would produce additional annual savings of from $537,000 to $945,000 depending on the extent of use of the equipment.

According to the Bureau of the Budget inventory published in August 1962, there will be 16 IBM 7080 systems in use in the Government by June 30, 1963. One of these is to be purchased and 15 are to be leased. Based on the computed savings applicable to the representative IBM 7080 system, shown in Exhibit C, and on the planned monthly use as reported by the respective agencies to the Bureau of the Budget, estimated savings available through purchase, rather than lease, of the 15 IBM 7080 systems would be as shown in the following tabulation:

Estimated savings available to the Government through purchasing 15 IBM 7080 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		
Office of Secretary of Defense	Dayton, Ohio	550	3	$2,461,000	$945,000
Do	Battle Creek, Mich.	480	2¾	2,195,000	894,000
Department of the Air Force	Dayton, Ohio	400	2¼	1,663,000	792,000
Do	Ogden, Utah	450	2½	1,929,000	843,000
Do	Oklahoma City, Okla.	400	2¼	1,663,000	792,000
Do	Harrisburg, Pa.	400	2¼	1,663,000	792,000
Do	Mobile, Ala.	400	2¼	1,663,000	792,000
Do	San Antonio, Tex.	400	2¼	1,663,000	792,000
Do	Memphis, Tenn.	400	2¼	1,663,000	792,000
Department of the Army	St. Louis, Mo.	367	2	1,397,000	741,000
Department of the Navy	Harrisburg, Pa.	250	1½	865,000	639,000
Do	Washington, D.C.	220	1¼	599,000	588,000
Department of Health, Education, and Welfare.	Baltimore, Md.	442	2½	1,929,000	843,000
Do	Baltimore, Md.	372	2	1,397,000	741,000
Veterans Administration	Chicago, Ill.	380	2¼	1,663,000	792,000
Total				24,413,000	11,778,000

This tabulation shows that, through purchasing rather than leasing, estimated savings of $24,413,000 could be realized over an initial 5-year period of use and that there would be additional savings of $11,778,000 for each year of continued use past this period. If used for a total of 7 years, the purchase of the 15 systems would produce estimated savings of $47,969,000.

These projections of estimated savings applicable to the IBM 7090, 7094, and 7080 systems and similar projections applicable to 14 systems [2] of the remaining 16 involved in our study show that the possible total savings available over a 5-year period would approximate $148 million. These projections are summarized in exhibit A. For additional use after the initial 5-year period, there would be further savings at the rate of over $100 million a year.

These significant possible savings apply to only 523 of the approximately 1,000 systems that will be leased throughout the Federal Government by June 30, 1963. The full potential of the possible savings that could be realized through a management system that would give full recognition to these possibilities is difficult to estimate. However, we believe that the Government could save hundreds of millions of dollars in the next several years as a result of proper consideration of the financial benefits of purchasing and appropriate action, including the establishment of effective arrangements to promote the fullest, practicable utilization by all Federal agencies of data processing systems.

NEED TO CONSIDER SEPARATELY EACH COMPONENT FOR LEASE OR PURCHASE

The detailed cost comparisons of the 18 systems set forth in exhibit C demonstrate that each component of a system should be considered separately for lease

[2] Two of the systems (Burroughs B–5000 and Sperry Rand UNIVAC III) for which we made cost comparisons are new, and the Bureau of the Budget inventory report showed none of these two systems scheduled to be under lease by June 30, 1963.