

June 9, 2004

Mr. Kenneth C.K. Yeung
Senior Systems Manager
Information Technology Services Department
6/F, Guardian House
32 Oi Kwan Road
Wan Chai

Dear Mr. Yueng

FEEDBACK ON ITPSA REVIEW

We are a sub-contractor of one of the ITPSA contractors. Referring to the consultation document on the ITPSA aiming to improve the services arrangement, we have the following suggestions and comments under the issues listed:

Participation by Suppliers

To broaden industry participation, there is room for increasing the number of contractors. With more contractors, it would help to tell more about their specialties.

Length of Contracts

In striking a balance in determining the duration and the initial cost, we believe contract length of 24-30 months is appropriate.

Selection of Contractor and Quality Consideration

The practice of awarding the work assignment to the contractor with the lowest offer leads to "cut-throat price competition". This might not be beneficial to the client department at the end. General quality criteria like ISO accreditation is a good consideration and more weight could be placed on quality of the work assignment response and project team structure. Since the users and ITMU should have the best idea of how much and what should be done in a project. A minimum cost for the project should be worked out based on professional estimation of ITMU/ITSD colleague in the departments. The minimum cost can be worked out based on the daily rates that Government is using to employ contract IT staff under contract T20. All bids falling below the minimum cost should not be considered since the bidders may misunderstand the project requirements and wrongly estimate the effort required. This can avoid bidders to use unreasonable low price to win the project and then reduce the quality to suit the price. Actually, this is the system being used for IT projects bidding in Mainland China.

Categorization of Services and Suppliers

To broaden industry participation and provide better support for specialized services areas, more service categories could be included. Geographic Information Service is an example in which personnel with particular skill set are required. To encourage SMEs in the IT industry to participate and grow, a separated list of pre-selected subcontractors of specialized areas could be added.

Categorization of Human Resources

The general staff categorization system and ceiling unit may not be suitable for projects involved specialist or new skills. Some mechanism of flexibility should be allowed for special cases.

Sub-contracting

Due the practice of "cut-throat price competition", contractor usually cascades the cost cut to the subcontractor with making reasonable profit. The daily rate is sometimes so low that the subcontractor has to compromise with quality in order to get the job. There should be some bottom rate to foster a healthy grow of the sub-contractors.

Country of Origin of Workforce

It is noted that 98% of the manpower that has been deployed on ITPSA work assignment has been supplied by the local workforce. However there are cases need expertise not available locally. This should be supported in the categorization of human resources by charging special rate or giving overseas allowance.

Managing Conflict of Interests

Service providers should not have the sole discretion on recommending software products but consult with the clients to select the best products on the market to ensure scalability and interoperability.

Supplier Registration System

While adopting the ITPSA-like panel of contactors, a register of Pre-Qualified suppliers is a good idea to let the governmental department knowing

who is good at what.

The above are what we want to express and thank you for your kind attention.

Yours faithfully

Paul Tsui
Director, Sales and Marketing