

Saltzer

GENERAL ELECTRIC COMPANY

CAMBRIDGE
INFORMATION
SYSTEMS
LABORATORY

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DATE: SEPTEMBER 11, 1969

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FROM: C. T. CLINGEN

SUBJECT: MULTICS SERVICE ALTERNATIVES PROPOSED AT 9/10/69 MEETING AT MIT

The following items were defined, in the 9/10/69 meeting attended by the above addressees, as a basis for an MIT/GE equipment rental agreement for the Multics service offering.

1. A three-year obligation to provide a Multics service is desirable and feasible for both MIT and GE.
2. Payment to GE towards the cost of the GE 645 system hardware might be made according to one of the two alternative plans:
 - A. One-third of the basic monthly rental of all equipment plus full maintenance charges would be paid to GE over the three-year term of the agreement. One-half of any revenue exceeding the one-third monthly rental and maintenance costs would be paid to GE. New equipment added to the configuration would be billed at 80% of list rental price.
 - B. Monthly rental for installed equipment would be billed according to the following schedule:

<u>Period</u>	<u>Portion of Full List Price Billed to MIT</u>
1st year	1/4
2nd year	3/8
3rd year	5/8

B. (Continued)

Full equipment maintenance would be paid. One-half of all monthly revenue exceeding billed monthly equipment rental plus maintenance costs would be paid to GE.

Future add-ons would be billed at the rate applicable to the remainder of the system (according to the above schedule) when the new add-on is installed.

3. In both plans A and B it was agreed that the percentage of the revenue exceeding equipment rental and maintenance costs, to be paid to GE, is subject to some negotiation.
4. Final details of the full hardware configuration need to be firmed up.
5. Subject to further study, it was agreed that single-shift hardware maintenance to be scheduled at other than prime shift time should be achieved.
6. A preliminary estimate of 15 guaranteed lines (consuming not more than 75,000 console hours per year) would be provided free by the Information Processing Center to MAC and GE in the ratio of 2:1 for the purpose of further software development.
7. A billing rate to the user community would be established such that 80% of the list rental of installed equipment plus full equipment maintenance charges plus operating costs would be recovered when the system is loaded to the level of 200,000 console hours per year by paying users.
8. Although the MIT service offering of Multics will begin on 10/1/69, the "current" contractual agreement might remain in force until as late as 1/1/70. However, every attempt will be made to change to the new agreement by 10/1/69.
9. The MIT attendees agreed that an initial written response to GE would be forthcoming from MIT in about one week from the date of the meeting. It is planned that a mutually-agreeable proposal be ready for presentation on 9/23/69 to the MIT Information Processing Board.

= 17,000 hr/yr
= 50 console hr
340 hr/yr



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