

(b) A comparative cost analysis of the alternative methods of acquisition, of the types illustrated by Attachments A and B, indicates that a cost advantage can be obtained by the purchase method in six years or less after the date of delivery. This analysis usually will include the following cost elements under each method: for the lease method--rental costs, including maintenance; for the purchase method--purchase costs, including purchase price, maintenance, and other one-time costs applicable only to purchase; for the lease-with-option-to-purchase method--rental costs, and purchase costs less credits applicable upon purchase. In addition to the cost elements described above, the residual value of equipment to the Federal Government will be considered as a factor in a comparative cost analysis. Trade-in allowances quoted by manufacturers may be used as a representation of the residual value.

(c) The capabilities of the ADP equipment will continue to be needed and will be sufficient to satisfy the system requirements, current and projected, for a period beyond the point in time at which the purchase method begins to provide a cost advantage. The possibility that future technological advances will render the selected equipment comparatively obsolete before the cost advantage point is reached should not rule out purchase if the selected equipment is expected to be able to satisfy the system requirements.

(2) The lease-with-option-to-purchase method is indicated when it is necessary or advantageous to proceed with the acquisition of the equipment that meets system specifications, but it is desirable to defer temporarily a decision on purchase because circumstances do not fully satisfy the conditions which would indicate purchase. This situation might arise when it is determined that a short period of operational experience is desirable to prove the validity of a system design on which there is no previous experience, or where decisions which might substantially alter the system specifications are imminent.

(3) The lease method, without option to purchase, is indicated only when it is necessary or advantageous to proceed with the acquisition of equipment that meets system specifications and it has been established conclusively that any one of the conditions under which purchase is indicated is not attainable.

b. Negotiations or renegotiations of equipment delivery dates will be conducted in a manner which insures that firm and final commitments by the Government to accept delivery of ADP equipment on a specific date will not be made until it has been determined through a readiness review that the using agency will be prepared to use the equipment productively as soon as it becomes operational.