9. By requiring access to native interfaces and tools, the solicitation thereby required the vendor to

provide direct access to the cloud service provider. Included in the tools encompassed by this requirement were management tools relating to “[o]rdering, provisioning, configuring, and de-provisioning of resources.” Id.

The agency’s evaluation, however, found Red River’s quotation to be unclear on whether the vendor would provide direct access to the cloud service provider to enable ordering, configuring, and provisioning IaaS resources. Indeed, Red River’s quotation did not expressly provide this specific access, even as it noted in several places that Red River would provide provisioning services itself. For instance, Red River’s quotation stated that the Red River team would “[DELETED]” and would “[DELETED].” AR, Tab 7a, Red River Technical Quotation, at 24-25. Red River’s quotation also provided a chart that detailed the use of Red River’s [DELETED] for ordering and noted that “Red River team to provision service and setup reports, alerts.” Id. at 24. While the protester contends that its quotation, when read as a whole, indicated that it would also provide the agency with access to native tools, we agree with the agency that the specific discussion in the quotation of using Red River to provide provisioning, when coupled with the lack of any statement that Red River would provide the agency with direct access to the cloud service providers for provisioning, created considerable uncertainty. Accordingly, we do not find the agency’s assessment of a significant weakness on this basis to be unreasonable.

The protester additionally argues that the agency engaged in unequal treatment because it did not assess weaknesses in the quotations of InfoReliance and Govplace, despite the fact that (1) InfoReliance proposed to use its own portal for billing and provisioning and (2) Govplace proposed to provide billing services through access to portals [DELETED], rather than directly through the cloud service providers. The protester contends that the agency treated vendors unequally by assessing a weakness in Red River’s quotation due to the ambiguity stemming from its proposed provisioning approach, while ignoring similar approaches proposed by InfoReliance and Govplace.

We do not agree with the protester’s contention that InfoReliance and Govplace’s quotations contained similar flaws to the lack of detail provided in Red River’s quotation. While InfoReliance did propose that its own portal could be used for billing and provisioning, it also made clear that billing access and provisioning would be provided to DHS through two portal platforms: the cloud service provider’s management portal or InfoReliance’s portal. AR, Tab 20a, InfoReliance Technical Quotation, at 20. The quotation thus gave the agency two portal options, stating that DHS could “interact with the [cloud service providers] directly” or could use the “additional option” of InfoReliance’s portal. Id. at 18, 29; see also id. at 29 (providing table showing that ordering and provisioning could be accomplished through InfoReliance’s portal or through the cloud service providers). Govplace similarly provided charts showing that DHS would have direct access to all cloud service provider offerings, including those offered for billing and ordering, and that [DELETED]. See AR, Tab 19a, Govplace Technical Quotation, at B-13, B-23. Because of the differences between the quotations of these awardees and Red River’s quotation, we do not conclude that the agency treated vendors unequally.

The protester also asserts that the agency engaged in unequal treatment by assigning Four Points and Govplace significant strengths for maintaining the currency in their GSA schedule offerings while only assigning Red River a “regular strength for offering the same benefit.” Second Supp. Protest at 19. Here again, we find the agency’s different treatment to be supported by the difference in the quotations. With regard to Govplace’s quotation, the agency noted that Govplace “has a consistent history with maintaining the currency of their offerings,” which “was demonstrated through the submissions of more than 400 modifications to GSA schedules with multiple updates in the past 3 years alone.” AR, Tab 22, Govplace Consensus Technical Evaluation, at 6. While Red River received a strength for maintaining the currency of its schedule offerings, its quotation did not indicate that it had the same level of experience as Govplace. For instance, in contrast to the 400 modifications performed by Govplace, Red River’s quotation noted that it had submitted 12 technical refresh modifications since its current GSA schedule was awarded in March of 2015. See AR, Tab7a, Red River Technical Quotation at 22.

Similarly, the agency assigned Four Points multiple significant strengths related to its approach to maintaining currency, which included several features (e.g., [DELETED]) that were found favorable by the agency, and which were not proposed in Red River’s quotation. See AR, Tab 24, Four Points Consensus Technical Evaluation, at 6. We do not conclude that the agency’s crediting of this approach was unreasonable or constituted unequal treatment.

Clarifications

Red River argues that the agency engaged in unequal treatment by conducting clarifications with eight of the vendors, including all three awardees, regarding perceived uncertainties in their quotations, but not seeking clarification from Red River regarding the lack of detail in its customer service approach.⁴ In this regard, the agency sent clarification letters to four vendors to confirm which cloud service provider their company intended to utilize as the best available offering to meet the identified DHS need. AR, Tab 14, Business Price Evaluation, at 8. The agency also sent clarification letters to four vendors, which included the three awardees, to verify if they are an original equipment manufacturer (OEM), in light of the solicitation requirement that the vendor verify that the OEM cloud service provider for the vendor’s cloud services solution is in agreement with the terms of the BPA. Id. at 9.

This procurement seeks the establishment of BPAs under an FSS contract pursuant to Federal Acquisition Regulation (FAR) subpart 8.4. Under FAR subpart 8.4, there is no requirement that an agency soliciting vendor responses prior to issuing an order or establishing a BPA under an FSS contract seek clarification or conduct discussions with

⁴ We note that Red River has not alleged that the clarifications conducted by the agency with these vendors constituted discussions.

vendors regarding the content of those responses. See Avalon Integrated Servs. Corp., B-290185, July 1, 2002, 2002 CPD ¶ 118 at 4.⁵ In addition, requesting clarification from one vendor does not trigger a requirement that the agency seek clarification from other vendors. Technatomy Corp., B-411583, Sept. 4, 2015, 2015 CPD ¶ 282 at 8.

Here, we do not agree that the agency was required to request clarifications from Red River. In this regard, the lack of detail noted by the agency in Red River's customer service approach spanned multiple aspects within Red River's quotation, e.g., its description of what is on-demand vs. by request only, centralized vs. decentralized, what is automated vs. manual, and the division of control between Red River and the agency. Correcting this lack of detail would require significant revision to Red River's quotation and would therefore require the agency to conduct discussions. See Arrington Dixon & Assocs., Inc., B-409981, B-409981.2, Oct. 3, 2014, 2014 CPD ¶ 284 at 9 (discussions occur when an agency communicates with an offeror for the purpose of obtaining information essential to determining the acceptability of a quotation, or provides the offeror with an opportunity to revise or modify its quotation). Since there was no requirement for the agency to conduct discussions or negotiations with vendors regarding the content of their solicitation responses, DHS was not obligated to conduct such discussions with Red River to correct the lack of detail in its customer service approach. See Avalon Integrated Servs. Corp., supra.

Price Evaluation

Red River argues that the agency failed to consider that Four Points' pricing quotation did not comply with a material solicitation requirement. Under the RFQ, vendors were instructed to complete a pricing model scenario table by entering discounted pricing for five cloud service items over five ordering periods. RFQ at 55. The RFQ instructed vendors to price the model making certain assumptions, including "100% utilization, on-demand for all ordering periods." Id. During questions and answers that were subsequently incorporated into the solicitation, the agency expounded on this requirement:

Q: Many [cloud service providers] offer [a] discount for reserving or committing to a certain percent of utilization. Should we provide multiple pricing for reserved instances as part of the scope of the pricing scenario?
A: No, not for the pricing scenario provided. Assume on-demand prices at 100% utilization.

⁵ As we have previously noted in our decisions, the procedures of FAR part 15 governing contracting by negotiation--including those concerning exchanges with offerors after receipt of proposals--do not govern competitive procurements under the FSS program. Ricoh USA, B-411888.2, Nov. 18, 2015, 2015 CPD ¶ 355 at 5. However, our Office has looked to the standards in FAR part 15 for guidance in determining whether exchanges that occur with vendors were fair and equitable. Id. at 6.

AR, Tab 6c, Modification 3, at 4. The agency similarly stated in a subsequent answer that vendors were to use on-demand pricing rather than “reserved instance pricing.” Id. at 7. The protester points out however, that for each contract period, four of the five prices used in Four Points’ pricing model stated that they were “based upon 1-year reserved” pricing. AR, Tab 21b, Four Points Pricing Quotation, at 17-26. The protester argues that the agency, by permitting Four Points to use reserved pricing, failed to enforce the solicitation requirement to use on-demand pricing.⁶

An agency is required to evaluate vendors on an equal basis and in a manner that permits the meaningful assessment of the total cost to the government for the required goods or services. Cross Match Techs., Inc., B-293024.3, B-293024.4, June 25, 2004, 2004 CPD ¶ 193 at 6 n.2. Our Office has explained that an agency’s cost or price evaluation that compares the cost or price of quotations that are based on differing assumptions, i.e., an “apples and oranges” comparison, is not a meaningful comparison of vendors’ pricing. See Symplicity Corp., B-291902, Apr. 29, 2003, 2003 CPD ¶ 89 at 7.

Here, we conclude that Four Points failed to comply with the solicitation requirement that vendors use on-demand pricing in their model scenario pricing, thereby resulting in the agency unequally evaluating price quotations. In this regard, we note that Four Points’ quotation expressly states that the line items in question were “based upon 1-year reserved” pricing. AR, Tab 21b, Four Points Pricing Quotation, at 17-26. While the agency argues that, despite this representation, the line items, in fact, corresponded to “on-demand” pricing listed in Four Points’ schedule, we do not agree.

For the four cloud service items in question, Four Points’ pricing model listed a “GSA Schedule Price” that was calculated by [DELETED]. See id. at 17-18.⁷ For the price listing for the former part number, Four Points relied upon line items from its schedule that did not expressly state whether they were for “reserved” or “on-demand” pricing. See id.;⁸ AR, Tab 27, Four Points Schedule, at [DELETED].⁹ This silence is telling

⁶ In general, reserved pricing, in contrast to on-demand pricing, commits the user to reserving a pre-defined period of future time in exchange for a significantly discounted usage price. See generally Second Supp. Protest at 4.

⁷ Four Points’ pricing model then applied a discount to the GSA Schedule Price to arrive at a “Discounted Unit Price.” AR, Tab 21b, Four Points Price Quotation, at 16. [DELETED] Id. at 16. The agency summed the Discounted Monthly Prices for each contract period and calculated an average discounted monthly price, which is what DHS used in its best-value tradeoff analysis. See AR, Tab 15, Best Value Determination, at 23-28.

⁸ We note that Four Points’ pricing model contains an error in its citation to its schedule line item page and line number for cloud service item four. Notwithstanding this error, we were able to match this cloud service item to the correct page and line number ([DELETED]) in Four Points’ schedule.

because Four Points' schedule expressly provides "on-demand" pricing for these very same part numbers in different pages of its schedule. See AR, Tab 27, Four Points Schedule, at [DELETED]. This schedule pricing, in contrast to the schedule pricing relied upon by Four Points in its pricing model, expressly states that it is "on-demand." Id. Additionally, this on-demand pricing is higher than the schedule pricing relied upon by Four Points' pricing model, as would be expected from such on-demand pricing. The record therefore demonstrates that Four Points did, in fact, use reserved pricing--as it said it did--in its pricing model. We therefore conclude that Four Points failed to comply with the RFQ requirement to use on-demand pricing, thereby resulting in the agency failing to evaluate price quotations equally.

The protester also argues that InfoReliance violated a material requirement by proposing discounted pricing in its pricing model for Amazon Web Services (AWS) solutions that did not correspond to the BPA-level discount rate proposed in its quotation. In this regard, Red River asserts that rather than applying a standard BPA-level discount for the AWS solutions used in InfoReliance's pricing model, InfoReliance used differing discounts (of [DELETED] percent, [DELETED] percent, and [DELETED] percent) to arrive at the pricing used in the model. The protester argues that this varying discount rate violated the RFQ's requirements that discounts used in the pricing model correspond to the discounts submitted for the BPA.

In our view, the discounts proposed by InfoReliance in its pricing model were consistent with the discounting scheme provided in its quotation. In this regard, in the schedule pricing portion of its quotation, InfoReliance proposed a "minimum BPA discount off of our GSA schedule for AWS [of] [DELETED]." AR, Tab 20c, InfoReliance Schedule Pricing Quotation, at 8. The vendor explained that, while this was a minimum discount, in execution it intended to offer [DELETED]% off of the AWS list price. Id. InfoReliance's pricing model comported with this scheme with InfoReliance proposing varying discounts for two of the cloud items that amounted to a [DELETED]% discount from the AWS list price. Accordingly, we do not agree that the discounts used in InfoReliance's pricing model were inconsistent with its BPA-level discounts.¹⁰

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⁹ Tab 27 did not contain page numbers. Our Office separately assigned consecutively numbered pages to the unnumbered pages in this document. The citations to this document in this decision are to the page numbers assigned by our Office.

¹⁰ In addition, Red River argues that the agency's best-value determination failed to adequately consider vendors' BPA-level discount percentages and failed to adequately consider the diversity of the range of FedRAMP IaaS offerings proposed by the awardees. The protester's objection to the agency's best-value determination is rendered academic by our recommendation below that the agency reevaluate vendor's price quotations and make a new source selection decision.

Prejudice

As noted above, we conclude that the agency's price evaluation of vendors' quotations was unreasonable. Our Office, however, will not sustain a protest unless the protester demonstrates a reasonable possibility that it was prejudiced by the agency's actions; that is, unless the protester demonstrates that, but for the agency's actions, it would have had a substantial chance of receiving the award. McDonald-Bradley, B-270126, Feb. 8, 1996, 96-1 CPD ¶ 54 at 3.

Here, we conclude that there is a reasonable possibility Red River was prejudiced by the above error. In this regard, had the agency conducted a price evaluation that evaluated vendors' pricing equally, it would not have been able to evaluate Four Points' quotation in relation to the other vendors and would have needed to either eliminate Four Points' quotation from the competition or to accept revised pricing quotations. Either avenue would have created a substantial chance that Red River would have been able to receive an award. In this regard, we note that of the vendors that did not receive an award, Red River's quotation received the highest technical ratings. See AR, Tab 15, Best Value Determination, at 17. In such circumstances, we resolve any doubts regarding prejudice in favor of a protester since a reasonable possibility of prejudice is a sufficient basis for sustaining a protest. See Kellogg, Brown & Root Servs., Inc.--Recon., B-309752.8, Dec. 20, 2007, 2008 CPD ¶ 84 at 5. Accordingly, we conclude that Red River has established the requisite competitive prejudice to prevail in a bid protest.

RECOMMENDATION

We recommend that the agency perform a price evaluation consistent with the requirements of the solicitation, and then rely on that evaluation as part of its source selection determination. Alternately, the agency may choose to amend the solicitation requirements and/or seek revised quotations from vendors. If, upon reevaluation of quotations, the quotations of vendors other than the current awardees are determined to offer the best value to the government, DHS should terminate the awarded BPAs for the convenience of the government and award BPAs to the selected vendors. We also recommend that Red River be reimbursed the costs of filing and pursuing this protest, including reasonable attorneys' fees. 4 C.F.R. § 21.8(d)(1). The protester's certified claim for costs detailing the time expended and the costs incurred must be submitted to the agency within 60 days after receipt of this decision. 4 C.F.R. § 21.8(f).

The protest is sustained in part and denied in part.

Susan A. Poling
General Counsel