

In reply refer to:
M-C 8 1890-408
MSO (HEVN:rfr)

MEMORANDUM for Associate Administrator

Subject: Eligibility of General Electric and Western Electric
for IMCC Implementation Contract

1. It is the purpose of this memorandum to present our views on the eligibility of General Electric and Western Electric as contractors for the IMCC. The Procurement Plan for this facility should reach your Office concurrent with this memorandum.
2. As you are aware, the IMCC will be a very complex facility. In addition, it is "time-critical" to our Gemini and Apollo Programs. Therefore, in order to reduce Industry efforts in preparing proposals for this facility to those companies whose demonstrated capabilities indicate their ability to perform satisfactorily if selected, a criteria for eligibility to bid was sent in August of this year to every company considered qualified. On the basis of responses, ten companies are considered qualified to bid. General Electric is one of the ten. In addition, three of the companies who also are considered qualified to bid as prime contractor - IBM, Bendix, Lockheed Aircraft Corporation - state that Western Electric would be a subcontractor to them.
3. This Office considers the eligibility of General Electric and Western Electric to be as follows:

- a. Western Electric - Western Electric has stated in a letter to the Manned Spacecraft Center that they do not plan to bid as a prime. Their letter made no statement regarding their role as a subcontractor. However, the three companies mentioned above do list them as a subcontractor. This Office has learned that Western Electric has made no commitment to these potential prime contractors until Western Electric has had an opportunity to review the RFP. In particular, a letter from Western Electric to IBM explicitly states that they will make no commitment until they have been able to determine the extent of the job and its relationship to other ATOT commitments.

This Office considers that Western Electric is in a unique position in the nation with respect to long-line equipment and communications experience in depth. This type of equipment and capability are very necessary to successful manned space flight operations. Therefore, it is recommended that Western Electric be permitted to bid as a subcontractor, provided their participation is limited to the general area of long-line communications and the operations of these long-lines. The position of the National Aeronautics and Space Administration should be made known to Western Electric and to any potential prime contractor who would utilize them as a subcontractor.

b. General Electric - General Electric is considered qualified to be a prime contractor for the IMCC, although only marginally so due to their limited past experience in the areas of work involved.

Under their contract to assist this Office in the area of integration and check-out, there have been several instances in which General Electric may have had access to information which would provide some competitive advantage. These include a presentation to them on the general concept of the IMCC (which was given, as well, at a separate conference which Belcom personnel attended). They also may have had casual access to reports and information concerning the IMCC as its concept was developed in their contacts within the MSC and CMSF. This consideration is not in this case to be such as to dictate eliminating General Electric from the competition.

The disadvantages in an award to General Electric of this contract may be summarized as follows:

- (1). If General Electric were awarded the IMCC contract, the National Aeronautics and Space Administration would find itself in the position of having the General Electric IMCC effort monitored in the area of both ground and inflight check-out and reliability by General Electric as the National Aeronautics and Space Administration Integration contractor. Thus, in these areas General Electric could be considered as monitoring themselves, although under National Aeronautics and Space Administration control and guidance.

(2) It is expected that the IMCC Contract would be assigned to the same division of General Electric as our present integration contract, thus adversely affecting the manpower build-up on the existing General Electric integration effort.

(3) The award of this contract to General Electric would complicate and might damage the contractor and Center relationships laboriously developed during the past six months.

Although there are certain real disadvantages in having General Electric bid on the IMCC Contract, there do not appear to be sufficient clear-cut reasons to exclude them.

It is recommended that the above facts be made known to General Electric and that it be pointed out that these factors will be considered in evaluating their proposal.

4. One further point is worthy of mention. Philco has developed the over-all general concept for the IMCC and, therefore, of all potential contractors, is in a favored position as far as advanced knowledge of the IMCC is concerned. It is planned to allow Philco to bid on the facility. It is also planned to make available, to all bidders, copies of the Philco reports on their work on the concept on the IMCC.

5. If possible, we would appreciate your concurrence in or suggested changes to this approach at the time you review this procurement plan.

D. Brainerd Holmes
Director of Manned Space Flight

Concurrence: _____
(AA - Seamans)