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

(Attn.: Mr. Kenneth C K Yeung)

Dear Sir,

Below please find our feedbacks on the current ITPSA.

FEEDBACK ON ITPSA REVIEW

22	Participation by Suppliers	<ul style="list-style-type: none"> The overall number of the suppliers, particularly the small-medium companies, should be increased for each service category/ group. According to the statistics provided in the consultation paper, about 85% of work assignments were awarded with contract sum lower or equal than 1.3 millions. The ratio between the SMEs and non-SMEs could be higher e.g. 70:30 to replace the 50:50 at present. It has been heard that some government clients are unaware of the ways other than ITPSA to procure IT services. ITPSA contractors almost monopolise government IT projects for a long validity period which is suffocating enough to the existence of the other potential small IT firms outside ITPSA or non-ITPSA commercially associated partners. 12 contractors have been awarded more than 300 services within 18 months may possibly weaken the capability of these 12 contractors in providing the best quality services and support to the large number of projects at hand. We recognize the importance of efficient service awarding system at the best price for the interest of the government, but the pool size of the suppliers could be increased to a more optimal level. Categorization of contractors and bidding process are needed to be changed in align with the increase of the number of SMEs. Please refers the underneath feedbacks to Para. No. 39 & 49 for details.
29	Length of Contracts	<ul style="list-style-type: none"> 12 to 18-month validity period is preferred to select the most competent contractors from the industry in response to the fast-changing market situation and technology/ skill advancements of the new contractors.
39	Selection of Contractors and Quality Consideration	<ul style="list-style-type: none"> Besides shortening the validity period, introducing a marking scheme 3:7 for a ratio between proposed fee and technical competency/ general quality for bidding ITPSA projects can concretely help to assure service quality. Agreed to use ISO certified qualification to indicate the contractor's competency in project management

		<ul style="list-style-type: none"> Other general quality criteria are welcome to introduce in the ITPSA bidding process as long as it won't create entry barriers for the small companies. E.g. CMM involves high setting up cost and time for the small companies while it is not crucially required for delivery of small IT projects.
43	Categorisation of Services and Suppliers	<ul style="list-style-type: none"> It has been found an unhealthy participation of non-SMEs contractors in small government IT projects which could be more economically run under small IT companies. Project sum and the specialized skill e.g. GIS required for the jobs should be considered in the sub-group division within each service category/ group so to allow more SMEs to participate. The following categorization principles are recommended: <ul style="list-style-type: none"> Contract sums: <ul style="list-style-type: none"> >= 10 millions 5 – <10 millions 2.5 - < 5 millions 1.3 - < 2.5 millions 0.5 – < 1.3 millions < 0.5 million Each contractor are allowed to bid for the project not more than three contract sum categories Service Group 1 and 2 should be merged. IT projects vary differently in technical requirements. Contractors may possess stronger skill in some type of IT projects but less in others though both types demand for same high technical competency. The delineation of service group seems unnecessary in this aspect. Instead, the evaluation mechanism for assessing the capability of the contractors in awarding the IT services should be improved. Meanwhile, ITPSA contractors should no longer required to bid against all service briefs when the number of contractors could be increased. It can require each ITPSA contractor to bid at least certain proportion e.g. 70-80% of total service briefs every year to assure each service brief are well addressed.
49	Categorisation of Human Resources	<ul style="list-style-type: none"> The human resources requirements for IT services under 1.3 millions or more routine-based should be less stringent as the project may not require so sophisticated technical skills as the others and the profit margin for those projects may not allow to meet the minimum technical requirements currently defined.
52	Sub-contracting	<ul style="list-style-type: none"> N/A
55	Country of Origin of Workforce	<ul style="list-style-type: none"> Due to the cut throat competition in the market, it is inevitable for some companies to outsource the jobs to Mainland China to make the bidding price as lowest as possible. However, this endangers the local employment markets. A minimum quota of local workforce could be set in the service brief to encourage the employment of local technical persons. Local workforce minimum wage can be considered to assure the healthy competition in Hong Kong market. The ratio of the local workforce could be also included as one of the general assessment criteria in service awarding and the ITPSA contractor should state clearly the workforce background in their fee proposal.
59	Managing Conflict of Interest	<ul style="list-style-type: none"> The current lowest bid practice allows the large software vendors/ distributors anchor a better position in obtaining service awards. Vendors can now bid for any IT services as well as hardware/ software procurement. They can sell their products to the government departments through the projects or lure the departments to buy by offering a big discount and gain back the project price difference from the maintenance service charge afterwards. This loophole possibly allow the contractors to bid the project at a below market price. This is unfair to the other capable contractors. Debarring the vendors from bidding project implementation should be

		considered.
63	Supplier Registration System	<ul style="list-style-type: none"> Specialised IT knowledge such as GIS may not necessary exists in the current 12 contractors' companies. Meanwhile, the 12 contractors, who have almost monopolizes the government IT projects, would only ally with their commercial partners for providing such specialized IT knowledge. It lacks a fair alliance system and very likely ignores the quality assurance of those specialized IT services to the government departments. A supplier list in the specialized IT knowledge should be prepared for the government department customers to have a fair view on the current market of specialized IT services for them to judge the service award.

Best Regards

CHAN Cecilia
GIS Manager

For Black & Veatch Hong Kong Limited