

With reference to the “Consultation on the Standing Offer Agreement for Quality Professional Services 2 (SOA-QPS2) in the Government of the Hong Kong Special Administrative Region Version 1.0” issued on 15-Mar-2012, we have the following comments/suggestions for your consideration:

A. On Categorization of Services and Suppliers

- a. We agreed to retain a bidding ceiling for QPS minor projects (currently 1.3M but would be increased to 1.43M) but suggested to simplify the Change Request (CR) process and increase the ceiling of total services amount (i.e. initial bidding plus CR). For typical projects with implementation period of 18 months and 3 years maintenance and support, certain degree of requirements and scope changes should be expected and the corresponding process should be simplified to reduce processing time and overhead.
- b. We suggested not to separate QPS services in terms of technologies used. As new technology would be introduced from time to time, generic QPS service categories could already serve the purpose.
- c. We agreed the introducing of new service categories based on services. Independent Testing services should be considered.
- d. We noticed that some implementation projects did involve certain degree of business process re-engineering. We suggested b/ds should acquire consultancy services before implementation services to separate the process refinement from implementation projects.

B. Participation by Suppliers

- a. We noticed a contradicting situation, Government IT expenditure did increase over the past years; however, the overly emphasize on price competition reduced the attractiveness of Government IT projects. Some QPS contractors are not active at all. We suggested to reduce the number of QPS contractors from 9 to 6 or 7 (which represent the number of active QPS2 Cat 3 minor contractors).

C. Length of Contracts

- a. We agreed to retain the current contract duration (i.e.48 months fixed with 12 months optional)

D. Bidding Performance

- a. We suggested to provide a simplified mechanism for contractor to declare “price out”. We suspected that some QPS Cat 3 Minor assignment were under-estimated by corresponding b/ds, and could not be delivered within 1.3M ceiling price.
- b. To motivate contractors’ bidding, we proposed Government to pay for each proposal submitted. In particular, a higher price should be charged to Assignment

that demanding multiple copies of hardcopy proposals basis for environmental friendliness.

- c. We suggested to standardize the feedback/result of proposal to provide more information/suggestion for future bidding.
- d. We agreed that full mark should be given if the participation rate reaches 50%. No contractor can have resources all the time to cater for all the tendered work assignments. A forced participation in all proposals submission is not realistic and may lead to submission with a hidden agenda not wanted to be selected.
- e. We concerned about the impact of CPAR ranking toward the contractor performance. Currently, there is no appealing mechanism for the CPAR ranking.

E. Categorization of Human Resources

- a. We suggested to release the “equivalent or better” requirements for staff replacement. There are occasions that replacement staff of similar skill sets and experience were being rejected because the lacking of irrelevant certificates, or few months of lesser working experience out of 10 years. As long as the replacement staff fulfill the WAB requirement, it should be acceptable.
- b. We agreed on that current staff categories should already be sufficient.
- c. To maintain the quality of services, we proposed OGCIO to provide guidelines on the ratio among PM/SA/AP. If b/ds insisted only SA/AP are required, the assignment should be charged on time and materials basis.

F. Sub-contracting

- a. We suggested to enable QPS Minor Contractors to work as sub-contractors for Major Assignments.
- b. We suggested to attach the CPAR ranking for sub-contractors.

G. Timing for Proposal Submission

- a. We agreed with the current arrangement.
- b. To speed up the proposal preparation, we suggest ALL b/ds provide the WAB in MS Word format, and enable electronic proposal submission. Also, we suggested to standardize staff profiles and only requesting contractor to provide additional information on a need basis.

H. Payment for Services

- a. The current payment arrangement became a stumbling rock for small company to engage in Government projects (either as contractor or sub-contractors). Sometimes, only the first payment (around 15-20% of contract amount) could be obtained in the first year. The negative cash flow could only be tolerated by medium and large size companies.

- b. We proposed to promote regular payment as a normal practice, up to 50% of the fixed price. Also, the milestone payment should be in proportion to the projected effort. As QPS programme is promoting a long term relationship between Government and contractor, unlikely a contractor would terminate a project just because the outstanding payment is small.

I. Continuity of Project Staff

- a. From the contractor's point of view, "debar the core staff from participating in other QPS work assignment" is not feasible.
- b. If b/ds expected the core team members work full time in a project, we suggested to state the expectation explicitly in the WAB.

J. Project Delay

- a. We suggested b/ds to review the proposed project schedule and critically assess the feasibility of it. Usually, the project schedule was included in the WAB as mandatory requirement; however, time allocated to user side (e.g. document review, confirm requirements/prototypes, UAT, etc.) may not be sufficient and causing the overall project delay.
- b. The no. of rounds of UAT, user training and document review sessions plus their standard turnaround time should be stipulated under a standard guideline to all b/ds in their WAB to avoid unnecessary and unexpected procrastination of project causing uncontrollable and unpredictable delays and effort over-run.
- c. To avoid project delay, we propose the following measurement:
 - i. Provide more comprehensive and concrete requirements in the WAB.
 - ii. Avoid flexibility and open-ended statement (e.g. "including but not limited to..." "e.g.", "etc.") in WAB, user requirements and project scope.
 - iii. If user is not sure about the scope/requirement, a feasibility study should be conducted beforehand.
 - iv. Improve the readiness of users. There were situations that the UAT was completed, but the system cannot be production launched due to internal issues (e.g. special business event, readiness/quality of existing data, delaying of other system's implementation, etc.), which could not be controlled by the contractor.
 - v. Reduce the involvement and duration of contract staff in b/ds' project team. Some contract staff may intentionally prolong the project duration to extend their contract period.

K. Invitation for Comments

- a. We propose a regular meeting (say mi-monthly or quarterly) with contract administration and other contractors to review QPS operations.

L. Others

- a. We proposed, when evaluating a proposal, increase the weight on technical score from 40% to 60%, and decrease the weight of price score from 60% to 40% to avoid compromising the quality focus intention.
- b. We suggested to provide a ceiling on the project specific liability cap (e.g. 150% of the contract amount.)