

### 12.1.3 Capital Costs

Strategy A is the recommended strategy for the Passport Office. Its objectives are essentially the same as those for Strategy B, but the action plan makes it more apparent to all concerned that the PPO has decided on its goals and is planning to achieve them in a timely manner. In addition, given the pace of change both in technology as well as in world politics, the PPO will be able to meet anticipated needs and provide additional services sooner with Strategy A. Also, cash flow may be greater with Strategy A, but only by concentrating expenditures in 4 years vs. 5-6 years. Overall costs of Strategy B may in fact be higher overall, due to the need to prolong and support present technologies while implementing imaging alternatives.

It was beyond the time availability of this study to cost out the complete operational costs for the alternatives derived. Costs of computer systems to implement the recommended new approaches have been provided in section 11.2, and suggested scheduling and milestone charts have been presented earlier in this section. These have been combined here in Chart 1 on the next page, which shows how capital expenditure cash flows may occur over the next several years. Strategy A is used as the basis for this chart, with some costs extended to year 5 to realistically include some installations overseas and the like.

The material in the chart should be treated as suggestive only, for two reasons. Firstly, in this complex area, no precise attempt could be made to configure and size a true system implementation to meet the needs of the PPO. Although the estimates provided are carefully developed, there is still the possibility of error which is particularly dangerous if on the low side. This concern may be balanced, however, by the fact that since imaging is an emerging technology destined to be a very significant one for the 90's, it will also experience dramatic price reductions and competitive availability from major suppliers. As a result, the costs shown may indeed be conservative.