

**Proposal**  
**For the**  
**Consultation on the QPS**  
**in the**  
**Government of the HKSAR**

**by**  
**ARCOTECT Limited**

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## **1 INFORMATION SUMMARY**

In response to the request from the Government Chief Information Officer (OGCIO) for providing comments of the Standing Offer Agreement for Quality Professional Services (SOA-QPS) for the Government of the Hong Kong Special Administrative Region (HKSARG or the Government). Arcotect Limited is pleased to submit the Proposal for your consideration.

QPS has been launched in Dec 2005 and Arcotect has awarded as Cat 1, 2 and 3 of Minor contractor among other 22 contractors in 40 Standing Offer Agreements (SOA). Since then Arcotect has been awarded to 43 projects with 22 D/Bs.

In this paper Arcotect will describe the current situation and make suggestion on some potential improvement areas.

## **2 SCOPE OF THE CONSULTATION**

The consultation is to carry out the review and identify ways to improve the QPS for the Hong Kong Special Administration Region (HKSAR or the Government) to meet the operational needs of the D/B and benefit the IT industry as a whole.

## **3 CURRENT POLICY**

Under the Government's Stores and Procurement Regulations (SPR), Government procurement of goods and general services (including IT goods and services) exceeding HK\$ 1.3 million in value is normally done under open and competitive tendering procedures.

As the key elements of the procurement, including the quality and capability of the contractors in providing the designated category/group of services, have been pre-approved when the SOA QPS were awarded, the actual purchases are therefore executed through a Standard Marking Scheme with a weighting of 30% in quality assessment and 70% in price assessment, in which the procurement process was found to be greatly expedited.

## 4 IMPROVEMENT AREAS

On top of the current policy, there are still rooms for a few improvement areas:

### 4.1 Categorisation of Services and Suppliers

Currently, HK\$1.3M is the separator between major and minor groups. We noted that, for Cat 3, it turned out 72 WABs was awarded to minor group with a total of HKD34M but similar 76 WABs was awarded to major group but with a total of HK\$104.5176M, we think it is not fair. Particular for minor group Cat 3, HK\$1.3 M for SDLC is too little. It often lead to cancellation of WA because of contractors bid over budget per effort estimation.

Limited to HK\$1.3M ceiling contract price also caused inconvenience to contractors of the minor group when there are additional requirements.

We hope the new SOA can reconsider the grouping. It is suggested to raise the separation to HK\$3M. If necessary, for those over HK\$1.3M, the B/D can request performance bond per individual project case, same as the major group now.

### 4.2 Participation by Suppliers

General feedback from stakeholders suggests that there is not much benefit for a large increase in the number of contractors in each service category-group. We suggest new QPS to maintain no more than 6 contractors per cat per group.

### 4.3 Length of Contracts

We think the current 42 months is acceptable. A round up of 4 years (48 months) shall be considered.

### 4.4 Selection of Contractors and Quality Consideration

For tender 60% quality and 40% price shall used to select pre qualified contractors in order to emphasis on the quality of the contractors, but during WAB stage, a stand marking scheme of 60% on price and 40% on continuous quality monitoring score is recommended.

### 4.5 Categorisation of Human Resources

QPS current list of personal certification is insufficient. Some very frequent required professional i.e. DBA, certified programmer are not recognized in quality score. In order to encourage staff advancement, we suggested to date the list according to the required certification in past WABs.

### 4.6 Contractor's Liability

We agree to set cap on contractor's liability on a per-project basis. Moreover, a general of x2 or x3, etc shall be set under SOA to expedite the negotiation on WA.

#### **4.7** Timing for Proposal Submission

We think the time for proposal submission is sufficient.

#### **4.8** Payment for Services

Regarding the stage payment, clearly provide guideline to B/Ds that milestone payment should in proportion to the estimated effort.

#### **4.9** Clearly state IPR is release to contractors.

#### **4.10** Price adjustment

Government should initiate the adjustment, both up and down, according to the consumer price index –B (CPI-D).

#### **4.11** Effort required by B/Ds

A lot of B/D asked contractors to provide ballpark for budget purpose, in order to make sure the ballpark is accurate for B/D and encourage more WA, B/D should put budget for Feasibility Study so the estimated price, implementation schedule and technology used can be formulated in a realistic way.

#### **4.12** Central governance

OGCIO should assign its own staff with project experience to sit in the QPS project as central governance from OGCIO to eliminate the unnecessary barrier and expedite the project in an IT professional manner.

## **5 CONCLUSION**

QPS has been a superior arrangement for government purchase of IT outsourcing service which benefits the government, the user departments and the IT vendors. It is a Win-Win-Win situation. To IT vendor, QPS created a trust worthy environment and a mid/long term relationship between itself and the user departments so that lower assignment cost with high quality works can be maintained.

To keep the government (or the user department) to be a (the biggest) winner, the arrangement should continue to provide similar mechanism/environment to IT vendors. That is, steady recurring of small to medium sized jobs (under \$10m) which can be managed and monitored under a bulk service contract like QPS.