Sole Source
Weighted Bin Inventory Management System
MUHC

In accordance with the Collected Rules and Regulations 80.010, MU Health Care (MUHC) requests approval for the sole source purchase of a Weighted Bin Inventory Management System from PAR Excellence Systems, Inc., Cincinnati, Ohio, for an initial estimated total of $1,019,271, of which $799,491 includes one-time fees and $219,780 in support fees for a five-year term. Potential expansion of the system for future supply chain needs is estimated to cost an additional $3M - $3.5M.

PAR Excellence is the only manufacturer of a weight-based par management inventory system. The weight-based inventory management solution uses precision scales to provide continuous inventory awareness, which automates and expedites replenishment of supplies. The system is set up initially with minimum stocking levels and reorder values. It then adjusts as needed for optimal supply, based on real-time intelligence from the point of use through the PAR Excellence dashboard and data analytics.

The Surgical Services department at University Hospital (UH) currently manages inventory in multiple formats; however, they primarily utilize a manual process of counting inventory and entering requisitions to replenish stock. The current method is extremely labor intensive and can create inaccuracies due to human error in counting supplies and determining what to reorder. Implementing the PAR Excellence system would allow for automated tracking for the entire range of OR supplies, including stock and non-stock items, commodity and high-dollar items in every form. Based on the supplies being utilized for the surgical cases, the PAR Excellence system would automatically initiate the replenishment of the supplies via weighted scales in the supply bins and create a requisition within the PeopleSoft system for the reordering of the supplies. The use of the PAR Excellence system would free up personnel time and provide for more accurate inventory management through the automated process.

The implementation of this system in the UH Surgical Services department is especially critical as the pediatric service line will temporarily be moving from Women's and Children's Hospital (WCH) to UH. The UH Surgery Services materials core must move out of their existing space to accommodate the pediatric surgical services. Implementing the PAR Excellence system will enable Surgery Services to better manage their inventory in a consolidated space, especially with bringing the additional pediatric inventory into this location. The PAR Excellence system conforms to all types of storage needs, including large and small stock rooms, clean rooms, and mobile carts, making it ideal for multiple inventory management locations. Potential expansion of the system for future supply chain needs includes surgical services at the Missouri Orthopaedic Institute (MOI) and WCH, as well as within all supply chain/distribution areas.

The initial $1,019,271 expenditure will be paid from MUHC surgical services operating funds.

No. 4

Recommended Action – Sole Source – Weighted Bin Inventory Management System, MUHC

It was recommended and endorsed by UM System President and MU Chancellor Mun Y. Choi, recommended by the Finance Committee, moved by Curator _____ and seconded by Curator _____, that the following action be approved:

> that MUHC be authorized to purchase a Weighted Bin Inventory Management System from PAR Excellence Systems Inc., Cincinnati, Ohio, at a total initial estimated cost of $1,019,271 for a five-year term with the option to expand the system for future supply chain needs.
>
> Funding is as follows:
> MUHC Surgical Services Operating Funds H0266-733100
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> Roll call vote Finance Committee YES NO
>
> Curator Chatman
> Curator Hoberock
> Curator Steelman
> Curator Williams
>
> The motion _____.
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> Roll call vote Full Board: YES NO
>
> Curator Brncic
> Curator Chatman
> Curator Graham
> Curator Hoberock
> Curator Layman
> Curator Snowden
> Curator Steelman
> Curator Wenneker
> Curator Williams
>
> The motion _____.