

COPY

February 21, 1962

Mr. F. R. Kappel
President
American Telephone and Telegraph Company
195 Broadway
New York 7, New York

Dear Mr. Kappel:

As you know, the National Aeronautics and Space Administration is primarily responsible for the nation's space exploration program, including manned space flight. Our mission in the manned space flight field during the present decade extends from earth-orbital flights of short duration to lunar exploration involving the landing of men on the moon and their safe return to earth. It will require not only the rapid solution of some of the most complex technological problems ever faced but also, from the management side, the efficient and effective coordination of a large number of separate organizations in the industrial, university, and governmental sectors.

In carrying out this unprecedented task, NASA could be greatly assisted, I believe, by utilizing the resources and experience of an organization such as the Bell System. The job of coordinating a world-wide communications network must have presented many of the same kinds of system planning, engineering, and integration problems, on a very large scale, that we expect to encounter in carrying out the nation's program of manned space exploration.

It would be a public service of the very first order of importance if the Bell System would undertake to assist NASA in this work by providing an organization of experienced men capable of giving the responsible NASA officials the benefit of the most advanced analytical procedures and the factual basis they need to make the wide range of system engineering decisions required for the successful execution of the manned space flight mission. My view at this time is that such an organization should be under the guidance of the senior

officials of the American Telephone and Telegraph Company, the parent organization of the Bell System, and that it should be able to utilize the talents and experience of the Bell Telephone Laboratories, Western Electric Company, and other associated companies. The form of corporate organization to be employed for such a task should be so arranged as to maximize those features which will make for efficient and effective operation, and we would have no objection to the establishment of a separate subsidiary corporation to do the job. After a study of the work contemplated, and the alternatives available, a cost-plus-a-fixed-fee contract appears to us to be the appropriate basis for defining the business relationships and the respective rights and obligations of NASA and such an organization. The fee would, of course, provide a reasonable profit for the services performed.

I know you understand that any such arrangement can in no way impair NASA's direct responsibility for all decisions in the planning, engineering, and procurement areas. There will be no delegation of such responsibility to a non-government organization. What we are seeking is not a means of diluting the responsibility or authority of NASA's appropriate officials, but rather the most skilled and experienced assistance available to enable us to exercise that responsibility and authority in the most effective manner.

I am sure that you and your associates in the Bell System are fully aware of the importance of the manned space flight program to our Nation. I hope that your organization will find it possible to assist in accomplishing this mission by participating with us in the way I have indicated in this letter.

Sincerely yours,

James E. Webb
Administrator