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Technology Business Management Contract

November 14, 2001

Memphis City Schools

IBM®

Attachment 7

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1 Executive Summary

IBM Technology Business Management Services provide a complete, integrated support offering. To that end, all of the elements specified by Memphis City Schools can readily be included, tailored, customized, and delivered by IBM. Our investments in systems management processes, procedures, tools, and technology within IBM organizations and IBM business partnerships gives us an unparalleled ability to meet your information technology requirements. In our RFQ response we opted to describe our total capabilities knowing that, when services are desired, we will work with Memphis City Schools to consummate the relationships that best work to support Memphis City Schools' goals. We typically utilize a combination of IBM resources and local IBM Business Partners to bring to Memphis City Schools an unrelenting commitment to service excellence, an ongoing equitable business relationship, and commitment to optimize your investment in technology.

IBM utilizes the individual disciplines of Life-Cycle Management Services -- Deployment, User Support, Network Services, and Management Services, along with Custom Integration Services to effectively meet your growing technology needs.

This solution provides the school district with an umbrella of support in several key areas. The IBM support model is designed to provide a fully-integrated support structure to meet your management, support, and operational needs. We base our support model on a structure that has been successfully implemented and is currently supporting over 5,000,000 distributed systems worldwide.

2 Statement of Work

This Statement of Work defines the scope of work to be accomplished by IBM under the terms and conditions of the IBM Customer Agreement (Agreement). The tasks to be performed by IBM are defined and an estimated schedule is provided. In addition, the responsibilities of Memphis City Schools (MCS) are listed.

Changes to this Statement of Work will be processed in accordance with the procedure described in Section 3. "Project Change Control Procedure".
The investigation and the implementation of changes may result in modifications to the Estimated Schedule, Charges, and/or other terms of the Agreement.

2.1 Project Scope

Scope of Work

We will provide the Technology Business Management Services (called "Services") described in this Statement of Work as requested by MCS. Each of us agrees to perform our respective responsibilities as described below for each of the Services unless otherwise modified by a Project Change Request. The Initial Baseline Statement of Work for the first year of the contract is included in Section 4.

2.2 Key Assumptions

This Statement of Work, and IBM's estimates to perform the Statement of Work, are based on the following key assumptions. Deviations that arise during the proposed project will be managed through the procedure described in Section 3 "Project Change Control Procedure".

1. Work under this Statement of Work will be performed at Memphis City Schools locations and programs within the city limits of Memphis, TN.
2. Work performed under this agreement will be performed during normal business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. local time, except holidays, unless otherwise specified or agreed to by MCS and IBM.
3. Some activities may be performed on IBM premises. IBM personnel will be provided with access to IBM facilities, tie lines, networks, and databases.
4. Each of us agrees that our personnel, agents, and subcontractors, while on each other's premises, will comply with all location rules and security procedures. Each of us agrees to make the other aware of such rules and procedures.
5. The success of this project will require the active participation of both MCS and IBM personnel. The appropriate MCS personnel will be available for consultation (i.e. interviews, review sessions, etc.) throughout the duration of the project.
6. Each of us may communicate with the other by electronic means. Each of us agrees to the following for all electronic communications: 1) an identification code (called a "USERID") contained in an electronic document is legally sufficient to verify the sender's identity and the document's authenticity; 2) an electronic document that contains a USERID is a signed writing; and 3) an electronic document, or any printout of it, is an original when maintained in the normal course of business.

7. During the first thirty (30) days following the Start Date, each of us reserves the right to validate and update any information contained in this Statement of Work and its Schedules. If during this 30 day period either of us finds a discrepancy, the party finding the discrepancy will notify the other in writing within that period. If applicable, the charges in this Statement of Work will be adjusted upon agreement of MCS and IBM.

2.3 IBM Responsibilities

IBM is fully capable to provide the following comprehensive Services under this agreement and may provide additional services at MCSs' request.

As MCS specifically requests IBM to perform these Services, IBM will develop a Statement of Work (SOW) as a Project Change Request (PCR) to this agreement. The PCR will define the scope of services, responsibilities of both parties, charges that may apply, and include a Change Authorization signature page. A specific Statement of Work for the first year of the contract is included in Section 4.

2.3.1 Management Services

2.3.1.1 Strategic Planning

IBM will assist MCS with strategic planning for the use of technology in administrative and instructional environments. IBM may facilitate sessions to assist you in determining the role technology will play in meeting the future goals and vision of the district. We'll assist you in analyzing your equipment and service needs, finding the best sources, and estimating your funding requirements.

2.3.1.2 Project Management

IBM will provide skilled Project Managers, Project Administrators, and Project Management processes that will be implemented in order to support delivery of the Projects to be performed under this Statement of Work. The level at which a Project will be managed will be determined by the scope of the work and the deliverables to be provided under the Project.

Single Point of Contact

IBM's Project Management process is based upon the premise that we will designate an individual who will have overall responsibility and accountability to meet agreed upon quality, cost, schedule and technical objectives of the Project. This individual will provide a Single Point of Contact for planning, directing, and monitoring. In addition, each party will assign an individual to each Project to act as their respective representative with responsibility for specific operational roles as described below and further delineated in the Project Plan. Based upon the scope of the work and the Deliverables to be provided under a Project, our respective Project Managers may be assigned to oversee more than one Project at a time.

Planning, Directing, and Monitoring

IBM will assign a Project Manager who will be responsible for the following:

1. overall management responsibility for the Project which includes planning, directing, and monitoring all Project activities;
2. in conjunction with your Project Manager, develop the detailed Project Plan;
3. maintain files of the Project Plan and any associated documentation;
4. in conjunction with your Project Manager, establish the Project team and orient team members regarding the Project Management process and the Project Plan including individual responsibilities, Deliverables, schedules, etc;
5. be the primary point of contact for establishing and maintaining communications through your Project Manager;
6. define and monitor the support resources required for the Project to ensure these resources are available as scheduled;
7. measure, track and evaluate progress against the Project Plan;
8. resolve deviations from the Project Plan with your Project Manager;
9. in conjunction with your Project Manager, administer and be accountable for Project Change Control per Section 3 "Project Change Control Procedure".
10. plan, schedule and participate in periodic Project reviews, as applicable, including review of the work products being produced;
11. provide periodic written status reports to you that provide information such as schedule status, technical progress, issue identification and related action plans; and
12. establish and maintain the necessary Project financial controls for those areas for which we have responsibility.

MCS will assign a Project Manager who will be responsible for the following:

1. have the necessary authority to be the single-point-of-contact for the management of your obligations under a Project;
2. serve as the interface between the Project team members and your business functions, units, affiliates, etc., participating in the Project;
3. define your business and technical requirements for each Project;
4. in conjunction with our Project Manager, develop the detailed Project Plan and ensure that the Project Plan meets your business and technical requirements;
5. in conjunction with our Project Manager, establish the Project team and orient team members regarding the Project Management process and the Project Plan, including individual responsibilities, Deliverables, schedules, etc.;
6. provide operational guidance to and manage and be accountable for the performance of your personnel assigned to the Project;
7. in conjunction with our Project Manager, administer Project Change Control per Section 3 "Project Change Control Procedure";
8. attend Project planning/review/status meetings, as required;
9. obtain and provide information, data, decisions and approvals, within three days of our request, unless otherwise mutually agreed;
10. coordinate and schedule the attendance of your personnel, as appropriate, at planning/review/status meetings;

11. assist in the resolution of Project issues and/or escalate as needed;
12. establish and maintain the necessary Project financial controls for those areas for which you have responsibility; and
13. provide review and sign-off that the Deliverables meet the Completion Criteria.

2.3.1.3 Acquisition and Deployment Services

This Service provides for the sourcing, ordering, and order management (including the tools and processes to support these services) required for the procurement of Hardware, Software, Services, and Supplies. IBM will provide MCS with the ability to consolidate purchases through either Systems Integration or Coordination and Accommodation.

Systems Integration
IBM may be responsible for turnkey solutions that include products and services from multiple suppliers. In this case, IBM will develop the integrated solution and negotiate subcontractor terms and conditions with its approved suppliers and present bottom line pricing to MCS. IBM assumes all responsibilities as specified in the IBM Customer Agreement and associated attachments. MCS will receive an integrated solution with all terms. conditions, and invoicing from IBM. IBM assumes responsibility for project integration, risk, and general and administrative costs associated with coordinating multiple suppliers.

Coordination and Accommodation
IBM may provide consolidated solutions which include IBM and other suppliers' products and services. In this case, IBM will coordinate acquisitions from other suppliers on behalf of MCS and will administer terms, conditions, and payments between MCS and the other suppliers. The IBM coordination will also include the consolidation of supplier invoices into an IBM invoice and process remittance to each supplier upon payment from MCS. IBM will provide pricing for these coordination services as Project Office Management fees associated with these projects and project change requests. The suppliers will provide prices to MCS for their products and services.

If MCS decides to finance or lease through IBM Global Financing (IGF), IBM will consolidate supplier invoices into IGF supplements for MCS signature. Once signed, remittance will be made to the suppliers by IGF.

Accommodation Services Terms and Conditions

1. IBM is not an agent of MCS for any purpose and owes MCS no fiduciary duty related to the selection of Products or Services for the Project or otherwise.
2. IBM will not be liable for any dispute that may arise between MCS and its vendors. Further, except to the extent IBM's Statement of Limited Warranty imposes warranty obligations on IBM for IBM Products, MCS agrees to indemnify and hold IBM harmless from any damages or liabilities relating to the transaction between MCS and its vendors.
3. IBM's entire liability and MCS's exclusive remedy under this transaction is limited to payments made by MCS during the term of the transaction or $10,000, whichever is the lesser amount. Any actions arising hereunder must be brought within two years of their occurrence.
4. Under no circumstances is IBM liable for any of the following:
   a) third-party claims against MCS for losses or damages;
   b) loss of, or damage to, MCS records or data; or

c) economic consequential damages (including lost profits or savings) or incidental damages, even if IBM is informed of their possibility.

5. IBM will forward MCS's order, based upon MCS's selection of the vendor.
6. IBM will provide a billing administrative service to MCS which will entail receiving bills from vendors for submission to MCS. MCS will have an agreement in place with its vendors sufficient to require them to continue to submit all invoices for MCS to their address with a copy to IBM. Vendor invoices must include MCS's purchase order number.
7. IBM will administer payment of such bills by immediately, upon receipt of vendor's invoices, rebilling MCS the amount to be paid plus any IBM administrative charges set forth .
8. Upon receipt of full payment by MCS, IBM will remit the appropriate amount to vendors. IBM does not guarantee payment by MCS to its vendors. Payment to vendors is contingent upon collection and clearance of payment to IBM from MCS.
9. MCS agrees that IBM is acting solely as its billing administrator, and IBM had no involvement in the prices and terms and conditions negotiated between MCS and its vendors for the transactions.
10. MCS and its vendors are solely responsible for the proper calculation of sales and use taxes, and the remittance of taxes to the proper taxing authorities. Any taxes must be specifically identified in any invoice for MCS that is submitted to IBM. IBM recognizes MCS as being a tax exempt institution.

Sourcing

IBM will assist MCS in managing the sourcing of technology by:

1. assisting you to identify vendors whose Hardware, Software, Services, and Supplies are compatible with configuration standards and future requirements per our strategic planning sessions;
2. creating and maintaining a list of pre-approved vendors for Hardware, Software Services, and Supplies; and
3. negotiating prices, terms, and conditions with the vendors for Hardware, Software, Services, and Supplies to be procured by IBM & MCS.

MCS will be responsible to:

1. advise us of existing vendor relationships or regulatory requirements which may affect vendor selection or use;
2. for items to be procured by you, negotiate prices, terms, and conditions with the applicable vendors; and
3. provide to us copies of or access to the information on any Statewide contracts including approved vendors.

Order Placement and Assurance

IBM will manage order placement of technology by:

1. acting as the interface for the procurement of Hardware, Software, Services, and Supplies;
2. receiving orders and coordinating order placement and delivery for your approved orders;
3. rejecting orders which do not conform to product configuration standards, unless pre-approved by you;

4. providing order notification and an estimated delivery date to your Project Manager; and
5. performing technical reviews of orders to be placed to check whether each item ordered is compatible with the other items being ordered and with existing Product configuration standards.

MCS will be responsible to:

1. provide us with a purchase order or similar authorization with all orders;
2. maintain and provide to us a listing of your designated personnel with order approval authority; and
3. provide to us any required information required to place an order with a vendor.

Order Management

IBM will manage the orders of technology by:

1. tracking all approved orders;
2. notifying you, as we become aware, of any constrained Hardware, Software, Services, or Supplies which will affect delivery schedules, and work with vendors to facilitate resolution of such issues;
3. for constrained items, advising you of alternate sources or comparable Hardware, Software, Services, and Supplies, (if available);
4. maintaining backlog and backorder information;
5. performing required follow-up with the appropriate vendor regarding timely delivery of Hardware, Software, Services, and Supplies;
6. working with vendors to assist in resolving issues regarding ordering of Hardware, Software, Services and Supplies;
7. providing order status to the End User, as requested or as deemed necessary by us;
8. coordinating the return of rejected orders or replacement of canceled orders; and
9. assisting you in developing your quarterly and annual forecast of procurement requirements.

MCS will be responsible to:

1. provide us with a forecast of your procurement needs and modify it on a timely basis; and
2. be responsible for all costs associated with returned, rejected, or canceled orders for which we cannot otherwise recover, including transportation costs.

2.3.1.4 Asset Tracking and Control Services

This Service provides for asset tracking and control and providing an interface to your asset management system and financial management systems throughout the life cycle from procurement through disposal, including any changes performed during the useful life of the asset.

IBM will be responsible to:

1. develop and maintain an asset inventory tracking data base with mutually agreed to data elements, to include the registered hardware warranties existing as of the Start Date, and the warranties for hardware procured through us, or procured through you with notification to us for inclusion in such data base;
2. establish a process, as required, to gather data regarding newly acquired assets or any changes to existing assets;
3. provide you with access to asset control information; and

4. provide to you, as reasonably requested, reports that aid you in performing your asset management and financial management functions as they relate to your hardware leases and warranties.

MCS will be responsible to:

1. be responsible for advising us of hardware procurements, transfers, or discontinuance which affect warranty registrations;
2. perform a periodic physical inventory in accordance and provide reasonable assistance in resolving any discrepancies; and
3. be responsible for End User compliance with the terms and conditions of the software licenses and manufacturers' warranty specifications.

2.3.1.5 Invoicing and Flexible Financing/Leasing

Erate Compliant Invoicing

For MCS projects funded by FCC Universal Service (Erate), IBM will comply with invoicing requirements as specified by the USAC Schools and Libraries Division (SLD). IBM has been an approved Erate service provider (SPIN 143005607) since the program's inception and has a national office that coordinates these special invoicing requirements and works directly with the SLD.

Invoice Consolidation

IBM will consolidate appropriate invoices and provide Project related supporting documentation to provide MCS with a concise package. Depending upon the Project scope, IBM may consolidate vendor invoices as well and provide MCS with one invoice amount and one point of remittance (see 2.3.1.3 Acquisition and Deployment Services – Coordination and Accommodation). Regularly scheduled invoice meetings will be held with MCS to provide clear communication and quickly resolve discrepancies.

Flexible Financing

This Service provides the financial considerations involved in the acquisition of assets and requirements for financing, technology currency and migration, and asset disposition assistance. The financing components can allow you to conserve capital, simplify budget planning, minimize costs, and preserve/strengthen lines of credit.

Total solution support - The financing offerings can be structured to support the total solution (hardware, software, and services) or individual elements of the solution and can also provide for a fixed monthly payment, if required.

State & Local Government Term Lease G

These leasing options are for Most IBM and OEM hardware products. Options G and G Prime:

Term: Generally a choice of three, four or five years
Fiscal non-appropriation:
Lease may be terminated at the end of fiscal period if funds are sought but not appropriated.

Payment: Monthly or annually in arrears

Price Protection: Fixed payments for terms of lease

Insurance: Full causality insurance included.

Maintenance: Not Included

Upgrades and additions: Field-installable features and model upgrades may be added to an existing Term Lease ($500 minimum)

Purchase Option: Equipment can be purchased at any time during the lease at the customer's option. Option G Prime Only.

End-of-Lease choices:

Two months prior to your lease expiration, you will be sent an end-of-lease supplement which allows you to choose, on a line by line basis, to:

1. Conclude or
2. Purchase or
3. Renew the equipment on lease

Option G

1. Renew for a minimum period of one year at fair market value rental at time of renewal (five-year maximum total lease term);
2. Extend at greater of existing rental or fair market value rental, until otherwise terminated (five-year maximum total lease term);
3. Purchase at fair market value;
4. Return the equipment.

Option G Prime: Title transfers to the customer after an additional 1$ payment.

State & Local Government Term Lease S

This leasing option is for financing IBM one-time charges including software and services.

Option S Prime:

Term:	12 to 60 months
Payment:	Monthly or annually in arrears
Price Protection:	Fixed payments for the term of agreement

2.3.2 Telecommunications Services

IBM utilizes integration skills and processes in coordinating efforts of multiple vendors to provide end-to-end solutions of telecommunications services. These can include:

1. Wide Area Networks (WAN), Asynchronous Transfer Mode (ATM) and other protocols
2. Local and Long Distance Service (POTS)
3. Centrex Telephone Services (Voice over ATM/IP)
4. Long Distance Telephone Service
5. Digital Data Services
6. Direct Broadcast Satellite (DBS)

7. Fractionalized T-1 Service
8. Cable TV Access
9. Satellite Services

2.3.3 Internet Access Service

IBM utilizes integration skills and processes in coordinating efforts of multiple vendors to provide end-to-end solutions of Internet Access services. These can include:

1. Internet access
2. Content Filtering
3. Managed Firewall
4. Caching
5. IP Addresses
6. All communication transports and devices to MCS central demarcation site

2.3.4 Maintenance of Hardware/Software Technology

IBM may provide for the maintenance of the following categories of equipment:

1. Enterprise Server
2. Data Equipment
3. Network Devices
4. Workstations
5. Peripherals
6. Servers
7. Video Conference Equipment
8. Televisions and Video Recorders
9. Media Retrieval Systems
10. Additional equipment as requested by MCS

This Service provides for Hardware repair and/or replacement activity on IBM and non-IBM machines after a problem has occurred and Software support for specified products. Warranty service management, including coordination and claims processing, may also be provided. Specific machines covered will be identified and agreed to at the beginning of each fiscal year. Additions and deletions may be administered by written request from MCS during the course of the year. Charges will be adjusted accordingly.

IBM is responsible to:

1. provide Hardware warranty upgrade and maintenance services including preventive maintenance (e.g., running standard diagnostics, machine cleaning, checking cables and ports), corrective maintenance to remedy a problem, and scheduled maintenance required to maintain the Hardware in accordance with manufacturers' specifications and warranties;

2. request the dispatch of the appropriate vendor maintenance provider for Hardware maintained under a third party agreement;
3. provide maintenance data, as reasonably requested by you, to support replacement/refresh scheduling;
4. provide an interface to your problem management process; and
5. provide support and assistance, as required, to isolate complex network, operational and software problems.

MCS is responsible to:

1. allow access by us or vendor maintenance personnel to your Locations for purposes of problem diagnosis and repair;
2. provide a suitable environment for machines, as specified by the machine's manufacturer;
3. be responsible for any costs (labor, travel, shipping, etc.) associated with the provision of maintenance services not covered as part of a maintenance agreement;
4. provide all End User Machine supplies; backup, remove, protect, and restore programs, data, and removable storage media in a machine prior to presenting a machine for service;
5. be responsible for additional maintenance costs, if any, incurred as a result of damage or misuse.

2.3.5 Networking Infrastructure Services

2.3.5.1 Network Design

IBM will utilize IBM networking skills and networking business partners to assist MCS with networking design and planning. Based upon MCS application requirements, both current and future, IBM can design a network that will prepare MCS for future technology changes and provide a sturdy infrastructure for high availability, high bandwidth requirements.

2.3.5.2 Network Integration

This Service provides for the coordination, customization, and installation of LAN/WAN networks, including telecommunication carrier services, workstations, Servers, LAN server/requestor applications, switches, gateways, routers, bridges, and other network devices at your Designated Locations.

2.3.5.3 Network Management

This Service provides for the management of the network environment, including managing network connection devices, such as routers, hubs, bridges, gateways, and communication controllers. Management includes proactive monitoring, performance management, problem management and change management.

Proactive Monitoring
Proactive monitoring is the "on-line" monitoring of an enterprise, with the prime function being the detection and notification of anomalies such as equipment or facilities failures, excessive traffic patterns, network

overloads, element event and state changes. IBM may provide network and system monitoring on a 24 x 7 basis. IBM will:

1. provide Data Polling and Alarm Capture by polling system elements for specific information. The polled data objects (information) are compared to pre-defined metrics. Violations are identified to the IBM/MCS operations staff for appropriate action. Alarms are logged to an alarm database and are resolved or responded to by the IBM/MCS operations staff;
2. perform Event Monitoring by utilizing a centralized, global view of the MCS computing enterprise while ensuring the high availability of application and computing resources. Common management events, such as a database server that is down, will be collected, processed and, if appropriate, automatically responded to; and
3. perform Policy Enforcement by monitoring policies based upon pre-defined metrics that define the actions to be taken in the event of alarm or threshold violations. Automated policies will be implemented to assist the network and systems operations staff.

Performance Management
IBM will be responsible to:

1. monitor, measure, and analyze systems performance and overall network performance and provide periodic reports to you;
2. periodically evaluate network performance and tune your network components. Where warranted, we may recommend hardware and software modifications to improve network performance; and
3. project growth and capacity requirements and recommend improvements required to manage the network load.

Problem Management
IBM will be responsible to:

1. perform problem management tasks including real-time monitoring of the network environment, problem identification, reporting, logging, tacking, resolution, communication and escalation for problems;
2. gather and enter problem information into a problem record, notify the appropriate personnel or vendor as to the required actions, and communicate problem status, as required, to affected personnel;
3. investigate problems to determine probable cause, expedite problem resolution and minimize the recurrence of duplicate or similar incidents;
4. use reasonable efforts to provide circumvention of the problem and verify resolution;
5. provide problem reports to you on a periodic basis, including information on the problems by type and status of any outstanding problems;
6. maintain the capability for accessing your network to support the functions of network monitoring, configuration monitoring, Server Network Operating System (NOS) monitoring, NOS performance analysis, and problem management; and
7. provide technical assistance to you with dealing with vendor service organizations.

Change Management
IBM will be responsible to:

1. for each change in the network, assess the necessity and impact of the proposed change on performance, connectivity and overall operation; and

2. schedule/manage testing and implementation of the change, including communication to and coordination with other affected functions in accordance with the Change Management Procedures, and with your assistance, verify the successful implementation of the change.

MCS will be responsible to:

1. provide a stable operational network and Server environment that will accommodate both on-site and remote network management;
2. provide the information we request for evaluation of your existing network environment, such as a current diagram of the network topology and LAN segments;
3. provide to us your network security policy and procedures;
4. provide a supervisor equivalent user ID and password on each Server designated for network management Services;
5. maintain and provide to us a list of your designated contact personnel for purposes of assisting us with problem resolution and escalation, if required; and
6. provide the system and network capacity required to support the Services.

2.3.5.4 On-site LAN /WAN Support

This Service provides for assistance to MCS for support of their ATM WAN and LAN environments.

IBM will be responsible to:

1. provide IBM on-site networking specialists to manage the overall support of the installed IBM 8265/8271 and associated networking devices;
2. perform trouble-shooting of network problems and degradation in performance for problem source identification;
3. perform configuration changes, addressing dynamics, updating of software releases, and application of software fixes;
4. initiate service requests to IBM LAN hardware support technicians and provide assistance through resolution;
5. provide a technical interface with WAN and Internet Service Providers (ISP) for problem source identification and problem management;
6. maintain post installation documentation to reflect changes and provide information to MCS support groups. The network operations guide will be maintained for the overall network to include network equipment start-up and shut-down procedures; and
7. provide documentation accessible to MCS technical personnel in electronic and printed format.

MCS will be responsible to:

1. provide us with user and group access authorizations;
2. develop and maintain Server and Network backup procedures to facilitate recovery of network resources;
3. inform us of any planned or emergency changes affecting the WAN/LAN environment; and

4. designate MCS support personnel to provide on-site assistance with WAN/LAN administrative functions.

2.3.5.5 Data Cabling, Fiber, and Electrical Installation

This Service provides management and installation services to install data cabling, network fiber, or electrical wiring in support of the MCS network infrastructure.

IBM will be responsible to:

1. obtain and comply with required permits and licenses for work performed by IBM or it's subcontractors;
2. provide and install cables and devices (for example, data connectors, face plates, patch cables, equipment racks, patch panels), as described in the cable design plan;
3. label each new cable drop at the distribution panel and at the workstation jack;
4. test and verify the newly installed cables and their connectivity as per MCS supplied specifications provided at the start of the project;
5. review installed cabling at a site to determine if it meets cable standards. Provide an estimate for the work required to bring the cabling into specifications and provide the service upon approval of MCS; and
6. provide for fiber installation, additional wiring closets, electrical power installation, drilling though walls, floors, and interconnection between buildings.

MCS will be responsible to:

1. provide a cable design plan, acceptable to IBM. This includes a scale drawing, cable schedule, device plug charts, marking schemes;
2. provide a current facilities floor plan identifying wiring closet and cable drop locations;
3. provide for interconnection (for example, via a conduit) between buildings and be responsible for the provision of any electrical work required for the installation; unless the same is provided by IBM within the scope of a PCR;
4. be responsible for the provision of any heating/ventilation/air conditioning (HVAC) work required for the installation;
5. ensure that your Designated Locations meet (as applicable) environmental and regulatory standards; and
6. be responsible for the identification, removal, containment, or abatement of Asbestos or other hazardous material.

2.3.6 Other Technology Related Services

IBM utilizes integration skills and processes in coordinating efforts of multiple vendors to provide solutions for a number of technology related services. These can include:

1. Voice Mail
2. Electronic Mail Systems
3. Unified Messaging

2.3.7 Application and Systems Support Services

2.3.7.1 Consulting Services

IBM Consulting Services provides MCS with a significant depth of resources in a broad spectrum of technology, business, and education disciplines. IBM uses proven methodologies, in-depth capability, and years of experience to enhance its customers ability to exceed their goals. In addition, IBM Consultants utilize IBM Intellectual Capital database, to enhance their productivity and provide solutions with proven track records.

At MCS request, IBM can draw upon its resources and experiences with a number of the largest, most complex school districts and corporations, to provide business decision assistance and technology guidance.

2.3.7.2 Architecture

Systems Architecture that matches organizational goals and priorities is imperative in today's world of technology. IBM's years of experience in Systems Architecture can facilitate the necessary processes to develop and implement a framework that will support both current and future needs. The scope of this effort may be broad or address specific needs for individual platforms.

At MCS request, IBM can draw upon its resources to provide both business or technical Systems Architecture specialists.

2.3.7.3 Contract Programming

At MCS request, IBM can provide Contract Programming to meet short term or long term needs. IBM has developed a network that provides resources from both IBM and its alliance partners to quickly meet the need for specific programming skills at any level. IBM will facilitate the skills search, provide candidate resumes, and manage the resource through the completion of the engagement.

2.3.7.4 Training

IBM may provide technology training to MCS educators and support staff through IBM Learning Services or skills transfer from on-site technical specialists. IBM Learning Services offers complete training, including public, private, and custom classroom courses, technology-based offerings, and technical conferences in numerous technical and professional areas. On-site technical specialists are skilled at providing skills transfer as they assist the MCS technical staff by developing documentation, answering questions, and providing instruction as they perform their work.

2.3.8 Customer Support Services

2.3.8.1 Help Desk

IBM may provide to Memphis City Schools the staffing of a help desk to serve as an initial, single-point-of-contact for problem determination and problem management.

Hardware and Software Support

IBM will be responsible to:

1. provide Help Desk Support to Memphis City Schools end users normal business hours during the day, 5 days a week;
2. provide an exclusive number for end-users to call the IBM Customer Support Center;
3. receive calls via telephone from Memphis City Schools end users, perform entitlement as requested, log the call into a problem database, assign a severity code and follow defined documented procedures to either resolve the problem or notify the appropriate resources (i.e. HW service provider, MCS School Technicians);
4. develop and maintain Help Desk operational procedures;
5. utilize online information repositories and/or a knowledge base mechanism to assist in problem determination and with "how-to" questions;
6. provide monthly Help Desk Service Reports, that summarize call statistics. The report format may include numbers of calls received, average hold time, distribution of call types handled, and other elements as agreed during the setup phase.

MCS will be responsible to:

1. be responsible for all End-user education and Server and PC hardware/Software training;
2. assist IBM in developing Help Desk Operational procedures by providing input to, and review and approval of, such procedures;
3. maintain an updated contact listing for use by Help Desk personnel in contacting appropriate personnel for assistance, notification and escalation;
4. communicate support responsibilities and procedures to Memphis City Schools support personnel; and
5. assume responsibility for the resolution of problems outside the scope of our responsibilities or recurring problems which are the result of end user error.

2.3.8.2 Desktop Support

This Services provides for Desktop or Deskside Support to MCS instructional and administrative End Users. Trained specialists will be dispatched to the End User's site to provide assistance with technology related problems that cannot be resolved remotely.

2.3.8.3 Moves/Adds/Changes (MAC) and Refresh Support

This Service provides for the scheduling and performance of move, add, and change activities for Hardware, Software, and cabling and for technology refresh services, including the discontinuance and replacement of older equipment under a technology refresh program.

IBM will be responsible to:

1. provide a single-point-of-contact for all M.A.C. requests;
2. log and track all M.A.C. activity from receipt of request through completion;
3. schedule and coordinate M.A.C. and Refresh activity with End Users and your appropriate business organizations (e.g., network operations, facility services, LAN administration, etc.);
4. reload all software and data from an existing End User Machine to the new End User Machine and purge existing data from the de-installed machine, if required;
5. following a M.A.C. or Refresh, perform the appropriate configuration and testing (Power On Self Test);
6. obtain End User sign-off that the M.A.C activity has been performed in accordance with the requirements specified in the M.A.C. request;
7. move all displaced hardware and software and excess packing materials to your designated staging area; and
8. provide a monthly report summarizing the M.A.C./Refresh activity for the prior month.

MCS will be responsible to:

1. implement a process to provide for authorized approval of all M.A.C. requests prior to submission by the End User;
2. ensure all M.A.C. requirements are clearly defined in each authorized request;
3. provide the hardware, software and associated equipment that comprise a M.A.C. or a Refresh;
4. backup data on End User Machines prior to relocation, if required;
5. be responsible for the completion of site preparation requirements, specified by us, prior to the scheduled M.A.C./Refresh date;
6. establish and communicate to us the escalation procedures for situations where site preparation requirements have not been completed within the defined time frames or in accordance with specifications;
7. provide required host, server, and network connectivity;
8. provide a designated staging area for displaced hardware and software;
9. define the procedures for disposal of displaced hardware and software; and
10. be responsible for all costs and regulatory requirements associated with the disposal of displaced hardware and software.

Curriculum Support

IBM's K12 Education Industry and strategic alliance partners, such as Riverdeep Interactive Learning, offer MCS educators a full range of Web-based, interactive learning courseware, communication and collaboration tools that seek to raise student achievement. Riverdeep reading, math, science, language arts and other online content features an interactive problem-solving approach that gives students real-world applications while strengthening conceptual thinking.

IBM Learning Village offers educators tools to build highly effective standards-based lesson-plans and learning modules with special emphasis upon fostering higher student achievement and stronger collaboration among teachers, administrators and parents.

2.3.9 MWBE Participation

IBM integrates IBM employees and subcontracted Business Partner services to provide an effective and efficient support team. IBM is committed to utilize, where applicable, local, minority, or women owned businesses in the Memphis area as subcontractors in the performance of this contract. IBM will make all reasonable efforts to comply with MCSs' Fair Business Program and Minority Purchasing Plan policies, guidelines, documentation, and reporting requirements. IBM will continue to utilize these subcontractors as long as they meet the quality, schedule requirements, and affordability price points of Memphis City Schools. Upon notification by MCS that the aforementioned criteria are not being met, IBM will substitute other contractor resources and make all reasonable attempts to replace the subcontractor(s) with local, minority or women owned business from the Memphis area.

2.4 Memphis City Schools Responsibilities

The responsibilities listed in this section are in addition to those responsibilities specified in the Agreement and are to be provided at no charge to IBM. IBM's performance is predicated upon the following responsibilities being fulfilled by MCS.

2.4.1 Database Content and Security

MCS will be responsible for the content of any database, the selection and implementation of controls on its access and use, backup and recovery and the security of the stored data.

2.4.2 Laws, Regulations, and Statutes

MCS is responsible for the identification and interpretation of any applicable laws, regulations, and statutes that affect MCS systems or programs that IBM will have access to during this project. It is the responsibility of MCS to assure that the systems and programs meet the requirements of those laws.

2.4.3 Space and Facilities

MCS will provide, at no charge, the physical facilities and reasonable support required for us to perform Services. Facilities and support include (for example) utilities, office space and equipment, and administrative support.

MCS agrees to provide reasonable access to your parking and cafeteria facilities for IBM and IBM subcontractor employees.
If you become aware of any unsafe conditions or hazardous materials, you agree to immediately notify us in writing. We may immediately discontinue our performance of Services until the situation has been remedied by MCS or the appropriate parties.
For up to thirty (30) days following the effective date of expiration or termination of this Statement of Work (or from the last day of any Services Transfer Assistance period), you agree to allow us to continue to use (at no charge) your facilities so that we can terminate (or transfer) those resources being used to provide the Service.

2.4.4 Required Consents

MCS is responsible for promptly obtaining and providing to IBM all Required Consents necessary for IBM to provide the services described in this Statement of Work. A Required Consent means any consents or approvals required to give IBM and its subcontractors the right or license to access, use and/or modify (including creating derivative works) to the hardware, software, firmware and other products MCS uses, without infringing the ownership or license rights (including patent and copyright) of the providers or owners of such products.

MCS agrees to allow IBM to store your contact information, such as names, phone numbers, and e-mail addresses, in any country where IBM does business and to use such information internally and to communicate with you for the purposes of our business relationship.

2.4.5 Other Responsibilities

Unless specified otherwise, MCS agrees to:

1. Sign appropriate license agreements if we provide certain Programs for the performance of Services;
2. Be responsible for providing appropriate consumables, including print and media supplies, required by your End Users; and
3. Upon expiration or termination of this Statement of Work, return to us (in good working order) any Machines and Programs we provided to you for our performance of Services.

2.5 Deliverable Materials

IBM will provide Deliverables according to the scope of effort for each activity or project. These Deliverables may include the following:

1. Project Status reports
2. Consultant studies and recommendations
3. Operational guides and training materials
4. Technical documentation and drawings
5. Architecture documentation

2.6 Completion Criteria

IBM shall have fulfilled its obligations under this Statement of Work when any one of the following first occurs:

1. IBM accomplishes the IBM tasks described in "IBM Responsibilities", including delivery to MCS of the materials listed in "Deliverable Materials"; or
2. IBM provides the services specified in "Charges" or in any subsequent Change Authorization; or
3. MCS or IBM terminates the Project in accordance with the provisions of the Agreement.

2.7 Termination or Renewal

1. MCS agrees to notify IBM (in writing), at least 90 days before contract year end, whether you wish to renew or not. If you wish to renew, we will notify you of the renewal prices and terms.

2. MCS may terminate this Statement of Work for convenience upon 90 days prior written notice to IBM following the expiration or termination of all your obligations and payment of IBM's reasonable expenses caused by the early termination (ie. cancellation fees of vendor contracts, prepaid expenses, additional staff required to transfer services).

3. Either MCS or IBM may terminate this Statement of Work if the other does not comply with any of its terms, provided the one who is not complying is given written notice and reasonable time to comply.

4. Prior to expiration or termination of this Statement of Work, we will (upon your request) assist in the orderly transition of the Services, functions, and operations provided by us, to you or your designated third party. We will provide this assistance, if so requested, unless termination is due to a material breach by you of this Statement of Work or the Agreement (such as failure to pay amounts due). We will charge you for such assistance, which is in addition to any termination charges we may assess you.

2.8 Additional Terms and Conditions

The following additional Terms and Conditions apply to this agreement:

1. To allow for the completion of previously approved projects and change requests under our current contract # (CFTD7WG); IBM will grandfather into this new contract any remaining portions of these projects and change requests and will invoice MCS as they are completed.

2. Project Change Control Procedures detail the process for communicating any changes that either of us initiate. Each of us agrees to follow the Project Change Control Procedures for all changes that materially affect 1) our provision of Services or 2) your business operations.

3. MCS may be required to sign additional transaction documents depending upon the terms of the specific transaction or changes to existing agreements.

4. The following preexisting transaction documents and agreements between Memphis City Schools and IBM will continue to be applicable for various services elements of this contract.

    a) IBM Customer Agreement
    b) IBM Customer Agreement: Supplement for IBM Support Services
    c) IBM Agreement for Service of Non-IBM Machines
    d) IBM Global Finance Corporation: Term Lease Master Agreement: State & Local Government, and addendum's

2.9 Term of Service

The term of service for this Agreement is, July 1, 2002 through June 30, 2007.

Base Scope of Service and pricing for the first year, 07/01/2002 – 06/30/2003 is provided in Section 4.

2.10 Charges

Unless specified otherwise, MCS will be invoiced in equal monthly amounts over the period of the performance specified in the Statement of Work and may be prorated for partial months.

Where specified, MCS will reimburse IBM for the actual travel and living expenses incurred in providing these services.

For MCS projects funded by FCC Universal Service (Erate), IBM will comply with invoicing requirements as specified by the USAC Schools and Libraries Division.

For any amount to be paid or reimbursed to you, we may give you a credit invoice to be applied against any outstanding service commitments to us. If no commitments are due, we will issue a check to MCS. MCS may request that Erate discount funds distributed to IBM as a result of an MCS BEAR form be distributed to MCS by either check or credit.

We will provide hardware (same make and models) and software (save versions) products at price points equal to or less than those available under existing Tennessee state contracts. Our prices for the services being provided to MCS are the same prices we would extend to any other IBM customer for the same comparable services. This is a non-exclusive contract, therefore, MCS may at any time elect to procure products and services through normal procurement processes outside of this contract.

Invoices are payable upon receipt.

3 Project Change Control Procedure

The following provides a detailed process to follow if a change to this Statement of Work (SOW) is required.

1. A Project Change Request (PCR) will be the vehicle for communicating change. The PCR must describe the change, the rationale for the change and the effect the change will have on the project.
2. The designated Project Manager of the requesting party will review the proposed change and determine whether to submit the request to the other party.
3. Both Project Managers will review the proposed change and approve it for further investigation or reject it. IBM will specify any charges for such investigation. If the investigation is authorized, the Project Managers will sign the PCR which will constitute approval for the investigation charges. IBM will invoice Memphis City Schools for any such charges. The investigation will determine the effect that the implementation of the PCR will have on price, schedule and other terms and conditions of the Agreement.
4. A written Change Authorization and/or Project Change Request (PCR) Statement of Work must be signed by both parties to authorize implementation.

4 Initial Baseline Statement of Work

4.1 Project Scope

IBM will provide services outlined in this Statement of Work scheduled for July 1, 2002 through June 30, 2003.

4.2 IBM Responsibilities - IBM Project Office

4.2.1 Project Management

Overview: IBM will provide project management for the IBM Technology Business Management agreement to facilitate project communications, status reporting, procedural elements, contractual activity, and problem management.

IBM will provide a full time Project Manager and Project Administration to perform the following:

1. Coordination of the elements of the Technology Business Management agreement and associated Project Change Requests.
2. Track and evaluate progress and performance to project expectations.
3. Address and resolve deviations and problems, coordinating resources with the Memphis City Schools Project Manager.
4. Conduct regularly scheduled meetings with the MCS and IBM project team to review project status.
5. Coordinate project invoicing and backup for presentation to MCS business manager.
6. Assist in solution development with MCS, IBM, and vendor personnel.
7. Administer the Project Change Control Procedure.
8. Prepare Monthly Status Reports.
9. Prepare and present timely invoicing with appropriate supporting documentation.
10. Assist with Erate processes and application development for IBM supplied products and services. IBM will assist with Erate requests for additional information and audits.

4.2.2 Asset Data Capture

Overview: IBM will provide administration support for asset data entry for assets procured and/or installed under the IBM / Memphis City Schools Partnership. The intent of this process, is the capture of multivendor hardware detail records in a standalone PC tool.

Asset information will be used to update IBM maintenance and warranty systems for entitlement. This information will also be provided to MCS management upon request.

Based upon actual information provided, IBM will capture asset information and school location information as follows:

1. The IBM / OEM machine type
2. Serial number
3. Model number
4. Manufacturer
5. Memphis City Schools asset number
6. Date installed
7. Location installed
8. IBM Customer number
9. Warranty end Date
10. Warranty period
11. Warranty upgrade (Y/N)
12. Annual maintenance price
13. E-Rate eligible (Y/N)
14. School ID number
15. School Name and Address
16. National E-Rate Number

The following tasks are the responsibility of Memphis City Schools:

1. Provide completed Computer Equipment Delivery Record (CEDR) forms, numbered 120/8586/8-98, to the IBM project office on a timely basis for purchases made directly between MCS and other suppliers.
2. Provide written or electronic notification of changes in the location of installed hardware.
3. Assume responsibility for end user compliance with terms and conditions of the software licenses and manufacturers' warranty specifications.

4.2.3 Software Support

Overview: IBM will provide on-site and remote support for specified software systems.

The following Software Support services will be provided:

1. An IBM S390 Specialist will provide full time technical support for version upgrades, problem assistance, capacity planning, and skills transfer.
2. IBM will provide Lotus Notes/Domino on-site technical support utilizing specialists from Digital A/V for up to eight days per month.
3. Support Line for AIX will be provided for up to four RS6000 systems with full shift coverage, 24 hours per day, 7 days per week. This service is through June 30, 2003.

4.2.4 Internet Connectivity

IBM will provide AT&T Managed Internet Service connectivity to the Avery network hub, utilizing a T1.5Mbps Port.

4.2.5 Hardware Maintenance

Overview: IBM will provide hardware maintenance on the installed PC workstation, printer, and peripheral equipment in the MCS enterprise.

1. IBM will provide remote problem determination and on-site hardware maintenance for PC workstation, printer, and peripheral equipment in the MCS enterprise.
2. Maintenance coverage is Monday through Friday 08:00AM – 05:00PM.
3. IBM maintenance includes the installation of IBM recommended engineering changes and microcode updates.

4.3 Deliverable Materials

The following items will be delivered to MCS under this Statement of Work.

1. Monthly Status Reports
2. Minutes of Project Meetings
3. Asset data information as requested
4. S390 Systems information as requested

4.4 Completion Criteria

IBM shall have fulfilled its obligations under this Statement of Work when any one (1) of the following first occurs:

1. IBM accomplishes the IBM tasks described in "IBM Responsibilities," including delivery to MCS of the materials listed in "Deliverable Materials".
2. MCS or IBM terminates the Project in accordance with the provisions of the *Agreement.*

4.5 Estimated Schedule

The schedule for the Initial Baseline begins July 1, 2002 and ends June 30, 2003.

4.6 Charges

The charge for performing the IBM tasks defined in the Initial Baseline Statement of Work totals $1,868,049, to be invoiced monthly at $155,671.

5 Signature Document

This Statement of Work defines the scope of work to be accomplished by IBM under the terms and conditions of the IBM Customer Agreement (Agreement).

- Memphis City Schools and IBM agree to the Statement of Work and Terms and Conditions of the Technology Business Management Contract for the term of July 1,2002 through June 30, 2007.

- Memphis City Schools and IBM agree to the Initial Baseline Statement of Work specified in Section 4 for the first year of the contract, July1, 2002 through June 30, 2003.

Charges:

The charge for performing the IBM tasks defined in the Initial Baseline Statement of Work totals $1,868,049, to be invoiced monthly at $155,671.

We agree to provide the Services described provided you accept this Agreement on or before December 31, 2001 by signing in the space provided below.

Each of us agrees that the complete agreement between us about these Services consists of 1) this Signature Document, 2) the referenced Statement of Work, and 3) the IBM Customer Agreement or IBM Agreement for Services, as applicable (or any equivalent agreement signed by both of us).

Agreed to: **Memphis City Schools**

By: Edward G. Bumpus

Authorized Signature

Name (type or print)

Date: 12/19/01

Customer Number: **5683003**

Customer Address: **2597 Avery Avenue Memphis, TN 38112**

Project Name: **Technology Business Management Contract**

Agreed to : **International Business Machines Corporation Armonk, New York 10504**

By: R E Mead

Authorized Signature

Name (type or print)

Date: 12/19/2001

Reference Agreement Number: **5J21301**

Reference Statement of Work number:

Change Authorization Number:

IBM Office Number: **005**

IBM Office Address: **6410 Poplar Ave. Suite 800 Memphis, TN 38119**