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11th June 2004

Mr. Kenneth CK YEUNG,
Information Technology Services Department
6/F., Guardian House,
32 Oi Kwan Road,
Wan Chai,
Hong Kong

Dear Mr. Yeung,

RE: Consultation on the Information Technology Professional Services Arrangement (ITPSA) in the Government of the Hong Kong Administrative Region

We would like to thank you for being invited to provide comments and suggestions on the discussion in this paper. Enclosed please find our response for your perusal.

Should there be any query, please feel free to contact me or ITPSA Programme Managers. Thank you for your attention.

Yours sincerely
For and On Behalf Of
Unihub Limited

A handwritten signature in black ink, appearing to read "George Fok", written over a white rectangular area.

GEORGE FOK
EXECUTIVE VICE PRESIDENT

FEEDBACK ON ITPSA REVIEW

**George Fok
Executive Vice President
Unihub Limited
June 11, 2004**

Points in the ITPSA Consultation Paper	Comments/Views
Participation by Suppliers - point 23 - 25	<p>Consideration should be given to strike the balance between maintaining the attractiveness of the ITPSA-like arrangement to the contractors and broadening industry participation.</p> <p>We welcome the idea of increasing the number of contractors under each of the service categories/groups. A more open competition under a closed environment would be acceptable provided that the contractors are given options of not bidding WA Briefs and not keeping a Programme Management Office (PMO). The high administrative cost in setting up and maintaining the PMO by the contractors would eventually stretch the bidding price of each WA. By adopting a free competition under a closed environment, a more competitive bidding price will be generated for each WA. It will also create a win-win situation for both the contractors and Government departments.</p> <p>On the other hand, the size of the various service categories/groups can be considered to enlarge provided that future contract values of WA are going to be increased proportionally. Based on the figures stated in point 7, 8 of Annex A, the total contract values of awarded work assignments is HK\$246m among 12 vendors, the generated gross revenues will be around HK\$20.5m per vendor should it be equally shared. Such revenue amount might not be significant enough to attract non SME participation. In addition, the efforts and resources put in place do not justify commercially for medium to large companies.</p>
Length of Contracts - point 28 - 29	<p>In addition to strike a balance in determining the duration of an ITPSA-like arrangement and justifying the initial & on-going high administrative costs in providing the programme management services, consideration should be given to let the contractors having the choice of not extending the ITPSA-like arrangement (extend 18 months for current ITPSA) after the expiry of the SOA (valid for 30 months for current ITPSA) should the business no longer be viable.</p> <p>Currently, the selected contractors have no choice if they want to be out at the end of the existing contract and the other suppliers would not be given another opportunity sooner.</p>
Selection of Contractors and Quality Consideration	<p>Currently, contractors within the service category & group must bid against WA Briefs issued under that service category & group. If the contractors are given an option of not bidding WA Briefs during the contractual period, the bidding price might turn out even more</p>

- point 31	competitive from those contractors who want to win the WA.
Selection of Contractors and Quality Consideration - point 33	The present system of awarding Work Assignment on the basis of lowest bid would lead to 'cut-throat price competition' at our own expense as we, being a leading company with standards and quality, could not offer less to Government departments.
Selection of Contractors and Quality Consideration - point 36 - 37	<p>Consideration should be given to strike the balance between the inclusion of additional quality criteria and the project size, duration, & cost. The more the quality criteria include, the higher the project cost would be.</p> <p>Under the present system of awarding to the contractor with the lowest bid, the 'cut-throat price competition' would be even worse for us as it is always at our own expense.</p>
Selection of Contractors and Quality Consideration - point 39	During the bids for a WA Brief, consideration should also be given to the technical solution and the qualification/working experience of IT personnel deployed to the WA instead of just the lowest price. Technical mechanism such as Marking Scheme should be considered in order to avoid problems caused by lowest bid mechanism.
Categorisation of Services and Suppliers - point 43	<p>Under the current ITPSA SOA, contractor who undertakes a WA of Feasibility Study (FS) or Technical Study (TS) in Service Category A will be debarred from bidding for the subsequent implementation work arising from that Feasibility or Technical Study WA unless otherwise stipulated by the GITM in the WA brief, and, being a selected ITPSA contractor, we MUST bid against these WA briefs and have no other choice.</p> <p>Suggest to add a new service category to focus on FS / TS or to make the FS / TS as an optional services under Service Category A so that bidding contractors can determine whether they will opt for this option during the open tendering exercise of an ITPSA-like arrangement.</p>
Categorisation of Human Resources - point 49	<p>Suggest to add a new service charging structure to cater for projects requiring specialist or new skills. The length of experience should remain a useful competency yardstick. Even though the new service charging structure might be a 'generic' one for various specialists or new skills, it is much better than applying the existing staff categorization system which is not relevant to the specialist but still being regulated by the ceiling rates.</p> <p>For one-off services under Service Category A, some special projects require to work on-site after office hours due to various reasons.</p>

	<p>Currently, we only have the pricing structure for one-off services which do not specify the working hours. If the project team is required to work after the normal office hours, it would be more appropriate to apply a different pricing structure.</p> <p>We would like to suggest to add one more pricing structure under resident for one-off services which should be similar to the resident with maintenance scheme M2 for the on-going maintenance services.</p> <p>For Service Category C, some ITPSA WA Brief required the professional staff to have certain working experiences but which were not related to their job nature.</p> <p>Also the scope of work was not clearly stated in most of the WA Briefs, so it was difficult to estimate the resource requirements during the bidding stage. Even after the project has been awarded, the project team and the customer spent much time on discussion and negotiation of some grey areas encountered in scope of assignment work.</p>
<p>Managing Conflict of Interest - point 59</p>	<p>Similar suggestion as for point 43 above.</p>