

April 11, 2012

IT Sourcing Section
Business Transformation Division
Office of the Government Chief Information Officer
By Email: soaqps2_review@ogcio.gov.hk

Dear Sir / Madam,

We would like to make the following comment and recommendation for the consideration of the Government for betterment of the QPS.

(a) Categorisation of Services and Suppliers

On top of the existing 4 categories of services, it is welcomed to have introduction of new service categories such as Independent Testing Services and Website Content Management and Development.

For the Independent Testing Services, the scope of work could include:

- Providing data analysis, extraction, transformation and loading services;
- Conducting simulation tests;
- Performing acceptance tests on defect fixes and/or upgrades to existing application(s).

(b) Participation by Suppliers

It is considered that the size of existing suppliers in each category is already too large to allow for a good balance of service quality and business viability of the suppliers.

It is recommended that the number of suppliers in each category should be reduced in the future.

(c) Length of Contracts

It is suggested that the next contract period could be in the range of 48 to 60 months.

(d) Bidding Performance

We would recommend bidding performance rating for a non-conformance bid should be higher than a no-bid.

Besides, there is only one score rating of bidding performance for each company in QPS2. It is instead suggested to maintain a different score ratings for same company but in different service category-group (if applicable).

(e) Categorization of Human Resources

No specific comment.

(f) Sub-contracting

No specific comment.

(g) Timing for Proposal Submission

In general, 10 working days for minor and 20 working days for major in preparing and submission for proposals are appropriate.

(h) Payment for Services

The major operating costs of QPS2 suppliers are staff payroll which incur monthly.

It would be instrumental support from the Government if it could practice regular payment of services according to man-effort spent or time consumed and in proportion of the project plan pre-agreed mutually by the service provider and the relevant B/D. Payment intervals could be monthly or bi-monthly depending on the duration of the entire service / project.

(i) Continuity of Project Staff

We are concerned that the suggestions in Clause 48 and 49 showed that the Government is narrow-minded to lead QPS a win-lose scenario for the Government and the Local IT Industry. Those suggestions would only impose extra constraints and operating costs to the QPS service providers but in no way will benefit the Government.

ISIA would like to emphasize that the QPS is a labor intensive business for IT service peers. Given the fixed-price nature of the business, QPS service providers could survive only if they could deliver projects in time or at least without much delay so that the overall project costs are within their budget estimated at proposal stage. If any, they are the very last parties who would like to see a project delayed because, no matter who has caused that delay, the QPS service provider is surely a party to suffer.

Similar to other industries, staff turnover is just a matter of business as usual in the IT industry and there is no reason for the Government to penalize a service provider purely because of staff turnover. In the same token, the QPS service provider would not expect to be paid more if there are staff turnover in the B/D relevant to the service / project.

Instead, we recommend the Government to focus on the project continuity and delivery timeliness instead of the movement of particular project members.

(j) Project Delay

It is unfair for the Government to blame only the QPS service providers for project delay without objective evident(s).

In fact, from the experience of the QPS service providers, it is quite often that project delay was caused by the unclear user requirement and/or user requirement changing along the project duration.

We recommend the Government to seriously look into the related aspects to (i) improve the specification of user requirement at the work assignment briefs and (ii) improve the skills and capability for the user department to articulate their requirement during the project duration.

ISIA suggests the Government to consider engaging independent parties to review the above.

Your attention to the above are highly appreciated. It would be our pleasure to discuss them in more detail if the Government would find that useful.

Yours faithfully

Mr. Reggie Wong
Chairman
Information and Software Industry Association