

**APPROVE ENTERING INTO AN AGREEMENT WITH 170 SYSTEMS, INC.
FOR SOFTWARE LICENSES, TECHNICAL SUPPORT AND IMPLEMENTATION SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with 170 Systems, Inc. to provide software licenses, technical support and implementation services at a cost not to exceed \$394,375.00. Vendor was selected on a competitive basis pursuant to Board Rule 5-4.1. A written document for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

VENDOR: 170 Systems, Inc.
36 Crosby Drive
Bedford, MA 01730
Contact: Toby Brzoznowski
Telephone: (734) 730-2820
Vendor No.: 80647

USERS: Office of Technology Services
125 S. Clark, 3rd Floor
Chicago, IL 60603
Contact: Robert W. Runcie, Chief Information Officer
Telephone: (773) 553-1300

Department of Operations
125 S. Clark, 16th Floor
Chicago, IL 60603
Contact: Kristine Rull, Director of Renovations and Maintenance
Telephone: (773) 553-2900

Office of Procurement and Contracts
125 S. Clark, 10th Floor
Chicago, IL 60603
Contact: Heather Obora, Chief Purchasing Officer
Telephone: (773) 553-2750

TERM: The term of this agreement shall commence on March 1, 2007 and shall end February 29, 2008 with options to renew technical support annually for licenses purchased under this board report for one year periods. This agreement shall have two (2) options to renew for periods of one (1) year each.

EARLY TERMINATION RIGHT: The Board shall have the right to terminate this agreement with 30 days written notice.

USE OF SOFTWARE: 170 Systems will provide 1 license for Mark View for Accounts Payables ("AP"), 1 license for Document Library, 25 Concurrent Business user licenses, 10 Professional user licenses and Mark View System licenses which include but are not limited to the following: Insight Monitor, Insight IQs, Scan Station, Fax Server 4-Line, Bar Code Server, Application Server, Attach, Bulk Imager Loader, Document Server, Failover/Test license, Image Rendering, and Web Inquiry. 170 Systems will continue to provide technical support on this licensed software, which consists of program corrections and enhancements that 170 Systems may develop during the term of this agreement as long as the Board's technical support fee is current.

SCOPE OF SERVICES: The vendor shall install, configure and test the infrastructure components of the licensed software systems for a single Oracle Applications Release 11i instance within CPS's environment. Vendor's services shall include, but are not limited to the following:

- Create a 170 Systems' "Configuration and Setup Document" detailing the functional requirements of the 170 Systems' solution for CPS's AP operation.
- Implement the solution for the Accounts Payable process including 170 MarkView for Oracle Payables.
- Render "virtual" document images for EDI transactions.
- Implement the solution for the 170 MarkView Attach solution for GL-related documents.
- Analyze, configure and implement the 170 MarkView Document Library Solution.
- Configure the 170 MarkView Bulk Image Loading process.
- Provide user training and materials.
- Provide testing and end-user training roll-out support.
- Provide migration support and post "Go-Live" support.

DELIVERABLES: Vendor will provide the following deliverables:

- Ensure that selected Attendees are proficient in entering invoices and performing standard AP functions in Oracle 11i.
- Identify appropriate Attendees to attend the Train-the-Trainer session.
- Provide suitable learning environment at the Board of Education's facility for Train-the-Trainer session.
- Provide necessary materials (sample copies of invoices or other documents) to support hands-on practice.
- Prepare Oracle Application environment for training as necessary, including user administration, master data and transactional data.

OUTCOMES: The software program products will optimize the AP process by automating paper based transactions, applying best practice workflows and automatically creating and maintaining a complete audit history trail. This will result in lower operating costs, increased visibility, invoice processing, strengthened controls, and maximized cash flow. AP will also provide improved service to line-of-business managers and suppliers with browser based self-service access to AP process information such as payment status. Vendor's Implementation Services will result in a single business process and single set of associated business process/workflows/tools across the business units for the functional area(s) noted above. The Chicago Board of Education currently runs a single global instance of Oracle Applications Release 11i (with the above application area(s) already "live" in production) that is multi-currency enabled. This implementation may cover multiple organizations within the Oracle Applications. However, it is assumed that all departments will be implemented as part of a single project and that CPS will share a single business process and a single chart of accounts structure.

COMPENSATION: Vendor shall be paid on a monthly upon invoicing for implementation services at the prices set forth in the agreement; Infrastructure and Full AP services not to exceed \$170,000.00; EDI invoice rendering services not to exceed \$10,000.00; MV Attach - GL services not to exceed \$10,000.00 and MV Document Library (5 types) services not to exceed \$25,000; Software License fees shall not exceed 141,050.00; Technical Support fee shall be \$38,285.00; total compensation not exceed \$394,375.00.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement, including any indemnities to be provided to the Vendor by Board. Authorize the President and Secretary to execute the agreement. Authorize the Chief Information Officer and the Chief Purchasing Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE and 5%WBE. However, the Waiver Review Committee recommends that a full waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

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

FINANCIAL: Charge to the Office of Technology Services: \$394,375.00
Budget Classification: 0220-474-000-9590-5311 \$179,375.00 FY07
Budget Classification: 0220-474-000-9590-5410 \$215,000.00 FY07

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 June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

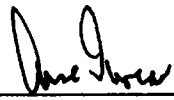
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



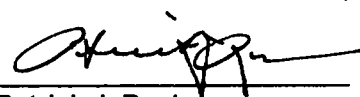
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel