



October 2, 1986

STAT



Dear

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Based on our conversation of 9/29, I felt you should have some details relating to continued maintenance and extended support under our software agreement.

First, by extending your maintenance for one year prior to 12-31-86, you will save \$1,600. The cost increases from \$30,400 to \$32,000 as of January 1, 1987. Since you are not permitted to pay in advance for multi-year procurements, this saving can't be factored forward.

The question of extended support becomes a higher priority issue since the present available contract funds cannot be carried beyond. I have used the actual on-site days during the past 8 months as a basis for calculating the next 12 months' needs. Based on the fact that this comes to 69 days, I have the following proposal for your consideration.

We offer a 70 day extended support package for a cost of \$70,000 plus reasonable travel expenses (defined under our present contract). The period of support would be 10/1/86 through 9/30/87, and would include the same type of extended support that you have received under the present contract. We will, by separate letter, agree to extend that period for any unused support days for an additional six months.

This extended support package represents a considerable savings when compared to the present daily rate.

For planning purposes, we estimate that the days will be required as follows:

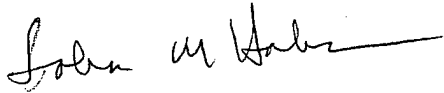
Technical	6
Acct Payable	10
Purchasing	20
Manufacturing	<u>34</u>
TOTAL	70

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As MSA's Project Coordinator for the C.I.A., I will be available as you require during the extended support period. We can develop a mutually agreeable schedule on a quarterly basis that considers for my present commitments to other clients and planned classroom training days.

Very truly yours,



John M. Holmes

JMH/js

cc:

