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Digital Computer Laboratory
Massachusetts Institute of Technology
Cambridge, Massachusetts

SUBJECT: Discussion of contract status with IBM

To: J. W. Forrester

From: Arthur Kromer

Dated: October 17, 1952

The meeting was held on October 16, 1952 in the New York Offices of IBM to discuss two principal items:

1. The background regarding recent discussion concerning possible use of 701 computer in University of Michigan ACDS system and
2. The present status of negotiations regarding a contract for IBM to work with MIT on Project Lincoln (WWII)

Present: From IBM -- Messrs. Zollinger, Birkenstock, McElwain, Marcy, Dolph (part time)

From MIT -- Messrs. Forrester and Kromer

Mr. Forrester opened the meeting and outlined the background surrounding the original concept and recent evolution of the ACDS system being developed by the University of Michigan. This project appears at this time to be in an early stage of planning on paper. In view of this it is his opinion that no Air Force production contract will be placed in the near future.

In the interest of gathering the fullest possible background so that confusion resulting from misunderstanding of rumors may be dispelled, Mr. Forrester asked Mr. Birkenstock to review his discussion with General Yates regarding the use of the IBM 701 Computer in an Air Defense system. Mr. Birkenstock said that several weeks ago, during a meeting with General Yates regarding the BDHSA project on which IBM is working, the General brought up the matter of Air Defense and expressed great concern over the apparent slowness of the work in this field at both University of Michigan and MIT. Mr. Birkenstock reviewed, with the General, the discussions that had taken place up to that time between IBM and MIT. These discussions had included plans for a study of the possible use of the 701 Computer in the Cape Cod experiment. This was in line with the General's expressed desire to have the Universities try and pick equipment which industry has presently available and apply it to the Air Defense problem.

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Following this discussion, General Yates extended an invitation to Mr. Birkenstock to attend the Truro and Willow Run demonstrations. Mr. Birkenstock was unable to attend the Truro session but he did attend the Willow Run session. Mr. Zollinger was present at both demonstrations.

At Willow Run, General Yates requested the University of Michigan group to visit IBM to learn more about the 701 Computer and to evaluate its possible use in the ACIS system. A few days later General Yates called Mr. Birkenstock and inquired whether the Michigan people had, as yet, visited IBM. Mr. Birkenstock stated that Michigan had not contacted them up to that moment. Later that day, however, the Michigan people called Birkenstock and a meeting was set for October 13th, at IBM, Poughkeepsie. Upon conclusion of this visit, the University of Michigan people did not offer any opinion or comment to IBM regarding the 701 Computer and its use in the ACIS system.

At the Willow Run meeting, when the subject of the use of the 701 Computer was under discussion, Mr. Birkenstock advised General Yates that IBM would make this machine available to any Air Defense system in which it would be helpful.

Mr. Forrester expressed concern over the possibility of IBM being involved in both the Lincoln and Michigan projects simultaneously. The magnitude of both might well be such as to overextend IBM's engineering manpower and facilities and thus both projects might suffer. Mr. Birkenstock replied that this was well recognized, but it was the feeling that for policy reasons, IBM could not refuse to furnish a 701 machine to Michigan. However, they intended to clearly outline to both Michigan and the Air Force that IBM could only provide limited manpower to work on the adaptation of the 701 to the ACIS system; i.e., design of terminal equipment. Mr. Birkenstock cited a figure of 50 men for this work as compared with 300 men for Project Lincoln. He felt that such a stipulation would adequately protect IBM's previous decision to put their major effort on the Lincoln Air Defense Project. Mr. Forrester disagreed with him on this latter point but acknowledged that IBM could not refuse to make the 701 machine available to Michigan, and the problem of distribution of their staff was, in fact, an IBM matter.

The other subject discussed was the status of the negotiations at AFCRC to contract with IBM to work on Project Lincoln. Mr. Forrester pointed out that the past few days discussions between MIT and AFCRC people have indicated that an early prime contract of the form originally contemplated was unlikely. The contracting people at AFCRC feel that IBM cannot be justified as the "sole source" for this work at this time. There are several possible alternatives that have been discussed however. These are:

- (1) Air Force to secure formal alternate proposals from other possible sources following which the contract award would be made based on an evaluation of the proposals and the companies that submit them.

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- (2) Air Force could place an initial contract (covering a three-month to one year period) with IBM on a "sole source" basis with the stipulation that at the end of the period of time covered by this contract, alternate proposals from other sources could be obtained covering the continuation of the work.
- (3) Lincoln Laboratory could place a subcontract with IBM (covering a three month to one year period) after which the Air Force could take up the work under a prime contract.

It was indicated by Mr. Birkenstock that IBM preferred a prime contract from the Air Force right from the start. He said that, based on previous experience on other Air Force contracts, he felt it should be possible for AFCRC contract people to place a letter of intent on IBM on the basis of the survey of several companies that was made by MIT last summer. In addition, he suggested a visit by Air Force people to IBM so that they might form their own opinion to supplement MIT's recommendation. Mr. Birkenstock further suggested that a meeting with AFCRC people and himself be arranged so that he might present the background of their experience on other contracts to them and attempt to convince them to go ahead with issuance of a prime contract to IBM.

Mr. Forrester agreed with Mr. Birkenstock regarding this action but asked him to defer contacting AFCRC until he had returned to Cambridge and checked on the latest developments, after which Forrester would call him.

All parties agreed that there was a real risk in the third alternative for, at a later date, a larger number of people would be involved and a delay at that time in converting a Lincoln subcontract into an Air Force prime contract would be even more serious than a delay at present.

Mr. Zollinger presented his latest draft of IBM's proposal letter which embodies all previous comments. This has been approved by all necessary IBM departments and is now ready to be discussed with the Air Force.


Arthur P. Kromer

APK/jb

cc: A. G. Hill
G. E. Valley
J. Sheetz

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