

12 June 2004

Information Technology Services Department
 6/F Guardian House
 32 Oi Kwan Road
 Wan Chai
 Hong Kong

(Attn.: Mr. Kenneth C K Yeung)

Dear Sir,

FEEDBACK ON ITPSA REVIEW

25	Participation by Suppliers	<ul style="list-style-type: none"> • More Suppliers should be included in each category to enhance greater participation of vendors from the IT business
29	Length of Contracts	<ul style="list-style-type: none"> • N/A
39	Selection of Contractors and Quality Consideration	<ul style="list-style-type: none"> • Should be ISO certified. • If service providers always put up high quotation for bidding the ITPSA services or poor quality deliver services or seldom participate in the delivery of services to ITSA projects, these service providers should be restricted from participation of future ITPSA tender or ITPSA services within the current ITPSA contract for certain period of duration.
43	Categorisation of Services and Suppliers	<ul style="list-style-type: none"> • N/A
49	Categorisation of Human Resources	<ul style="list-style-type: none"> • N/A
52	Sub-Contracting	<ul style="list-style-type: none"> • N/A
55	Country of Origin of Workforce	<ul style="list-style-type: none"> • Should not restrict the country of origin as it will attract talent workforce worldwide to participate in the services for HKSAR projects
59	Managing conflict of Interest	<ul style="list-style-type: none"> • Most IT product and service providers are small and medium companies. They can also provide products and services with excellent price performance by focusing on their core competence. However, few big IT vendors in Hong Kong, who can provide a full range of IT products and services, are very good at government tendering. They won a number of government IT bulk tenders, such as ITPSA, Server Bulk, PC Bulk, Network Bulk, ISHS...etc. In some cases, they can explore the relationship between different bulk contracts for an IT project, to gain an unfair competitive advantage. For example

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		<ul style="list-style-type: none"> ○ If a vendor conducted a feasibility study for a project through ITPSA, she has insider information to bid that project in implementation phase. ○ If a vendor conducted Technical System Option (TSO) in feasibility study phase or in implementation phase, she can influence product specification for later Server bulk, PC bulk, ISHS, ...etc. to her advantage. ● We strongly suggest that government should put a debarment clause in ITPSA tender to manage this conflict of interest. ITPSA service provider conducting feasibility study should be debarred from implementing that project. Also, ITPSA service provider conducting TSO, should be debarred from bidding product and hosting services in the later stage for that project. ● If the debarment cannot be enforced, <ul style="list-style-type: none"> ○ Big IT vendors have always competitive advantages against small and medium IT vendors in government sector, not a healthy and fair market environment for SME IT vendors to grow. ○ As government is "locked" in some cases by big vendors, they will not provide product and service at the best value for "public money", our taxpayers' money.
63	Supplier Registration System	<ul style="list-style-type: none"> ● N/A
N/A	Others - Legal term and condition	<ul style="list-style-type: none"> ● The following term and condition is found in many recent SOA tenders: <ul style="list-style-type: none"> ○ " The Government will not accept any limitation or exclusion of liability by the tenderer. The tenderer is expected to insure itself against all liabilities whether contractual or otherwise. Any proposal containing a limitation or exclusion of liability may be rejected solely on this ground at the Government ' s sole discretion." ○ I suppose similar clause will appear in coming ITPSA tender. As shown on p. 21 of the consultation paper, most work assignment in the ITPSA contracts are

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		<p>small. It is unfair for vendors to accept unlimited liability by taking up a small assignment. In principle, the maximum liability should be proportional to the size of the assignment, such as two times of the assignment value.</p> <ul style="list-style-type: none">○ In the clause, government suggested vendors to insure themselves. However, in reality, insurance company will not indemnify vendor for project risk, such as project delay, IP infringement, ...etc. Above clause should be modified.

Thank you for your attention.

Yours Sincerely,

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