

Alliant Contract Tainted – from Federal Times 3-16-08

GSA's Alliant contract appears tainted

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A company that helped the General Services Administration determine the winners of a \$50 billion information technology contract has two of the contract winners as clients, *Federal Times* has learned.

Alliant contract holders Lockheed Martin Corp. and Raytheon Co. are both listed as clients of a Massachusetts consulting firm, Calyptus Consulting Group Inc. of Lexington, on the firm's Web site. Calyptus was hired by GSA to evaluate the past performance of 61 bidders for the agency's Alliant procurement, according to court papers.

Calyptus' Web site does not say when the two companies became clients. Lockheed hired Calyptus to provide unspecified performance-based contracting services. Raytheon hired the company to provide commodity management, cost analysis, procurement team training, subcontracts management and other services, according to Calyptus' Web site.

Agencies are responsible for ensuring organizational conflicts of interest don't occur by identifying potential conflicts early in the contracting process. An organizational conflict of interest can be the result of an "actual or potential" conflict that might impair the objectivity of a contractor's judgment, according to the Federal Acquisition Regulation. If a conflict of interest is found, agencies must work with contractors to set up firewalls that will ensure objectivity and protect the interests of the government in the procurement process. It is unclear in this case whether this was done. These firewalls are not perfect and to those on the outside there could still appear to be favoritism, a former procurement policy official said who asked not to be identified.

A GSA official in charge of Alliant referred all questions about how the Calyptus and Alliant contracts were handled to the public affairs office, which did not provide answers to questions by press time. E-mails sent to Calyptus employees also went unanswered as of press time. The woman who answered the phone at the company said that no person except company president George Harris was authorized to speak for Calyptus and that Harris was out of the office.

On March 3 the U.S. Court of Federal Claims upheld a protest of GSA's Alliant procurement lodged by eight companies that bid on, but did not win, the contract. The court found Calyptus' past-performance evaluations were flawed. Calyptus failed to treat the bidders fairly when asking questions and evaluating responses of references because GSA didn't give the firm enough guidance, Judge Francis Allegra wrote in the ruling.

The questions Calyptus asked were so broad "it should come as little surprise that the answers ... often did not provide the sort of detail that would allow agency personnel to evaluate past performance rationally," Allegra wrote. "This was particularly true at the upper end of the rating scale, in which various cryptic forms of high praise had to be pigeonholed into either the EH [exceptionally high] or S [significant] confidence ratings."

"That arbitrariness thereby crept into the process is illustrated by the various anomalous ratings that were made," Allegra wrote.

In criticizing Calyptus' role in the Alliant contract, Allegra focused only on the arbitrary process used by Calyptus to assess and score bidders' past performance. He did not suggest any possible conflicts of interest between Calyptus and any of the bidders. The court barred GSA from doing business under Alliant until it makes amends with the eight protesters. The judge left it to the plaintiffs and GSA to settle, but he banned GSA from using Calyptus' past performance surveys as it proceeds with the Alliant contract.

GSA awarded Alliant to 29 technology firms in August. Sixty-one bid on the contract. It has been held up by protests ever since.

Lockheed Martin, a client of Calyptus, was not aware that Calyptus would perform these services for GSA, said Keith Mordoff, a Lockheed Martin spokesman. The company was told a third party would help evaluate the proposals, which is not unusual, he said.

"There is no conflict of interest," Mordoff said. "Calyptus was not part of our Alliant team nor did they help or support us in any way on our preparation of the Alliant proposal."

Lockheed and Raytheon are the only two of 61 bidders for the Alliant contract that were listed by Calyptus as clients on the company's Web site.

"This would be a concerning connection," said Max Kidalov, vice president of THE CENTECH GROUP, one of eight firms that protested GSA's Alliant decision. Organizational conflict of interest (OCI) "is one of the most pressing issues in federal contracting today, and there is certainly a need for everybody and all agencies to ensure there isn't an OCI."

Kidalov and attorneys for three other plaintiffs said they were not aware of a potential conflict of interest while the case was being heard by the court. The other plaintiffs in the case were Serco, CGI Federal, STG, Artel, Advanced Technology Systems, Apptis and Nortel Government Solutions.

GSA has yet to make a decision on how it will move forward with Alliant.