

with the performance of the intelligence and war gaming functions. With respect to such applications, it is inconceivable that responsibility and authority for the determination of requirements and the use of electronic data processing equipment should be vested in an agency outside of the Department.

The vital role played by ADP equipment in the management and operation of Defense programs has caused the Secretary of Defense to establish controls over the selection, acquisition, operation, and utilization of such equipment throughout Defense. As prescribed by DOD instruction 5105.11, dated January 2, 1957, Subject: "Responsibility for Application of ADP Systems to Business Procedures," a senior policy official in each military department and agency has been designated to monitor the development of systems in this area. All requests for the acquisition of electronic computers for business data processing systems are submitted to the Office of the Secretary of Defense for review and approval. In the review and approval process, both at the military department and Office of the Secretary of Defense level, care is exercised to see that the need is valid and that it cannot be satisfied through use of an existing Defense installation. Procedures have been established to assure that all new computers are acquired on the basis of competitive bidding, in order that the most economical and effective alternative is followed in selecting from available ADP capability. A program of readiness reviews and performance evaluations has been used to monitor the management and utilization of these systems. Concern with the development of effective and economical data systems has resulted in DOD projects for standard procedures, codes, and programming techniques.

It is estimated that by June 30, 1963, over 800 computers will be installed supporting Defense programs—exclusive of tactical and classified applications. These electronic data processing systems cost approximately \$350 million in rental and supporting personnel. The size of this DOD program alone warrants close management surveillance by the Secretary of Defense. The integral part which these computers play in Defense managerial and operational systems makes this control a mandatory responsibility of the Secretary of Defense.

It is pointed out that electronic data processing equipment is now acquired from general schedules issued by the Administrator of General Services. The Department of Defense provides substantial technical support to the GSA in the execution of these contracts. The Department supports the continued use of GSA general schedules. Since GSA experience in this field is extremely limited (confined to 10 installations on a relatively small management application) it is assumed that the technical support rendered by DOD would still be required, and such support is assured.

With respect to the matter of lease versus purchase, this Department is in full support of the objectives of purchasing computers on the basis of maximum economic advantage to the Government and agrees that where technology in this field has become stable, substantial cost benefits may be achieved through more extensive purchasing of these equipments. In this respect, the military departments and defense agencies have been in the process of evaluating for the past several months the advantages of the various methods of acquisition; i.e., purchase, lease, or lease with option to purchase (on an item-by-item basis) for all installed equipment. This reappraisal is in consonance with DOD policies and BOB Circular A-54, and is scheduled for completion during May 1963.

In conclusion, performance of such responsibilities for the management of electronic data processing equipment by the Department of Defense is a prerequisite to the control of operating programs. Therefore, the Department opposes H.R. 5171 which would vest such responsibilities in another agency.

Sincerely,

JOHN T. McNAUGHTON.

