

APPROVE TERMINATING THE AGREEMENT WITH ARTHUR ANDERSEN LLP FOR CONSULTING SERVICES AND APPROVE ENTERING INTO AN AGREEMENT WITH KPMG CONSULTING USA, INC. ("KUSA")

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve terminating the agreement with Arthur Andersen LLP for consulting services and approve entering into an agreement with KPMG Consulting USA, Inc. ("KUSA") to complete the services identified in the original Arthur Andersen contract authorized by Board Report 01-0124-PR7 and extended by Board Report 02-0123-PR10, relating 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 \$2,925,000.00. KUSA was selected on a non-competitive basis because (i) KUSA offered the Board the same competitive price for services to complete the project with the same terms, conditions and costs as the original Arthur Andersen contract; and (ii) KUSA agreed to retain the same Arthur Andersen team that completed Phase I of the project and selected 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. A written letter terminating the services of Arthur Andersen as of October 31, 2002 shall be issued by the Law Department. A written agreement with KUSA is currently being negotiated. No payment shall be made to KUSA prior to the execution of the written agreement. The authority granted herein shall automatically rescind as to KUSA in the event a written agreement is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this matter is stated below.

CONSULTANT: KUSA
KPMG Consulting USA, Inc.
8725 West Higgins Road
Chicago, Illinois 60631
Contact: Gary E. Breuer
Telephone No: (312) 665-8036
Vendor No.: 31414

USER: 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

TERMINATION OF ARTHUR ANDERSEN AGREEMENT: This termination shall be effective October 31, 2002. Arthur Andersen shall be paid for its services rendered from February 1, 2002 through October 31, 2002, in the amount of \$625,000.00, which amount was included on Board Report 02-0123-PR10.

TERM: The term of the agreement with KUSA shall commence on November 1, 2002 and shall end January 31, 2004. This agreement shall have one (1) option to renew for a twelve (12) month period. Additional costs will be negotiated at the time of renewal.

EARLY TERMINATION RIGHT: Either party shall have the right to terminate the agreement with KUSA upon thirty (30) days written notice.

COMPLETION OF PROGRAM SERVICES: Arthur Andersen has completed Phase 1 of the SI project, including the assessment, development of the Request for Information, a Best Practices Survey and the plan for the new SIS. KUSA will complete Phase 2 of the SI project which 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: KUSA shall perform the following services:

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. KUSA 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: KUSA 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: KUSA'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: KUSA shall be paid as follows: Upon monthly invoicing, not to exceed the sum of \$2,925,000.00.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement with KUSA. Authorize the President and Secretary to execute the written agreement

with KUSA. Authorize the Chief Technology Officer to execute all ancillary documents required administering or effectuating the agreement with KUSA.

AFFIRMATIVE ACTION: The M/WBE goals for the KUSA agreement include:

35% total MBE, 22 % total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

The Office of Business Diversity ("OBD") is working with KUSA to pursue and maximize direct M/WBE participation. It is the intent of OBD to obtain full compliance with the goals of the Revised Remedial Plan for Minority and Women Business Enterprise contract participation (M/WBE Plan) through direct and indirect participation. No payment shall be made to KUSA prior to receipt of an approved M/WBE Plan. KUSA has identified and scheduled the following firms and percentages as indirect participation:

Total MBE 33.3 %

Total African American:		
Corporate Office Systems	31% or \$1,207,000	certified until 3/31/02
833 W. Jackson Blvd., Chicago, IL		

Total Asian:		
World Richman Corp.	2.3% or \$80,000	certified until 7/31/06
350 Crossen Ave., Elk Grove, IL		

Total WBE:		
Fleur Tatiou Designs Ltd.	2.3% or \$80,000	pending
2017 W. Grand Ave., Chicago, IL		

River Rose	2.3% or \$80,000	pending
13356 E. 9000 Rd, Grant Park, IL		

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL:	Charge to Office of Technology Services:	\$2,925,000.00
	Budget Classifications: 0960-210-000-7536-5410	\$275,000.00 FY03
	0960-454-000-7536-5410	\$2,350,000.00 FY03
	0960-210-000-7536-5410	\$300,000.00 FY04

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.


Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

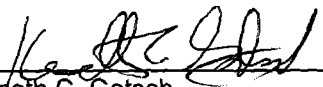
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



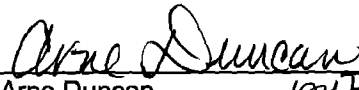
Arlita Rocha
Acting Chief Purchasing Officer

Within Appropriation:



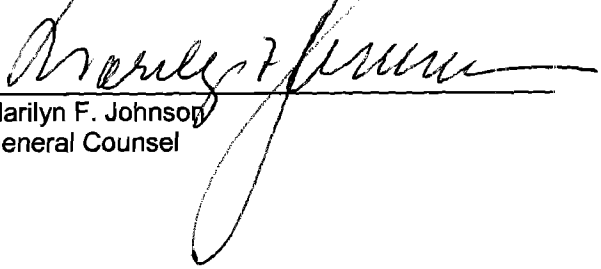
Kenneth C. Gotsch
Chief Fiscal Officer

Approved:



Arne Duncan *by PAD*
Chief Executive Officer

Approved as to Legal Form:



Marilyn F. Johnson
General Counsel