

Supply Management



June 12, 2014

Mr. Richard Duvall
Holland & Knight LLP
1600 Tysons Boulevard, Suite 700
McLean, VA 22102-4867

RE: Supplier Disagreement Resolution Case No. SDR14SR-05
USPS Solicitation No. 1C-14-A-0006, Mobile Delivery Device

Dear Mr. Duvall:

Motorola Solutions, Inc. ("Motorola") lodged a Disagreement with the Supplier Disagreement Resolution Official ("SDRO") on May 1, 2014 (the "Disagreement"), and lodged a Supplemental Disagreement on May 8, 2014 with respect to the United States Postal Service ("USPS") award pursuant to USPS Solicitation No. 1C-14-A-0006, Mobile Delivery Device ("MDD"), also known as the Next Generation Hand Held Mobile Device ("NGHH"). Motorola lodged an initial disagreement regarding this award with the contracting officer ("CO") on March 31, 2014. The CO denied the initial disagreement on April 28, 2014.

BACKGROUND

The MDD is a next-generation handheld device that will replace two existing, paired devices – the Intelligent Mail Device ("IMD") and a clamshell cell phone – used by carriers to accomplish real-time delivery tracking of packages. The existing IMDs have been in use for over seven years, have limited capability, are no longer in production, and face end-of-life issues. Additionally, maintenance and repair costs for both devices have been increasing. The MDDs will be used initially to support expansion of Sunday package delivery and will also position the Postal Service to move forward with package-only deliveries on Saturday, if required in the future.

THE DISAGREEMENT

Motorola's Disagreement and Supplemental Disagreement are based on the following assertions:

- USPS's price evaluation suffers from the following alleged defects: (1) amending the Solicitation's Pricing Template without notice to offerors, (2) failing to include all option periods in the evaluated price in violation of Provision 4-2(b), and (3) failing to adjust Motorola's prices to reflect its clarification of its CLIN 5.8 price.
- USPS's technical evaluations of Motorola's [REDACTED] and [REDACTED] and Honeywell's 99EX were allegedly unreasonable.
- USPS's best value tradeoff allegedly was tainted by flaws in the underlying price and technical evaluations, made without conducting the comparative analysis of proposals required by Provision 4-2, and lacked an explanation of the technical advantages of Honeywell's device that USPS determined were worth a price premium over Motorola's devices.

- USPS allegedly miscalculated Motorola's proposal in respect of its offer to sell USPS [REDACTED] for [REDACTED].
- USPS allegedly conducted a flawed evaluation of Motorola's proposal regarding the [REDACTED] if the [REDACTED] were selected for award.

Motorola requested a stay or suspension of performance pending resolution of its Disagreement. After reviewing the contract file, the Initial Disagreement, the Supplemental Disagreement, Motorola's May 9, 2014 presentation to me in my capacity as the SDRO, comments received by an interested party, and the input I received from Postal Service officials, I denied Motorola's request for a stay or suspension of performance on May 29, 2014 due to the fact that I expected to issue a decision on the merits of the Disagreement in the near future.

On June 3, 2014, Motorola lodged a request for reconsideration of my decision denying its request for a stay or suspension of performance. For the reasons discussed below, Motorola has not prevailed on the merits of its Disagreement; therefore, Motorola's request for reconsideration of the decision denying the request for a stay or suspension of performance is also denied.

Materials Reviewed

In my review, I have considered the following relevant material, among other things:

- the Purchase Plan;
- the Statement of Work ("SOW"), Solicitation, and amendments,
- the initial disagreement;
- the CO's initial disagreement resolution letter;
- Motorola's and the awardee's proposals;
- the February 14, 2014 Best Value Determination;
- the Disagreement and Supplemental Disagreement lodged with the SDRO; and
- the comments received in response to the notification letter sent to the interested party.

In addition, pursuant to 39 C.F.R. § 601.108(e), I have had communications, both by telephone and email, with the CO, the chairperson of the Proposal Evaluation Team ("Evaluation Team"), and other appropriate Postal Service officials.

DISCUSSION

Price Evaluation

Price Evaluation Under CLINs 5 and 6

Motorola claims that USPS amended the quantities for CLINs 5 and 6 (Support and Documentation and Testing) in the Solicitation's Pricing Template without notifying offerors or providing an opportunity to submit revised proposals. Motorola states that, in the CO Resolution letter, USPS admitted a fundamental error in the MDD procurement. This is based on Motorola's belief that USPS arbitrarily and capriciously failed to notify offerors through a solicitation amendment of an alleged change in the quantities in the Solicitation's Pricing Template, or to provide offerors an opportunity to revise their proposals in response to those changed quantities. (Disagreement at 8-11).

My review reveals that there was no change in the quantities that USPS planned to purchase pursuant to the Solicitation. The Solicitation required offerors to provide pricing for a purchase of MDDs up to a quantity of 225,000 units. The Solicitation also required offerors to provide support, documentation, and testing for all the units purchased up to the maximum quantity. According to the CO, neither offeror expressed any confusion over the fact that USPS would be purchasing support for each device. At no point did Motorola question the Postal Service's intent regarding the unit pricing. While Motorola

embedded notes on particular CLINs in its Pricing Templates explaining what its submission represented, Motorola never questioned or included any notes regarding the support CLIN quantities. The estimated quantity of 225,000 is shown at the top of the Pricing Template for hardware items (CLINs 1 through 4 – devices and accessories). The maximum purchase of 225,000 units is also mentioned in the Statement of Work, Section A 1.1 (“General Requirements”).

Although the Solicitation’s pricing template instructed offerors to provide “Single Unit” pricing for CLINs 5 and 6, offerors were informed of the Postal Service’s requirements within the Solicitation SOW to provide support services for all purchased devices. Motorola’s technical proposal acknowledges that Motorola was compliant with the Solicitation and understood that support was required for all units purchased.

The SOW plainly indicated that all deployed devices would have to be supported by offerors, up to the maximum quantity purchased: “The supplier shall furnish help desk and maintenance support for the NGHH devices per Sections F and H of this SOW. The NGHH devices will be located nationwide.” SOW, Part A – General Requirements Section 11.0 Maintenance and Help Desk Support. There are multiple other examples demonstrating that offerors would have to support any quantity of devices USPS purchased. For example, SOW, Part F – Field Support Requirements, Section 1.0- Scope, 6.0 – Technical Support Services, 6.4 Help Desk explains that “[h]elp desk support shall include telephone and on-site support by the Supplier to USPS personnel responsible for operating or servicing any component integrated into the NGHH system” (emphasis added).

The SOW further contained the following requirements at Section H, 3.7 which are reflected in pricing for CLIN 5:

3.7 Depot Repair

The Supplier shall repair or replace all depot repairable items returned to the Supplier by the Program Manager for Spare Parts (Topeka) for a period of three years. When the Supplier repairs the item instead of replacing it, the Supplier shall repair or return to full functional operation within the USPS inventory. The Supplier shall repair or replace all items presented by the USPS; the manner of failure or breakage is not a factor when repairing and replacing repairable items.

3.7.1 Depot Repair Cost

The Supplier shall set pricing for Depot Repair Support. The Supplier shall price repair activities, based on estimated repair cost for all repairable items, for a period of three years. The USPS will only pay for repairs completed and will not pay the complete bid amount by the Supplier, unless the value of the of repair actions reaches that bid amount. The Supplier shall include the hourly labor rate, the complete top-down breakdown of the repairable item, and pricing of all component parts for each repairable item in the Parts Provisioning Documentation as defined in Specification H-1, “Specification – Preparation of Parts Provisioning Documentation”.

3.7.2 Timeframe

The depot repair or replacement support shall begin with the first unit deployed and end three years after the last unit is deployed.

SOW Section H (emphasis added).

Thus, the SOW is clear that the supplier will support all units purchased. The Motorola proposal acknowledges this with responses in its technical proposal, as demonstrated in the following excerpts:

H.3.7 Depot Repair... MSI repairs or replaces the depot repairable items returned from the Topeka Spare Parts Program Manager for a period of three years.

Section H.3.7.1 Depot Repair Cost...MSI provides set pricing for depot repair support for a period of three years, based upon our commercial three year Service from the Start Bronze with Comprehensive Coverage. We do not provide an [REDACTED] for repairs but have provided a [REDACTED] consistent with our commercial practices.

Section H.2.5.1 DSPK [Depot Spare Parts Kits] Quantity. We comply with these requirements. We provide depot spare parts kits in a quantity of [REDACTED] of the production buy. We understand the USPS defines the exact quantities of each item at contract award.

Section H.2.5.4 Depot Repairable Items Quantity... Our DSPK includes a quantity of repairable items sufficient to support the number of expected failures for a [REDACTED] period based on fully deployed RMD system.

These statements demonstrate that Motorola did not believe that only one unit of various support services was required by USPS and was not pricing support CLINs with such an understanding; rather, they demonstrate an understanding that support will be required for all units purchased. Contrary to Motorola's belief, the CO's price analysis, using reasonable estimated quantities of support contract line items, was not a change in the requirements.

To the extent that Motorola is also asserting that the Postal Service should not have adjusted the quantities of CLINs 5 and 6 for analysis purposes, this analysis adjustment did not have a prejudicial effect on Motorola because the same multipliers for CLINs 5 were applied to all offerors in the evaluation process. The Postal Service did not make any adjustment to the quantities for CLINs 6 in its price analysis. The same multiplier was used to calculate USPS's estimated total spend when the quantities were increased to 225,000 on all of the suppliers' proposals. Therefore, it was reasonable for the CO to conduct the evaluation of the price proposals, including CLIN 5, by applying appropriate, and reasonably foreseeable, quantities to the single unit prices. This ensured that the Postal Service could accurately assess the costs for a purchase up to the maximum quantity. I find that this was an appropriate approach for conducting the best value determination and was not materially inconsistent with the Pricing Template.

Provision 4-2(b) and Inclusion of "All Options" in the Evaluated Price

Motorola asserts that USPS violated Provision 4-2(b) of the Solicitation by excluding offerors' prices for the option years from its price evaluation. (Disagreement at 11). Motorola believes that this alleged violation had the effect of understating the total costs of Honeywell's proposal to USPS and the extent of the price advantage Motorola had over Honeywell. (*Id.*)

I find that the USPS did not violate Provision 4-2(b) of the Solicitation because the Price Proposal Template modified Provision 4-2 by providing supplemental instructions for the evaluation of options. It clearly states that the price for option Years 1 and 2 for CLINs 5.1-5.3, 5.5 will be evaluated and that these are the only options to be evaluated. The template instructions specifically state that Total – All Years – Unweighted, "will not be used in decision making process." (*Id.*)

The instructions in the pricing template were clear. Thus, any alleged conflict with Provision 4-2 would be clear on the face of the Solicitation, and Motorola did not contest USPS's clear intent regarding the evaluation of certain options. If there were a patent conflict between Provision 4-2 and the instructions in

the pricing template, Motorola had to raise that issue before the time set for the receipt of proposals, which it failed to do:

For disagreements that concern alleged improprieties in a solicitation, the contracting officer must receive the disagreement before the time set for the receipt of proposals, unless the disagreement concerns an alleged impropriety that does not exist in the initial solicitation but which is subsequently incorporated into the solicitation, in which event the contracting officer must receive the disagreement no later than the next closing time for the receipt of proposals following the incorporation.

39 C.F.R. § 601.107(b).

The pricing template clearly states what prices will be considered for evaluation, and the CO's pricing evaluation for the evaluation of options followed the methodology, as it was explained in the Pricing Template. To the extent that Motorola's preparation of its Price Proposal disregarded USPS's specific instructions within the template, it did so at its own risk.

Motorola has advanced the alternative argument that the Solicitation's Order of Precedence clause directs that Provision 4-2 should trump the Pricing Template if they conflict. Motorola's argument is based on the premise that the pricing template is an "attachment" to the Solicitation, which, if correct, would indeed give Provision 4-2 a higher precedence. This premise, however, is incorrect. The first sentence of the Solicitation's Schedule of Supplies and Services states that the award will be "[i]n accordance with Attachment A-Statement of Work and Attachment B Pricing Template with Instructions" (emphasis added). As Motorola acknowledges, the Order of Precedence clause prioritizes the Solicitation's Schedule of Supplies and Services over all other aspects of the Solicitation, including "solicitation provisions," which is how Motorola characterizes Provision 4-2. (See Solicitation Clause 4-1(r) (assigning the highest priority to "the schedule of supplies and services," and the fifth highest priority to "solicitation provisions"). The Pricing Template and Instructions are incorporated by reference in the Solicitation's Schedule of Supplies and Services, which has the highest priority under the Order of Precedence clause. Accordingly, if there is a conflict between the Pricing Template and Provision 4-2, the Pricing Template controls.

Price Adjustment to Reflect Motorola's Clarifications of CLIN 5.8

In its Disagreement, Motorola asserts that the USPS failed to adjust Motorola's prices to reflect its pricing clarification of CLIN 5.8. (Disagreement at 14). During the week of February 10, 2014, USPS asked Motorola to clarify its hourly rates under CLIN 5.8. On or about February 10, 2014, USPS received an e-mailed clarification from Kelly Pittas, Senior Contracts Manager, Motorola Solutions, Inc., which contained the requested clarification. The clarification provided USPS with a blended rate of [REDACTED] in 2014 and an increased rate in the out-years of the contract for the services required under CLIN 5.8.

After receiving Motorola's clarification, USPS declined Motorola's offer to provide an updated Pricing Template because Motorola had already provided the information USPS needed to perform its analysis. My review has shown that USPS did include the Motorola-provided blended rate of [REDACTED] in its pricing analysis spreadsheet, which was an attachment to the Best Value Determination ("BVD") and was used to make the award decision. Therefore, I find that USPS's price evaluation was reasonable, and Motorola's assertion that USPS's price evaluation of Motorola's proposals was arbitrary and capricious is unfounded.

Pricing Evaluation of Honeywell 99EX and Motorola Devices

Motorola asserts that USPS committed an error in its evaluation by comparing Motorola's proposed prices against the final negotiated Honeywell price. (Disagreement at 15-16).

This assertion is without merit. I have determined that the CO's price analysis for the best value was based upon proposals submitted by Motorola and Honeywell prior to the CO's final price negotiations with Honeywell. The CO's price analysis used pricing submitted by Motorola via the pricing template on January 30, with Motorola's subsequent clarification on February 10 that provided a blended hourly rate for CLIN 5.8 for the base period and the option years. The CO's price analysis used pricing submitted by Honeywell via the pricing template transmitted via email on February 2. The results of the CO's price analysis are reflected below. This analysis incorporated pricing for the purchase of 225,000 units with support for 225,000 units for CLINs 5.1, 5.4 and 5.6. This analysis also included an evaluated quantity of 11,287 units for CLIN 5.3 (Device Repair) and 400 hours as an evaluated quantity for CLIN 5.8 software services.

Table 1: Prices Used in USPS Price Evaluation		
	Honeywell 99EX	Motorola's [REDACTED]
Evaluated Total Used in USPS Analysis (taking into account supplier clarifications and potential maximum quantities purchased)	\$136,815,891	[REDACTED]

For the above-stated reasons, I find no merit to Motorola's assertion that USPS improperly compared Motorola's proposed prices with Honeywell's final negotiated prices.

Technical Evaluation

Technical Evaluation of the [REDACTED]

Motorola has asserted that USPS's technical evaluation of the [REDACTED] was unreasonable for a number of reasons. It claims that USPS failed to perform a complete evaluation of the [REDACTED] and, due to the device's unavailability, unreasonably assigned a weakness regarding testing and evaluation. Motorola believes that USPS unreasonably considered Motorola's inability to meet the device-production schedule to be a weakness. Finally, Motorola asserts that USPS's evaluation of the [REDACTED] was arbitrary and capricious because of technical characteristics of the [REDACTED] that USPS allegedly failed to recognize as strengths. (Disagreement at 17).

Motorola submitted a proposal for the [REDACTED], a device that had not [REDACTED] and could not be tested. With respect to the deployment schedule, the Statement of Work, Attachment C, set forth mandatory milestones. It provided at paragraph 4.1 that the supplier "shall deploy the NGH units per the deployment rate in Table 1 below" (emphasis added). Motorola acknowledged that it would be unable to meet the deployment schedule in its May 1, 2014 Disagreement and claimed that the CO's Resolution placed an "undue weight" on the required deployment schedule. Provision 4-2 of the Solicitation, however, specifically provides that adherence to the deployment schedule "will be evaluated separately, to reflect the importance of suppliers' ability to meet USPS's aggressive schedule." In the BVD, the CO noted that two weaknesses of the Motorola [REDACTED] were that the [REDACTED] device would not be available until [REDACTED], at the earliest, and the device was not able to meet USPS timelines. In view of the clear importance of meeting the "aggressive schedule," the CO did not place undue weight on this issue.

Motorola next alleges that USPS unreasonably assigned weaknesses to the [REDACTED] because it was unavailable for testing. My review showed that the [REDACTED] proposal was evaluated consistently with the other device proposals, except it received a much lower score in the area of testing. USPS could not test a device that had [REDACTED]. It was the unavailability of the device for testing that resulted in the [REDACTED] receiving a lower technical score than those proposals where a device was [REDACTED] available for testing. The Solicitation made clear that both carrier and laboratory testing would be

important considerations for the evaluation. Indeed, of five technical evaluation factors, "Lab and Field Tests" was the second most important factor. Moreover, the Solicitation stated unambiguously that "Lab and Field Tests will be conducted on equipment samples previously purchased by USPS." Solicitation Provision 4-2. It is plain that the laboratories and carriers in the field cannot test devices that [REDACTED]. Further, the Solicitation did not obfuscate regarding the devices that USPS would test: the "equipment samples previously purchased." Because the language of the Solicitation is clear, Motorola cannot, after submission of its proposals and after award, take issue with such clear evaluation criteria. This basis for Motorola's Disagreement is not timely. 39 C.F.R. § 601.107(b) ("[f]or disagreements that concern alleged improprieties in a solicitation, the contracting officer must receive the disagreement before the time set for the receipt of proposals...").

Motorola also alleges that the CO did not recognize multiple aspects of the [REDACTED] technical proposal as strengths. (Initial Disagreement at 43-44). Through my review of documents and discussions with Postal Service officials, I am satisfied that the Evaluation Team considered all offerors' proposals extensively, arrived at consensus scores, and identified key strengths and weaknesses of the various proposals. I am not in the position to second-guess the judgments of the Evaluation Team as reflected in the Team's consensus scores. While Motorola may disagree with the Evaluation Team's judgments, Motorola has not demonstrated that those judgments were unreasonable. Moreover, the [REDACTED]'s Technical Approach score was the second best of all the devices' Technical Approach scores. This indicates to me that the Evaluation Team considered reasonably the strengths of the [REDACTED] Technical Approach in the context of the overall evaluation.

In sum, Motorola's [REDACTED] proposal suffered significant disadvantages in that the device was not available for either laboratory or field testing, and Motorola acknowledged that it would be unable to meet the deployment schedule. The [REDACTED]'s overall score suffered so considerably in the categories of "Lab and Field Tests" and ability to meet the mandatory deployment schedule, that these categories were determinative in the [REDACTED]'s technical rank of 6 out of 6 devices. The Solicitation outlined that technical scores were more important than price to USPS; thus the [REDACTED] proposal did not represent best value for the Postal Service. For the foregoing reasons, Motorola's Disagreement with respect to the [REDACTED] is denied.

Technical Evaluation of the [REDACTED]

Motorola asserts that the Postal Service's technical evaluation of the [REDACTED] was unreasonable. (Disagreement at 18). Specifically, Motorola asserts that three assigned weaknesses lacked a rational basis. They are: (1) the lack of an [REDACTED]; (2) the [REDACTED] issue and (3) the [REDACTED]. (Disagreement at 18). Additionally, Motorola believes that features it listed on page 51 of the initial disagreement were unreasonably under-evaluated. While they may have been considered by USPS, Motorola alleges USPS did not recognize the features as strengths. (Disagreement at 20). Motorola claims USPS did not recognize features of the [REDACTED] in the areas of memory, display, data capture, and camera resolution. (Initial Disagreement at 51).

The evaluation of technical proposals is generally a matter within the Postal Service's discretion. Motorola's mere disagreement with the Postal Service's judgment does not render an evaluation unreasonable. Evaluation Team members reviewed Motorola's proposal, as they did all proposals, and they noted various strengths and weaknesses that were discussed and resulted in consensus evaluation scores. The fact that the [REDACTED] may have exceeded the Solicitation's minimum requirements in some areas does not require that each of those instances be recognized as a strength, especially in areas where the Evaluation Team did not believe that exceeding the specifications in those areas would benefit the Postal Service, as laid out in the CO's Resolution to the Initial Disagreement. I do not find the failure to assign strengths for the features list on page 51 of the Initial Disagreement to be unreasonable. While Motorola disagrees with the Evaluation Team's judgments, it provides no basis to conclude those judgments were unreasonable.

With respect to the weaknesses that Motorola contests, Motorola claims that USPS's determination that the lack of an [REDACTED] was a weakness is inconsistent with the Solicitation, and therefore, it is

arbitrary and capricious. (Disagreement at 19). This Disagreement ground lacks merit and is denied. In its Compliance Matrix for the [REDACTED] proposal, Motorola [REDACTED] and stated that the device [REDACTED] the Solicitation requirements. Motorola later clarified in a response dated January 13, 2014, that "MSI [Motorola] may have overstated the non-compliance of this requirement. The current [REDACTED] on the [REDACTED] supports a [REDACTED]. MSI believes this [REDACTED] would support the USPS in their needs, unless [REDACTED] is activated." (Initial Disagreement at 46) (emphasis in original) The Solicitation requirement was clear; it required a battery that "support[ed] continuous and simultaneous heavy usage (12 hours minimum) of GPS, Wi-Fi, cellular, Bluetooth, and scanning" using the default USPS profile (Solicitation Section D 2.3.16 Battery) (emphasis added). Motorola's proposal, even after clarification, did not meet that requirement, as turning on [REDACTED] would cause the [REDACTED]. Section C.2.3 of the Solicitation addressed device configuration and stated "[t]he Supplier shall configure each device to the default USPS profile." Section 2.3.1 also requires the Supplier to meet with USPS to determine the most beneficial device profile. Thus, even after the Motorola clarification, it was clear that the solicitation requirement was not met, and it was reasonable to assign a weakness for [REDACTED]. Furthermore, relevant documentation demonstrates that offerors were treated equally, as the CO, in his BVD, considered multiple weaknesses relating to [REDACTED] for other proposals. Indeed, each offer, except the 99EX and the [REDACTED], received a weakness relating to [REDACTED]. Furthermore, one other offeror also received a weakness for [REDACTED] not being able to [REDACTED] set forth in the SOW.

Regarding the [REDACTED] weakness, Motorola asserts that it was never provided complete information or an opportunity to examine the [REDACTED] devices experiencing [REDACTED] to determine whether they were defective or USPS was not using them correctly. (Disagreement at 19). This assertion is likewise without merit and is denied. Relevant documentation, including e-mail exchanges, reveals that Motorola was aware of this [REDACTED] issue as early as June 2013 and failed timely to address it in a satisfactory manner. These documents reveal an exchange between John Rinkel of Motorola and a member of the Evaluation Team, in which Motorola asserts that the [REDACTED] issues discovered during the carrier testing in November were addressed by a December update to the device. Thus, Motorola was aware of the [REDACTED] issue during the carrier testing phase in October, November and December 2013, attempted to resolve it, and failed adequately to do so. Documentation further demonstrates, through e-mail exchanges, that Motorola made another attempt to address [REDACTED] issues by installing another update on February 5, 2014. Motorola stated, "We are hoping that this update will provide for many if not all of the fixes in [REDACTED] you experienced." That last ditch effort to resolve the [REDACTED] issues, known to Motorola since at least Summer of 2013 was after the time the Evaluation Team completed the technical evaluation of the device in December 2013. Despite having ample notice, Motorola had been unable to resolve the [REDACTED] while testing was occurring. At that time, Motorola was still trying to figure out the source of the [REDACTED] with the [REDACTED]. Moreover, relevant documentation does not reflect that Motorola ever confirmed to the CO that it had resolved the [REDACTED]. Thus, it was reasonable for the Postal Service to assign a weakness for this failure (and untimely potential resolution) of the issue, which was one of the evaluation factors included in Provision 4-2.

Lastly, Motorola alleges that USPS continues to downgrade the [REDACTED] irrationally based on the unstated Solicitation criteria of [REDACTED]. Motorola asserts that the [REDACTED] weakness assigned to the [REDACTED] is contrary to the Solicitation and was arbitrary and capricious. Motorola's argument focuses on the fact that the carrier field test, the basis of this weakness, occurred before the Solicitation was issued. (Disagreement at 19). The Solicitation made clear that "Lab and Field Tests" was the second most important evaluation factor. See Solicitation Provision 4-2. Additionally, suppliers were informed that lab and field tests would be conducted on equipment samples, including the [REDACTED], previously purchased by USPS. See *id.* Thus, [REDACTED] is not an unstated Solicitation factor. Rather, the term [REDACTED] refers to physical characteristics of the devices. [REDACTED] relates to elements the carriers considered in their survey, such as one handed data entry, one handed scanning, hand strap comfort, layout of the keypad, key size and spacing and the ability to use the keypad in all weather conditions (such as cold weather necessitating gloves). Issues with [REDACTED] were uncovered by the carrier survey, and this factored into the Lab and Field Tests evaluation factor score. Thus, while the phrase [REDACTED] was

not expressly outlined in the Solicitation, it was reasonably and logically encompassed within the stated evaluation criteria, namely Lab and Field Tests.

While the [REDACTED] was assigned a strength for having a [REDACTED] and may have complied with [REDACTED] in the Solicitation, this does not mitigate the carriers' low scoring of the [REDACTED]. The issues that comprise the [REDACTED] as observed by carriers in the field, reasonably equated to a weakness pursuant to the Lab and Field Tests evaluation factor. As indicated by Postal Service officials I interviewed during my review of the Disagreement, the point of the Lab and Field Tests evaluation factor was to capture real world data that could otherwise be missed in a technical evaluation, and they played an important role here. The MDD devices are critical to the Postal Service for the success of its package business, and the evaluation factors were designed to lead to the procurement of a device that would work well for the carriers under all conditions and that carriers could use with ease with a low possibility of scanning errors. My review indicates that the Postal Service reasonably assessed a weakness for what the Evaluation Team has labeled [REDACTED]. This Disagreement ground is therefore denied.

Technical Evaluation of Honeywell's 99EX

Motorola asserts that USPS's technical evaluation of Honeywell's 99EX was unreasonable because USPS failed to recognize weaknesses in the 99EX in the areas of memory, mobile device management, and data capture, based on Honeywell's public representations of the 99EX's capabilities. (Disagreement at 20). According to Motorola, Honeywell's public representations of its product's capabilities may indicate that the 99EX would not meet the Solicitation's minimum technical requirements; however, it bases these assertions only on publicly available information from 2011 regarding the 99EX and not on the more recent specifications contained in Honeywell's proposal to the USPS. After reviewing Honeywell's proposal for the 99EX and having conversations with the Evaluation Team chairperson and the CO, I have determined that Honeywell's proposal for the 99EX does, in fact, demonstrate that the device meets the Solicitation's technical requirements.

More specifically, Motorola alleges that the Honeywell device has a data capture weakness because it is unable to scan red bar codes. (Initial Disagreement at 53). One of the device highlights included in Honeywell's proposal for the 99EX, however, states that the device is able to read red printed barcodes. My review has not revealed complaints from laboratory or field tests that the 99EX was unable to scan red bar codes. Therefore, I find Motorola's assertion that the 99EX scanner/imager fails to meet the Solicitation's requirement to capture red barcodes is unfounded.

Next, Motorola asserts that the 99EX failed to meet the Solicitation requirement of providing a minimum of 512 MB of RAM. (Initial Disagreement at 52). In a matrix responding to Section D, Technical Design Requirements for USPS, however, Honeywell indicated that the 99EX would have a minimum of 512 MB RAM, confirming that the device would comply with this requirement.

Lastly, Motorola claims that the 99EX is unable to integrate with CISCO ISE Network Access Control, which was a requirement outlined in Section D 2.7.4.1 of the Solicitation, and asserts that the Evaluation Team should have considered it to be a Mobile Device Management weakness. (Initial Disagreement at 52-53). Honeywell's proposal initially indicated that the 99EX was unable to meet this Solicitation requirement. However, later discussions between Honeywell and USPS Information Technology officials concerning this element of Honeywell's proposal clarified that Honeywell had misunderstood the Solicitation's requirement. The 99EX, in fact, ultimately complied with Section D.2.7.4.1 of the Solicitation. Moreover, the BVD reflects that the Evaluation Team specifically addressed Mobile Device Management concerns through discussions with Honeywell prior to award and that these issues were resolved. Based on my review and conversations with members of the Evaluation Team, Motorola's assertion that Honeywell's 99EX device suffered from unaccounted weaknesses is erroneous. Instead, my review of the proposals, relevant other documentation, and consultation with the Evaluation Team show that Honeywell submitted a proposal that met the Solicitation's technical requirements. I am satisfied that USPS did not improperly fail to consider these alleged weaknesses of the proposal.

Motorola's Proposal Regarding the Restricted Rights License to the Existing IMDAS Software Application

In Motorola's Supplemental Disagreement, it asserts that the Postal Service misevaluated its proposal to grant unlimited rights to the IMDAS software for [REDACTED]. (Supplemental Disagreement at 3). Both of Motorola's proposals included an optional offer relating to data rights for software purchased by USPS under the legacy IMDAS contract. Motorola offered to provide unlimited data rights to legacy software for [REDACTED] after the delivery of [REDACTED] units. (Disagreement at 21). Under another option, Motorola proposed providing USPS with an enterprise license to use the IMDAS software for a license fee, and under that particular license, the software could be used on the MDD, regardless of device supplier. (Id.) In its Supplemental Disagreement, Motorola argues that there is no rational basis for the CO's conclusion that Motorola's proposal to provide USPS with an unlimited rights license for the base IMDAS application software, or its second offer to provide the most current version of the software platform for a reasonable license fee, does not afford a significant advantage or savings. (Supplemental Disagreement at 4).

My review showed, however, that the Postal Service had already entered into a contract with a third party supplier, Infinite Peripherals Corporation ("IPC") to serve as a "device neutral" software provider to create on-street and enhanced software functionality for whichever new MDD device was selected. USPS's purchase of this newly-written software for the winner of the MDD competition, which turned out to be Honeywell, does not utilize the IMDAS code.¹ I understand that IPC's contract was already in place and work was underway at the time the MDD proposals were received. This is why USPS did not ask suppliers to propose software for the MDD devices. Because a new software purchase for MDD was underway, the MDD Solicitation Section D 2.3.2, Operating System, of the Solicitation stated that the MDD operating system shall comply with the following "A. support a third party developed SW [software], B. support Windows Mobile 6.5." During the technical evaluation, Motorola's offer was considered, but it was not determined to be of significant value because an alternate source for the functional software had already been found. Because the Postal Service had already entered into a contract with another supplier to develop new software for the MDD device with increased functionality over IMDAS, this conclusion was reasonable. Any potential intellectual property violations raised by the Supplemental Disagreement are beyond the scope of the Supplier Disagreement Resolution process. See 39 C.F.R. § 601.107(a)(2).

Evaluation of Motorola's Proposal Regarding the [REDACTED]

Motorola contends that USPS arbitrarily and capriciously failed to consider a cost saving and technical advantage of its proposal regarding the [REDACTED] by not assigning value to the [REDACTED]. Motorola stated in its Supplemental Disagreement that USPS's evaluation is arbitrary and capricious because it indicates that the [REDACTED] or its [REDACTED] can be "repurposed within the USPS network." According to Motorola, there is no organization within the USPS network that is not using IMDs that does not already have sufficient quantities of them. (Supplemental Disagreement at 18).

I find Motorola's assertion that USPS cannot repurpose the [REDACTED] or its [REDACTED] within the USPS network, and that USPS improperly failed to assign value to the [REDACTED], to be erroneous. My review process revealed that the Evaluation Team discussed Motorola's plan to [REDACTED] [REDACTED] for the new MDDs. USPS's internal business client informed the CO, however, that they wanted to have the option of keeping all current IMD devices in use (for example, in expanded weekend delivery). The [REDACTED] may, therefore, be needed for the legacy devices. The internal client further wanted the option of using the legacy devices for non-delivery scanning programs, in which case, the Postal Service would continue to require [REDACTED] for the existing devices.

The MDD program will begin the gradual replacement of IMDs used for carrier purposes. Many legacy IMDs will be returned to the Critical Parts Center for use as spare parts. The returned units will become

¹ It appears that the CO's resolution of this issue in the April 28, 2014 response to Motorola's Initial Disagreement discussed Postal Service investment in Motorola software but did not address why Motorola's assertions in the Disagreement are erroneous.

part of the spares inventory, thereby negating the need for near-term recurring parts purchases. As a result, the CO informed me that the deployment plan may not easily lend itself to an exact one-for-one exchange of IMD and MDD devices. More importantly, while USPS was told by Motorola that [REDACTED] from the [REDACTED], USPS was never able to confirm that capability through testing because the [REDACTED] was not available.

Motorola did not include a similar representation about the [REDACTED] in its [REDACTED] proposal. USPS specifically asked Motorola why the [REDACTED] proposal did not include a similar proposal for [REDACTED]. Motorola responded that [REDACTED] would be required for the [REDACTED] and the [REDACTED] could only be [REDACTED].

Because technical features were considered more important than evaluated price under Provision 4-2, any potential [REDACTED] as a cost-saving advantage would have had a minimal impact, if any, on the overall evaluation of the [REDACTED] given its low technical score (which was reasonably assigned as discussed above). Lastly, I find that this offer did not affect the evaluation of the [REDACTED] given that the [REDACTED] are incompatible with it.

Best Value Determination

In its Disagreement, Motorola states that it demonstrated several shortcomings with USPS's best value determination by showing that: (1) it was tainted by errors in the price and technical evaluations; (2) USPS failed to perform a complete comparison of technical differences as required by Provision 4-2; and (3) USPS has not provided a reasonable explanation of the aspects of the 99EX that warranted paying a higher price. (Disagreement at 20-21).

I have determined that the Evaluation Team conducted an evaluation in accordance with the stated evaluation criteria, and the CO determined best value by conducting a trade-off analysis. That analysis reasonably led the CO to conclude that the technical superiority of the Honeywell 99EX justified the price premium.

During my conversations with the CO and the Chairperson of the Evaluation Team, they described the proposal evaluation process, which included the Evaluation Team members meeting over a period of nine days to hold discussions focusing on the proposal evaluation factors, consulting with ten subject matter experts with expertise in areas such as software/firmware, ergonomics, safety, security, and technical data management, and receiving clarifications from suppliers concerning their proposals, before arriving at a consensus score for each individual factor and proposal. It was this process and the consensus evaluation that enabled the CO to conduct tradeoffs and make a best value determination.

After the Evaluation Team arrived at its consensus decision, it held a briefing on February 4, 2014 to present USPS senior leadership with their recommendation based on the consensus scoring, the key strengths and weaknesses as decided by the Team and initial pricing. Attendees at the briefing included the following:

- Vice President, Supply Management;
- Manager, Technology Portfolio;
- Manager, Telecom & IT Hardware CMC;
- Vice President, Engineering;
- Representatives from Technology Acquisition and Program Management, Automation Equipment, Engineering, Technology Development and Applications, Package Technology and Visibility; and
- Vice President, Delivery and Post Office Operations.

A comparison of the technical differences among the proposals was presented to the Postal Service senior leadership, highlighting strengths and weaknesses of each proposal. Then, after additional price analysis and technical and price clarifications from offerors, including Motorola, were considered, the CO made his final best value determination.

Consistent with the evaluation scheme, as stated in the Solicitation, the CO was more concerned with making an award to a technically superior offeror than a lower priced offeror. In his trade-off analysis, contained in the BVD, the CO found that, despite its lower price, the [REDACTED] had serious deficiencies against USPS requirements, including its low ranking in the carrier evaluation tests, and its failure to [REDACTED]. The CO, in his trade-off analysis, reasonably found that Honeywell's higher price was justified because it was the only unit that was capable of meeting USPS requirements and the deployment schedule.

The Honeywell 99EX proposal was the highest technically rated proposal. My review revealed the aspects of the Honeywell 99EX proposal that, when compared to other proposals, would provide the best MDD solution for USPS personnel in their delivery and operations. (By way of example, while each of the proposals has very similar rankings in most non-price evaluation categories, the 99EX keypad size and layout were strongly preferred by carriers on the street.) The CO concluded that the Honeywell 99EX proposal provided a superior technical solution and that the higher price for the Honeywell proposal was justified due to its superior lab and field test scores.

From my review of relevant documentation and my conversations with the CO, the Chairperson of the Evaluation Team and other USPS officials, I have determined that the CO reasonably concluded that the Honeywell 99EX proposal represented the best value to the Postal Service.

RESOLUTION

After considering the information provided to me by the Postal Service, Motorola, and the interested party, and after having conducted a thorough review of the materials listed above, I have determined that the CO reasonably concluded that the Honeywell 99EX proposal represented the best value to the Postal Service; therefore, Motorola's Disagreement and its Supplemental Disagreement are hereby denied. I also hereby deny Motorola's request for documents included with the Disagreement.

Sincerely,


Trent Ensley
USPS Supplier Disagreement Resolution Official