

Proposal
For the
Consultation on the QPS2
in the
Government of the HKSAR

By
Hong Kong Information Technology Federation



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1 INFORMATION SUMMARY

In response to the request from the Government Chief Information Officer (OGCIO) for providing comments of the Standing Offer Agreement for Quality Professional Services (SOA-QPS2) for the Government of the Hong Kong Special Administrative Region (HKSARG or the Government). Hong Kong Information Technology Federation (HKITF) is pleased to submit our comments for your consideration.

QPS2 has been an excellent arrangement for government purchase of IT outsourcing services which benefits the government, the user departments and the Contractors. It is a Win-Win-Win situation. To Contractors, QPS2 created a trust worthy environment and a mid/long term relationship between itself and the user departments so that lower assignment cost with high quality works can be maintained.

QPS2 has been launched in July 2009 and some of our members have been awarded as prime contractors and sub-contractors among the 53 Standing Offer Agreements (SOA). HKITF has conducted a Government Workgroup to collect practitioners' opinions. In this paper HKITF will describe the current problems our members faced and make suggestion on some potential improvement areas.

2 IMPROVEMENT AREAS

On top of the current arrangement, there are rooms for a few improvement areas:

2.1 Categorisation of Services and Suppliers

2.1.1 Currently, there is a big gap on ceiling HK\$1.3M for Minor group and HK\$10M for Major group. In view of the declining contract sum in Minor group, we suggest to increase the demarcation limit from HK\$1.43M to HK\$3M, so some work assignments can move back to Minor group.

We don't agree increasing the demarcation limit will attract more medium-large size companies to enter Minor group, as long as the limit is not too high i.e. $\leq 3M$, since entering Minor group also means they have to give up Major group at the same time.

2.1.2 QPS2 services are following the SDLC and technology independent, we believe that there is no need to separate technology groups i.e. Mobile or EIM or anything upcoming, which may lead to change on Service Category whenever there is a new technology raises. The skill and experience shall be addressed in staff requirement.

2.1.3 'Independent Testing' service category can be a new arena for local IT companies. On QPS2, OGCI0 created a new category on 'Independent IT Security Audit' and successfully groomed many local IT security companies. We welcome QPS3 increases new Category 5 on 'Independent Testing' as some of our members are on software testing business.

2.1.4 We were told that some B/Ds wanted to acquire ISSS and IT Service Management (ITSM) via QPS, perhaps OGCI0 can formulate a Cat 0 for ISSS to cater for different skillset on consultancy level, while ITSM can be included in Cat 1 for consultation or Cat 3 for implementation.

2.2 Participation by Suppliers

All of our WG members reflected that more players within a service category and group force them into price war and affect the quality of services. It seemed 6 contractors per Cat per Group is the most attractive and effective combination.

2.3 Length of Contracts

The current 48 months arrangement is good.

2.4 Bidding Performance

2.4.1 Proposal submission

All members responded that if there will be 6 contractors on Cat 1 & 3, they are keen to bid, even compulsory bidding is acceptable.

2.4.2 However, for Cat 2, since most of the staff requirements are very specific, members are resisted to prepare proposal knowing it'll be non-complied. We suggest OGCIO to set a guideline for B/D to put those staff desirable features in marking scheme instead of mandatory staff requirements.

2.4.3 CPAR

2.4.3.1 SOA-QPS2 evaluates contractor's performance in all Categories collectively, but not all contractors serve all Categories so the result wasn't reflecting the whole truth. We suggest the contractor's CPARs can be evaluated independently per Service Category.

2.4.3.2 If a B/D gives 'poor' in CPAR, contractor can comment Not Agree; under current CPAR flow, B/D will make further comment but in almost every case the score will not be changed and no further Appeal in place right now. In reality, some cases were reported that B/D trying to convince contractor to absorb additional requirements with CAPR score. Since QPS Contract Admin knows almost all contractors' performance and quality level, it was suggested to allow Contract Admin to serve as an Appeal Board and after hearing both side of stories, has the right to decide whether a 'poor' or a 'satisfactory' score shall be entered into the CPAR system. All members said they would agree with Contract Admin decision.

2.4.4 General Technical Sub-score

2.4.4.1 The current General Technical Sub-score is in a 1,2 and 3 ranking only. In order to have more transparency and let us improve our quality, we recommend to use ranking / number of contractors.

2.5 Categorisation of Human Resources

2.5.1.1 The existing staff categorization mainly based on the years of experience and ranking and not technology specific, which is flexible and well served the purpose. We think this is good as new technologies can be customized by B/D. E.g. a Cat 6 QA Analyst with experience in writing Test Plan, Specification, Cases and Report can be also qualified as a 'Testing Analyst'. A Cat 4 Analyst Programmer with experience in conducting unit test and SIT can be qualified as a 'Tester'. EIM Consultant/Specialist can fit into Cat 11 or 12. Cat 5 or 6 SA still applied but may need additional experience in Mobile App.

2.5.1.2 Staff Replacement

We also hope that staff replacement can be just following the WAB instead of compatible to the resigned staff.

2.5.1.3 Project Manager and System Analyst effort

It was noted that more and more B/D refused to accept PM effort in system enhancements. Some B/D even said AP can do everything without PM or SA. It

is important for users to understand PM is responsible for negotiation, draft and revise PIR and ACR, monitor progress, liaise testing and acceptance, checking document update, etc. SA is responsible for design and quality check. We hope OGCI0 will give clear guideline to B/D that PM and SA effort shall not be ignored.

2.6 Timing for Proposal Submission

- 2.6.1.1 In general we think 2 weeks and 4 weeks for Minor and Major to prepare proposal submission is sufficient.
- 2.6.1.2 Some B/D still not giving softcopy for 'IT' projects. We hope OGCI0 can give clear guideline to B/D to give MS Word copy to contractors as working copy. It is important for proposal team to share comments and highlights and for preparing proposal content.
- 2.6.1.3 It is against the Government's environment protection policy for all contractors to submit 2 sometimes 3 sets of proposals and CDs. In order to save paper & CD, submission by pdf via email should be allowed. If necessary for audit record, only awarded proposals need to be printed with clarifications.
- 2.6.1.4 Sometimes different B/D give different skill summary templates to be submitted with Technical proposal. We found those templates take up to 1-2 days to fill in. If we only have 14 days to prepare proposal and usually we have a few proposals in a week, it is discouraging us to submit proposal. We suggest OGCI0 to standardize an acceptable cv template for all B/D as part of the WAB sample. I believe all contractors as IT experts can somehow convert our cv to fit in one standard.

2.7 Payment for Services

Regarding the regular intervals on no more than 50% of fixed price, we appreciate the Government's understanding and support to ease local IT Contractor's cash flow on payroll. Discard the well intention from the Government, most B/Ds still don't accept it. We hope clear guideline can be given to B/D and encourage them to adopt such arrangement as a Caring Organization and support local IT industry.

Regarding the Stage payment, we also appreciate OGCI0 provide clear guideline to B/Ds that milestone payment should in proportion to the estimated effort i.e. 10% PID, 20% SA&D, 50% UAT, 10% Production and 10% PER.

Some B/D purchased Cat 2 and Cat 3 services on hourly basis and the hourly charge are derived based on the normal daily rate, which has the assumption that services are procured in the unit of "man-day". However, such kind of hourly services incur different cost overhead i.e. include travel time & cost. We hope QPS3 clearly state hourly rate is not allowed in Cat 1, 2 or 3.

2.8 Continuity of Project Staff

As the Government often mentioned, IT industry is pillar for all pillars in HK. Staff turnover is unavoidable particular when the economy is good. To debar the staff may be illegal and not giving the staff an equal opportunity to transfer from jobs like other IT practitioners in commercial sector. Also, QPS is not T Contract, the staff continuity has already covered by CPAR, and marks shall not be deducted as long as the overall service performance is not affected.

2.9 Project Delay

Every IT Services Contractor hates project delay which is bad for payroll and cash flow.

WAB usually gives high level requirement description and usually stated 'not limited to...', more complex use requirements will come up in SA&D stage and require longer development time. We were told that B/D users did not concern about project schedule, they rather contractor to deliver additional requirements than on schedule.

Project delay was also due to unreasonable schedule under mandatory requirement that cannot be altered.

A lot of B/D asked contractors to provide ballpark for budget purpose, in order to make sure both the ballpark and schedule are accurate and encourage more Cat 1 Work Assignments, B/D should put budget for Feasibility Study so the estimated price and implementation schedule can be formulated in a realistic way.

2.10 Selection of Contractors and Quality Consideration

For tender 70% quality and 30% price is used to select pre-qualified contractors in order to emphasis on the quality of the contractors. However, in WAB stage, 60% on price is used and contractors have to bid with lowest cost eventually compromise the quality. Since quality is priority concern on delivering a service, we recommend a standard marking scheme of 60% on continuous quality monitoring score and 40% price shall also be adopted during WAB stage.

2.11 Contractor's Liability

We suggest using a formula for B/D to come up with a project specific liability cap to provide better risk management for Contractors. A general of x1.5 - x3, etc shall be set under SOA to expedite the negotiation on WA.