

**APPROVE ENTERING INTO AN AGREEMENT WITH  
ORACLE CORPORATION FOR CONSULTING SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve entering into an agreement with Oracle Corporation ("Oracle") to provide consulting and software support services to the Office of Technology Services ("OTS") at a cost not to exceed \$18,729,785.00. Consultant was selected on a non-competitive basis because of its experience with the Chicago Public Schools and implementation of large-scale, public sector Oracle ERP applications. A written agreement for Consultant's services is currently being negotiated. Payment of amounts owed Oracle for software support in the amount of \$802,000 and project facilitation in the amount of \$38,000.00 shall be made upon approval of this Board Report. No other services shall be provided by Consultant and no other payment shall be made to Consultant prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this agreement is stated below.

**CONSULTANT:** Oracle Corporation  
500 Oracle Parkway  
Redwood, California 94065  
Contact Person: Jose Garcia  
Telephone No.: 312-551-6218  
Vendor No.: 26099

**DEPARTMENTS:** Various  
  
Office of Technology Services  
125 South Clark Street  
Chicago, Illinois 60603  
Telephone No.: 773-553-1300  
Contacts: Elaine L. Williams, Chief Technology Officer  
Stephanie J. Hunter, Deputy CTO – Oracle Applications Development

**TERM:** The term of this agreement is for two (2) years and shall commence on October 1, 2001 and shall end September 30, 2003. This agreement shall have one (1) option to renew for a period of one (1) year, the cost of which will be determined at time of renewal.

**EARLY TERMINATION:** The Board shall have the right to terminate this agreement with thirty (30) days written notice.

**SCOPE OF SERVICES:** Oracle shall provide consulting services to the Board to migrate the Board's current production 11.0.3 Oracle applications to Release 11i and to implement the remaining Financial and HRMS modules of the Oracle Application. This scope of work will be implemented on a time and materials basis, and will include the following:

- A. Oracle will conduct a migration/implementation assessment to determine the detailed project plan tasks that are required to migrate/implement the Board's current production/future Oracle Applications Modules from the Oracle Release 11.0.3 to 11i. The assessment will include:
- Infrastructure requirements including, but not limited to, hardware/software needs
  - Documentation of required Board and user department resource needs
  - Detailed project plan for migration and implementation tasks; the project plan will be maintained and updated regularly by Oracle and CPS
  - Identification of required customizations

- B. Oracle will provide consulting services to migrate the following Board production level Oracle Application Financial modules and corresponding customizations to the Oracle Application 11i environment:
  - General Ledger (Public Sector)
  - Accounts Payable (Public Sector)
  - Purchasing (Public Sector)
  - EDI Gateway
  - HR Phase I
  
- C. Oracle will develop with CPS, a detailed Statement of Work outlining the specific functionality included in the implementation. Oracle will also work with CPS to develop and maintain a detailed project plan for the project. Oracle will also provide consulting services to implement the following modules and functionality with agreed upon customizations in its Oracle Release 11i:
  - Financials
    - Accounts Receivables (Public Sector)
    - Cash Management
    - Fixed Assets
    - Project Accounting (limited to capital projects)
    - Grants
    - Public Sector Budgeting
    - Budget Transfer
  
  - HRMS
    - HR
    - Payroll
    - Benefits
    - Position Control (with an interface to BRACS)
  
  - Post Implementation Production Support
    - Oracle will provide up to sixty (60) days post-implementation production support for all implemented modules
  
- D. Software Licenses and Related Diagnostic Tool Kits:
  - Oracle will provide all required 11i software licensing and tools
  - Oracle will provide the required consulting services to implement software and tools
  - Oracle will train CPS technical staff on the proper usage of these tools
  
- E. Annual Oracle Technical Support
  - Oracle will provide annual technical and software support

**DELIVERABLES/OUTCOMES:**

Oracle will deliver the following ERP Migration and Implementation:

- |   |                  |
|---|------------------|
| • Migration Assessment                              | 2nd Quarter FY02 |
| • Implementation Core Oracle Financials             | 4th Quarter FY02 |
| • Implementation Fixed Assets                       | 1st Quarter FY03 |
| • Implementation Project Accounting                 | 2nd Quarter FY03 |
| • Implementation HRMS                               | 4th Quarter FY03 |
| • Implementation Grants and Public Sector Budgeting | 4th Quarter FY03 |

- Oracle will provide up to sixty (60) days post-implementation support for each module implemented. The duration of post-implementation support will be determined on a per module basis.
- Oracle will document all policies and procedure relating to module migration and implementation and will provide the necessary training to CPS Subject Matter Experts (SMEs) and technical teams.

Oracle will provide the following Project Management:

- An Integrated Project Plan, detailing all modules that will be implemented under this Board Report
- Oracle will provide and maintain an updated detailed project plan, per module, which outlines all tasks associated with the migration and implementation activities required for each module
- Oracle will deliver all required work products and their associated AIM documents, as applicable
- Oracle will provide CPS with access to and manage Oracle Project Navigator (OPN) in an ASP environment, which will be used throughout the migration and implementation of the project to manage issues and risks as they arise
- Oracle will provide CPS with access to and manage iProjects in an ASP environment, which will be used throughout the project as a central repository for all critical AIM and other project documents
- Oracle will provide the resources necessary to manage and maintain these tools, including but not limited to, the generation and distribution of issue/risk reports, logging of issues, reports, documents, assignment of users to the tools, routine maintenance and upgrades to the tool as may be needed from time to time
- Oracle will provide the necessary resources as outlined in the Statement of Work to be approved by CPS and Oracle
- Oracle will provide OTS with a weekly status report, detailing project status per module, resource issues, issues/risks, and project gains/slippage
- Oracle will provide OTS on a monthly basis, with a forecast of costs and expenditures, resources, milestone and deliverable schedules
- Oracle consultants will provide CPS with monthly summary and detailed expenses and the sheets for each assigned consultant, as well as receipts for all monthly expenses
- All Oracle Consultant expenses and time sheets must be approved and signed by the Oracle project lead before being submitted to OTS

**COMPENSATION:** Consultant shall be paid on a time and materials basis in accordance with the agreed upon payment schedule, not to exceed the sum of \$18,729,785.00. The Board will reserve 10% of the project consulting costs, in the sum of \$1,480,687.00, for required holdbacks. Of the total holdback amount \$566,306 will be held back under this Board Report (the balance of \$914,381 is currently held back under the original Oracle Contract). The total amount held back shall be paid to Oracle upon completion of the entire project implementation. The remaining balance of \$18,163,479.50 which include fees for professional services, software support and related maintenance and expenses, will be paid on a monthly basis.

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

**AFFIRMATIVE ACTION:** The vendor has proposed the following M/WBE participation for the renewal period and has identified the following Consultants and percentages:

			<b>M/WBE Certification</b>
<b>21% African American:</b>			
Advanced Data Concepts 819 South Wabash Chicago, Illinois 60605	1.0%	\$288,000	10/01/01
Foster Powell Co. 180 N Michigan Ave., St. 2000 Chicago, Illinois 60601	13%	\$2,651,419	07/31/02
Business Systems Engineering, Inc. 101 West Grand Avenue, Suite 200 Chicago, Illinois 60610	4%	\$856,128	06/30/02
Diversified Telecommunications Inc. 1130 South Wabash, Suite 501 Chicago, Illinois 60616	2%	\$305,280	12/31/01
<b>6% Hispanic:</b>	6%	\$1,298,751	10/31/01
Computer Services & Consulting, Inc. 1613 South Michigan Chicago, Illinois 60616			
<b>4% Asian:</b>	4%	\$849,408	09/01
Strategic Information Solutions, Inc. 200 North LaSalle, Suite 900 Chicago, Illinois 60601			
<b>4% WBE:</b>			
Solai & Cameron 5705 North Lincoln Avenue Chicago, Illinois 60659	1%	\$192,000	05/31/02
Ashton Hayes Group 980 North Michigan, Suite 1400 Chicago, Illinois 60611	1%	\$162,240	02/28/02
Monarch Group 150 North Wacker Drive, Suite 2140 Chicago, Illinois 60606	2%	\$500,250	08/31/02
<b>African American:</b>			
Mentor Protégé – Indirect Participation	3%	\$606,430	

The identified firms are certified by the City of Chicago/Department of Purchases, Contracts and Supplies. The identified Consultants are subject to change upon approval from the Division of Compliance and Vendor Services in Procurement and Contracts Department without further Board approval.

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

**FINANCIAL:** Charge to Various Departments: **\$18,729,785.00**

**Charge to Office of Finance \$3,724,541.29**

Budget Classification: 0230-445-204-9105-5410 \$3,724,541.29 Fiscal Year:1998 PO#C524526

**Charge to Office of Technology Services \$15,005,243.71**

Budget Classifications:	0951-060-000-1545-5310	\$175,000.00	Fiscal Year: 2000 PO#C944125
	0430-300-258-1540-5310	\$313.00	Fiscal Year: 2000 PO#C980919
	0220-210-000-1111-5420	\$7,900.00	Fiscal Year: 1999 PO#C739855
	0220-210-000-1115-5420	\$6,000.00	Fiscal Year: 1999 PO#C739808
	0220-210-000-1116-5420	\$5,200.00	Fiscal Year: 1999 PO#C739854
	0220-210-000-1114-5310	\$1,920.00	Fiscal Year: 2000 PO#C875632
	0220-210-000-1111-5410	\$129,778.80	Fiscal Year: 2000 PO#C937041
	0220-210-000-1111-5410	\$332.91	Fiscal Year: 2000 PO#C944640
	0960-060-000-1111-5410	\$2,043,434.00	Fiscal Year: 2002
	0960-210-000-1111-5410	\$4,965,415.00	Fiscal Year: 2002
	0960-210-000-1111-5470	\$802,515.00	Fiscal Year: 2002
	0960-210-000-1111-5410	\$5,607,435.00	Fiscal Year: 2003
	0960-210-000-1111-5470	\$1,260,000.00	Fiscal Year: 2003

**TOTAL: \$18,729,785.00**

**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.

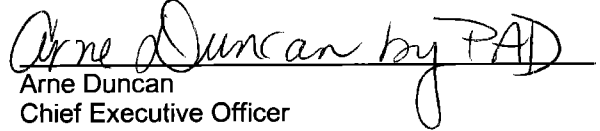
**Ethics** – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

**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:**

  
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Anjita Rocha  
Acting Chief Purchasing Officer

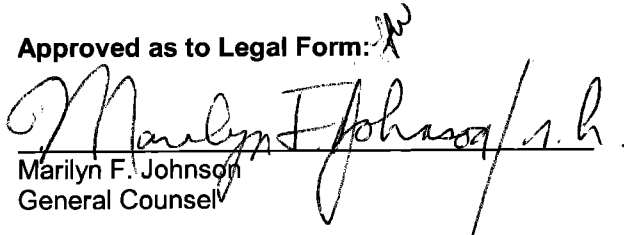
**Approved:**

  
\_\_\_\_\_  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
\_\_\_\_\_  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved as to Legal Form:**

  
\_\_\_\_\_  
Marilyn F. Johnson  
General Counsel