

## Notice of Intent to Certify Sole Source

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**To:** Interested Parties

**From:** Craig P. Orgeron, Ph.D.

**CC:** ITS Project Number 45497

**Date:** March 24, 2020

**Re:** Sole Source Certification Number 4277 for Capsule Tech, Inc. SmartLinx system equipment and services for the University of Mississippi Medical Center (UMMC)

**Contact Name:** Jill Chastant

**Contact Phone Number:** 601-432-8214

**Contact E-mail Address:** [Jill.Chastant@its.ms.gov](mailto:Jill.Chastant@its.ms.gov)

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### **Sole Source Certification Award Details**

Regarding Information Technology Services (ITS) Sole Source Certification Number 4277 for the University of Mississippi Medical Center (UMMC), please be advised that ITS intends to award Capsule Tech, Inc., as the sole source provider of Capsule Tech, Inc. SmartLinx system equipment and services through June 30, 2022, in an amount not-to-exceed \$329,085.12. Please be advised that ITS will determine if additional equipment and services are within scope during the certification period and may increase the spending authority accordingly. Should Capsule Tech, Inc. change their name during this certification period, then ITS will determine if a recertification is necessary. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

### **Sole Source Criteria**

1. The product or services being purchased must perform a function for which no other product or source of services exist:

**Capsule's SmartLinx Medical Device Information System, the industry's first medical device information system, sets the new industry standard for applying medical device integration technology to help improve the delivery of patient care. It is a powerful, vendor-neutral data management solution that ties together the medical devices into a unified system that not only captures and distributes patient clinical data, but also makes available operational data about the devices themselves. The Capsule DataCaptor medical device integration software interfaces medical device data into UMMC's current Electronic Health Records software, EPIC. These devices allow the maximization of data through analytics, as well as all-in-one vital signs monitoring, documentation, and connectivity with**

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**EPIC. The customer's sole source certification request is included as Attachment A.**

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

**Capsule Tech, Inc. allows continued use and support of the existing Capsule DataCaptor medical device integration software. The SmartLinx devices are the only ones that work with the Capsule DataCaptor medical device integration software. Additional equipment is needed to integrate data from medical devices into EPIC. Specifically, the integration of:**

- **Ventilators and anesthesia machines for the Batson Children's Hospital expansion**
- **Ventilators for the adult Intensive Care Units (ICU)**
- **Dialysis machines at the Jackson Medical Mall and the main campus**
- **Anesthesia machines at the Grenada campus and the main campus**
- **Ventilators at the Grenada campus**

**The customer's sole source certification request is included as Attachment A.**

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

**Capsule Tech, Inc. is the sole source provider in the United States for these products. These products are proprietary to Capsule Tech, Inc. and its affiliate, Capsule Technologies. Capsule Tech, Inc. is the only seller of the Capsule products for implementation with the EPIC system. The vendor's sole source certification letter is included as Attachment B.**

4. Explain why the amount to be expended for the services is reasonable:

**In September of 2009, UMMC entered into a contract with Capsule for the purchase of the DataCaptor solutions (predecessor to the SmartLinx product) and associated support. In July 2011, UMMC switched to an enterprise license arrangement, as the enterprise license led to a cost savings for UMMC.**

5. Explain what your agency did to obtain the best possible price for the services:

**UMMC asked about a negotiated pricing, but pricing is not negotiable. The services include 24/7 maintenance and support services and software updates, for which Capsule is the sole source.**

#### **Schedule**

<b>Task</b>	<b>Date</b>
First Advertisement Date	03/24/20
Second Advertisement Date	03/31/20
Response Deadline From Objectors	04/07/20, at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 04/08/20

## **Project Details**

UMMC issued a Request for Proposals for the acquisition of ancillary systems, technology, and services pertaining to Indirect Patient Care, with Capsule Tech, Inc. being the awarded vendor. Capsule and UMMC entered into a DataCaptor Solution License Agreement dated September 14, 2009, for the predecessor product to the SmartLinx Software, known as the DataCaptor Solution. Although the licenses granted under the prior Agreement are perpetual, UMMC made a business decision to enter into a new Agreement to purchase licenses and hardware for new facilities not covered under the prior Agreement and to receive support from Capsule of the licenses purchased under the prior Agreement. In July 2011, UMMC switched to an enterprise license arrangement, as the enterprise license led to a costs savings for UMMC. The Agreement allows UMMC to continue with license and support of the Capsule SmartLinx device integration software at the Jackson and Grenada facilities. It allows UMMC to purchase Capsule SmartLinx device integration software, hardware, support, maintenance, and professional services. In August 2017, ITS issued Sole Source Certification Number 4016 to upgrade 50 SmartLinx devices at a cost of \$64,999.00. In July of 2018, ITS issued Sole Source Certification Number 4123 to upgrade 90 SmartLinx devices at a cost of \$142,475.00. In December 2018, ITS issued Sole Source Certification Number 4149 for device upgrades and warranty at a cost of \$534,815.00. The amount paid to Capsule Tech, Inc. to date is \$2,041,272.72.

UMMC desires to purchase SmartLinx system equipment maintenance through June 30, 2022. UMMC needs the requested SmartLink system equipment to integrate dialysis machines with the EPIC system. The items are also needed to integrate with ventilators and anesthesia machines for the Batson Children's hospital expansion.

## **Submission Instructions and Format of Response from Objecting Parties**

Interested parties who have reason to believe that the Capsule Tech, Inc. SmartLinx system equipment and services should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to Capsule Tech, Inc.

- 1.1 Interested Party Information
  - 1.1.1 Contact Name, Phone Number and email address
  - 1.1.2 Company Website URL, if applicable
- 1.2 Objection to Sole Source Certification
  - 1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.
  - 1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.
- 1.3 Comments will be accepted at any time prior to Tuesday, April 7, 2020, at 3:00 p.m. (Central Time) to Jill Chastant at [Jill.Chastant@its.ms.gov](mailto:Jill.Chastant@its.ms.gov) or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Jill Chastant to verify

the receipt of their Responses. Responses received after the deadline will be rejected.

1.4 Interested Party responses should include the following information:

**SUBMITTED IN RESPONSE TO  
Sole Source Certification No. 4277-45497  
Accepted until April 7, 2020 @ 3:00 p.m.,  
ATTENTION: Jill Chastant**

If you have any questions concerning the information above or if we can be of further assistance, please contact Jill Chastant at 601-432-8214 or via email at [Jill.Chastant@its.ms.gov](mailto:Jill.Chastant@its.ms.gov).

Attachment A: Customer Sole Source Certification Request

Attachment B: Vendor Correspondence

Attachment C: Sole Source Procurement Overview

## Sole Source Certification Request

<b>Project Title:</b> <b>Capsule Neuron Swap</b>		<b>Stimulus (ARRA) Funds? Yes No X</b>															
<b>Customer Contact Information</b>																	
<b>Agency/Public University:</b> UMMC <b>Address:</b> 2500 North State Street Jackson, MS 39216		<b>Contact Person:</b> Lydia Ory <b>Phone:</b> 601-815-5275 <b>Fax:</b> <b>Email Address:</b> lory@umc.edu															
<b>MAGIC Customer Number</b> (only required from state agencies):		<b>Division/Dept:</b> <b>Handmail:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No															
<p><b>Project Summary Narrative Description of Project</b> (include details of original acquisition if applicable): UMMC issued a Request for Proposals for the acquisition of ancillary systems, technology, and services pertaining to Indirect Patient Care, with Capsule Tech, Inc. being the awarded vendor. Capsule and UMMC entered into a DataCaptor Solution License Agreement dated September 14, 2009, for the predecessor product to the SmartLinx Software, known as the DataCaptor Solution. Although the licenses granted under the prior Agreement are perpetual, UMMC made a business decision to enter into a new Agreement to purchase licenses and hardware for new facilities not covered under the prior Agreement and to receive support from Capsule of the licenses purchased under the prior Agreement. In July 2011, UMMC switched to an enterprise license arrangement, as the enterprise license led to a savings for UMMC. The agreement allows UMMC to continue with license and support of the Capsule SmartLinx device integration software at the Jackson and Grenada facilities. It allows UMMC to purchase Capsule SmartLinx device integration software, hardware, support, and maintenance and related professional services. In August of 2017, ITS issued Sole Source Certification Number 4016 to upgrade 50 SmartLinx devices at a cost of \$64,999.00. In July of 2018, ITS issued Sole Source Certification Number 4123 to upgrade 90 SmartLinx devices at a cost of \$142,475.00. In December 2018, ITS issued Sole Source Certification Number 4149 for device upgrades and warranty at a cost of \$534,815.00. With the inclusion of warranty and support, the amount paid to Capsule Tech, Inc. to date is \$2,003,644.00.</p> <p>UMMC needs the requested SmartLink system equipment to integrate dialysis machines with the EPIC system. The items are also needed to integrate with ventilators and anesthesia machines for the Batson Children's hospital expansion.</p> <p><b>ITS Acquisition Approval (CP-1) should be effective through this date</b> (Please allow time for all vendor invoices to be paid):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Cost Estimates <i>Fiscal Year</i></th> <th style="width: 15%;">Initial Costs</th> <th style="width: 15%;">Ongoing Costs</th> <th style="width: 25%;">Time Constraints Item Needed by: Funds Expire:</th> <th style="width: 30%;">Anticipated Lifecycle of Products/System (i.e. estimated years of effective use):</th> </tr> </thead> <tbody> <tr> <td>FY20</td> <td></td> <td style="text-align: right;">\$329,085.12</td> <td rowspan="2" style="vertical-align: top;"><b>Discuss Funding</b> (e.g. how much of needed funding is definite; total project budget; any matching or other non-state funds) This agreement will be funded through hospital patient revenue.</td> <td></td> </tr> <tr> <td><b>Total</b></td> <td></td> <td style="text-align: right;"><b>\$329,085.12</b></td> <td></td> </tr> </tbody> </table>				Cost Estimates <i>Fiscal Year</i>	Initial Costs	Ongoing Costs	Time Constraints Item Needed by: Funds Expire:	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use):	FY20		\$329,085.12	<b>Discuss Funding</b> (e.g. how much of needed funding is definite; total project budget; any matching or other non-state funds) This agreement will be funded through hospital patient revenue.		<b>Total</b>		<b>\$329,085.12</b>	
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<b>Total</b>		<b>\$329,085.12</b>															
<b>Acquisition Details</b>																	
Items Requested	Quantity	Description	Building Location(s)														
Equipment		SmartLinx System Equipment	UMMC-various														
<p><b>Describe platform &amp; infrastructure</b> (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification: Neurons and Axons are attached to medical devices like patient monitors, anesthesia machines, and ventilators. Neurons and Axons communicate with medical devices user device identification modules (DIMs) and machine-specific serial cables. Patient vitals are sent from Neurons and Axons to Capsule servers, and then on to the UMMC EPIC EMR hosted on UMMC virtual services.</p>																	
<p><b>Progress to Date:</b> What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)?          Received quote and sole source certification letter from vendor</p>																	
<p><b>Sole Source Certification</b> Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.</p>																	
<p><b>Specific business requirements to be met by the requested products or services:</b>          Capsule Tech, Inc. allows continued use and support of the existing Capsule DataCaptor medical device integration software. The software is used to interface medical device data into EPIC. The SmartLinx devices are the only ones that work with the Capsule DataCaptor medical device integration software. Additional equipment is needed to integrate data from medical devices into EPIC. Specifically, the integration of:</p>																	

Attachment A

<ul style="list-style-type: none"> <li>• Ventilators and anesthesia machines for the Batson Children's Hospital expansion</li> <li>• Ventilators for the adult Intensive Care Units (ICU)</li> <li>• Dialysis machines at the Jackson Medical Mall and the main campus</li> <li>• Anesthesia machines at the Grenada campus and the main campus</li> <li>• Ventilators at the Grenada campus</li> </ul>								
<p><b>Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality):</b>          Capsule's SmartLink Medical Device Information System, the industry's first medical device information system, sets the new industry standard for applying medical device integration technology to help improve the delivery of patient care. It is a powerful, vendor-neutral data management solution that ties together the medical devices into a unified system that not only captures and distributes patient clinical data, but also makes available operational data about the devices themselves. The Capsule DataCaptor medical device integration software interfaces medical device data into Epic. These devices allow the maximization of data through analytics, as well as all-in-one vital signs monitoring, documentation, and connectivity with UMMC's current Electronic Health Records software, EPIC.</p>								
<p><b>Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated):</b>          Capsule Tech, Inc. is the sole source provider in the United States for these products. These products are proprietary to Capsule Tech, Inc. and its affiliate, Capsule Technologies. Capsule Tech, Inc. is the only seller of the Capsule products for implementation with the EPIC system.</p>								
<p><b>Explain why the amount to be expended for the services is reasonable:</b> In September of 2009, UMMC entered into a contract with Capsule for the purchase of the DataCaptor solutions (predecessor to the SmartLink product) and associated support. In July 2011, UMMC switched to an enterprise license arrangement, as the enterprise license led to a savings for UMMC.</p>								
<p><b>Explain what your agency did to obtain the best possible price for the services:</b> Pricing is not negotiable. The Services include 24/7 maintenance and support services and software updates, for which Capsule is the sole source.</p>								
<p><b>Vendor's Certification of Sole Source attached:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <b>Vendor's proposal submitted:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>								
<p><b>MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-1 can be issued.</b></p>								
<table border="0"> <tr> <td><b>Place Order To:</b></td> <td><b>Remit To:</b></td> </tr> <tr> <td>Vendor Name: Capsule Tech, Inc.</td> <td>Vendor Name: Capsule Tech, Inc.</td> </tr> <tr> <td>Vendor Address: 300 Brickstone Square, Suite 203</td> <td>Vendor Address: 300 Brickstone Square, Suite 203</td> </tr> <tr> <td>Andover, MA 01810</td> <td>Andover, MA 01810</td> </tr> </table>	<b>Place Order To:</b>	<b>Remit To:</b>	Vendor Name: Capsule Tech, Inc.	Vendor Name: Capsule Tech, Inc.	Vendor Address: 300 Brickstone Square, Suite 203	Vendor Address: 300 Brickstone Square, Suite 203	Andover, MA 01810	Andover, MA 01810
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Vendor Name: Capsule Tech, Inc.	Vendor Name: Capsule Tech, Inc.							
Vendor Address: 300 Brickstone Square, Suite 203	Vendor Address: 300 Brickstone Square, Suite 203							
Andover, MA 01810	Andover, MA 01810							

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the HHS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for HHS procurement services associated with this request which will be billed to the requestor by HHS and that my agency/public university is responsible for these charges/costs.

Ellen Swager/CIO Applications  
 Name (Agency Head or Public University CIO) Title

Ellen Swager 3/16/20  
 Signature Date




December 4, 2019  
 University of Mississippi Medical Center 2500 North State Street  
 Jackson, MS 39216-4500

RE: Sole Source Letter  
 To Whom It May Concern:  
 This letter serves as notice that Capsule Tech, Inc. is the sole source provider in the United States of the products and part numbers listed below:

Smartlinx Neuron2	DC-NU2-UMPC
SmartLinx Neuron 3 with the 7 Serial Ports Connectivity Module	SL-NU3-UMPC-IOM7S
SmartLinx Axon - 8 Port concentrator	SL-AXON810-HW
SmartLinx Axon - 4 Port concentrator	SL-AXON410-HW
SmartLinx Axon - 1 Port concentrator	SL-AXON110-HW
Smartlinx Neuron2 - External Battery	DC-NU2-EXTBAT
Smartlinx Vital's Plus - NIBP Module (Model AP)	SL-VP-BPAP-HW
Smartlinx Vital's Plus - Rollstand	SL-VP-ROLLSTAND
Smartlinx Neuron 2 - Dual Battery Dock	SL-NU2-DUBAT
Smartlinx Neuron 2 - Dual Battery Dock: Mount for SL-VP-ROLLSTAND	SL-NU2-DUBAT-GCXMT
Masimo SET Pulse Oximeter with 6FT Cable and Generic LNCS Sensor with 3FT Cable	SL-VP-XXXX-SNSR
Exergen TAI-50005 - Temperature Scanner with Coiled 32-in (81-cm) RS-232 Cable	SL-VP-TATSCAN
Warranties/Support Associated with the above Products:	N/A
Facility Connectivity License	LICENT1
Device Serial Cable (Generic)	B1-XXX
SmartLinx Device Identification Module	SL-DIM-HW

These products are proprietary to CapsuleTech, Inc. and its affiliate, Capsule Technologie, and may only be purchased in the United States from Capsule Tech, Inc. directly or through one of its authorized resellers who sell Capsule products bundled with their own hardware or software. CapsuleTech, Inc. understands that UMMC uses an electronic medical records system from Epic Systems Corporation. Epic is not authorized to resell Capsule products to UMMC; CapsuleTech, Inc. is the only seller of the Capsule products for implementation with the Epic system. Please feel free to contact Brian Nagy at [bnagy@capsuletech.com](mailto:bnagy@capsuletech.com) with further questions.

Sincerely,  
  
 Jonathan Miles, Director of Finance

**CAPSULE LEGAL APPROVED**

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website ([www.its.ms.gov](http://www.its.ms.gov)).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification above



\$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.