



## **Feedback on SOA-QPS Review**

*Submitted by Hewlett-Packard HK SAR Limited  
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### **Categorisation of Services and Suppliers**

Through the past two years' of engagement in SOA-QPS, HP believes that, with the exception of Service Category 4, the current categorisation and grouping of services and suppliers function quite well for the purposes of a bulk supply arrangement.

For Service Category 4, the size of business is too small to sustain eight suppliers in two groups. The situation may be improved by consolidating the two groups into one with fewer suppliers or by extending the service scope, say, to cover other infrastructure services such as ITIL assessment, ISO20000 training and assessment, business continuity assessment, network and traffic assessment and analysis, data centre consolidation assessment, data centre thermal (power and cooling) assessment, server / storage and backup consolidation assessment, education services, etc.

For other service categories, further segregation may complicate the arrangement and consequently create difficulties and confusions to bureaux/departments. Also, it will further fragment the size of business for each service category and may affect the investment interest of suppliers.

### **Participation By Suppliers**

Other than the situation of Service Category 4 mentioned above, the introduction of additional suppliers in other service categories has virtually increased the bid costs per successful bid as the size of the business is spread among more suppliers. It has also intensified the cut-throat competition and in some cases the winning prices are quite irrational for successful assignment execution, at least from HP's perspective. HP believes that the profitability of each supplier is eroded with lower return on bidding investment, smaller share of business and higher risk of project execution.

Besides, HP also believes that additional overheads are imposed on proposals evaluation by bureaux / departments for selecting a contractor among more suppliers.

To balance the best value for money obtained through the procurement process and a sustainable business for suppliers, HP believes the optimal number of suppliers in each service category-group is four.



### **Length of Contracts**

HP believes that the current length of contracts for the SOA-QPS is appropriate and optimal for the suppliers to justify their investments in setting up program offices and supporting infrastructure.

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

For the selection of contractors for the future bulk supply arrangement through public tendering, HP believes that the weighting factor used in the SOA-QPS for quality assessment and price assessment at 70% and 30%, respectively, is appropriate.

HP believes that the current Standard Marking Scheme serves most of its purposes in giving more emphasis on quality in the selection of contractors to undertake work assignments. To further enhance the emphasis on quality and relevancy to individual assignments, HP suggests

- § raising the quality assessment weighting from 30% to 40%; and
- § changing the quality assessment composition from 60% in general quality aspects of contractor and a maximum of 40% in bid-specific quality aspects to 40% in general quality aspects of contractor and a maximum of 60% in bid-specific quality assessment.

HP believes these changes can facilitate shifting from cut-throat competition to healthy competition and subsequently both bureaux / departments and contractors will be benefited.

### **Categorisation of Human Resources**

HP believes that the current categorization of human resources is appropriate.

### **Sub-contracting**

HP believes that the current sub-contracting arrangement is appropriate.

### **Contractor's Liability**

The unlimited liability on direct and indirect damages of typical government contracts has posted a very significant burden to the IT industry. Particularly for multi-national companies, like HP, the liability clauses not only lead to significant risk exposure to their local presence, but in turn to their parent companies. With the recent stringent measures imposed by the Securities and Exchange Commission of the respective countries, it is



very difficult for multi-national companies to engage in businesses involving unlimited liability, except that on important subjects within jurisdictions.

To encourage quality world-class suppliers to participate in the future bulk supply arrangement, HP suggests seriously considering setting a cap on both direct and indirect damages.

### **Timing for Proposal Submission**

HP believes that the current timing for proposal submission is appropriate.

### **Payment for Services**

HP appreciates OGCIO's effort in encouraging bureaux / departments to structure the payment schedule for improving the contractors' cashflow burden. However, the results are not that obvious in the category-group that HP is in.

HP suggests providing some guidelines in the future bulk supply arrangement or through internal communication to structure the payment schedule for one-off services at intervals not exceeding six months. For on-going services, HP suggests setting the regular payment interval to monthly or not exceeding three months.