

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH
ARTHUR ANDERSEN LLP FOR CONSULTING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing agreement with Arthur Andersen LLP to provide consulting services related to the Student Information System ("SIS") and the Information Technology Internet Strategy for the Office of Technology Services ("OTS") at a cost not to exceed \$3,550,000.00 for a two-year period. Consultant was selected on a non-competitive basis because of its expertise in the conceptual and detailed design of technology solutions and to leverage the continuity of project methodology and project team members. Additionally, Arthur Andersen has successfully completed Phase I of this project. A written renewal agreement is currently being negotiated. No payment shall be made to consultant prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this renewal is stated below.

CONSULTANT: Arthur Andersen LLP
33 West Monroe Street
Chicago, Illinois 60603
Contact: Gary E. Breuer
Telephone No. (312) 507-5408
Vendor No. 33662

USERS: Office of Technology Services
125 South Clark, 3rd Floor
Chicago, Illinois 60603
Contacts: Elaine L. Williams, Chief Technology Officer
Frank Spoto, Manager Student Information Systems
Telephone No. (773) 553-1300

ORIGINAL AGREEMENT: The original consulting agreement in the amount of \$1,100,000.00 (authorized by Board Report No. 01-0124-PR7) was for a term commencing January 25, 2001 and ending September 24, 2001. The agreement was amended (authorized by Board Report 01-0926-PR7) to extend the term of the original consulting agreement from September 24, 2001 to January 31, 2002 at no additional cost. The original agreement was awarded on a non-competitive basis because of Arthur Andersen's expertise in the conceptual and detailed design of technology solutions.

RENEWAL TERM: The term of the agreement shall be renewed for a period commencing February 1, 2002 and ending January 31, 2004. This agreement shall have one (1) option to renew for a twelve (12) month period.

PROGRAM DESCRIPTION: Phase 1 of the SI project included the assessment, development of the Request for Information, a Best Practices Survey and the plan for the new SIS. Phase 2 of the SI project will include project management and oversight, detailed requirements, development of a request for proposal and vendor demonstrations and software selection. The final phase of the SI project will be the completion of the new SIS with a projected five-year target date.

SCOPE OF SERVICES: Consultant has satisfactorily performed all services identified in the original Agreement. Consultant shall perform the following services during the renewal term:

1. Project Management and Oversight. Development of project management standards and protocol for this phase and future phases of the project. Standards and protocols will be defined for project/implementation methodologies. Also included are plans for managing risk, cost, quality and change (impact to the organization and updates to requirements over time).

2. Document Detailed Requirements for a new Student Information System (SIS). Detailed requirements will be documented through individual interviews with key users and stakeholders, and through focus groups where necessary or appropriate. Requirements will be documented by focusing on the functions, events and scenarios that occur within the system components (as identified in the SIS Assessment Project). In addition to these components, data flows between existing internal and external systems will be identified and requirements documented.
3. Development of a Request for Proposal (RFP) for SI Software Products. The detailed requirements will form the basis of an RFP. The RFP will provide information on those software products that are capable of meeting specific CPS requirements. This effort will also include the development of a scoring methodology, compilation of data and creation of scripted demonstration templates. Production of the RFP will be coordinated with CPS Purchasing Department to ensure the RFP conforms to Board standards.
4. Vendor Demonstrations and Software Selection. Based on the results of the RFP analysis, selected vendors will be invited to demonstrate their products. Vendors will demonstrate their products in a structured, scripted format designed to show how their products perform relative to key CPS requirements. Products will be scored using standardized criteria. Scores will be tabulated, the technical, financial and other impacts will be analyzed, and recommendations will be made in connection with the selection of one or more vendors.
5. Assist in the Development of an I/T Internet Strategy. Consultant shall provide one (1) full-time staff person to assist OTS with the development of an I/T Internet strategy, including:
 - Developing a Communication Strategy. The communication strategy will assess the current state of communication, develop a communication plan and monitor/measure the communication plan
 - Assembling committees to address Internet strategy initiatives
 - Creating Internet strategy project plan documentation and presentations

DELIVERABLES: Consultant shall provide the following deliverables:

1. "Project Management and Oversight" will include the following deliverables:
 - A document outlining overall project protocols, standards and methodologies
 - Risk Assessment and Management Plan
 - Cost Management Plan
 - Quality Assurance Plan
 - Communication Strategy and Plan
 - Change Management Plan
 - Project Plan
 - Issues Tracking Database
 - Plan to address requirement updates over the life of the project
 - Ongoing communication with the project steering committee
2. "Document Detailed Requirements for a New Student Information System (SIS)" will include the following deliverables:
 - Scheduling of focus groups and individual interviews
 - Template documents for recording requirements
 - Documented results of focus group discussions and individual interviews
 - Analysis of focus group and individual interview results and formulation of a structured system requirements document
 - Assistance in identifying interim solutions/quick hits relative to student information systems as requirements are discussed and documented
 - Templates for providing feedback and validation on system requirements with stakeholders
 - Final system requirements document

3. "Request for Proposal (RFP) for Software" will include the following deliverables:
 - The preparation of an RFP, including supplements thereto, such as project background, business environment, technical environment, vendor profile, matrix of system requirements, technology profile of vendor, pricing information and vendor evaluation criteria
 - Development of scripts to provide the format and structure for the demonstration process
 - Tabulation and technical analysis of vendor responses
 - Meetings of the software selection committee
4. "Vendor Demonstrations and Software Selection" will include the following deliverables:
 - Invitation of vendors to participate in scripted demonstrations
 - Facilitation of meetings of the software selection committee to observe and score products
 - Standardized templates to record performance scores during demonstrations
 - Tabulation and presentation of demonstration scores
 - Additional technical, financial and other analysis as needed to assess quality of the products and impact to CPS
5. "Assist in the Development of an I/T Internet Strategy" will include the following deliverables:
 - An analysis of the current organizational structure and internet initiatives within OTS
 - An analysis of how to align web strategy with CPS goals/strategy
 - Strategy articulation map defining an overall web vision, values and strategic objectives
 - An analysis of internal/external stakeholders that communicate within OTS and are impacted by the Internet

OUTCOMES: Consultant's services will result in the following:

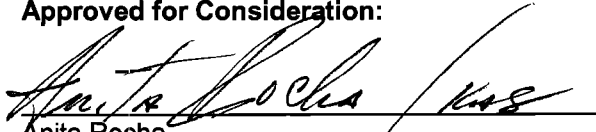
1. Project Management and Oversight — A group of tools, processes and documents that will facilitate effective management and communication of the project.
2. Detailed Requirements Document for a New Student Information System (SIS) — A comprehensive list of requirements that define the elements necessary to manage, fund and improve education. These requirements will form the basis of a Request for Proposal (RFP).
3. Selection of Software — Software for a new Student Information System will be selected on the basis of a Request for Proposal (RFP) and performance observations made during structured, scripted vendor demonstrations.
4. Plans for the Implementation of Hardware and Software — Task level plans, including dates, duration, dependencies and resources will be developed.
5. Development of an I/T Internet Strategy – These services will assist OTS in developing the following:
 - Recommended I/T Internet Strategy – A definition of current I/T Internet Strategy that aligns with CPS strategies.
 - Communication Strategy – Documentation of external/internal stakeholders that communicate with OTS and are impacted by the Internet.

COMPENSATION: Consultant shall be paid as follows: Upon monthly invoicing, not to exceed the sum of \$3,550,000.00.


AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the written agreement. Authorize the Chief Technology Officer to execute all ancillary documents required administering or effectuating this agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE, 22 % total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

Approved for Consideration:


Anita Rocha
Acting Chief Purchasing Officer

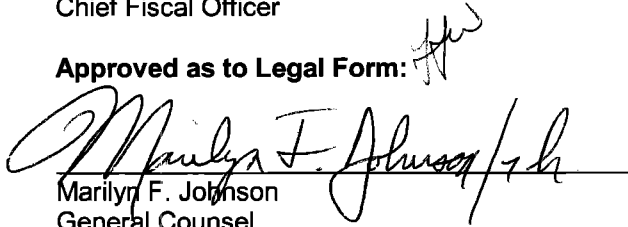
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to Legal Form:


Marilyn F. Johnson
General Counsel