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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

12 Nov 97

**MEMORANDUM FOR:** SURGEON GENERAL OF THE ARMY  
SURGEON GENERAL OF THE NAVY  
SURGEON GENERAL OF THE AIR FORCE

**SUBJECT:** Military Health Services System (MHSS) Information Technology Leasing Policy

In March 1997, the Military Health Services System (MHSS) Information Management Proponent Committee was briefed and concurred that the MHSS will lease its IM/IT assets (hardware, software, peripherals, and limited service) for non-combat units. This policy is effective the date of this memorandum. The Service Chief Information Officers will be responsible for strategic implementation of this policy. The MHSS will use best leasing business practices from the commercial sector, such as the centralization of leasing activities and enterprise-wide lease order bundling, to generate volume discounts on all IM/IT leases. Exceptions to this IM/IT Leasing Policy will be granted on a case-by-case basis to ensure military medical readiness is not adversely impacted.

Leasing is a cost-effective method for long-term management of MHSS IM/IT assets and capital expenditures. It will provide the MHSS enterprise with predictable IM/IT funding forecasts, while simultaneously increasing the quality, quantity, and speed with which we can moderate the footprint of critical IM/IT products and services throughout the military medical community. Leasing will provide the MHSS with more timely, orderly, cost-effective, and risk-free technology refreshments, mitigating the technology obsolescence risks we currently face in a number of areas. Finally, leasing will allow us to consolidate the acquisition of IM/IT products and services such as asset management and maintenance at a cost-effective price.

As a stepping stone toward fee for service management, we will establish a centralized leasing center for the MHSS to disseminate policies, procedures, and a web-based market place in a true electronic data interchange (EDI) format to process MHSS IM/IT leasing orders. The center will also provide asset management and problem resolution. These steps will maximize benefits today and ensure the timely, orderly, and cost-effective execution of the MHSS IM/IT Plan over the next several years.

*Edward D. Martin*

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[\[Top\]](#)

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