

given to permit the flexibility and latitude needed in national defense activities. The basic need, however, remains to assure favorable price and adequate service to the Government. To the degree that restrictions have been diminished, therefore, responsibility upon the executive branch of Government, which includes the Defense Establishment, has been increased. The danger, he said, is the natural desire for flexibility and speed in procurement will lead to excessive placement of contracts by negotiation and undue reliance upon large concerns, and this he said must not occur—it has and is.

The U.S. Government must become aware of the cost savings to the Government through increased competition in Government procurement of peripheral equipment for computer systems but this can never be accomplished unless all manufacturers, both independent peripheral manufacturers and computer manufacturers, are permitted to bid on any part of a large computer system required of the Federal Government.

The major computer firms offer the Government complete computer systems involving main frames, peripheries, software and maintenance for many different sizes, types, and ranges of applications. They sell equipment that is GSA listed, or at least in their announced product line; and, generally, peripherals or other types of input/output equipment manufactured by independents are very seldom made available to the Government by the computer manufacturer unless under severe duress or under threat of losing a major order or unless a particular input/output device, periphery or feature that is nonstandard, is added to their otherwise published line of equipment for a particular procurement or due to the competition in the market.

This practice raises the cost of procurement to the Government, provides less than an ideal solution to many problems for which the EDP system is intended to alleviate, since non-product-line peripherals are often not made available to the Government for many excuses, such as the difficulty of interfacing, maintenance and providing software for the nonproprietary periphery or nonstandard input/output device not carried in the computer manufacturer's price book, and tends to stifle competition which can be provided by the independent input/output and periphery manufacturer who often has superior equipment designed to do a specific job with such equipment readily available.

For example, Mr. Chairman, to illustrate this cost factor, I have prepared two illustrations, marked pages 6 and 7, which indicate the difference that could be saved if an independent had been allowed to bid and had won, from this illustration, the contract to furnish the memory and memory controller for the total computer system required of the Federal Government.

(The charts referred to follow:)