

SUBJECT: IBM Electronic Data Processing
Machines.

TO: Chief, Office of
Operations

FROM: Consultant DATE: 13 May 52 COMMENT NO. 2

1. I understand that the rental cost of the two IBM sets contemplated would be approximately \$35,000 per month for a single shift operation (presumably 40 hours per week). Rental cost for 2-shift operation would be 50% more. Furthermore, I understand that the minimum-length contract would be 9 months, with a 3-months' notice required in advance of termination. The amount of money involved is therefore very considerable and unless we can get these IBM equipments soon, have urgent need for them, and can put them into use before our own developments (ATLAS, ABNER) become available, there is some doubt in my mind as to the wisdom of getting them.

2. Another question is that concerning the air-conditioned space required for satisfactory operation of the IBM equipments. Paragraph 4 of Comment No. 1 refers to this point but does not indicate whether it has been investigated to insure that the space allotted can be air-conditioned and how much that will cost. I think this is important and should be ironed out before placing a contract with IBM.

3. In view of the acute shortage of space at AHS, I am wondering how it comes about that Mr. Highley can commit the amount of space indicated in paragraph 3 of Comment No. 1, but assume that this point has been fully coordinated with your space-control unit. In this connection, is it advisable to look into the question whether space for the IBM equipments could not be obtained at NSC by abandoning ALCATRAZ?

4. In view of my comments above, I am sending the proposed letter to IBM to you for your comment and/or concurrence. I think we should be quite sure that we should or must have the IBM equipments before going into an expensive deal of this sort.

1 Incl
Proposed ltr to IBM

WILLIAM F. FRIEDMAN
Consultant