



JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY BRAND NAME

1. Identification of Requiring Activity and Contracting Activity.

The Contracting Office is the Naval Supply Systems Command Fleet Logistics Center Norfolk Office, Code 215, 5450 Carlisle Pike, Mechanicsburg, PA 17050-2411.

2. Nature and description of contract action.

This acquisition is conducted under the authority of 10 U.S.C. 2304c(a) through 2304c(d) as implemented by Federal Acquisition Regulation (FAR) Subpart 16.5. This is a Justification for an Exception to Fair Opportunity (JEFO) for Brand Name to establish an Enterprise License Agreement (ELA) order and single vendor Agency Catalog under the National Aeronautical and Space Administration (NASA) Solutions for Enterprise-Wide Procurement (SEWP) V Government-Wide Acquisition Contract (GWAC) for Red Hat brand software products.

3. Description of Required Supplies/Services to meet the agency's needs.

The proposed acquisition strategy is to compete the Department of Navy's (DON) Red Hat requirement through the NASA SEWP V GWAC contract. The Navy will establish a single vendor NASA SEWP V Navy Agency Catalog to provide a full range of Red Hat commercial-off-the-shelf (COTS) products within the scope of the NASA SEWP V contract and issue an order for an ELA for the DON's core Red Hat software products.

The Navy Red Hat Agency Catalog will be established to provide Navy centric terms and conditions with additional price discounts. The catalog will be for all Red Hat products that are available through the Premier Red Hat Reseller's NASA SEWP V contract. Red Hat provides a broad portfolio of open source enterprise software that has been modified to fit and function within large enterprise network systems. The Red Hat software product offerings come with commercial product support and access to product training and integration support. Specifically, the catalog will include Red Hat Enterprise License (RHEL), Middleware, Cloud, Storage, Virtualization, Ansible, Mobile, and 3Scale product families.

The following list provides the core products that the Navy will require in the ELA order.

RHEL Server x86 Variants

- RHEL Server (basic)
- RHEL for Virtualization Datacenters
- RHEL Monitoring
- RHEL for High-Performance Computing (HPC) Head Node
- RHEL for SAP Applications
- RHEL for SAP HANA
- RHEL Preloads and L3 production support

RHEL Client

- RHEL Workstation
- RHEL Desktop
- RHEL for High-Performance Computing (HPC) Compute Node

RHEL Real Time

- RHEL for Real Time

RHEL Management and Provisioning Tools

- Red Hat Satellite

Add-On Subscriptions

- High Availability
- Resilient Storage
- Network Load Balancer
- Smart Management

Proof of Concept

- Red Hat Mobile Application Platform
- Red Hat Cloud Suite
- Red Hat JBoss
- Red Hat OpenShift
- Red Hat 3scale API Management Platform
- Red Hat Ansible Tower with Ansible Engine
- Red Hat Gluster Storage
- Red Hat Ceph Storage

This JEFO includes any future product upgrades or new products that include similar functionality to those listed above due to technology upgrades, renaming, or combining of the current products, also known as tech refreshes.

The Agency Catalog will be available for five years becoming available no later than 27 December 2021. The ELA will be a 1-year subscription term from 27 January 2022 through 26 January 2023, to include four, 1-year options.

The total estimated value of the DON’s Red Hat requirement is [REDACTED] with the ELA estimated at [REDACTED].

	FY22	FY23	FY24	FY25	FY26	Total
Catalog	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ELA	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

4. Identification of the Exception to Fair Opportunity Rationale and/or Demonstration of Contractor’s Unique Qualifications.

This Brand Name JEFO is for the use of items particular to one manufacturer, under the authority of FAR 16.505(a)(4).

The DON is conducting this acquisition of items particular to one manufacturer due to the significant amount of currently installed base of over 120,000 Red Hat software subscriptions presently in use. In

support of Secretary of the Navy (SECNAV) memo dated 3 December 2010, the DON Chief Information Officer (CIO) memo dated 20 December 2010, and the DON CIO/ASN FM&C/ASN RD&A policy for Enterprise Software License (ESL) dated 22 February 2012, the DON CIO determined Red Hat as a candidate for ESL optimization. The DON currently has 60,938 instances of Red Hat Core Product Subscriptions and 59,496 instances of other Red Hat product subscriptions. In FY19 and FY20, the DON spent \$31.8M and \$37.4M respectively on Red Hat products.

While other products exist in this market that will be described below it is not the intent of this acquisition to prescribe a technical solution for the DON but rather optimize pricing and terms and conditions for users who determine that Red Hat products fulfill their need. If a DON activity that currently uses Red Hat Software and chooses to use an alternative software brand they can make the switch if that decision was made to be in their best interest. If a DON activity is requiring new software, they have the ability to compete the functionality requirements and choose the best value; if the ELA or a Red Hat catalog product meets this requirement, the agreement will be available.

RHEL is an operating system built with open source software components, including the Linux kernel and designed expressly for enterprise computing to run on a broad range of hardware in physical, virtual, container, and cloud environments. RHEL has features required for enterprise deployments, including support for a wide range of Independent Software Vendors (ISV) applications from vendors, such as [REDACTED], [REDACTED]; certification on multiple architectures and leading OEM platforms, including platforms offered by [REDACTED], [REDACTED]; and comprehensive technical support, with up to 24x7, one-hour response, available from both Red Hat and selected OEM partners. RHEL has multiple variants that allows for a version of RHEL specifically for specific use cases, applications, and hardware architectures. Variant alternatives include Red Hat Enterprise Linux Atomic Host, designed to run applications with Linux containers, Red Hat Enterprise Linux for High-Performance Computing, Red Hat Enterprise Linux for IBM Systems, and Red Hat Enterprise Linux for SAP Applications. Additionally, there are Add-on software products that extend the features of RHEL and are included as part of the Core products as listed above.

Due to the inherent nature of software, replacing existing software is an extensive process with costs and time associated with switching. Switching from a particular software or platform such as Red Hat, requires deliberate planning, analysis, and execution of IT System Administrators. Many of DON Systems that have established Red Hat software baselines, are loaded on hardware in accordance with their Certification and Accreditation (C&A) and must maintain this Information Awareness (IA) posture throughout the system's life cycle. Therefore, the authorities to test and operate resulting from the C&A process are tied to, and based on, the particular hardware and software comprising the system architecture certified and accredited through the C&A process. Any changes to the particular software components in the software baseline as established would nullify their Authority to Operate (ATO), as well as site Installation Design Plans (IDP) which are used to maintain configuration control. Substitution of Red Hat products different from what is currently fielded would cause severe operational impacts and performance issues causing potential critical outages to many of the DON systems.

There are substantial costs associated with moving to an alternative software product according to independent research by [REDACTED]. Currently, the DON's server OS ecosystem is about 90% Red Hat platform with the remainder in other software OS products. Additionally, there are costs associated with reengineering, testing, deploying, and training needed for a new solution are by far the most

limiting factor. There are also additional costs associated with the retraining of system administrators and support personnel, lost productivity, and contract overlap costs caused by the need to test an alternative software application after contract award while maintaining the existing environment. Based on [REDACTED] independent research, published implementation costs for new software ranges from [REDACTED] for every [REDACTED] spent on the new software.

Red Hat, through its authorized reseller supply chain, is the sole provider of the subscription software due to its exclusive intellectual property rights in the commercial proprietary software source code. These resellers provide the combination of software updates and product support service levels required. There are no other sources for RHEL subscription software. The only other alternative would be to obtain different proprietary, commercial software for this requirement but doing so would also tie the DON to that source for product support.

An alternative Enterprise Linux operating system software solution would also require proprietary software maintenance and technical support which would not resolve the inability to obtain software maintenance and technical support from vendors other than through the respective software providers. Additionally, these vendors cannot provide the required Red Hat software maintenance and technical support because these vendors cannot access the source code and technical data of the DON's current proprietary Red Hat software applications. Each software developer offers a proprietary system and associated services that will only operate with its respective hardware and software. Based on this market research, only Red Hat software licenses, software maintenance and technical support subscriptions can meet DON's technical requirements.

5. Determination of Fair and Reasonable Cost.

In accordance with FAR 16.505(b)(2)(ii)(B), the contracting officer has made the determination that the anticipated cost to the Government will be fair and reasonable. Additionally, NASA SEWP V has already determined the prices on contract to be fair and reasonable and more competitive pricing may result from competition.

6. Any other facts supporting the justification.

This procurement uses a GWAC multiple-award contract and will be solicited and awarded in accordance with FAR Subpart 16.5.

7. Actions Taken to Remove Barriers to Competition.

For the reasons set forth in Paragraph 4, NAVSUP Fleet Logistics Center Norfolk -Mechanicsburg Contracting Office has no plans at this time to compete future requirements, outside of a brand name for Red Hat products covered by this document. The Government is creating a strategic vehicle in which the DON purchases significant quantities of Red Hat software products. Similar products exist in this market, and this acquisition does not restrict the DON from pursuing other sources. The purpose of this requirement is to optimize pricing, and terms and conditions for users who determine that Red Hat products fulfil their need through proper analysis and justifications.

Additional market research is ongoing by the Government's technical experts and will continue to explore alternate software products. Enterprise Linux vendor websites have been reviewed for specifications and various engagements have been held with other Linux based software companies. Other offerings are [REDACTED] and [REDACTED], and [REDACTED]

product offerings, including software maintenance and technical support. No other software products were found to be interoperable and compatible (plug-and-play) with the existing Red Hat software. Each product distribution has its own calibrations and many of the configuration files are in different places and in a different format. Use of software that isn't interoperable or compatible with the existing Red Hat software would lead to system outages to the detriment of the Government, as well as resulting in system administrator re-training on a new platform and additional software costs associated with replacing applications in use that are not certified on Red Hat software.





8. CONTRACTING POINT OF CONTACT. The point of contact at NAVSUP Fleet Logistics Center Norfolk, Mechanicsburg is Lawrence R. Mark, Code 215; Lawrence.R.Mark@navy.mil, (717) 605-3079.

CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION





I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, except as noted herein, are complete and accurate to the best of my knowledge and belief.

Technical & Requirements Cognizance:

			
Signature	Name (Printed)	Phone No.	Date





LEGAL SUFFICIENCY REVIEW

I have determined this Justification is legally sufficient.

			
Signature	Name (Printed)	Phone No.	Date





CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief. To the extent that the Justification value is >\$250K and ≤\$750K, the Contracting Officer’s signature below also represents approval of the Justification.

			
Signature	Name (Printed)	Phone No.	Date

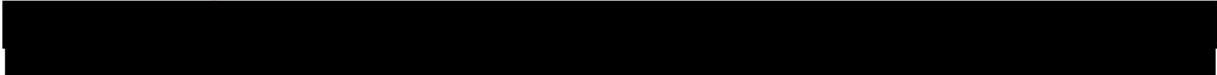
CONTRACTING ACTIVITY COMPETITION ADVOCATE REVIEW

To the extent that the Justification value is >\$750K and ≤\$15M, the Competition Advocate’s signature below also represents approval of the Justification.

			
Signature	Name (Printed)	Phone No.	Date

APPROVAL

Upon the basis of the above justification, I hereby approve, as Senior Procurement Executive of the Navy, the solicitation of the proposed procurement(s) described herein pursuant to the authority cited herein.



Signature Name (Printed) Phone No. Date