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Big U.S. Computer Deal for A.T.&T.

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The National Security Agency chose the American Telephone and Telegraph Company yesterday to supply it with up to \$946 million in minicomputers and services for a new, classified project.

The contract appeared to be one of the largest for the purchase of sophisticated computer systems by the intelligence community. Officials of the N.S.A., the largest and most secretive intelligence agency in the United States, did not say how the computers would be used. But industry sources and intelligence analysts suggested that the N.S.A. would deploy the machines at its headquarters in Fort Meade, Md., and in field offices around the world and would use them to help encode and decode data flowing through the Government's communication networks.

A spokesman for the N.S.A., Mike Levin, said yesterday that the machines were for a "new purpose" and would involve "many units, spread out over a number of places." A.T.&T. said that the contract extended through 1988, and sources indicated that it called for up to 250 of A.T.&T.'s most advanced 3B line of super-minicomputers.

The award seemed a major victory for A.T.&T., which began commercial sales of its computers less than two years ago and has been unable to make significant inroads against the International Business Machines Corporation, the Digital Equipment Corporation and other competitors. I.B.M. said yesterday that it had bid on the N.S.A. project, and it appeared that many makers of minicomputers

— mid-sized machines used for a variety of scientific and office automation tasks — had also bid.

It appeared unlikely, however, that the selection of A.T.&T. would greatly aid the company's efforts to win acceptance of its computers in corporate environments.

Still, the award brought jubilation to A.T.&T.'s executive offices because it was an endorsement of the computer technology the telephone giant developed years ago for the switching systems used by local Bell operating companies. In a statement, Warren Corgan, vice president of A.T.&T.'s Federal Systems division, said, "We intend to demonstrate that the confidence in us was deserved."

A.T.&T. said that the 3B machines would be manufactured in Oklahoma City and that the N.S.A. project would be managed by Federal Systems, which is based in Greensboro, N.C. The contract limits the N.S.A.'s expenditures to \$946 million, including several options, but officials expect most of the options to be exercised.

Campaign Against Eavesdropping

The awarding of the contract comes at a time when the Reagan Administration is greatly stepping up its efforts to prevent the Soviet bloc from eavesdropping on sensitive Government and private industry data. Under a directive signed by President Reagan last fall, the N.S.A. was designated the "national focal point for communications security requirements and funding."

Three months ago, A.T.&T. was one of three companies authorized to produce a new kind of secure telephone that officials hope will end the interception of many international

and corporation telephone calls, involving both voice and data. But yesterday's contract seemed unrelated to the telephone project.

N.S.A., part of the Department of Defense, has an annual budget estimated at \$4 billion. The agency carries a dual mission: to collect electronic intelligence around the world, usually by monitoring data transmissions, and to shield United States communications from foreign powers.

Suited for Encoding and Decoding

Analysts doubted that the A.T.&T. machines would play a large role in the first task. Interpreting the data intercepted from satellites requires a huge amount of memory and processing power, and the tasks are believed to be reserved to mainframes and supercomputers deep within the agency's complex outside of Washington.

But the machines seem well suited to the task of encoding and decoding data, which requires both the processing speed of the 32-bit minicomputers and the ability to reprogram quickly and easily. A.T.&T.'s line uses an operating system called Unix, developed by Bell Laboratories, that has been widely used in scientific laboratories and university campuses. Computer experts say it lends itself to the kind of work N.S.A. officials are believed to demand.

Mr. Levin said yesterday that "what we are really doing is establishing a standard, so that we can use a standardized device in a number of places."