

ADMINISTRATIVE - INTERNAL USE ONLY



ROUTING AND RECORD SHEET

SUBJECT: (Optional) Background and Analysis of Apple Computer, Incorporated, Letter

FROM: John M. Ray
Director of Logistics

EXTENSION NO. OL 12178-87



DATE

TO: (Officer designation, room number, and building)

DATE

DIVISION INITIALS

COMMENTS (Number each comment to show from whom to whom. Show a line across column after each comment.)

1. DDA/EXA
7124 Hqs

24 OCT 1987

10/15 CW

Bill:

Attached is background information for the DCI on the RFP questioned by Apple, Inc. Also attached, for your signature, is a letter for the DCI to forward to Mr. Oklewicz, if he so desires.

DDA

15 OCT 1987

DDA/Registry

John M. Ray

Attachments

DDA REGISTRY
FILE: 50-1

Reg
This document
hand carried to
ExDir - 16 Oct.

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Background and Analysis of Apple Computer, Incorporated, Letter

STAT FROM: William F. Donnelly
Deputy Director for Administration
STAT 7D24 Headquarters

EXTENSION

NO.

OL 12178-87



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TO: (Officer designation, room number, and building)

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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FORWARDED

1. Executive Registry
7E12 Headquarters

23 OCT 1987

jal

2.

3. Executive Director
7D55 Headquarters

Oct 22

gt

4.

5. Director of Central
Intelligence
7D60 Headquarters

23 Oct. 10/26

mmw

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7. *DDA*

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9. Director of Logistics

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~~This~~
Apple has been pushing us very hard to redefine our personal computer requirements. I believe our approach has been sensible and fair, and that Bill Donnelly's letter (enclosed) should be released.



Declassified in Part - Sanitized Copy Approved for Release 2011/12/05 : CIA-RDP89G00643R000900130015-8

| | | |
|---|--------------------------|-----------|
| TRANSMITTAL SLIP | | DATE |
| TO: Deputy Director for Administration | | |
| ROOM NO. 7D24 | BUILDING Headquarters | |
| REMARKS: <i>3 Copies</i> | | |
| FROM: | | |
| ROOM NO. | BUILDING | EXTENSION |

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FORM 1-79 **610** USE PREVIOUS EDITIONS

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★ U.S. Government Printing Office: 1985-494-834/49136

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ADMINISTRATIVE - INTERNAL USE ONLY

22 OCT 1987

MEMORANDUM FOR: Director of Central Intelligence

VIA: Executive Director

FROM: William F. Donnelly
Deputy Director For Administration

SUBJECT: Background and Analysis of Apple Computer,
Incorporated Letter

REFERENCE: Letter to DCI from R. Oklewicz, dtd 1 Oct 1987,
Regarding Agency Workstation RFP 87-B121

1. This memorandum is in response to Apple's letter to you regarding the Agency's general-purpose computer workstation Request for Proposal (RFP). Attached is a proposed letter to Apple Computer, Incorporated. Some background on the RFP, an analysis of the points raised by Apple, and the basis of our recommendation follow.

2. The Agency's RFP 87-B121, released 18 August 1987, contains mandatory requirements that meet our minimum needs for general-purpose computer workstations. This RFP, which was released to 33 vendors, is the result of two years of close work with all the directorates to state the Agency's requirements for a "production" workstation. Prior to release of the RFP, a preliminary Letter of Interest was sent to 70 potential bidders on 27 March 1987. A preproposal conference was held on 10 September 1987, attended by Apple representatives, along with 43 representatives from 27 other companies. Amendments to the RFP were issued answering over 100 questions from private industry (including 22 questions from Apple). Experienced technical and contracting personnel objectively considered each and every question in light of the Agency's requirements and, as a result, several refinements and modifications were made to the specifications in the RFP.

3. Currently, proposals are due on Tuesday, 13 October 1987, and we anticipate receiving at least eight proposals. Our current schedule calls for an award in late January 1988 in order to meet critical Directorate of Operations requirements. Every effort is being made to meet this objective with very aggressive milestones and high-level management attention, resulting in the appointment of a Source Selection Board with senior managers who are fully aware of the Agency's critical needs regarding this procurement. A firm fixed-price requirements contract will be negotiated for hardware, peripherals, and services, with pricing for a base year plus four option years.

OL 12178-87

ADMINISTRATIVE - INTERNAL USE ONLY

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SUBJECT: Background and Analysis of Apple Computer, Incorporated

4. Apple's letter states that the ". . .RFP's restrictive design specifications conflict with the intent of the FIRMR [Federal Information Resources Management Regulation] 201-30.013 which promotes functional specifications and FIRMR 201-24.207 which requires an in-depth justification for compatibility limited specifications." The RFP is, in fact, written to provide functional specifications, where possible, and to utilize correctly compatibility specifications which are critical to meet the Agency's minimum economic and operational needs and technology constraints. These specifications have been closely coordinated with representatives from all the directorates within the Agency. In short, the Agency has adhered to the intent of the FIRMR's guidelines for use of both functional and compatibility specifications.

5. Apple further asserts that the Agency's RFP ". . .contains mandatory requirements which unduly restrict and prohibit Apple from competitively bidding this procurement" and suggests that ". . .the RFP be restated to allow for a multiple vendor award." The RFP is, in fact, compliant, to the maximum extent practicable, with both the spirit and the letter of the Federal Acquisition Regulation in the area of promulgating full and open competition, given the nature and purpose of a generic workstation.

6. One of the principal reasons for a single, general-purpose workstation acquisition is to save money. Through identification of the basic "production" workstation family, a common acquisition contract has been developed to provide the desired economies of scale. Training, consulting support, existing and future applications software interfaces, and maintenance represent significant portions of the life-cycle cost of each major workstation type bought by the Agency. Minimization of these costs requires a degree of standardization of the information handling equipment that the Agency acquires. Thus, the current plan is to make an award to a single vendor who can provide both the commercial and tempest workstation requirements addressed by the RFP. Apple's suggestion to allow for awards to multiple vendors in order to ". . .satisfy a broader user audience within the Agency" would, in reality, significantly disrupt the purpose and goal of this acquisition.

7. The technical issues previously raised by Apple have already been addressed. In its formal inquiries made in the context of this acquisition, Apple has repeatedly raised self-serving objections to the Agency's key requirements. Agency personnel have carefully explained the necessity for these requirements, and extensive technical background information supporting the Agency's position is available and can be thoroughly briefed, should the need arise.

8. Technical discussions by Agency personnel with Apple pertaining to the requirements of this solicitation prior to contract award will unacceptably compromise the ongoing competition. As Apple has indicated, they have taken full advantage of the opportunities the Agency has provided to understand our requirements and to market the capabilities of their products.

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SUBJECT: Background and Analysis of Apple Computer, Incorporated

9. In summary, it is our recommendation that you not entertain any discussions with the company at this time but, rather, that the attached letter be sent to Apple. The proposed letter thanks them in very general terms for their interest in our workstation procurement, while at the same time referring them to the cognizant contracting officer or chief of the procuring activity.

STAT



William F. Donnelly

Attachment

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WFD

William F. Donnelly

Attachment

SUBJECT: Background and Analysis of Apple Computer, Incorporated

STAT/OL/PD/ADP/[redacted]il (13 Oct 87)
retyped:O-DL/mgk (13 Oct 87)

Distribution:

- Orig - Addressee
- 1 - Executive Registry
- 2 - DDA
- 1 - OL Files
- 1 - OL/PD Official
- 1 - OL/PD Chrono
- 1 - C/ADP/PD/OL

Central Intelligence Agency

Washington, D. C. 20505

87-2405

Ref. ER 87-4484X

10 07 1987

Mr. Ronald C. Oklewicz
Federal Operations Manager
Apple Federal Government Operations
1892 Preston White Drive
Reston, Virginia 22091

Dear Mr. Oklewicz:

As the executive of the Central Intelligence Agency in charge of procurement matters, Judge Webster has referred to my office your letter of October 1, 1987.

The Agency wishes to express its appreciation for your interest regarding the recently released Request for Proposal (RFP) 87-B121; however, as you must be aware, any meeting with a potential bidder during an ongoing competitive procurement could be prejudicial to that procurement and is therefore unacceptable.

If you have any further questions, please contact the cognizant contracting officer or chief of the procuring activity.

Sincerely,

William F. Donnelly
Deputy Director
for
Administration

87-4484X

October 1, 1987

Judge William Webster
Director,
Central Intelligence Agency
Washington, D.C. 20505

Dear Judge Webster:

The purpose of this letter is to express the concern of Apple Computer, Inc. regarding the recently released RFP #87-B121 for the unclassified acquisition of generic workstations at the Central Intelligence Agency. The focus of our concern is the fact that this RFP contains mandatory requirements which unduly restrict and prohibit Apple from competitively bidding this procurement.

For the past two years Apple representatives have aggressively marketed to the CIA and in the process have generated considerable interest within the user community for the benefits that Macintosh technology provides in the analysts' environment. Our representatives and company officials have conducted numerous executive calls and briefings to your senior management in an attempt to create a fair and competitive position within the Agency. There are many users who are convinced that our innovative technology robustly connected to your existing ADP inventory could greatly enhance the overall mission effectiveness of the CIA.

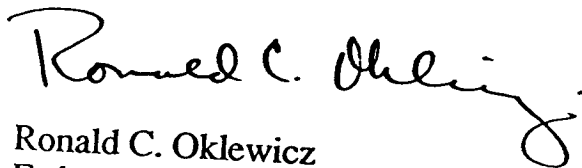
Apple Computer understands and could comply with the overall IBM data communications and networking architecture developing within the Agency. However, in our opinion, the RFP's restrictive design specifications conflict with the intent of the FIRMR 201-30.013 which promotes functional specifications and FIRMR 201-24.207 which requires an indepth justification for compatibility limited specifications. In the spirit of the FAR Part 6 and CICA 2304, which promote the requirements for "full and open competition", we suggest that the RFP be restated to allow for a multiple vendor award. This would then provide a procurement vehicle that would satisfy a broader user audience within the Agency.

Apple Computer, Inc.
Federal Government Operations
1892 Preston White Drive
Reston, VA 22091
703-266-5100

In writing to you directly we are seeking your personal involvement based upon your reputation for fairness only after having exhausted all other avenues of change with the exception of a formal GSBCA protest. To date we have participated in the RFC process and submitted numerous technical questions to encourage the Agency to open up the specifications and allow for increased competition. These efforts have been unsuccessful.

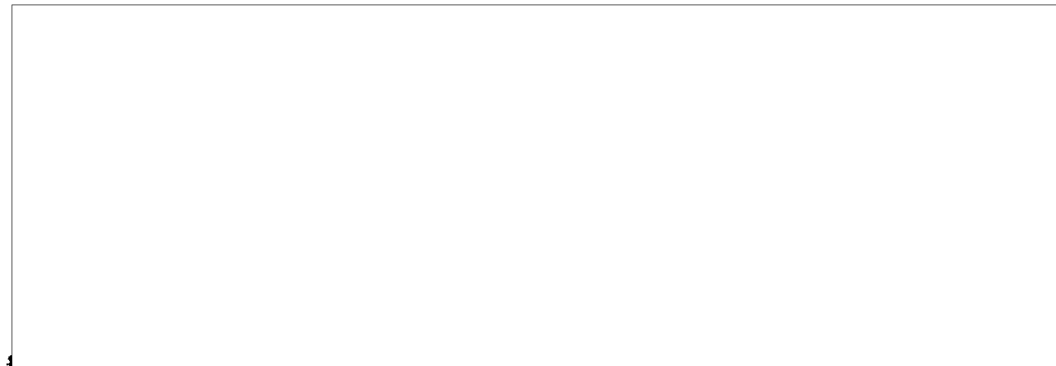
We want very much to work with the CIA and are convinced that we offer innovative technology which could greatly benefit your organization given the opportunity to compete. After your review and at your convenience, we would like to meet with you and your staff to discuss our suggestions in greater detail. I will be contacting your office within the next week to discuss the possibility of arranging such a meeting.

Sincerely,



Ronald C. Oklewicz
Federal Operations Manager,
Apple Federal Government Operations

STAT



Apple Computer, Inc.
Federal Government Operations
1802 Preston White Drive
Reston, VA 22091
703 204 5100