

1. Agency/Contracting Activity: UNITED STATES ARMY ACCESSIONS COMMAND (USAAC)

2. Description of Action:

Nature: ☐ New Requirement ☒ Follow-on Requirement
☐ Mod to Existing Purchase Order/Contract Number _____

Pricing: ☒ Firm-Fixed Price ☐ Time & Materials ☐ Cost

Funds: ☒ OMA ☐ Other Funds: _____

Name of Proposed Contractor(s): **Nakuuruq Solutions**
Street Address: **3201 C. Street Ste 400**
City, State, Zip: **Anchorage, AK 99503**
Phone: **703-766-6744**

Name of Proposed Contractor(s): **TKC Communication, DBA Truestone Communications**
Street Address: **13873 Park center Road, Suite 300N**
City, State, Zip: **Herndon, VA 20171**
Phone:

3. Description of Services or Supplies:

This requirement is for commercially available artificial intelligence (AI) software support services for the Sergeant STAR (Strong, Trained And Ready) Program/SGT STAR on the GoArmy.com site. The total estimated value of the proposed action is \$[REDACTED] for a one year base period of 1 July 2011 or date of contract award with two (2) one year option periods and potential six (6) months extension. Current contract expired 31 March 2011; no services have been received since.

The SGT STAR application first went "live" in August 2006, and the knowledge base available on the GoArmy.com site has continued to broaden resulting in an increased need for SGT STAR. This site is frequented by people researching an Army career and is a dynamic and innovating recruitment tool. The GoArmy.com web site is extremely large and site navigation is difficult. SGT STAR serves as a tool for helping users navigate the site by asking natural language questions to receive a textual reply, as well as links to applicable web site content, videos and related discussion threads.

The SGT STAR application on GoArmy.com was originally built using a product developed by NextIT Corporation known as ActiveAgent Product Suite. The government owns a perpetual license for the ActiveAgent Product Suite, a Commercial Off-the-Shelf (COTS) software. For the current requirement, the contractor shall provide information technology (IT) resources (software upgrades and support services) needed to continue the maintenance and further development of an interactive environment using the SGT STAR AI agent operating on the GoArmy.com web-site. The contractor shall provide maintenance and enhancements both remotely and onsite. Remote connectivity shall be accomplished using Virtual Private Network (VPN) software. Required

contractor providing required services shall be authorized by the ActiveAgent Product Suite. ActiveAgent Product Suite uses Functional Presence Mark-up Language (FPML) and the structure of the language model contained within the FPML code which is proprietary to NextIT Company. However, language content is not proprietary to NextIT in the language model (including the text of responses, URL's, web links and audio files). The text responses provided on GoArmy.com are essential to the enhancement and maintenance of cyber recruiting tools and the SGT STAR Program.

4. **Authority:** Identify the statutory authority, FAR title and FAR citation permitting other than full and open competition. It may be one of the following most commonly used citations by the centers and directorates of the Mission and Installation Contracting Command, but other exceptions may apply per FAR 6.3.

Actions other than simplified acquisition procedures (select one):

☒ FAR 6.302-1: Only one responsible source and no other supplies or services will satisfy agency requirements, 10 USC 2304(c)(1)

☐ FAR 6.302-2: Unusual and compelling urgency, 10 USC 2304(c)(2)

☐ FAR 6.302-5: Authorized or Required by Statute, 10 USC 2304(c)(5)

☐ Other:

5. Reasons for Authority Cited:

a. The ActiveAgent Product suite and FPML is unique to NextIT and its authorized product resellers. No other company has the right to use the NextIT Language Model portion of the FPML or perform maintenance on the ActiveAgent Product Suite. Other providers of artificial intelligence agents exist, but only NextIT or their authorized product resellers may provide necessary updates for the current -owned ActiveAgent Suites Software supporting the SGT STAR Program. NextIT owns the proprietary data and licensing rights necessary to perform required updates. While COTS software running the SGT STAR Program is government-owned, software maintenance/updates are necessary to keep the information current and the SGT STAR Program operational.

b. Award to any other source would result in substantial duplication of cost to the Government and is not expected to be recovered through competition. To date, approximately \$5,000,000.00 has been spent in developing and making the SGT STAR Program available via the internet. It is neither cost effective nor efficient to duplicate the cost and training already invested in the existing program. If the government is unable to obtain the required ActiveAgent Product Suite and support services, then the SGT STAR Program may be lost or taken off-line for an extended period of time while an alternate application is developed and implemented at substantial duplicative costs. During re-engineering downtime, SGT STAR Program may become obsolete and positive press and potential recruits could be lost directly impacting USAAC's mission. The Army's ability to recruit qualified applicants to serve in the all volunteer Army would be detrimentally impacted. Re-engineering a software program capable of meeting the government's needs and new manpower necessary to implement those changes would cost in excess of \$12M. This was calculated based

6. Actions to Increase Competition:

Requirements and available software support services will continue to be monitored so as to identify potentials for transitions through competition without substantial duplication of cost that is not expected to be recovered through competition.

7. Market Research:

The required software and support services are not available on Army Computer Hardware Enterprise, Software, and Solutions (CHESS) website and a waiver has been approved.

Market Research indicates that three providers are known to have capability of fulfilling this requirement: NextIT (manufacturer), Nakuuruq Solutions, LLC and TrueStone Communications (TKC Communications). TKC Communications is the incumbent and was accepted into the program 8(a) program reference SBA Requirement No. 1084-05-505601. TKC Communications and Nakuuruq Solutions have both expressed interest. During market research, NextIT was contacted and confirmed that only TKC Communications and Nakuuruq are authorized resellers at this time. Pursuant to the Partnership Agreement between the United States Small Business Administration (SBA) and the Department of Defense, the Contracting officer submitted a letter to SBA with the intent to issue a purchase order directly to Nakuuruq Solutions, LLC for the required software and support services. On 28 March 2011, SBA, Alaskan District Office, rejected the letter for Nakuuruq Solutions, LLC, per 13 CFR 124.109(c)(3)(ii). Both Nakuuruq Solutions and the incumbent TKC Communications are owned by the same Alaskan Native Tribe. The requirement was subsequently withdrawn from the 8(a) program. It is unclear if both small businesses authorized resellers will provide an offer; therefore, this requirement will be unrestricted to help ensure competition. A DD Form 2579 has been reviewed and signed by the SBA Procurement Center Representative.

8. Procurement History:

Previous Purchase Order(s) or Contract(s): ☒ Yes ☐ No

If "Yes", for each purchase order or contract provide:

Purchase order or contract number: W911S0-05-P-1012 for a base year with four (4) one year options and a six (6) months extension was awarded for the period 30 Sep 10 through 31 Mar 11. The estimated cost for this entire period was \$8,720,843.76 (final costs for travel is not currently available).

Was action competed? ☐ Yes ☒ No

If action was not competed, state the cited authority, summarize rationale, and describe the actions that were supposed to be taken to increase competition and the results thereof: FAR 6.302-1: Post 9/11, the traffic on the GoArmy.com web site spiked substantially and Chat room traffic was growing at a rate of 40% per year. USAREC was spending \$1.5M per year, and the growth plane projected a personnel cost of \$3-4M within 18 months to provide live chatters. LTC Robert Plummer, Director, USAREC PAE, while visiting the Pacific Northwest National Laboratories (PNNL) in late 2003, discovered an application developed by NextIT Corporation of Spokane, WA, that PNNL had identified for the [REDACTED]. The application used chat with an underlying AI component that replicated topical conversations. These agencies were using the application to engage [REDACTED] online, and it allowed a single agent to monitor 20-30 conversations concurrently. USAREC IT staff began evaluating the AI technology, and it was added to the list of technologies that were being considered as part of the Competitive Advantage Working Group (CAWG). Before adopting the technology, USAREC opted to test it in a live environment to determine if it could help offset the cost of Chat operations and deliver an equivalent experience to GoArmy.com visitors. In 2004, USAREC contracted focus group testing of the application that was then known as SGT Rock. The results indicated that prospects and parents alike were very comfortable with

they wanted to hear. They said that regardless of who asked the question(s). Based on this data, the SGT Rock AI application was recommended to the CAWG Board of Directors for consideration and adoption.

In late 2004, the CAWG board approved the adoption and the creation of SGT STAR. PNNL was again consulted to determine if there were any equivalent applications in the marketplace, and they indicated that there were no others in the marketplace at that time that allowed for lateral transversal of the knowledge base or utilized contextual determinates, both necessary features for effective functionality of the SGT Rock application. Accordingly, a sole source procurement was utilized. Since that initial procurement, similar AI platforms have been developed by commercial sources.

9. Additional Information to support the justification. If applicable, explain why technical packages or specifications to facilitate competition were not developed or available; describe actions taken to remedy the situation.

SGT STAR made his public debut on August 2, 2006, and is now available 24 hours a day, 7 days a week through Goarmy.com. Web site visitors can use SGT STAR to get accurate text and auditory responses to very specific questions about the benefits of an Army career and the Army in general.

SGT STAR operates using a "chat window" in which the user can type a question, and then SGT STAR answers by way of a text and natural language voice response. The user is simultaneously directed to the appropriate page of content on Goarmy.com that provides more detailed information related to the user's question. If there are multiple web pages that apply to the question asked, then the user is directed to additional links under the "Here's more..." feature.

An impasse situation, when SGT STAR is unable to answer a question, is forwarded to the Cyber Recruiting Team for a one-on-one chat response during normal Cyber Chat room hours. After hours, the user can email questions to the Cyber Recruiting Team for a response during the next business day. New content responses are added continuously by content administrators to "train the brain," so SGT STAR gets "smarter" over time. Only the manufacturer or authorized agent of ActiveAgent Suite Software may maintain and update the software needed to keep the SGT STAR Program fully functional and mission ready. Utilizing any other brand name would result in the need to replace the underlying SGT STAR AI platform at substantial duplicative costs that could not be recouped through competition.

10. Technical / Requirements Certification: I certify that the supporting data under my cognizance which is included in this abbreviated J&A is accurate and complete to the best of my knowledge and belief.

Submitted By:
Position Title (Division Chief or higher):
Email address:

Dennis T. Stillman
Acting Chief, Information Services Division
dennis.stillman@usaac.army.mil

Signature: STILLMAN DENNIS T 12395 62767

Date: 10/10/06

market research and analysis of the proposed price with previous contract
procured and comparison to the Independent Government Estimate (IGE).

Heather M. Underdonk
Contracting Officer

Signature: UNDERDONK, HEATHER M. 1276241059 Date: _____

12. **Reviews:** I have reviewed this justification and find it legally sufficient.

Legal Counsel
Matthew W. Bowman
Chief Attorney

Signature: BOWMAN, MATTHEW W. 1102 498844 Date: _____

13. **Contracting Officer's Approval:** I hereby certify that this justification is accurate and complete to the best of my knowledge and belief and recommend approval.

Heather M. Underdonk
Contracting Officer

Signature: UNDERDONK, HEATHER M. 1276241059 Date: _____

14. **MICC Center – Fort Knox Director's Approval:** I hereby recommend for approval this Justification and Approval.

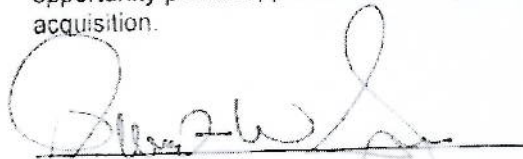
Richard E. Goodin
Director, MICC Center – Fort Knox

Signature: GOODIN, RICHARD E. 1230576 587 Date: _____

Artificial Intelligence Software Support Services
for
USAAC, Fort Knox, KY

APPROVAL

Based on the foregoing justification, I hereby approve the procurement of ActiveAgent Suite Software and Support Services described herein in the amount of \$ [REDACTED] pursuant to the authority of Section 803 of the National Defense Authorization Act of 2002 (PL 107-107), as implemented by DFARS 216.505-70(b)(2), and FAR 6.302-1, as an exception to the fair opportunity process, provided the supplies herein described have otherwise been authorized for acquisition.



Albert W. Jacob
Special Competition Advocate
Mission and Installation Contracting Command

Date: 1/30/11