

According to the inventory of automatic data processing equipment in the Federal Government, issued by the Bureau of the Budget in August 1962, there will be 42 IBM 7090 and 7094 systems in use by June 1963. Of these, 6 are to be purchased and 36 are to be leased. To illustrate the magnitude of savings available through purchasing, the following tabulation projects the estimated amount of savings that could be realized over a 5-year period for the 36 systems if they were purchased rather than leased and the estimated amount of annual savings for each year of continued use beyond the initial 5 years. These projected savings are based on the computed savings applicable to the representative IBM 7090 system shown in exhibit C and on the planned use per month as reported by the respective agencies to the Bureau of the Budget.

Estimated savings available to the Government through purchasing 36 IBM 7090 and 7094 systems scheduled to be leased by June 30, 1963

Agency	Location	Use per month		Estimated savings over 5-year period available through purchase	Estimated annual savings after initial 5-year period
		Hours	Shift equivalent		
Atomic Energy Commission	Albuquerque, N. Mex.	300	1 $\frac{1}{4}$	\$1,799,000	\$994,000
Do.	New York, N. Y.	176	1	644,000	772,000
Do.	do.	350	2	2,184,000	1,068,000
Do.	San Francisco, Calif.	616	3 $\frac{1}{2}$	4,494,000	1,512,000
Do.	do.	616	3 $\frac{1}{2}$	4,494,000	1,512,000
Department of Commerce	Washington, D. C.	200	1 $\frac{1}{4}$	1,029,000	846,000
Do.	do.	176	1	644,000	772,000
Do.	Denver, Colo.	176	1	644,000	772,000
Do.	Washington, D. C.	480	2 $\frac{3}{4}$	3,339,000	1,290,000
Do.	do.	200	1 $\frac{1}{4}$	1,029,000	846,000
Department of the Air Force	Dayton, Ohio	210	1 $\frac{1}{4}$	1,029,000	846,000
Do.	do.	354	2	2,184,000	1,068,000
Do.	Fort Walton, Fla.	176	1	644,000	772,000
Do.	Washington, D. C.	450	2 $\frac{1}{2}$	2,954,000	1,216,000
Do.	do.	215	1 $\frac{1}{4}$	1,029,000	846,000
Do.	Omaha, Nebr.	340	2	2,184,000	1,068,000
Do.	do.	176	1	644,000	772,000
Department of the Army	Washington, D. C.	125	1	644,000	772,000
Do.	Huntsville, Ala.	260	1 $\frac{1}{2}$	1,414,000	920,000
Do.	White Sands, N. Mex.	264	1 $\frac{1}{2}$	1,414,000	920,000
Department of the Navy	Washington, D. C.	183	1	644,000	772,000
Do.	China Lake, Calif.	176	1	644,000	772,000
Do.	Dahlgren, Va.	407	2 $\frac{3}{4}$	2,569,000	1,142,000
Do.	Baltimore, Md.	272	1 $\frac{1}{2}$	1,414,000	920,000
Do.	Point Mugu, Calif.	176	1	644,000	772,000
Do.	Washington, D. C.	287	1 $\frac{3}{4}$	1,799,000	994,000
Federal Aviation Agency	Atlantic City, N. J.	211	1 $\frac{1}{4}$	1,029,000	846,000
National Aeronautics and Space Administration	Cleveland, Ohio	240	1 $\frac{1}{4}$	1,029,000	846,000
Do.	Newport News, Va.	200	1 $\frac{1}{4}$	1,029,000	846,000
Do.	Huntsville, Ala.	528	3	3,724,000	1,364,000
Do.	do.	528	3	3,724,000	1,364,000
Do.	Washington	347	2	2,184,000	1,068,000
Do.	do.	140	1	644,000	772,000
Do.	do.	140	1	644,000	772,000
Do.	do.	140	1	644,000	772,000
Do.	Mountain View, Calif.	176	1	644,000	772,000
Total				57,449,000	34,378,000

The foregoing tabulation shows that total estimated savings of \$57,449,000 could be achieved over an initial 5-year period of use through purchasing rather than leasing these 36 systems. It shows also that estimated savings for each year of continued use past this period would be \$34,378,000. (These annual savings represent the amount of rental costs not incurred less maintenance costs.) Thus, if these systems were purchased, rather than rented, and used for 7 years, the Government would realize savings of approximately \$126,200,000.

Another example of savings available through purchasing is offered by the IBM model 7080 system. The purchase of this model would produce savings of \$333,000 when the system is operated on a one-shift basis. Operation on a two-shift basis would produce savings of \$1,397,000. On a three-shift basis, the savings would be \$2,461,000. Continued use past the initial 5-year period