

STOC II Industry Conference #1 – 14 June 2007
Q&As

1. What is the purpose of Subcontracting and Small Business Participation Plans when you are discouraging teaming? Will small businesses be required to submit these plans?

The PEO is committed to the DoD small business goals required by law and regulation. The capability of offerors to develop and maintain relationships with other contractors will be likely be an evaluation criteria in the source selection. Further, a prescribed level of subcontracting with Small Businesses will also be an evaluation criteria. Therefore, it will be important for offerors to show that they can develop and continue relationships with Small Businesses in developing teams to compete at the task or delivery order level.

Small Businesses will not be required to submit a Subcontracting Plan; however it is likely they will be required to submit a Small Business Participation Plan.

2. If the Prime has the responsibility and is liable for all subcontractors' performance, why is there a problem with the Prime charging a "pass-thru" to perform all management functions? What percentage is reasonable?

Customers and PEO STRI PMs see "pass-thru" fees as adding minimal or no value when the prime contractor is not performing a significant amount of the work. Further, it is often redundant with the Subcontractor's management.

It is difficult to define a reasonable pass-through. Pass-through fees are driven by the complexity of the DO/TO and the risk the Prime reasonably believes they can accept. Our inclination is to allow a competitive market to drive each Prime to determine what is acceptable and how much efficiency they can generate and how much risk they can take relative to the specifics of an individual DO/TO.

3. At the IDIQ or DO/TO level, if a small business has 4 to 5 large businesses as subcontractors, how does this count towards the 25% Small Business goal?

The Army's 25% Small Business goal applies to Prime contract awards, not subcontracting goals. Therefore, all Prime contract awards (including DO/TOs) made to Small Businesses count towards PEO STRI's Small Business Goal, regardless of the composition of the subcontractor team.

4. What percentage of work under STOC I was performed by the top 3 to 4 Primes?

From inception of STOC thru 2nd Qtr FY07, 57% of STOC I dollars has been received by the top 4 Primes.

5. If STOC II will be used for USAF requirements, will USAF past performance carry as much weight as PEO STRI and STOC past performance?

Yes. Past Performance evaluation will consider the relevancy of the work performed in regards to scope of work (simulation, training/testing systems, instrumentation).

6. Would you require Prime candidates to provide a list of 40-60 small businesses in the RFP?

No.

7. Will you consider including a small business as a Prime even if it does not meet one of the NAICS codes?

No, as the NAICS code will define the size standard to be considered a Small Business under STOC II. If a business exceeds the NAICS code for STOC II, it will not be recognized as a small business.

8. What defines a “mega-large” company from a “mid-size” company? At what point in the process does a company know?

There is no size definition. Companies are either small or large.

9. How likely will the Small Business Subcontracting Plan be part of the proposal evaluation? What weight is anticipated for this factor?

Subcontracting Plans and/or Small Business Participation Plans will be required as part of a STOC II offer. We have not set the relative order of importance at this juncture but we expect it will very likely be greater than cost/price.

10. What is the likely set-aside for Prime awards to small business or service disabled entities?

There is no preset number of awards that will be made in the STOC II source selection. Offerors providing the best value to the Government, consistent with the evaluation factors, will be awarded STOC II contracts in the large and Small Business communities.

11. Will the proposal evaluation structure include a weight for teaming agreements at the DO/TO level?

Specific evaluation criteria for the STOC solicitation have not yet been developed. However, we expect Management Plans, Subcontracting Plans and/or Small Business Participation Plans to show an offerors ability to create effective and efficient teams at the DO/TO level.

12. Since you are discouraging teaming at the IDIQ level and there is a short RFP to DO/TO award time, what do you see as the process for potential subs to see the DO/TO RFP and contact potential Primes for teaming?

Requirements will be posted to the Business Opportunities website, thus potential Subcontractors will have the same visibility on DO/TO requirements as Primes. In addition, an offeror's ability to form teams or subcontractor relationships will likely be an evaluation factor.

13. During the selection of Primes, do you anticipate evaluation of rates for potential subcontractors from which DO/TO proposal will be developed?

No.

14. As a small business that will likely not be involved as a Prime at the DO/TO level, what is the advantage to bid as a Prime at the IDIQ level?

The decision to bid as a Prime is an individual business decision that each business must make.

15. Please clarify estimated number of Prime awards for "mega-large" vs "large" vs "small".

See Question #10.

16. Regarding slide 41, are there any restrictions to the number of areas to qualify at the IDIQ level? Are there any benefits to qualifying in multiple areas?

Slide 41 is a sample at this juncture. We are still developing our acquisition strategy to determine how we will evaluate offerors' capability in meeting the STOC II Statement of Work (SOW) requirements.

17. What criteria will be used to "narrow" the field for each DO/TO? How will fair opportunity be maintained?

The Government will outline the general procedures at the IDIQ level IAW FAR Part 16. We will tailor the processes to the specifics of each DO/TO.

Fair opportunity will be maintained by establishing ordering procedures that ensures each awardee is provided a fair opportunity to be considered for each order.

18. Please address number of awards per company.

One per corporate division.

19. Can you better define what is meant by "need to know" evaluation criteria?

“Need to know” means we desire to ask for information which allows us to differentiate between offerors or allows offerors to separate themselves from their competitors.

20. With a decreased emphasis on teaming at the IDIQ level, what avenues will be made for small and mid-tier (non-Prime) companies to learn about DO/TO opportunities?

All of Industry will have equal access (fair opportunity) to DO/TO initial information via the PEO STRI Business Opportunities Page.

21. How can PEO STRI accurately predict 4-8 task order responses with a single domain and such an increase in the number of Primes?

We cannot predict 4-8 task order responses. All awardees will be provided a “fair opportunity” under FAR Part 16 to compete for TO/DO. (Also see question #17)

22. Will all PEO STRI SETA contractors be prohibited (OCI) from participating in STOC II?

At this point in time, SETA contractors are not expressly prohibited from participating in STOC II. However, offerors are cautioned that the risk associated with actual, potential or appearance of Organizational Conflicts of Interest between SETA and STOC II may not be able to be mitigated. STOC II proposals will be required to address conflicts of interest and may be deemed unacceptable if not able to adequately propose a solution to avoid/mitigate OCIs.

23. Will the proposal scope (size, content, etc.) be different for small business and large businesses?

No.

24. If a company is a SETA contractor, can they still sell products and services under a task order post the STOC II awards?

Depends on the nature of the work being performed, the offerors prior involvement in the development of the requirement and whether or not a conflict of interest exists. This will vary for each requirement and will need to be considered on an order to order basis.

25. How does an FMS directed sole source affect the “must compete” rule?

FAR Part 16.505 allows 4 exceptions to the fair opportunity process. If any of the 4 exceptions are applicable to a particular requirement, then DO/TO award may be made on a sole-source basis.

26. Please clarify your position regarding foreign companies and STOC II.

PMs and Customers desire access to foreign companies. As such, our intent is to allow foreign companies to be Prime contractors on STOC II. However, we must ensure that we comply with all laws and regulations regarding foreign entities. We are in the process

of performing additional research on this topic to clarify any applicable compliance requirements/restrictions.

27. Regarding your discussion on foreign companies, what does “U.S. controlled” mean?

“U.S. Controlled” means the same as “U.S. Person” in the International Traffic in Arms Regulation, 22 CFR 120.15. “U.S. person means a person (as defined in Sec. 120.14 of this part) who is a lawful permanent resident as defined by 8 U.S.C. 1101(a)(20) or who is a protected individual as defined by 8 U.S.C. 1324b(a)(3). It also means any corporation, business association, partnership, society, trust, or any other entity, organization or group that is incorporated to do business in the United States. It also includes any governmental (federal, state or local) entity. It does not include any foreign person as defined in Sec. 120.16 of this part.”

28. Will primes be allowed or precluded from teaming with other primes? (on DO/TO)

Primes may subcontract to whomever they choose. The Government’s desire is to get the best possible solution from Industry.

29. Will Briefing slides get posted on the web?

Yes, they are posted on the STOC II website.

30. If a company wins (IDIQ) a prime contract in one area of the table(ex. Systems-training products), can that company bid on TOs/DOs in another area(ex. Systems-training services), provided they are qualified?

All offerors will be evaluated on their managerial capabilities in forming teams or prime-subcontractor relationships at the DO/TO level. Each prime contractor will be free to form their best competitive team to compete for individual DO/TO. Our intent is that all STOC II Prime contractors will be provided a fair opportunity to compete for all requirements at the DO/TO level.

31. If not a pass-through cap, are you considering a fee cap? If so, what range of fee cap are you considering?

No. Competitions at the TO/DO level will utilize appropriate price analysis or cost realism techniques described in FAR 15.404-4.

32. How will the Army decide whether to procure a task under STOC II vs. Warfighter Focus?

All PEO STRI requirements will be assigned to the vehicle where we can best execute it, in the interests of the Government and consistent with the desires of the Customer.

33. Will SB goals be measured by task order or overall task orders that a prime holds?

Both. Our current intent is collect the data at the DO/TO level, however overall compliance in regards to meeting small business goals will likely be assessed at the IDIQ level.

34. What incentive does industry have by bringing new work to STRI if there will be such a large competitor base? How does this support STRI's growth goals?

PEO STRI will provide all Primes with a fair opportunity to compete for each DO/TO. The acquisition laws and regulations do not permit a federal agency to award sole source contracts unless an exception to FAR Part 16 applies.

Having a broad base of STOC II Primes may allow greater opportunities for Industry to market the STOC II vehicle, thus contributing toward the growth of PEO STRI.

35. On the set-aside requirement, are you saying 25% of "prime" slots will be made to small businesses?

No. PEO STRI receives an annual goal from the Army as its Small Business Goal for that amount of its annual budget/funding which should be awarded as prime contracts to small business. The Army's current goal is 25%. Assuming PEO STRI's goal will be similar to the Army's goal and the PEO is a \$2B/year enterprise, we would expect small business to be awarded at least \$500M each year, through all of our contract vehicles (not just STOC II).

36. If the Air Force signs on as a STOC II user, will you account for their large programs in your ceiling?

Yes.

37. Will you be asking for time and material rate commitments on the IDIQ qualification?

We have not yet determined whether we will require T&M pricing for STOC II.

38. Will Subs be encouraged in RFP to be non-exclusive in order to have greatest flexibility to provide innovative solutions?

The Government will neither encourage nor discourage specific teaming arrangements at either the IDIQ or TO/DO level.

39. How many domain protests occurred on STOC I, leading to your concern for STOC II?

1 GAO protest and 7 ombudsman complaints

40. Please expand on "Testing" definition on slide 41?

“Testing” includes the systems, subsystems, components, or devices which individually or collectively test materiel, systems or weapon systems in a developmental or operational testing environment or training exercise. This includes the sensors, telecommunications equipment and other materials that provide the capability to detect, measure, record, transmit and process / analyze information generated during a test or training exercise.

41. Is software development that results in a product considered a service or a Product?

Our intent is to have a single domain, in which case the question would not be an issue. If we have domains, it would depend on the definition of each domain.

42. What is your approach for rewarding/punishing primes across TO/Dos for doing what you want (ex., performing well on DO/TOs with right team?)

Successful / Unsuccessful performance of contract requirements will be reflected in the past performance consideration for future delivery/task order awards. In particular, past performance assessments may focus on the company’s accomplishments in regards to the SB goals on previous efforts.

In addition, we are contemplating the use of option periods within each contract that would be exercised at the unilateral discretion of the Government.

Can you clarify the target number of awards (intent) to Large Business and Small Business?

See Question 15.

43. Do you plan to award at least one “prime” to a small business?

We are still analyzing and developing our Acquisition plan. We will likely use Partial Small Business set-asides as described in FAR Part 19.5.

44. Why does a small number of primes increase the probability of “Pass-thru” Fees?

If the Government desires to reach a unique and innovative technology provided by a select number of companies, the probability of them being a Prime decreases with the number of Primes on the IDIQ. The only alternative for reaching them via the STOC contracting vehicle would be through a Prime.

45. Is \$7.5B ceiling enough if you are going to be a \$3B/year enterprise by FY2011? Won’t last 8-10 years.

Ceiling will likely be \$7.5-\$12B. We are currently a \$2B/year enterprise, through the sum of our various vehicles. STOC II will be a major contributor, but not the only contract vehicle we would use (e.g., Warfighter Focus, SETA)

46. Will Task orders issued under the IDIQ contract allow primes to combine to form team best able to address task order SOW?

Yes.

47. Do you really want a prime to come into the competition alone? Is this a disadvantage to small businesses?

We intend to focus on the Prime at the IDIQ award level. We do not see this as a disadvantage, as the ability of an offeror to manage and develop subcontractor relationships will likely be an evaluation factor in the STOC II solicitation.

49. Can potential offerors make suggestions/input to the Draft RFP once released?

Yes, suggestions or comments may be sent to stoc2@peostri.army.mil.

50. How many large business primes do you currently envision?

Award will be made to the offerors whose proposals, conforming to the RFP, represent the best value to the Government. We do not have a preset number of awards which will be made.