



2 April, 2012

Comments & Suggestions on SOA-QPS2 from NewTrek Systems Limited

(a) Categorisation of Services and Suppliers

- a-1 Currently, there is a big gap on ceiling HK\$1.3M for Minor group and HK\$10M for Major group. Particularly for Minor group Cat 3, HK\$1.3 M – or even \$1.43M for SDLC – is too low for the current payroll and inflation rate. Quite significant number of projects that could have been fulfilled by local IT companies in Minor group had switched to Major group due to over the limit of HK\$1.3M. This stops local IT companies from providing their services to HKSAR Government and limits their growth opportunity.

Being limited to HK\$1.3M ceiling contract price also caused inconvenience to contractors of Minor group when there are additional requirements (Change Request). B/D should be allowed rooms to cater for 'out-of-scope' CR's that might be found in any stage of the project.

We hope the new SOA can consider raising the ceiling for Minor group. We suggest raise the ceiling to HK\$2M and allow 100% Assignment Change Request, resulting no more than HK\$4M as assignment total.

We don't think increasing the demarcation limit will attract more medium-large sized companies to enter Minor group since entering Minor group also means they have to give up Major group which shall address large scaled projects at the same time.

While the ceiling for the Minor group is suggested to be raised to HK\$2M, we also suggest raising the Major group ceiling to HK\$15M in order to maintain the differentiation between the limits of the two categories; thus upholding the original objectives of separating the categorization into the major and minor groups.

- a-2 QPS2 services are following the SDLC and technology independent purpose, we believe it is not necessary 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 Professional Staff Requirement section.
- a-3 'Independent Testing' Service Category can be a new arena for local IT companies. On QPS2, OGCIO created a new category on 'Independent IT Security Audit' and successfully groomed some local IT security companies. QPS3 is coming soon, if the government increases another new Category 5 on 'Independent Testing' in QPS3, we believe it will become another success.
- a-4 Since QPS is the most cost effective way to procure quality professional services within government procurement procedures, and we have noticed that some B/Ds want to acquire ISSS via QPS. Perhaps OGCIO can consider formulate a Cat 6 to cater for this kind of demand from B/Ds. Similar demand on IT Service Management has also been heard of. We suggest the ITSM can be included in Cat 1 for consultation and Cat 3 for implementation.

(b) Length of Contracts

The current 60 months arrangement is a reasonable duration.

(d) Bidding Performance

d-1 CPAR

d-1-1 Another problem is SOA-QPS2 evaluates contractor's performance in all Categories collectively. We suggest contractor's CPARs can be evaluated separately under individual Service Categories.

d-1-2 If a B/D gives 'poor' in CPAR, contractor can comment "Not Agree" under current CPAR flow. B/D can then give further comment but in most cases, the score will not be changed and no further appeal mechanism for contractors in place for the moment. Since QPS Contract Admin is familiar with almost all contractors' performance and quality level, we would like to request Contract Admin to serve as an Appeal Board and arrange a full hearing from both sides, Contract Admin has the right to decide what score shall be entered into the CPAR system. Contract Admin shall have the responsibility to act as a neutral authority for CPAR and provide a fair platform for contractors to air out their issues.

(e) Categorisation of Human Resources

e-1 The existing staff categorization is mainly based on the number of years of experience and ranking and is not technology specific. We think this provides flexibility and does well serve the purpose. This can also cater for new technologies that be required by B/D under their specific requirements.

e-2 However, we found staff requirements by some WABs are sometimes be too specific for a particular expertise or experience that are generally not available in the market or sometimes bias to a certain towards some vendors. This can cause non-compliance even though contractors may have tried their very best to source for such expertise in the market. We suggest OGCIO to set up a guideline for B/D to put those staff's desirable qualifications/experience in marking scheme instead of mandatory staff requirements.

e-3 Staff Replacement

We believe that staff replacement shall follow the WAB instead of compatible to the resigned staff. Contractors are actually bidding for the assignments based upon the requirements specified in the WAB.

e-4 Project Manager and System Analyst Effort

It is quite obvious that more and more B/D refused to accept PM effort in system enhancements. Some B/D even suggested AP can do everything without PM or SA's involvement. It is important for users to understand PM is responsible for controlling the scope, drafting and revising PIR and ACR, monitoring progress, liaison of testing and acceptance requirements, checking document update, etc. SA is responsible for design and quality check. It is a general practice that AP is forbidden to change any program without revised design by SA and approval from PM. We believe OGCIO shall give clear guideline to B/D that PM and SA effort shall not be undermined.

e-5 Ceiling Staff Unit Service Charge Rate (per diem) by Category

When bidding to become one of the short listed vendors, it is understood that a key criterion is the ceiling price of each category of staff. Naturally, for individual WAB's, price is also an important parameter. The Government has implemented the Minimum Wage Law and the community is now considering increasing it to, say, HK\$35 an hour. All these factors cumulate to the need for establishing reasonable levels of charge rates for the staff categories.

We would like to suggest that OGCIO could use the (average or the mean of the) rates set in the last QPS as the base and add to it the aggregated inflation rate since July 2009 (when the QPS2 rates were set) to derive the minimum rate levels by category and no bidder is allowed to offer below these OGCIO derived rates.

(f) Timing for Proposal Submission

f-5 In general we think 2 weeks and 4 weeks for Minor and Major preparing proposal submission is sufficient.

f-6 Some B/D's are still not giving softcopy for 'IT' projects. We suggest OGCIO 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.

f-7 It is against the Government's environment protection policy for all contractors to submit 2 sometimes 3 sets of proposal hardcopies and CDs. In order to save paper & plastic CD and reduce carbon footprint, we suggest submission by PDF via email should be encouraged. If absolutely necessary for audit principle, only awarded proposals need to be printed out for record purpose.

f-8 Sometimes different B/D's give different skill summary templates to be submitted with Technical proposal. We found those templates take up too much time to fill in and sometimes cause unnecessary confusion to contractors. We suggest OGCIO standardize an acceptance CV template for all B/D as part of the WAB sample. We believe all contractors as IT experts can somehow convert their CV to fit in one standard and prepare the proposal effectively.

(h) 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 suggest 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 OGCIO provide clear guideline to B/Ds that milestone payment should in proportion to the estimated effort, Our suggested bottom line is 10% PID, 30% SA&D, 40% UAT, 10% Production and 10% PER.

There were cases that UAT had been accepted but the System was not put into Production due to internal issue. It is not fair to contractors that over 6 months development effort was spent and the system was accepted but still could not receive payment because the system not in Production use.

Some B/D purchased Cat 2 and Cat 3 services on hourly basis and the hourly charges are derived based on the normal daily rate. M2 and M3 are just for staff taking 2 or 3 shifts, 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. including travel time & cost. We suggest QPS3 clearly state hourly rate is not allowed in Cat 1, 2 or 3.

(i) Continuity of Project Staff

Staff turnover is unavoidable particularly when the economy is prosperous. Debarment of the staff may be illegal and not giving the staff an equal opportunity to switch jobs. We believe marks in CPAR shall not be deducted as long as the overall service performance is not affected.

ADDITIONAL VIEWPOINTS

Selection of Contractors and Quality Consideration

Since quality is the priority concern in delivering a service, we recommend a standard marking scheme of 70% on continuous quality monitoring score and 30% on price shall be adopted for WAB tender evaluation

Contractor’s Liability

We suggest using a formula for B/D to come up with a project specific liability cap, say 2 times of the contract sum to provide reasonable risk management for Contractors.