[redacted]

CLASS JUSTIFICATION FOR EXCEPTION TO FAIR OPPORTUNITY (JEFO)
Nexsys Electronics Inc. dba Medweb
CONTRACT SPE2D1-26-D-0002

1. Defense Logistics Agency (DLA) Troop Support, Medical Supply Chain, Capital Equipment Division, is the contracting activity.

2. The action submitted for approval is a class JEFO for the purchase of annual Digital Imaging Network-Picture Archive and Communication Systems (DIN-PACS) maintenance, service and support programs under Nexsys Electronics Inc. dba Medweb DIN-PACS IV contract SPE2D1-26-D-0002, for the Department of Defense (DoD), Veterans Administration (VA) and other Federal Government customers. This class JEFO will apply to all orders placed under the subject contract commencing with the date of approval of the JEFO through November 24, 2029, when the four- year base period expires.

3. The DoD, VA and other Federal Government customers have ongoing requirements for maintenance services for previously acquired and installed Medweb DIN-PACS systems. Maintenance orders are placed annually based on the customers' available funding and needs. Maintenance services must be purchased for DIN-PACS after expiration of the first year of warranty maintenance service included with each new system purchase. The maximum dollar value of the sole source maintenance service delivery orders to be issued under contract SPE2D1-26-D-0002 is $43,513,588.24.

4. The authority waiving the competition requirement is RFO 16.504-3(a)(2)(i), only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized. Medweb is the only vendor who is able to perform maintenance services on its Medweb DIN-PACS and ensure the installed systems' performance in accordance with the terms and conditions of the contract.

   DIN-PACS is a commercial network of high technology digital medical devices regulated by the Food and Drug Administration (FDA). They are designed to acquire, transmit, display and store diagnostic imaging studies and related information. DIN-PACS provides for tele-radiology, or the electronic communication of medical radiology images and results.

   The DIN-PACS IV Program is the fourth-generation multiple award contract program for DIN-PACS. The DIN-PACS IV contracts are multiple award contracts. Contracts are awarded for a vendor's complete commercial product offering usually consisting of DIN-PACS, turnkey installation, training and maintenance services. Delivery orders for new DIN-PACS are highly competitive, with all vendors being given a fair opportunity to compete for all requirements; however, the purchase of maintenance service for DIN-PACS is not competitive.

   Medweb's DIN-PACS systems include proprietary hardware and software. The proprietary clinical software used in Medweb's DIN-PACS requires licenses; therefore, only Medweb can provide licenses for the software updates that are covered under a warranty. Updates and upgrades to system software can only be provided by Medweb as these are FDA

[redacted]

approved medical devices. These updates/upgrades are essential to maintain close to 100% uptime requirements under the DIN-PACS contract, and can only be provided by Medweb, the manufacturer of the system.

Per contract requirements for DoD Information Assurance/Information Security Requirements, all DIN-PACS are required to meet DoD Cybersecurity and individual Military Service Information Assurance (IA) requirements. Cybersecurity and Service specific IA requirements mandate that equipment must receive an Authorization to Operate (ATO) prior to being able to be connected to any DoD network. Vendors are required to continuously update system software and services in response to information assurance security threats and alerts. All follow-on DIN-PACS maintenance service agreements require the vendor receiving the award for the original device or system to maintain the Authority to Operate (ATO) for the DIN-PACS and ensure the system is in compliance with the Department of Defense (DoD) Information Assurance Vulnerability Management (IAVM) Program. DoD requirements are established in DoD Instruction 8500.01 (DoD Cybersecurity) and DoD Instruction 8510.01 (Risk Management Framework) and address the requirements for managing the life-cycle cybersecurity risk to DoD Information Technology (IT). Vendor responses to a request for information relating to these requirements confirm that no third-party vendor is capable of ensuring upkeep of the ATO for a given DIN-PACS, or ensuring compliance with the DoD IAVM Program, as only the Original Equipment Manufacturer (OEM) has this ability. Medweb, the OEM of the DIN-PACS, is responsible for all system information security certifications, testing and on-going IA and security updates and patches. Accordingly, only Medweb can maintain the critical security status of the DIN-PACS on an on-going basis under yearly maintenance programs. DIN-PACS are FDA- approved medical devices, and changes to the software/hardware on the equipment to meet DoD Cybersecurity requirements, updates and/or patches must be thoroughly tested by the manufacturer prior to being applied to a medical system; therefore, only Medweb can perform these actions.

5. The Medweb DIN-PACS IV contract includes fixed prices for annual maintenance service programs. These prices were determined fair and reasonabl [redacted] Based on the above facts, the contracting officer has determined that the cost to the Government for each maintenance service order to be issued under this contract are considered to be fair and reasonable.

6. Market research has been conducted during the DIN-PACS IV acquisitions from January 2017 through the present. It is an ongoing process under the DIN-PACS program, as the vendors and the customers keep DLA Troop Support abreast of product changes and enhancements to the functionality of the products. Further, DLA Troop Support periodically publishes formal

[redacted]

requests for information, queries the Internet for catalogs and product literature and meets periodically with vendors regarding new product releases. DLA Troop Support issued a Request For Information (RFI) to all program contract holders and pending contract holders in August 2025. The purpose of the RFI was to identify interested DIN-PACS vendors and inquire about their system's unique capabilities and value-added features that are currently available for sale to commercial customers and/or the U.S. Government. Responses were received in August 2025 from thirteen vendors, including all current DIN-PACS contract holders as well as future potential contract holders. All responding vendors confirmed that only the OEM can maintain the DIN-PACS and multi-vendor maintenance was not sold commercially. DIN-PACS vendors cannot offer multi-vendor maintenance due to the proprietary software, software licensing and requirement to maintain ATOs and meet IAVM requirements. The market research conducted through the RFI supports the fact that no other DIN-PACS vendor is capable of performing maintenance service on Medweb DIN-PACS systems. There is no expectation that this situation will change during the term of this contract.

7. As stated above, Delivery orders for new DIN-PACS are highly competitive, with all vendors being given a fair opportunity to compete for all requirements. DIN-PACS vendors have the opportunity to add products that fall within the scope of the DIN-PACS contract at any time; however, currently there are no other known DIN-PACS vendors that would be able to offer a maintenance, service and support program for an existing Medweb DIN-PACS unit.

8. As the Contracting Officer, I hereby certify that the information contained in this justification is accurate and complete to the best of my knowledge and belief.

TAYLOR.ZAHKIYAH.1521439455 Digitally signed by TAYLOR.ZAHKIYAH.1521439455 Date: 2026.03.25 11:09:06 -04'00'

Date

ZAHKIYAH TAYLOR
Contracting Officer

[redacted]

[redacted]

CLASS JUSTIFICATION FOR EXCEPTION TO FAIR OPPORTUNITY (JEFO)
Nexsys Electronics Inc. dba Medweb
CONTRACT SPE2D1-26-D-0002

I hereby certify that the requirements which form the basis of this justification are accurate, that these items meet the Government's minimum needs and that this justification is accurate and complete to the best of my knowledge.

[redacted] Digitally signed by [redacted]

Date [redacted]

I have reviewed and hereby approve this justification.

[redacted]

Date [redacted]

[redacted]