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## DHS Eagle II Follow-on, Code Name: Flashy Eagle

DHS's Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) contract vehicle is a seven-year, \$22 billion MAC IDIQ to provide the majority of the information technology solutions for DHS and its program offices. It spans three functional categories (FCs): Service Delivery, IT Program Support Services, and Independent Verification and Validation. Approximately 74% of the task orders under this contract awarded to date have been given to small businesses, totaling 50% of overall allocated funds.

EAGLE II is set to expire in 2020, which means it is now time to start looking for its successor and preparing for the procurement. DHS has confirmed that there will be an EAGLE II follow-on already; however, the form of this new contract vehicle may be something completely different from what we've seen to this point. Internally, the nickname for this new contract vehicle is "Flashy Eagle" and the plan is to create a more flexible, agile contract vehicle that will still fulfill DHS's IT needs, but which will do so in a more modern and efficient manner. This will be done in part by incorporating the lessons learned from a failed DHS contract vehicle, Flexible Agile Support for the Homeland (FLASH).

### What You Need to Know About FLASH

FLASH was an innovative new approach to the procurement awards method designed by DHS's Procurement Innovation Lab (PIL). As planned, it would have been a \$1.5 billion small business set-aside procurement with only a dozen awardees, all adept in agile methodologies. Instead of submitting lengthy written proposals for the bid, the proposal requirements included an in-person demonstration where each company was involved in a practical problem-solving event and subsequently judged on their technique and solution. The goal was to find teams with an agile mindset, who would interact with the project owners, and create comprehensive, flexible solutions that could be implemented in a faster timeframe than the traditional Government

project. FLASH aimed to move the bidding process from a traditional waterfall methodology to a practical demonstration, and use that momentum to propel the entire contract vehicle to adopt the same methodology. FLASH was also promoted to newer companies with more responsive experience, but little to no Government experience, as a way to enter this domain and help bring about a new era of Government contracting.

The goals for FLASH were quite lofty. Unfortunately, the execution fell flat. DHS did not anticipate and was not prepared for the high number of companies who bid the contract. The lucrative value and the low number of anticipated awardees, which would mean a large potential payout for awardees, brought out a large number of bidders.

Thirteen awards were initially made on the procurement. Despite the fact that it was advertised to companies new to the Government marketplace, only one company without previous government experience received an award (JV LLC).

Various missteps were made in recording and documenting all of the demonstrations. A number of protests were lodged, and after review, the initial list of awardees was winnowed down to eleven. More protests were lodged, and DHS eventually cancelled the procurement. While they felt confident in their choice of awardees, the length of the protests meant that FLASH was already behind its goals for fast and easy implementation before the awardees could even bid on a single task order. FLASH was ultimately canceled because the discrepancies in the recording and documentation for the reviews could not be resolved.

Despite the outcome, FLASH was still well-received as a learning experience, and an innovative new approach to procurement methodology. Instead of becoming a cautionary tale, it was noted as a revolutionary new experience, one from which to learn and grow to get it right next time.

### **We Have Now Reached the “Next Time” and it Involves EAGLE II**

This summer, Soraya Correa, Chief Procurement Officer at DHS, announced that the follow-on for EAGLE II will include some of the elements of FLASH. While the anticipated procurement is not yet named, DHS has been referring to it internally as “Flashy Eagle.” The new vehicle will be streamlined, with emphasis on flexibility to meet modern needs. It will not be an extension of EAGLE II in its current inception but will instead incorporate some of the elements of FLASH into the new EAGLE II follow-on to create a whole new concept for the contract vehicle.

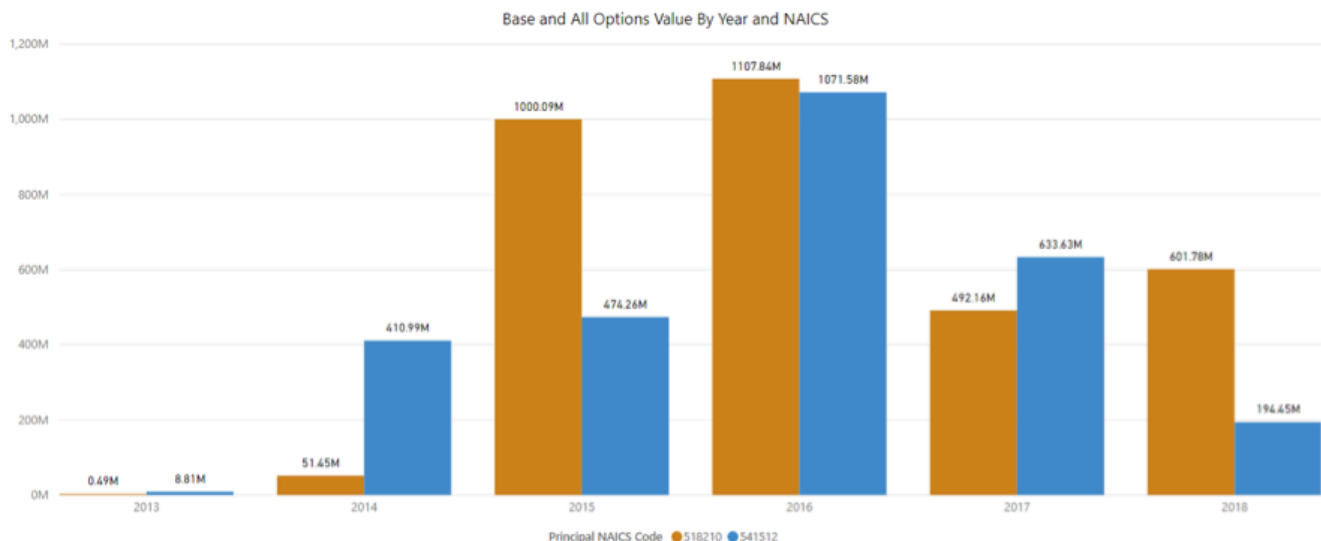
The goals for FLASH were to award a small number of contracts to small businesses, and to encourage companies new to Government contracting to bid. By contrast, EAGLE II has 149 awardees, many of whom are large businesses. While a few have not won many Government awards, as current awardees on EAGLE II, they have at least one significant contract vehicle procurement already. This experience will help their chances to win, but only if they can also demonstrate an ability to work within the new Flashy Eagle contract parameters.

While the procurement vehicle has not yet been released, here are some reasonable expectations for the new contract based on the current state of EAGLE II, and the lessons learned from the FLASH procurement effort:

- Expect the new vehicle to decrease the number of awardees, and to place a greater emphasis on small business awards.
- Expect a fast turnaround on the proposal, with a practical demonstration as part of the effort. This time, there may be multiple rounds of competition, for example, the following scenario for selecting candidates is similar to protocols being touted by DHS:
  - An initial short written submission will be reviewed, and the results will be used to narrow down the pool
  - A second written submission or an interview may follow
  - The final candidates will be required to complete a live demonstration or challenge that will be the basis for the final award selections
- Expect a clear set of rules and scoring for the proposals. Consider [OASIS](#), whose scoring rules are very clear and transparent. There are virtually no protests on OASIS awards. While the methodology for Flashy Eagle selection will differ, the experience gained from FLASH would indicate that the scoring mechanisms and selection criteria will be a lot more transparent this round to prevent similar protest delays

### Is It Worth It?

EAGLE II has released performance metrics covering the contract through Q3 2018. In this time, there have been 385 Task Order Awards with a combined value of almost \$6 billion. 2016 was the highest value year in the contract thus far, based on the total value of contracts that went into effect that year. Since IT purchases tend to be cyclical, this may indicate a year in which many systems were updated. The work for EAGLE II falls into two NAICS codes, 518210 - Data Processing, Hosting, and Related Services, and 541512 - Computer Systems Design Services. The breakdown for contracts by year and NAICS code are shown in the graph below.

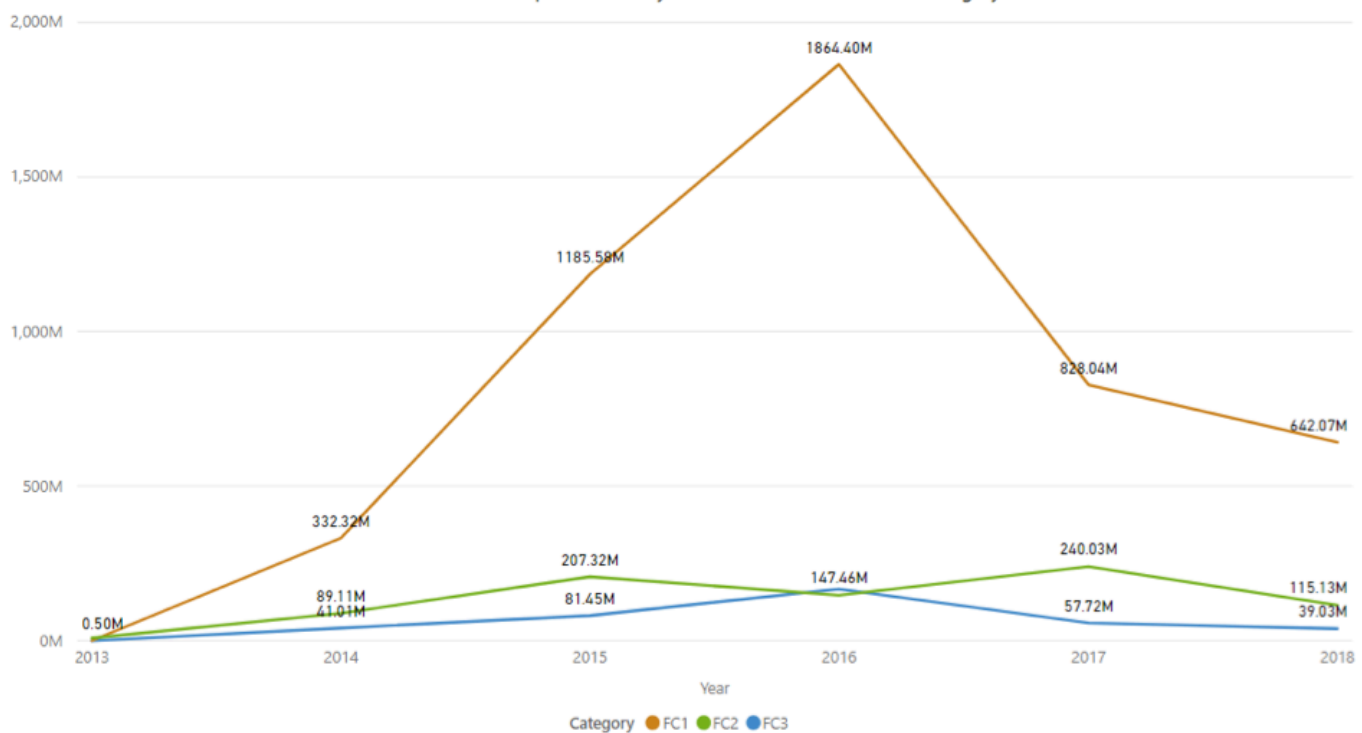


With two years left on the contract, it may not be possible to reach the \$22 billion cap set for the awards, but it is still a lucrative contract, and it is definitely one to keep an eye on. If the barriers to entry on the new contract vehicle are based more on proven technical ability than on past performance, it may also attract the attention of a significant number of small businesses just breaking into the Government market. What remains to be seen is how much of the EAGLE II will carry over into Flashy Eagle, and how many companies will respond to the agile approach to both the procurement process and the ensuing task order processes

The current contract data indicates that small businesses win a larger percentage of task orders, but large value task orders often go to large businesses. There are 63 small business vendors who have received 2,102 actions (tasks and modifications) on EAGLE II so far. The average value of those actions is \$1.47 million. There are 98 vendors in the full and open category who have won only 781 actions. However, the average value of these contracts is \$3.78 million. If the next contract fulfills similar needs, but goes all small business, the payout for those vendors on the contract vehicle could increase 2.5 times what they average right now. Payouts are higher on average for users with a specific small business type, e.g. HubZone or 8(a), than they are for the more general small business set-aside. That may be related to functional category more than set-aside type, though, as only FC1 categorized vendors by type of small business set-aside, and that was the most lucrative functional category overall.

Functional Category	Description	# Vendors	Set-Aside Types	Average Action Value
FC1	Service Delivery, including Integration, Software Design/Development, Operations & Maintenance	119	Unrestricted, Small Business, 8a, HUBZone, SDVOSB	\$2.62 Million
FC2	Information Technology Program Support Services	28	Unrestricted, Small Business	\$1.05 Million
FC3	Independent Verification and Validation	14	Unrestricted, Small Business	\$1.48 Million

Total Base and All Options Value by Effective Year and Functional Category

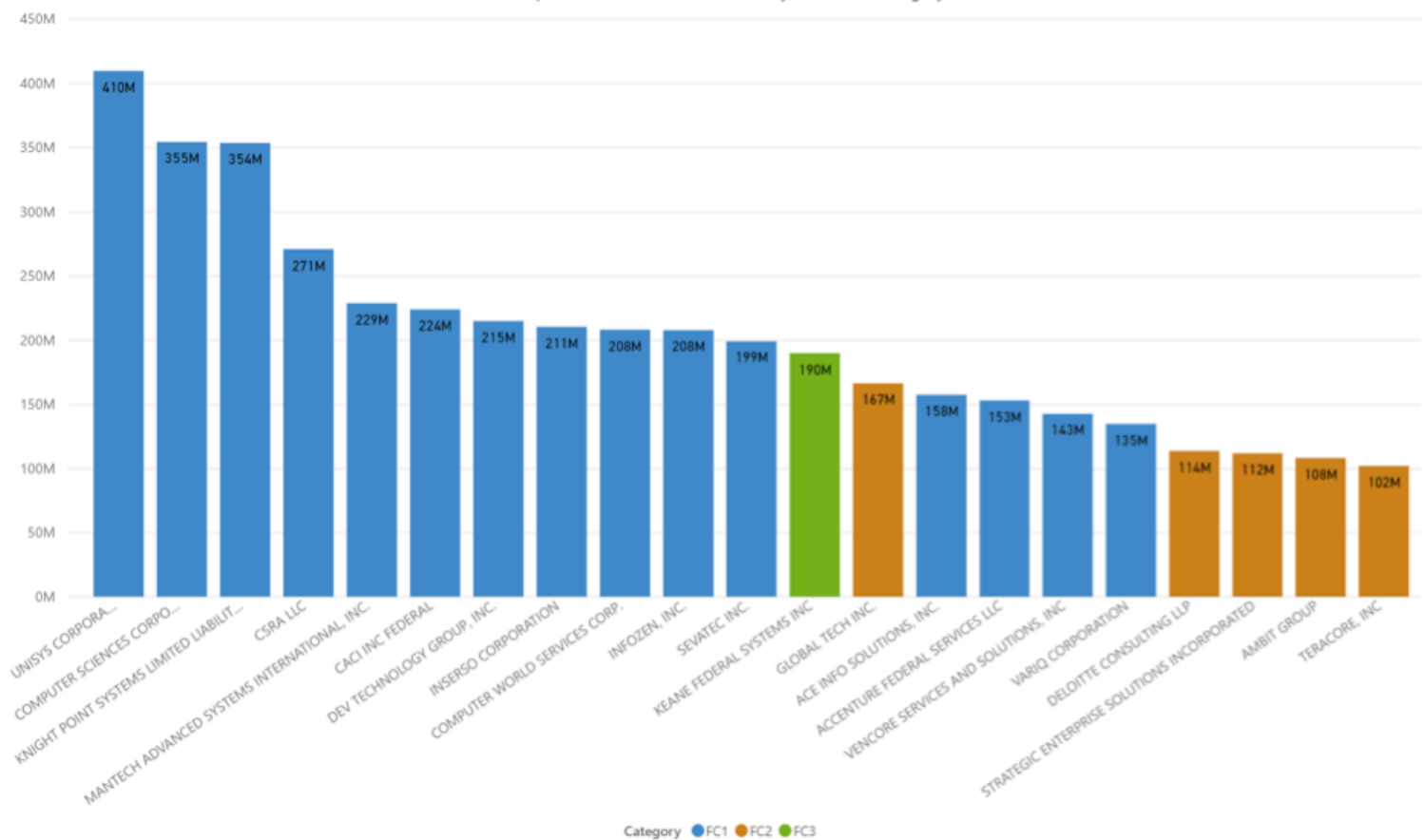


### Vendors to Watch/Interested Vendors

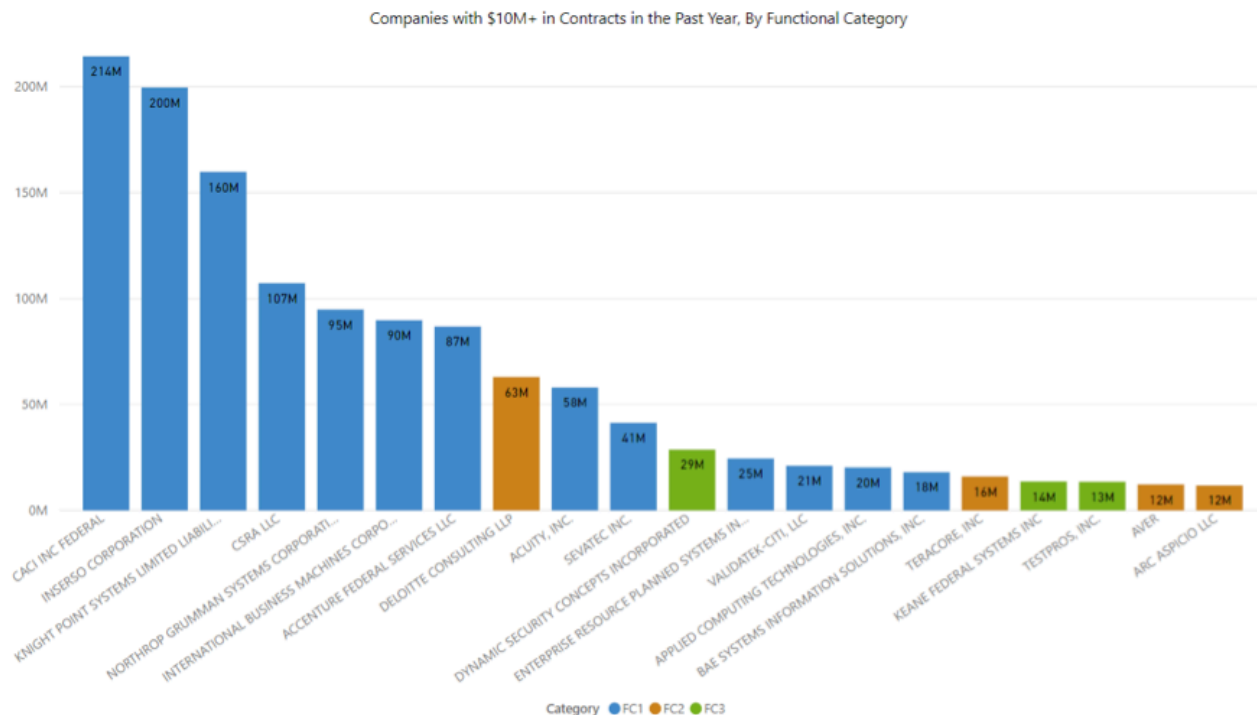
It is likely that the smaller, more agile format we can expect for the new contract will mean that fewer vendors will be awarded spots on the contract vehicle. If the new vehicle is all small businesses, we can expect even more turnover as the large businesses from EAGLE II will be sized out. There is still value in knowing the current EAGLE II winners, and the award trends across vendors and groups.

There are 21 companies who have tasks totaling over \$100 million on EAGLE II. The majority of these vendors are in the first functional category:

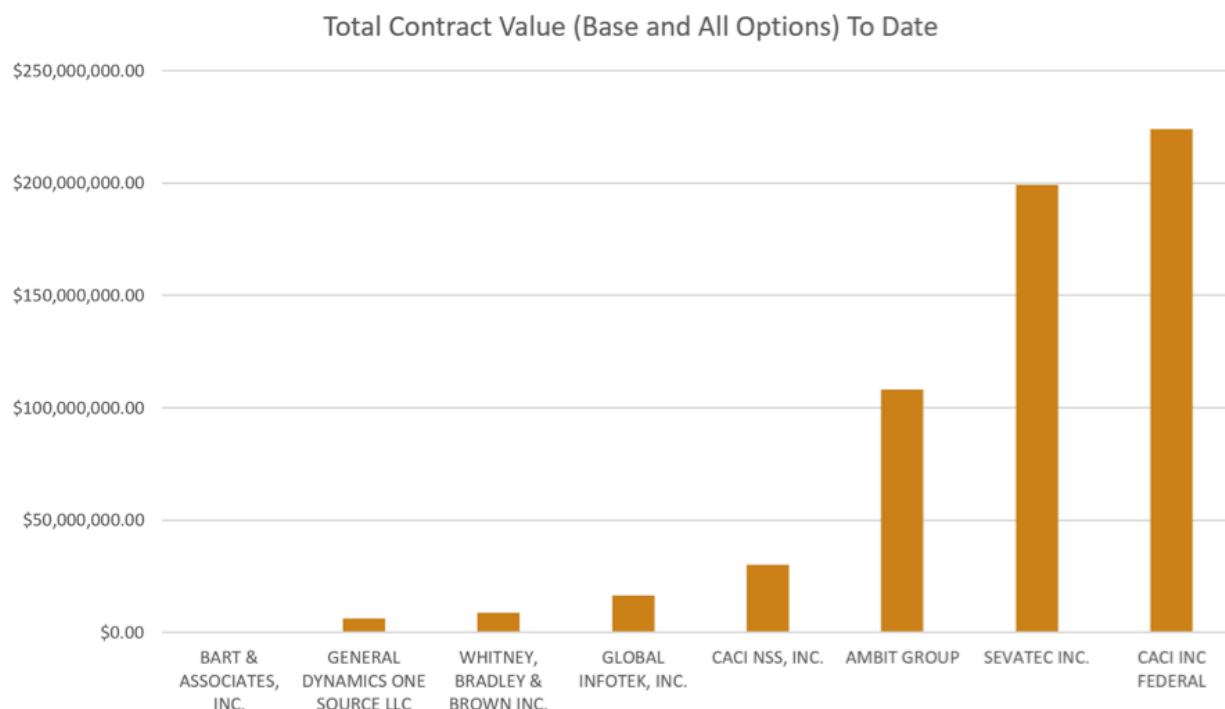
Companies with \$100M+ Contracts By Functional Category



In the past year, 20 companies have started tasks with a total value of \$10 million or more. While the majority of the tasks have remained in FC1, there is an increase in the number of tasks in each of the other two functional categories:



A number of companies have already expressed interest in Flashy Eagle, by allowing their names to be listed publicly for an attendee list for a private seminar on the future of EAGLE II. We identified seven current EAGLE II contract holders from this list: Bart & Associates, Inc., CACI, General Dynamics Information Technology, Global InfoTek, Inc., Sevatec, TSI, The Ambit Group, and Whitney Bradley Brown, Inc. Of these contractors, CACI, The Ambit Group, and Sevatec Inc. have been the most successful on the current EAGLE II contract, with over \$100 million in contracted dollars each, while Bart & Associates has not won any task orders of note thus far.



Another 50+ contractors were also listed:

AASKI Technology	CWS Corp	NikSoft Systems Corporation	Quadrant, Inc.
ACI Solutions	Emagine IT	Nokia Networks	RDG Services, LLC
Adams Communication & Engineering Technology	GovPlace	NXTKey Corporation	Secure Shot, LLC
AllCom Global Services	GovTech	Oasys International Corporation	Solvitur Systems LLC
Anika Systems	Highlight Technologies	Object Enterprise Group	Stratera Technologies
ASSYST	IBA, Inc.	Object Enterprise Group, LLC	STSI
Bluemont Technology & Research, Inc.	ICE ITS Inc.	OM Group Inc.	Sylver Rain Consulting
BridgePhase, LLC	Impyrian	Paralime Consulting	Tantus Tech
Brilliant Corporation	Information Technology Strategies, LLC	PioneerTech	Technik Inc.
ByteCubed	Integrated Computer Solutions, Inc.	Planet Technologies	Toomey Technologies
Catapult Federal Services	INTEGRITYOne	PN Automation	Tygart Technology
Cherokee Nation Management and Consulting	ITekFED	Pueo Business Solutions LLC	USmax Corporation
CMS	Jaitra Inc	PVBS	Virtual Marketing Consulting Group LLC
CoSolutions, Inc.	Mastermind Media	Pyramid Systems, Inc.	VOSAGO

### Prepare for the Next EAGLE Contract Now with Capture2Proposal

Expect a shorter time period to submit proposals, so start preparing now. Think about your team, and how to showcase your capabilities so you're ready to turn the proposal around quickly. Based on the expected level of interest, having a strong initial proposal will be essential to making it to the next round in the procurement process. This will include proof of your ability to work with an agile methodology.

- Watch the "[Innovations in Acquisitions](#)" video to learn more about the way procurement methodology is changing, and what you should expect – Particularly Chapter 4, DHS Application of Implementing Innovation
- If you're a small business, [schedule a Vendor Outreach Session with DHS](#). The next available sessions will be in October; pencil it into your calendar now
- If you are a Capture2Proposal user, analyze the awarded task orders on the current contract to have a better understanding of their value and who your competition is. Doing so may help you create win themes and ghosting opportunities for your proposal and select past performance that will resonate with the evaluators
- Watch for continuing updates from Capture2 on what to expect as new information becomes available