

3. Selection Factors.—

- (a) Two prime factors shall be considered in the selection of equipment.
 - (1) Its capability to fulfill the data system specifications, and
 - (2) Its overall costs, in terms of acquisition, preparation for use, and operation. The term "overall costs" shall be interpreted to include such costs as personnel, purchase price and rentals, maintenance of purchased equipment; site preparation and installation, programing, and training.
- (b) Other factors to be considered in determining the advantages of a particular equipment in satisfying DOD needs include:
 - (1) Existence of the equipment in production model, or at least in an operational prototype;
 - (2) Reliability of the equipment where available through operating experience at other installations (determination of unreliability should be factually supported).
 - (3) Performance of the equipment where simulated (bench mark) problems are used as an additional means of comparison and evaluation;
 - (4) Manufacturers' services offered such as:
 - (a) Programing aids and assistance, including such items as Cobol (common business oriented language) or algebraic compilers, executive routines, etc.
 - (b) Maintenance service, and
 - (c) Ability to meet required delivery schedules, both for hardware and "soft ware".
 - (d) Cobol—Selection of electronic digital computers for business applications will be limited to those computers for which Cobol compilers are available, unless it has been determined by the senior ADP policy official that the intended use of a particular computer would not benefit from the availability of a Cobol compiler. This limitation applies to all computers with internally stored program capability which exceeds \$2,500 in listed monthly rental charges for the main frame.

B. Acquisition criteria.—

1. The method of acquiring ADPE will be determined after careful consideration of the relative merits of all methods available (i. e., purchase, lease, or lease-with option-to-purchase). The method chosen will be that which offers the greatest advantage to the government under the circumstances which pertain to each situation. In this connection, the following guidelines as specified in reference (c) will be taken into account:

- (a) The purchase method is preferred when all of the following conditions exist:
 - (1) The system study which preceded the selection of the equipment has established a reasonable expectance that the ADPE under consideration can be successfully and advantageously used.
 - (2) A comparative cost analysis of the alternative methods of acquisition indicates that a cost advantage can be obtained by the purchase method in 6 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 allowance quoted by manufacturers may be used as a representation of the residual value.
 - (3) The capabilities of the ADPE 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 advantages 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.
- (b) The lease-with-option-to-purchase method is indicated when it is necessary or advantageous to proceed with the acquisition of the equipment that