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**PRESS
RELEASE**

KMCI Reaches Pact with High Performance Systems, Inc.

January 19, 2004 – KMCI announced today that it has entered into a strategic alliance with High Performance Systems, Inc. (HPS), a leading supplier of system dynamics modeling tools based in Lebanon, NH. HPS's tools will be used in support of K-STREAM™, KMCI's proprietary strategy and implementation methodology for serious KM professionals. K-STREAM™ is the first complete KM methodology of its kind in the industry – a state-of-the-art, one-stop-shop solution for contemporary KM practitioners and managers of corporate KM functions.

HPS's tools, which consist of STELLA and *ithink*, will be used in K-STREAM (tm) for purposes of modeling current and target organizational learning, innovation, and adaptation systems in businesses and other organizations. The choice of these tools reflects KMCI's view that learning, innovation, and adaptation in organizations is a nonlinear social process, and that system dynamics modeling and simulation tools must, therefore, be part of any comprehensive KM methodology.

Commenting on her company's new agreement with KMCI, HPS's president, Jessica Richmond, said, "We look forward to working with KMCI in support of K-STREAM™ "

Of particular importance in KMCI's application of STELLA and *ithink* is the ability it offers to model and forecast the impact of KM strategies and interventions on not just learning and innovation, but on downstream business outcomes as well. In this regard, HPS's experience in modeling the impact of management interventions on Balanced Scorecard outcomes is especially relevant. As Mark W. McElroy, co-CEO of KMCI put it, "KM has always been about improving business performance by enhancing learning and innovation. The use of STELLA and *ithink* now gives us the ability to show clear connections between what we do in KM and the bottom line."

Central to the alliance announced today is KMCI's intent to integrate key elements of its 'New Knowledge Management' conceptual frameworks with High Performance System's tools, so that KM-specific models constructed with STELLA and *ithink* will be available to K-STREAM™ users. All K-STREAM™ students and licensees will receive free trial licenses to use HPS's tools. The first K-STREAM™ class will be held March 1-5, 2004 in Washington, DC. Contact KMCI for more details.

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More information about High Performance Systems, Inc. can be found at the company's website, www.hps-inc.com, or by contacting Jessica Richmond at jrichmond@hps-inc.com. More information about KMCI can be found at www.kmci.org, or by contacting Mark W. McElroy, president of KMCI, at mmcelroy@vermontel.net.