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File 07017  
68 - Feb. 1

NPIC/TSSG-24/68  
30 January 1968

# Copy for

# [Redacted Box]

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MEMORANDUM FOR: Director, NPIC  
SUBJECT: Request for Approval of Overruns

1. This memorandum contains a recommendation in paragraph 4 for your approval.

2. Three contracts between NPIC and the [Redacted Box] are now in an overrun status. It is our judgment that the overrun status of these contracts are the result of poor management on the part of [Redacted Box]. It should be noted that all three of these contracts have been the efforts of the same division and that at about the time the overruns were announced, [Redacted Box] imposed a change of management in this division.

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3. A description of each contract and some background information is provided below:

[Redacted Box]

This contract is for design and fabrication of an operational prototype Automated Stereo Scanner which will provide automatic stereoscopic registration (superimposition), as the photo interpreter moves from one image (target) to another on the film roll, despite the inherent geometrical distortions always present in the photography. This is not possible using any present equipment. Current photographic reconnaissance involves, at considerable expense, collection of imagery in stereo. Exploitation units like NPIC, scan quickly only in mono. We need to know the value of being able to do quick scan in stereo, but will not know until we have the [Redacted Box] scanning device in hand for testing.

[Redacted Box] technical performance of this contract has been sufficiently strong to assure us that the stereo-scanner development can be brought to a successful conclusion, resulting in a device which will meet this Center's needs for assessing the actual value of rapid stereoscopic film scanning. Delivery of the item can be expected around the end of calendar year 1968. Evaluation of the scanner and its use as a testing device are programmed to begin immediately upon its arrival at NPIC.

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This contract was awarded to [redacted] because of the very successful completion of a breadboard study to prove the feasibility of accomplishing automatic stereo registration using optical and electronic equipment. Under this study an Electronic Registration Optical Stereoscope was developed by [redacted] and it is now being utilized in this contract as a test bed to evaluate individual components and subsystems for subsequent inclusion in the Stereo Scanner.

The possibility of transferring this project to a different contractor is practically nil. [redacted] occupies a pre-eminent technical position as a result of past experience in this highly specialized field. Even if possible technically, the development costs with a different contractor would be much higher as [redacted] has already completed Phase I, the design phase of the contract, at a cost of [redacted] and much of this work would have to be re-surveyed and re-evaluated by any other contractor attempting to take over the contract.

Additionally, the basic stereo correlation unit being developed by [redacted] under this contract will be utilized by [redacted] of [redacted] sub-contract for the High Precision Stereo Comparator they are building for NPIC. Cancellation of this contract could increase the cost of the [redacted] Stereo Comparator by increasing the developmental and fabrication cost of the correlation unit that will be obtained under sub-contract from [redacted].

The original cost for Phase II of this contract was [redacted]. Under the terms of the contract a "cost-to-complete" and final delivery schedule is required at the end of the first six months of Phase II. The Contractor has not furnished these figures which show an overrun of [redacted]. This amount is attributed by the contractor to increase in burden rates both OH and GSA. The remainder is an increase in all areas of engineering, design and drafting, photogrammetric programming and project management cost, resulting from underestimates of the technical complexities involved in performance of the work. The Contractor has been directed to continue work on this program. Present funding will carry the contract through March 1968.

b. [redacted]

This contract is for design and fabrication of a Rapid-Access Enlarging Printer/Viewer which through the utilization of its proprietary [redacted] Diffusion Transfer Material Process will permit the photo interpreter to make enlargements immediately from the film roll without the necessity of sending the film to the photo.

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laboratory for processing. This permits immediate informal briefings for higher authorities by the photo interpreter while the original film is still at hand for reference without the delay normally associated with photo laboratory processing.

The original cost for this contract was [redacted] At the end of September, Contractor personnel gave a briefing on the status of this contract which revealed that costs of [redacted] had already been incurred as of 2 September 1967 and that a total overrun of [redacted] was required for completion. The Contractor was verbally instructed to stop work. As in the first contract, a part of the overrun costs was attributed to increase in burden rates. The remainder is an increase in engineering, design and drafting and fabrication costs. Also material costs have increased by approximately two and one-half times over the original estimates. These increases resulted from admittedly bad labor and material estimates [redacted]

[redacted] technical performance to date on this development indicates that there will be no risk involved in obtaining a satisfactory enlarging printer/viewer at the completion of this effort.

c. [redacted]

This contract is for two automatic Rapid Production Viewgraph-makers which were to be produced by modifying two standard [redacted] Platensters utilizing their proprietary Arken Diffusion Transfer Material process. This equipment will provide a means for preparing special purpose viewgraphs on a quick reaction basis. Currently viewgraphs must be prepared by the photo laboratory with a copy camera or photographic printer using standard photographic processes with the resultant delay in time.

The original cost for this contract was [redacted] At the end of September, Contractor personnel gave a briefing on the status of this contract which revealed that costs of [redacted] has been incurred as of 29 September 1967 and that a total overrun of [redacted] was required for completion. The Contractor was verbally instructed to stop work. As in the previous contracts, a part of the overrun costs was attributed to increases in burden rates. The remainder is an increase in engineering, design and drafting costs. While material costs are down, overall labor costs have increased by approximately 70%. The Contractor has admitted that he badly underestimated the technical difficulties of modifications to a standard product.

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In spite of the contractor's management mishandling of this effort, technical progress to date has been satisfactory. With the increased funding it is anticipated that the contract will result in the delivery of equipment which will meet the specifications originally laid down by the Center.

4. The requirements which initially prompted the R&D efforts on these three projects are still valid. This fact, coupled with the inadvisability of transferring the projects to another company to complete, lead us to recommend to you the approval of these overruns. This recommendation assumes that every effort will be undertaken by the Office of Logistics to negotiate [redacted] stated overruns to a lower figure.

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5. We have been assured by the DDI Planning Officer that the approval of these overruns is within your authority since they do not represent a change in scope or an increase in NPIC's total R&D funds.

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[redacted]

Chief, Technical Services & Support Group, NPIC

[redacted]

APPROVED:

ARTHUR C. LUNDAHL  
Director

31 JAN 1968  
Date

National Photographic Interpretation Center

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