



## Summary

The mission of the Internal Revenue Service is to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all. As stated in its Strategic Plan<sup>1</sup>, the IRS must take advantage of technology to improve decision making, and to integrate technologies that enable more efficient mission delivery. The purpose of this program (Pilot IRS) is to set forth an incremental and modular approach to identifying, testing, and deploying solutions that support our mission, regardless of whether or not that solution, technology, or firm currently resides within the IRS or the federal government. Inherently, this process will represent some risk to the IRS, as the technologies may not currently be fully aligned to its mission; however, the IRS recognizes that risk is inherent to the operations of any organization, and acknowledges that it must sometimes accept risk in order to further its mission.

In order to achieve that purpose, Pilot IRS has established an approach where solicitations/calls and proposals/bids will be simple for firms to create and the IRS to evaluate, and decisions will be made in a streamlined and accelerated timeline. Multiple Solution Challenges (SC's) will be released under the broader Pilot IRS framework set forth within this document, each highlighting an area that the IRS would like to explore in greater detail (i.e., Robotic Process Automation or Optical Character Recognition), and setting out specific phases for funding decision points for that SC.

In this initial version of Pilot IRS, the maximum dollar amount for each SC will be \$7 million, across all funded projects and all funded phases. In most SCs, phases will become longer and be funded in greater amounts as they progress. Rough scopes of work and funding ceilings for each phase will be established at the beginning of the Pilot IRS process, with the understanding that additional clarity will be established at the end of each preceding phase. In other words, the specifics of the work/cost for Phase 2 will be established as part of the work completed in Phase 1, and the specifics of Phase 3 at the end of Phase 2, at the end of Phase 3, the plan for Phase 4 is delivered. Depending on results and mission priorities, the IRS will decide to fund all, some, or none of the projects at each phase; it is important to note that there is no guarantee for funding for planned/future phases.

Throughout the process, the IRS will post information regarding the outcomes, technologies funded, lessons learned, and potential IRS applications. This information will be publicly available, but will not include any intellectual property or proprietary information. Any solutions/technologies that complete an entire series of funding under Pilot IRS will be competed fully if additional effort or future deployment is desired by IRS.

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<sup>1</sup> Full text of the IRS Strategic Plan can be found at <https://www.irs.gov/about-irs/irs-strategic-plan>.

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### Introduction and Goals

#### Introduction:

The federal government struggles at times with identifying ways to test, purchase, and deploy innovative technology solutions. A large function of this is how long it takes to not only purchase the actual solution, but also to test it, provide feedback, and ultimately decide how (and whether) to deploy the solution. In other words, this is not simply a 'how quickly can we buy it', but also a 'how do we test it and decide whether or not to fund it for deployment'. There are also times when the federal government prescribes a specific approach to a solution, and then asks who can do it the best, and for the lowest price. This can limit innovation, and is often not the best approach when looking for emerging technologies and how their inclusion can benefit the government. We understand that the language included here may be 'aggressive' and we are still working to finalize it.

#### Goals:

Pilot IRS has three goals: 1) to promote innovative responses to the challenges that the IRS faces; 2) to broadly communicate IRS's areas of interest in the innovative solutions and technologies arena; and, 3) to create a streamlined progression from concept to prototype, testing, and limited deployment that allows for incremental funding decisions for promising solutions and technologies.

#### Goal 1 - Promote Innovate Responses to IRS Challenges

Pilot IRS is predicated on the concept that a major hurdle to doing business with the IRS and the federal government is a perceived (or otherwise) lack of pertinent information and a lack of direct and near-term feedback on technologies and proposals. In order to promote innovative responses to the challenges that IRS faces, Pilot IRS will focus on providing information throughout the process regarding its requirements (to include direct engagement with various end-users), and providing direct feedback on proposals in a matter of weeks rather than months.

#### Goal 2 - Broadly Communicate Challenges and Technologies that Interest IRS

Prior to any funding decisions, Pilot IRS will broadly communicate the challenges it is facing, as well as any initial thoughts on promising solutions/technologies/approaches. Because of its mission, the IRS cannot share all of the information about how it addresses these challenges, but it can share more about its efforts so firms can make more informed decisions about whether and how to pursue business with the IRS. Throughout the entire process, the IRS will post information regarding the outcomes, lessons learned, and potential IRS applications. This information will be publicly available, but will not include any intellectual property or proprietary information.

#### Goal 3 - Streamlined Progression from Concept to Prototype, Testing, and Limited Deployment

A frequent problem within the federal government is, ironically, when a pilot technology/solution has been particularly successful within a agency. Federal procurement rules preclude (with some exceptions) identifying a particular technology or firm for funding based on a previous, separate contractual arrangement, regardless of how successful it may have been. By identifying streamlined submission/evaluation procedures and a structured progression from concept to prototype, testing, and limited deployment through the use of phases, Pilot IRS seeks to avoid many of these issues.

The specific approach/process for each SC and its respective phases will vary, but in general, each phase will build on the previous one, and funding amounts and durations will increase as phases progress. Most SCs will include an initial brief written proposal with some proposals being selected for an oral presentation. Rough scopes of work and funding ceilings for all phases will be proposed during

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the initial response, with the understanding that additional clarity will be established at the end of each preceding phase. In other words, the specifics of the work/cost for Phase 2 will be established as part of the work completed in Phase 1. Depending on results and mission priorities, the IRS will decide to fund all, some, or none of the projects at each phase.

The total maximum funding amount, for each SC across all funded solutions and phases, will be \$7M. The total maximum duration for a SC will be 5 years. Although the makeup of each SC and the individual phases can vary widely, this maximum amount and duration are firm and will not be exceeded.

For those who are familiar with traditional government procurements, Pilot IRS will appear substantively different from how the government normally buys technology.

To be fair, it is.

This type of approach is more often used in research and development environments, but there are existing regulations that allow federal agencies to buy commercial items in a manner similar with how the private sector would. Pilot IRS will aggressively pursue a streamlined and cost-effective approach to testing and deploying technology solutions that will have an immediate impact on its mission and how the IRS supports the American taxpayer.

Thank you for your interest, and welcome aboard.

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### Solution Challenge (SC) One - Robotic Process Automation / Intelligent Automation Tools for DATA Act Improvements

#### Introduction:

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires the federal government to generate and follow a plan for improving the integrity of financial and non-financial data related to the contracts it awards. Currently the process for entering and correcting data is highly manual. This solicitation is for Robotic Process Automation / Intelligent Automation (RPA/IA) tools to improve the data that is associated with IRS actions.

There are no specific solutions or approaches that are being requested; rather, any approach which is focused on the three goals of the solicitation will be considered. The three goals are: 1) Improve the IRS data which resides in the Federal Procurement Data System - Next Generation (FPDS-NG); 2) Limit the amount of manual (re)work required by government personnel in improving the IRS data; and, 3) Achieve incremental improvement in IRS data in the near term - the aspirational goal is to improve data no later than 30 September 2019.

Although the IRS will consider any reasonable solution, we are expecting to see a few types of solutions/approaches. A portion of FPDS-NG data is publicly available (at [USASpending.gov](http://USASpending.gov) and other sources), and we expect to see some solutions focusing on improvement to a very specific data set (i.e., the last 4 digits of the zip code which may be incorrect for a given record) using an unattended bot and an FPDS-NG username/ID. We also expect to see some solutions that will require a IRS-provided laptop, and a user to log-in to FPDS-NG and run the automation tool. Finally, we expect to see some solutions that will focus on identifying errors in a streamlined fashion. None of these approaches are preferred over another, nor are these the only solutions that will be considered. When responding, please keep in the forefront of your mind the three goals (improve data, limit manual rework, achieve incremental improvement in the near term). For instance, a solution which helps improve data in the near term, but does not limit manual rework, may not rate as highly as another comparably-priced solution which helps improve data in the near term **and** limits manual rework.

#### Deadlines, Phases, and Funding Levels:

Deadlines - Responses to this call are due NLT 10:00 am on 2 September 2019. IRS expects to provide approximately \$250K in FY19 funding across all projects (based on the maximum duration of 30 days for Phase 1, this may include funding for Phase 2).

Phases - There will be four (4) Phases for this SC, as set forth below. It is important to note that the amounts/durations set forth below are Not to Exceed (NTE) amounts/durations. Additionally, the specific efforts and amounts for subsequent phases will be defined at the end of the current phase. In other words, the proposed duration and amount for Phase 2 will be part of the deliverables due at the end of Phase 1.

#### Phase 1 - Proof of Concept and Return on Investment (NTE \$25K / 30 days)

=> Phase 1 will consist of a demonstration of the proof of concept (i.e., a tabletop demonstration of the solution relative to a specific dataset), and documentation supporting the scope of the solution and the Return on Investment, based on cost relative to manhour savings or a similar metric.

=> Responses to the call will be evaluated in two stages. Stage 1 will be a written proposal (no more than 10 pages in length), and should address the technical aspects of the proposed solution, its use-case scenario, and the estimated ROI for IRS (i.e., man-hour savings and data points corrected). Based on these written submissions, IRS will select responses for Stage 2, oral presentation or pitch (in person or over the phone, lasting 30 minutes), during which IRS will ask questions and the respondent will propose a funding level and duration. It is important to note that although these questions will

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similar in concept, they will be dependent on the information provided; in other words, there will not be a 'standard' list of questions.

=> Proposals will be evaluated in terms of technical, past performance, and price, relative to how they address the goals of this SC. Although engagement with the user will be ongoing throughout Phase 1, specific needs/support for IRS personnel (i.e., weekly status meetings) should be outlined in the response.

=> If selected, a contract action for Phase 1 funding will be provided no more than 30 calendar days after selection. Specific deliverables for Phase 1 funding will be based upon the proposed solution, but a standard deliverable for all Phase 1 actions will be a Phase 2 proposal.

### Phase 2 - Prototypes, Testing, and Pilot/Initial Deployment (NTE \$75K / 60 days)

=> Phase 2 will consist of a prototype solution that will be tested for accuracy, user experience, and functionality. Phase 2 will also include initial cybersecurity and interoperability testing relative to the existing IRS and FPDS-NG architectures. IRS expects that Phase 2 efforts will result in limited improvement to targeted FPDS-NG data sets. Specifics of the Phase 2 efforts, duration, and amount will be required at the end of Phase 1.

=> Selections and funding for Phase 2 will be made within 5 calendar days from the end of Phase 1. Specific deliverables for Phase 2 funding will be based upon the proposed solution, but a standard deliverable for all Phase 2 projects will be a Phase 3 proposal.

### Phase 3 - Scaled Deployment (NTE \$150K / 90 days)

=> Phase 3 will focus on scaling deployment efforts within the IRS architecture, which may include other Treasury bureaus (e.g., Bureau of Engraving and Printing, Bureau of Fiscal Service, etc.). Phase 3 will include further testing for effectiveness and interoperability. Specifics of the Phase 3 efforts, duration, and amount will be required at the end of Phase 2.

=> Selections and funding for Phase 3 will be made within 5 calendar days from the end of Phase 2. Specific deliverables for Phase 3 funding will be based upon the proposed solution, but a standard deliverable for all Phase 3 actions will be a Phase 4 proposal.

### Phase 4 - Full Deployment (NTE \$3M / 4.5 yrs)

=> Phase 4 will focus on full deployment to the IRS, additional Treasury bureaus, and/or other federal agencies. Phase 4 efforts will last no longer than 4.5 years, with a maximum funding amount of \$3M. Phase 4 may also include direct personnel support to IRS during the deployment or testing activities.

=> As Phase 4 will occur over a longer duration, part of the Phase 4 proposal will focus on appropriate increments/funding amounts (i.e, 6 months, \$300K) based on the proposed solution, which will likely be tied directly to option periods. Additionally, IRS expects that the data sets, bureaus, other federal agencies, additional DATA Act requirements/reviews/processes, etc. will continue to expand throughout Phase 4. Decisions on whether to continue funding within Phase 4 (i.e., exercise individual option periods) will be based on the success of the proposed solution relative to the goals of this SC.

### Evaluation of Responses and Basis for Award:

The primary goals (intended use) of the RPAs/IA tools are: 1) Improve the data which resides in the Federal Procurement Data System - Next Generation (FPDS-NG); 2) Limit the amount of manual (re)work required by government personnel in improving the data; and, 3) Achieve incremental improvement in data in the near term; the aspirational goal is to improve data no later than 30 September 2019, but the IRS acknowledges this is an aggressive goal and may not be achievable. The determination of the best value quote using comparative analysis in accordance with 13.106-2(b)(3) will be based on: technical (capability of the solution to meet the primary goals), past performance, and price.

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Some government procurements will include longer/greater maximum page limits, or adjectival ratings for a series of technical evaluation factors. Pilot IRS uses different, existing authorities within the regulations that govern federal procurement. Selections will be made based on realistic solutions that offer the greatest potential ROI, at the lowest potential cost with appropriate consideration given to the Technical, Past Performance, and Price.

### Additional Terms and Conditions:

Although this solicitation aims to limit unnecessary terms and conditions, there are some which are part of virtually every federal procurement.

Northern American Industry Classification System (NAICS) Code: 541511 - Custom Computer Programming Services. Product Service Code (PSC) is: D308 Programming Services

### System for Award Management (SAM):

Successful offers not already registered in SAM will be required to register prior to award (it does require some effort but it does not overly burdensome - additionally, IRS will help you if you experience difficulties or have questions). Information regarding SAM registration is available at <https://sam.gov>.

### Reimbursement for Proposal Generation Costs:

The Government will not pay for any direct or indirect costs associated with generating responses to this call, including travel costs associated with oral / in-person pitches.

### Compliance:

If a response does not adequately address this SC, or includes elaborate responses or extensive marketing materials that aren't relevant, the IRS will stop reviewing it and will NOT consider it for award.

### Organizational Conflicts of Interest:

Firms who receive an award pursuant to this SC may have access to information which is not publicly available and may affect their ability to perform on future efforts. There are some organizational conflicts of interests can be mitigated for future work, and some cannot (these determinations are made by the government when proposals are received for a specific set of work). Similarly, firms who currently perform work for the Treasury/IRS may have an existing conflict of interest on this SC. As part of their responses to this SC, firms are *required* to disclose any conflicts of interests that they are currently aware of.

### Intellectual Property:

Currently, the IRS does not intend to request retention of any intellectual property resulting from or providing the basis for work under this SC, with the exception of the ability to continue using the solutions resulting from government funding. Nor does it plan to request full 'government purpose rights', which allow the government to use the outcomes of this effort for its own work, or to provide it to another firm that it is working with. Notwithstanding, intellectual property terms are negotiable, and the IRS intends to use the results of this effort as broadly as it can.

### Press Releases:

All press releases must be approved by IRS prior to release. IRS will do its best to provide reviews within 2 business days.

Standard Terms and Conditions: Will be added to the final solicitation if required.