



**DEFENSE LOGISTICS AGENCY
CONTRACTING SERVICES OFFICE - PHILADELPHIA
700 ROBBINS AVENUE
PHILADELPHIA, PENNSYLVANIA 19111-5092**

(SAP Platform) Warehouse Management System (WMS) Operational Stabilization Services for
the Defense Logistics Agency (DLA) Distribution

**JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY
UNDER FEDERAL ACQUISITION REGULATION (FAR) SUBPART 16.5**

Multiple Award Schedule/Multiple Award Contract (MAC)
Orders under MAC/Fair Opportunity, FAR 16.507-6

1. IDENTIFICATION OF THE AGENCY AND CONTRACTING ACTIVITY:

Requesting Agency:

Defense Logistics Agency HQ
Information Operations, SAP Platform (J62X)
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6221

Contracting Activity:

DLA Contracting Service Office – Philadelphia (DCSO-P)
700 Robbins Avenue
Philadelphia, PA 19111

2. NATURE AND/OR DESCRIPTION OF THE ACTION BEING APPROVED

Pursuant to FAR 16.507-6(b)(3), the action being approved is an exception to the fair opportunity process. This justification authorizes the use of other than full and open competition to award a firm-fixed-price task order for the WMS Stabilization Services Requirement for DLA Distribution.



This acquisition will be a sole source award under the JETS 2.0 contract vehicle. This task order provides technical support and application support services to improve operational effectiveness, increase utilization of existing WMS capabilities, strengthen audit readiness posture, improve analytical decision-making, optimize warehouse throughput, reduce work-in-process (WIP) inventory, improve operational compliance, and enhance enterprise distribution performance.

This task order will provide WMS Continuous Development Support Services, Audit Readiness support, and operational excellence through analytics, business process improvement (BPI), and enterprise advisory support services for DLA Distribution. These services assist with WMS sustainment and optimization operations post-transition from the Distribution Standard System (DSS) to WMS. Ultimately, this requirement will stabilize post-transition operations and establish a stable, organic government workforce able to maintain WMS without contractor support.

3. A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY’S NEEDS, INCLUDING THE ESTIMATED VALUE:

DLA Distribution relies on the Warehouse Management System (WMS) as its enterprise platform for inventory accountability, warehouse execution, material tracking, and transportation coordination. The Contractor shall provide professional, technical, analytical, and advisory services to support operational performance improvement initiatives throughout the DLA Distribution enterprise.

Taskings will include:

- **Program Management:** Centralized administrative, clerical, risk management, and schedule control.
- **Technical Environment Support and Sustainment:** Direct transactional and functional troubleshooting across the spectrum of storage and distribution operations.
- **Knowledge Transfer (KT) and On-the-Job Training (OJT):** Job aids, curriculum development, and analyst training.
- **Audit Readiness Support:** Solution stabilization (Incident Management), clean floor/frustrated material management, and audit control integration.
- **WMS Operational Health Assessments:** System utilization, process compliance, and network-level impact analyses.
- **Analytics and Decision Support:** KPI development, trend analysis, and predictive modeling.
- **Operational IT Advisory Support:** Change request assessments, Business Case

Analyses (BCAs), and ROI evaluations.

- **WMS Site Optimization:** Warehouse optimization, storage utilization assessments, and process redesign at DDSP EDC and other designated sites.

Estimated Total Value:

The total estimated value for this firm-fixed-price (FFP) requirement is \$10,162,044.76 representing 77,338 total direct labor hours across a single 12-Month Period of Performance (September 30, 2026 – September 29, 2027).

4. IDENTIFICATION OF THE EXCEPTION TO FAIR OPPORTUNITY AND SUPPORTING RATIONALE, INCLUDING A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR THAT THE NATURE OF THE ACQUISITION REQUIRES USE OF THE EXCEPTION CITED:

Pursuant to FAR 16.507-6(b)(3), an exception to the fair opportunity process is justified in the interest of economy and efficiency because this effort is a logical follow-on to orders already issued under the JETS 2.0 contract vehicle (SP4709-24-D-0039/SP4709-26-F-0020 to C5MI Insight LLC), where all awardees were given a fair opportunity to be considered for the original orders.

The relationship between the existing Core Task Orders and this follow-on is logical in terms of scope and continuity of effort. The active SAP Warehouse Management System (WMS) baseline—utilizing Extended Warehouse Management (EWM) and Transportation Management (TM)—currently deployed and stabilized by the core platform contractors serves as the direct operational prerequisite for executing ongoing sustainment, post-transition defect remediation, and site-level process optimization across DLA Distribution nodes, beginning with the Eastern Distribution Center (EDC) at DLA Distribution Susquehanna, Pennsylvania (DDSP).

The core platform contractor possesses preexisting institutional, hands-on knowledge of the as-built WMS technical and operational architecture, including:

- Specific end-to-end warehouse execution workflows across high-volume induction, stowage, picking, packing, outloading, and Post Goods Issue (PGI) discrepancy reconciliation;
- Technical root cause analysis and incident resolution protocols within SAP EWM/TM, including Material Release Order (MRO) pick pathways, late-line clearance, and Change Request Management (ChaRM) transport processes via

SAP Solution Manager;

- Legacy Distribution Standard System (DSS) operational dependencies, historical data mapping, and transition gap remediation necessary to complete the shift to the native WMS environment.

Awarding this requirement to an outside contractor lacking this system-specific context would require a lengthy and costly discovery phase (estimated at 3 to 6 months), creating unacceptable risks of operational delay, growing Work-in-Process (WIP) backlogs, and inventory inaccuracies that directly compromise DLA's ability to process and ship critical materiel to joint force warfighters worldwide.

Because the underlying JETS 2.0 SAP Platform contracts were competitively awarded, source selection events have already been rigorously conducted. Transitioning this requirement to an outside contractor would require a substantial and unacceptable outlay of Government resources to duplicate this baseline knowledge.

5. DETERMINATION BY THE CONTRACTING OFFICER THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE:

The determination that the anticipated cost for this Task Order will be fair and reasonable will be made in accordance with FAR 15.404. The primary basis for this determination is the use of the pre-negotiated labor rates established in the competitively awarded SAP Platform contract (SP4709-24-D-0079) with Accenture Federal Services and (SP4709-24-D-0039) with C5MI Insight LLC, which have already been determined to be fair and reasonable.

The Contracting Officer will perform a price analysis using the following techniques:

1. Independent Government Cost Estimate (IGCE): The Government developed an IGCE ([REDACTED] / 77,338 hours) utilizing the JETS 3 SAP Year 2 Rates for C5MI.
2. Labor Mix Cost Realism Analysis: To ensure fiscal efficiency, the proposed level of effort was evaluated to verify a cost-realistic 78.9% Basic/Mid-Level (61,000 Hours) to 21.1% Senior/Lead (16,338 Hours) labor mix, ensuring senior expertise is reserved for critical tasks while lower-cost technical staff perform routine taskings.
3. Proposal Rate Verification: Proposed labor rates will be verified against pre-negotiated JETS 2.0 contract rate caps.

This combination of using pre-negotiated competitive labor rates, a cost-realistic 80/20
Controlled Unclassified Information (CUI)

Source Selection Sensitive Information - See FAR 2.101 & 3.104

labor mix, and a 100% rate verification ensures the final price is fair and reasonable.

6. ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

The DLA J62X SAP platform executes highly complex, mission-critical operations to sustain global warfighter logistics. DLA Distribution serves as the joint logistics pipeline, operating a worldwide network of distribution depots and strategic storage nodes responsible for the receipt, storage, processing, and distribution of defense materiel.

Attempting to bring in an outside contractor to execute WMS operational stabilization, technical sustainment, and site-level process optimization would result in an unacceptable duplication of cost and severe operational disruption:

- **Disruption to Operational Velocity & Modernization Continuity:** A new vendor would require an estimated three to six months of technical discovery and onboarding simply to understand DLA's as-built SAP Extended Warehouse Management (EWM) and Transportation Management (TM) baseline, data flows, and legacy Distribution Standard System (DSS) transition dependencies. This learning curve would immediately halt operational momentum, delaying critical site optimizations at the Eastern Distribution Center (EDC) and stalling transition roadmaps.
- **Severe Operational & Supply Chain Risks:** Providing operational sustainment and transactional troubleshooting without deep institutional knowledge introduces an unacceptably high risk of warehouse workflow failure. Errors in diagnosing failed steps, mismanaging Material Release Order (MRO) pathways, or delaying Post Goods Issue (PGI) backlog reconciliation would directly trigger aging Work-in-Process (WIP), inventory discrepancies, and late lines, jeopardizing materiel availability to combatant commanders and joint warfighters worldwide.
- **Duplication of Costs & Loss of Investment:** Awarding to a new contractor would require the Government to finance a redundant, multi-month onboarding and discovery phase (conservatively estimated at \$1,500,000.00 to \$2,250,000.00) to reconstruct technical and operational competencies already established by the incumbent team under competitively awarded JETS 2.0 task orders. Furthermore, this delay would disrupt the structured 12-Month Knowledge Transfer Plan (PWS Task 3), delaying the planned transition of Tier 1 and Tier 2 sustainment to organic DLA civilian personnel and unnecessarily prolonging commercial dependency.

7. A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE EXCEPTION TO FAIR OPPORTUNITY BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:

The core JETS 2.0 SAP Platform contractors possess, experiential insight into DLA's live production baseline, custom workflows, and system integrations. To actively remove these technical knowledge barriers and pave the way for open competition in future cycles, DLA is taking several concrete actions within this task order:

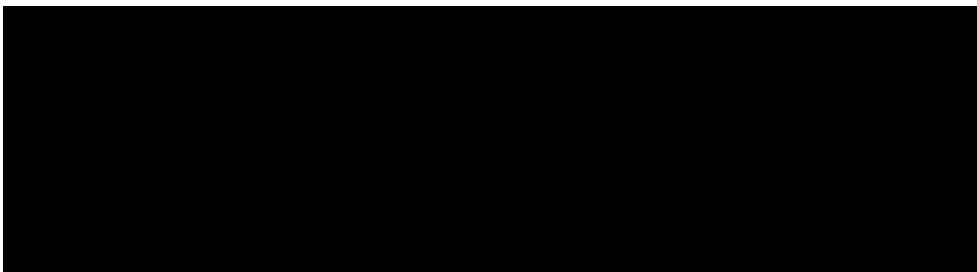
- The Government will use this 12-month requirement to build and sustain organic capability through contractor-provided knowledge transfer, on-the-job training, technical documentation, and repeatable operational procedures.
- The contractor will assist the Government workforce in resolving the existing operational backlog and in developing the skills necessary to sustain WMS operations, perform routine troubleshooting, support audit readiness, and execute continuous process improvements.
- The Government will retain Government-accessible technical documentation, training materials, incident-resolution records, job aids, and other work products produced under the task order to support continued organic performance after contract completion.
- The Government anticipates that, upon successful completion of the training, backlog-reduction, and knowledge-transfer objectives, the Government workforce will have the capability to perform the required functions without a follow-on contractor requirement.

These actions are intended to reduce transition risk, resolve the existing operational backlog, strengthen Government technical capability, and enable the Government to independently sustain WMS operations following completion of the task order.

8. **CERTIFICATIONS:**

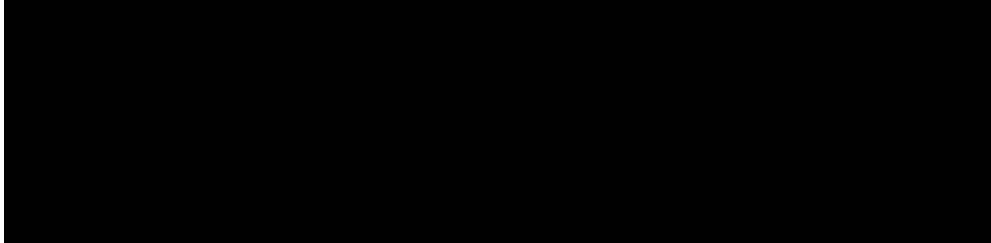
TECHNICAL/REQUIREMENTS CERTIFICATION

I hereby certify that the supporting data provided for which I am responsible, and which forms a basis for this justification is complete and accurate.



CONTRACTING OFFICER CERTIFICATION

I hereby certify that this justification is accurate and complete to the best of my knowledge and belief.



Pursuant to FAR 16.507-6(e)(2), I have determined that FAR 16.507-6(b)(3) applies to this order. I have reviewed and approve this justification.

