

## **Response to Consultation on SOA-QPS**

Submitted By: Azeus Systems Limited.

Please find below our views on the specific subjects:-

### **Categorisation of Services and Suppliers**

2. The current categorization groups the contractors by the nature of the services rather than technology. We suggest keeping the current categorization as this allows the interested industry players to pick the services they are interested in bidding.

3. The division of the contractors into the major and minor group within the service category provides a level playing field for the suppliers as well as more choices on the suppliers for the B/Ds based on the complexity and the risk of individual projects. However, the criteria for grouping the suppliers into major or minor have to be carefully designed such that the interests of different type of contractors will be taken into the consideration.

### **Participation by Suppliers**

4. If there are too many contractors within a service category and group, it will reduce the attractiveness to the contractors as regards to the submission of bids as the competition will be increased, which could in turn result in decrease in revenues.

### **Length of Contracts**

5. We suggest having a reasonably long duration for the SOA in order to meet the objective of having a cost effectiveness means for the procurement since setting up and maintaining the related infrastructure and supporting services would incur cost to the contractor. If the duration of the SOA is too short, the overhead cost would become significant in each individual assignment which will in turn increase the pricing of each assignment.

## **Selection of Contractors and Quality Consideration**

6. After the Government's promotion and support for the local IT industry to acquire international qualifications through, for example, the provision of grants to obtain SW-CMM or CMMI accreditation, there are more local IT companies having such international qualification. Once there is a critical mass in the local industry, Government may consider including international qualification as a general requirement in contractor selection.

7. Quality is an important aspect in service delivery to B/Ds. If a B/D overlooks the importance of quality, it would be the one to suffer. In addition, the quality outcome will not necessarily meet the B/D expectation even the Government micro-manage the execution of work assignment as the contractor is the one actually providing services to the customer. Quality should be taken into the consideration in the procurement of professional services. For instance, the Government can spell out customer quality expectation and add in quality as one of the considerations in selecting contractors. The quality score should play an important role in selecting contractors for any work assignment to meet the quality objective.

## **Categorisation of Human Resources**

8. In the SOA-QPS, the charges are in the unit of "man-day". However, there are demands from B/Ds to request contractor to provide services on an hourly basis, e.g. for ad-hoc support services or emergency support outside prime maintenance period. Currently, such 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 and the cost structure for contractors to operate with reasonable profitability would be different from the other services. If possible, we suggest setting up a simple hourly charging scheme for hourly services requested by B/Ds.

9. Supplier-specific staff category can be considered as a new category in the Standard Staff Category structure. Supplier can recommend supplier-specific staff category based on actual experience and it will take time to develop critical mass for such staff category in the market. But, once the supplier-specific staff categories have become more mature, Government can consider including such categories into the Standard Staff Category. We suggest keeping the supplier-specific staff category in the human resources categorization.

## **Sub-contracting**

10. When a work assignment involves sub-contractor, the quality of the services delivered will also depend on the sub-contractor. We suggest B/Ds to also consider the quality aspect of the sub-contractor in assessing the work assignment specific quality score so that they can select these most suitable contractor and sub-contractor in undertaking the work assignment.

## **Contractor's Liability**

11. It will be highly desirable if there are ways to contain the liability of the contractor in undertaking services for the Government. We welcome the introduction of a limited liability provision in the contracts.

## **Timing for Proposal Submission**

12. We have no specific views on this subject.

## **Payment for Services**

13. SOA QPS has introduced payments in the form of completion-of-work fee, stage fees and monthly or regular fees for one-off services, which allow more flexibility in selecting the suitable terms of payment. Furthermore, the monthly or regular fee and a more frequent payment under staged fees could lessen the burden of the contractor in terms of cash flow.

## **Commercial Exploitation of the Intellectual Property Rights**

14. Government has introduced the commercial exploitation of the Intellectual Property (IP) rights ownership for IT contracts. Since the SOA-QPS is setup before the introduction of this arrangement, this item is not available for SOA-QPS projects. We urge the inclusion of such terms into the new SOA framework which can further allow the industry to reap the benefits of such arrangement.

**Azeus Systems Limited**  
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