

July 22, 2015

**AMEND BOARD REPORT 15-0527-PR10
 AUTHORIZE A NEW AGREEMENT WITH HITACHI CONSULTING FOR ENTERPRISE FINANCIAL
 SYSTEMS OPTIMIZATION SERVICES**

THE CHIEF ADMINISTRATIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize a new agreement with Hitachi Consulting Corporation ("Vendor") as the managed services provider for the Board's Enterprise Financial Systems at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected on a competitive basis pursuant to Board Rule 7-2. A written agreement 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 execution of their written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

This July 2015 amendment is necessary to add services to automate Comprehensive Annual Financial Reporting (CAFR) reporting for the Finance Department, which is critical for district-wide reporting, and to increase the compensation amount for the CAFR project. A written amendment adding the discrete scope of services for the CAFR project to the agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of the date of this Board Report.

Contract Administrator : Solomon, Mr. Alex M / 773-553-2280

VENDOR:

- 1) Vendor # 16092
 Hitachi Consulting Corporation
 14643 Dallas Parkway Ste 800
 Dallas, TX 75254
 Adam Schroeder
 262 421-8042

Hitachi Information And Telecommunications
 Systems Global Holding Corporation-Publicly
 Held, 99.6%

USER INFORMATION :

Project 12510 - Information & Technology Services
 Manager: 42 West Madison Street
 Chicago, IL 60602
 Tujo, Mr. Scott
 773-553-1300

TERM:

The term of this agreement shall commence on the date the agreement is signed and shall end twenty-four (24) months thereafter. 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.

SCOPE OF SERVICES:

Vendor will provide a managed services team that oversees ongoing operational support and technical maintenance of the Board's Enterprise Financial Systems.

DELIVERABLES:

Vendor will provide CPS both operational and project based support for the suite of enterprise financial systems as part of this agreement. Vendor will also provide implementation services to ensure the successful transition of daily support. Operational duties include both functional user and technical support of enterprise systems. Project based service components include perfective software maintenance and enhancement activities.

-Implementation and Ongoing Account Management: Vendor will provide a team of transition resources to oversee the smooth migration of system support services from a pool of local consultants. This includes establishment of a CPS support portal, which will contain all critical support documentation for existing applications and functions in the Enterprise Financial Suite. This will also include Knowledge transfer between existing CPS FTE and consulting resources to equivalent positions on the proposed ten person managed services team. This includes the ongoing service delivery model with monthly management reports that will be based on Key Performance Indicators (KPIs). Finally, this will include the ongoing service delivery model with quarterly in-person management (SPRM) meetings with CPS.

-Application Support Functional/Help Desk: Vendor's staff will provide functional support expertise to financial system end users for escalated issues. This includes Help Desk core service model, User Support (service ticket escalations via CPS approved ticketing software and method), ticket severity matrix and SLA, and training and support documentation and approach

-Technical Support (vendor will provide the following technical support services to maintain the existing suite of Oracle products): batch schedule and off hours monitoring, patching, upgrade support, change and release management process, and applications and project documentation database administration.

Project Support: Vendor will provide services in support of project based functional change activity for the Board's enterprise financial systems. This includes perfective support approach, demand management and tracking tools and respondent SDLC practices.

COMPENSATION:

Vendor shall be paid as follows:

Managed services payments paid monthly, upon invoicing.

Estimated annual costs for the two (2) year term are set forth below:

~~\$1,400,000.00~~ \$1,600,000.00, FY16

~~\$1,400,000.00~~ \$1,600,000.00, FY17

REIMBURSABLE EXPENSES:

Vendor shall be reimbursed for the following expenses: None.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written agreement and amendment. Authorize the President and Secretary to execute the agreement and amendment. Authorize the Chief Information Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION:

The MBE/WBE goals for this agreement include 15% total MBE and 5% total WBE participation. However, the office of Business Diversity recommends that a partial waiver of the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts be granted until such time that Vendor can locate and schedule a viable WBE subcontractor to participate on the agreement.

Vendor has scheduled the following:

Total MBE - 15%
Clarity Partners, LLC
227 West Monroe, Suite 3950
Chicago, IL 60602
Contact: Mr. David Namkung
Ownership: David Namkung-51%

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115 - ITS 12510
~~\$1,400,000.00~~ \$1,600,000.00, FY16
~~\$1,400,000.00~~ \$1,600,000.00, FY 17
Not to exceed ~~\$2,800,000.00~~ \$3,200,000.00 for the two (2) year term.
Future year funding is contingent upon budget appropriation and approval

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:



SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved for Consideration:



TIMOTHY CAWLEY
Chief Administrative Officer

Approved as to Legal Form. 



JAMES L. BEBLEY
General Counsel