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29 December 2007

Office of the Government Chief Information Officer (OGCIO)
6/F, North Point Government Offices,
333 Java Road,
North Point,
Hong Kong

For the Attention of Mr. Kenneth CK YEUNG

Re: Feedback on Standing Offer Agreement for Quality Professional Services (SOA-QPS) Review

1. BACKGROUND

Since 1994, the Office of the Government Chief Information Officer (OGCIO) has adopted a bulk supply arrangement to enable Government departments to obtain IT professional services as and when required. The present arrangement – the Standing Offer Agreement for Quality Professional Services (SOA-QPS) was launched in December 2005. Since the SOA-QPS will expire in June 2009, the OGCIO is currently reviewing the arrangement prior to developing a replacement, and inviting IT industry to provide feedback to explore if there are any areas for further improvement.

The purpose of this letter is to provide OGCIO comments on the SOA-QPS from the perspective of a professional service firm.

2. COMMENTS

2.1 Categorization of Service Providers

The existing four categories of IT service providers do not accommodate professional service firms such as accounting and audit firms, management consulting agencies and advertising firms. There is a need to evaluate the effectiveness and completeness of the existing categorizations of the service providers.

2.2 Participation by Suppliers

In terms of the number of suppliers, there is no such optimal level – it varies significantly on case by case basis. Transparent mechanism on reviewing the existing suppliers in the list on a regular basis and enrolling new suppliers should be in place to ensure the quality of suppliers being maintained at the highest standard.

2.3 Boundaries of Existing Categorization of Service Providers

The boundaries of the existing four categories of service providers are too high. There are two service groups in each of the four service categories, namely Minor Works Group and Major Works Group. For category 1, 2 and 3, Minor Works Group applies to work assignments with value not exceeding HK\$1.3 million whereas Major Works Group applies to work assignments with value greater than HK\$1.3 million and smaller than HK\$10 million. For category 4, Minor Works Group applies to work assignments with value not exceeding HK\$260,000 whereas Major Works Group applies to work assignments with value greater than HK\$260,000 and smaller than HK\$10 million. This monetary sub-categorization will limit the opportunities for IT consulting companies. There is a need to evaluate the boundaries for the existing categorizations of the service providers.

2.4 Submission Requirements

The current submission requirements imposed on the service providers during the qualification process are too rigid. For example, professional service firms that operate as partnerships will not be in a position to provide Memorandum and Article of Association nor to disclose financial statements. Thus, there is a need to re-define the submission requirements in specific to each company forms.

2.5 Timing for Proposal Submission

For 10-15 working days response time, it only appears to be reasonable for those proven and simple solution. It is relatively inadequate for projects with complex nature and longer delivery duration.

2.6 Risk Assessment for Selecting Sub-Contractors in the First Stage of Procurement Process

Since the level of risk exposure and financial viability of sub-contractors in different forms (i.e. unlimited or limited company) are different, when performing risk assessment in determining the ceiling for liability, different considerations should be given in light of the characteristics of the sub-contractors.

2.7 Length of Contracts (3.5 years)

We agreed that the length of contracts is inversely correlated to the administrative costs to both the government and contracted supplier. Consideration should also include the

typical awarded contract fees. Given the administrative and tendering cost of contracted suppliers should be reduced under the SOA, it should be a noticeably saving in contract fees for those contracted suppliers. Provided that there is regular and transparent review on existing suppliers and opportunity to enroll new suppliers, the existing length of contracts (3.5 years) might appear to be reasonable.

Should you require a further clarification, I can be contacted on 2852 5892.

Regards,

Gregory Lo