

15 May 2015

To: Dr. John Smith

From: Dan Doyle

Subj: Acquisition of Eight Personal Computers

We recently acquired three Esaote ultrasound systems. Deployment of those systems includes installation of Mylabdeck3, a software package, on the personal computers that are used to read the tests. Eight PCs cannot be loaded with that software package.

We need to replace those eight PCs. Once they are placed on order it will take two weeks for them to be built and delivered. In the meanwhile, we have only limited ability to read tests conducted on the new ultrasound systems.

Estimated expenditure, including sales tax: \$7,940.

Background

Recall that we acquired two Esaote MyLab Ultrasound Imaging Systems in January 2014 by leasing them for 60 months from Esaote North America. The purchase price for each unit was \$31,600 plus sales tax. We traded in two older units.

The monthly payment for each system is \$647.88, including sales tax. Total commitment: \$77,746. Earlier this year the manager of the echo group recommended we acquire three additional units and that we take another three of the older Cypress units out of service.

Esaote North America quoted three replacement echo units:

		"Regular Prices"		Discount
		Each	Total	Price
Two	New Esaote MyLab™ Gamma Portable Multimodality Digital Untrasound Systems	48,412	96,824	59,000
One	Esaote MyLab Seven HD Multimodality Digital System (Demo Unit, On Sale)	76,026	76,026	41,300
Combined				100,300
Prices are before sales tax @		8.8750%		8,902
				109,202

The MyLab™ Gamma units were offered with three year warranties. The MyLab Seven HD unit was offered with a one year warranty. The prices assumed trade ins.

We received the three replacement units a couple weeks ago. In service training was completed for several echo techs.

We bought the units instead of leasing them. The units were financed by a borrowing from Chase under the equipment facility bank had set up.

Within the past few days it became apparent that the Esaote MyLab Seven HD system had a bug in its software. Esaote has sent a replacement unit, a new one, to replace the demo unit we had purchased. The new unit will be placed in service shortly.

The three units we just purchased were accompanied by Mylabdesk3, a software package that is the vehicle for reading the test results. Craig Clifford set about loading the package into the various personal computers on which echo and vascular tests are read.

He was able to load the software on to three personal computers but not on to eight others due to insufficient graphical support. There was no such difficulty in bringing on stream the two MyLab Ultrasound Imaging Systems in January 2014.

Location	PC Serial Numbers	
	Compatible with new software	Not compatible with new software
Manhattan	171	
Forest Hills	214	
Forest Hills	211	
Manhattan		152
Manhattan		112
Bronx		414
Bronx		420
Jackson Heights		306
Nonstrand		703
Nonstrand		706
Remote PC in server room		Not compat.

Three PCs were compatible with the new software. Eight do not have sufficient graphics support. It is not practical to upgrade those PCs to the point that the new software package could run on them.

The Remote PC in the server room enables Drs. Jones, Green, McDuff and Ramani to read tests in their homes. Dr. McDuff is the largest user of that Remote PC.

Dr. Green brought in his laptop PC today for the tech to install the Mylabdesk3 software on it.

By coincidence, a breakin took place at the Jackson Heights offices on Saturday, 11 May, resulting in the loss of one PC. The tech already replaced that PC with a spare that was on hand.

The tech presented two sets of configurations that replacement PCs would have to have to be able to run the Mylabdesk3 software. See Schedule A.

He recommends that we buy eight PCs with the recommended configuration, not the minimal configuration. I concur. Schedule B displays the quotation the tech obtained from Dell.

The recommended configuration calls for 50 gigabytes of hard drive memory. The tech is recommending a configuration with 500 gigabytes of hard drive memory. Each PC will thereby have lots of hard drive memory for other applications. Thus other employees will be able to use these PCs for other tasks.

Each of the eight PCs will come with Windows 7 Professional installed. They will also come with licenses for Windows 8.1, the latest version of Windows now available. (Microsoft will soon release Windows 10. Microsoft is skipping "9." It has announced that holders of licenses for Windows 8.1 will be eligible for free upgrades to Windows 10.)

The PCs will not include licenses for Office. However, we have an overall license for Office 2007 that will enable us to run copies of Office into these eight PCs. (That version of Office 2007 includes Word, Excel, Outlook, Powerpoint and Publisher.)

The recommended configuration does not include replacements of the monitors. Existing monitors are sufficient. The eight PCs that will be taken out of service will be kept as spares or as sources of spare parts.

Automation of the Reading of Echo and Vascular Tests

The acquisition of eight PCs will complement the acquisition of the three Ultrasound Systems in the short term.

There are technological alternatives for completing the reading of echo and vascular

tests. Those alternatives would automate portions of the work now done manually by Echo Technicians. They would also enable the reading physicians to perform that task more quickly. More importantly, physicians would be able to do the reading from any location.

Dr. Green mentioned the Ultraling system as one solution. Natalie noted that she had received certain information about use of alternate technologies, including Ultraling, in an email last June, based on information that Ben Conner had gathered.

I've attached as Schedules C, D and E the information Natalie presented then. These alternative technologies should be studied, and a proposal should be written to convert over to one of them, if one of them offers the opportunity to increase productivity of the echo technicians and of the reading physicians. (Our tech firm is already working on a proposal to use Freeland Systems, an alternate to Ultraling, to create remote reading capability.)

Proposal

Purchase of eight personal computers from Dell with the configuration described in Schedule B. Installation of the Mylabdeck3 into them upon delivery. Removal from service eight PCs now in use.

	Price per Unit	Price for Eight Units
OptiPlex Small Form Factor Personal Computer	911.40	7,291.20
Sales Tax @ 8.8750%		<u>647.09</u>
		7,938.29

The unit price of \$911.40 is after a company discount of \$150.00.

Dell provides a three year warranty for these units. Dell will come to the practice locations on a next day basis to replace faulty parts free of charge.

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