

The Honorable Nita Lowey
United States House of Representatives
Chairwoman
Committee on Appropriations
Room H-307 The Capitol
Washington, D.C. 20515

The Honorable Kay Granger
United States House of Representatives
Ranking Member
Committee on Appropriations
Room H-307 The Capitol
Washington, D.C. 20515

April 25, 2019

Dear Chairwoman Lowey and Ranking Member Granger,

On behalf of Oracle Corporation, I write to update your Committee regarding the Department of Defense's ("DoD") procurement of cloud computing services, known as the Joint Enterprise Defense Infrastructure ("JEDI") procurement.¹ Oracle previously has raised concerns regarding JEDI's highly circumscribed solicitation requirements, referred to as "gating criteria", which have significantly and arbitrarily restricted competition for the contract award. On April 10, 2019, DoD **excluded** two bids – IBM and Oracle – from further consideration based on these arbitrary gating criteria. Oracle was excluded based on the very first gate. DoD now contemplates a final award on July 19, 2019.

DoD's presumed intent behind the gating criteria was to ensure it received bids from large, enterprise-grade cloud service providers ("CSPs") with robust cloud service offerings capable of meeting the unique needs of the DoD. Certainly, IBM and Oracle – two of the world's largest technology companies – meet these general criteria on its face. By eliminating IBM and Oracle, DoD eliminated two of the most enterprise and security-focused CSPs from competition, leaving *only two companies* to compete for up to a ten-year, single-vendor award.

The first gate required that "the addition of DoD unclassified usage will not represent a majority of all unclassified usage" on the vendor's overall usage. DoD decided to base this determination on data averaged across two selected months (January and February 2018), seven months before the JEDI request for proposal ("RFP") submission deadline and now almost 18 months ago. Significantly, Oracle was eliminated for falling 0.79 percent short of the mandated threshold based on DoD's approach, but would have cleared the same threshold had DoD averaged data just 30 days later (February and March 2018) or in any

¹ The Congress previously has taken three legislative actions imposing requirements on the JEDI program. See Pub. L. No. 115-232, John S. McCain National Defense Authorization Act for Fiscal Year 2019, Sec. 1064, "ACTIVITIES AND REPORTING RELATING TO DEPARTMENT OF DEFENSE'S CLOUD INITIATIVE" (Aug. 13, 2018); Pub. L. No. 115-245, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019, Sec. 8137 (Sept. 28, 2018); and Pub. L. No. 115-141, Consolidated Appropriations Act, 2018, Division C, Department of Defense Appropriations ACT, 2018, at 88 (Mar. 23, 2018).

subsequent period.² Yet DoD eliminated Oracle's almost 1,000 page submission based on this first gate.

To be sure, competition in the commercial cloud services market is robust and advances in cloud computing technology are accelerating. JEDI's arbitrary – and dated – gating criteria deprives DoD the opportunity to secure the most innovative technology at the best price. Next generation cloud vendors are innovating rapidly around performance, security, artificial intelligence, agility and many other attributes of modern cloud. Ironically, by focusing on a measurement and “gate” now almost 18 months old, DoD virtually assures itself to only evaluate legacy cloud alternatives, depriving the warfighter of the newest generation of cloud technology.

In this regard, Oracle has invested billions of dollars to build a suite of software and hardware targeted *precisely* at the needs of large, highly complex, sophisticated enterprises like DoD. We have invested hundreds of millions of dollars to provide enterprise cloud technology to the United States government in dedicated government regions. We have spent thousands of hours to understand the needs expressed in JEDI and articulate the value we could bring to DoD's mission in our proposal. We are laser-focused on next generation cloud technology that provides best in class security, performance, and autonomy. We have developed an offering for DoD that competes with other CSPs on capability and price, potentially saving the United States tens of millions of dollars. Yet DoD refused to even review our submission beyond the eighth page of a nearly thousand-page submission.

We respectfully request that your Committee exercise its oversight authority regarding the JEDI procurement. We believe that a full and fair consideration of *four competing* JEDI proposals is in the best interests of the warfighter, the taxpayer, and the United States.

Thank you for your consideration of this letter.

Sincerely,



Kenneth Glueck
Executive Vice President
Oracle Corporation

² This arbitrary date first appeared in the draft JEDI RFP issued in March 2018 when DoD's goal was to issue the final RFP in early May 2018 with an award in September 2018. As Congress is aware, the final RFP was delayed from May until late July 2018 due to the controversial nature of the program, mandates from Congress, and the appointment of a new DoD Chief Information Officer. Yet in the second draft and final RFP, the measurement date contained in Gate 1.1 was not pushed forward, despite concerns expressed in writing to DoD.