Consultation Paper

on

Future Arrangement of

Standing Offer Agreement for Quality Professional Services

in

the Government of the

Hong Kong Special Administrative Region

Office of the Government Chief Information Officer
The Government of the Hong Kong Special Administrative Region
of the People’s Republic of China

16 November 2020
This Consultation Paper is prepared by the Office of the Government Chief Information Officer (OGCIO) describing the present arrangement of the Standing Offer Agreement for Quality Professional Services (SOA-QPS). It also discusses the salient issues and areas for potential improvement for the future arrangement.

We would like to invite views from the information technology (IT) industry in response to this consultation document, and solicit comments and suggestions on improvements to the present arrangement. **Please send your comments to the Office of the Government Chief Information Officer on or before 15 December 2020 by one of the following means:**

**Post:** Office of the Government Chief Information Officer  
6/F, North Point Government Offices  
333 Java Road, North Point  
Hong Kong  
(Attention: Systems Manager (Governance & Resources)41)

**E-mail:** qps_consultation@ogcio.gov.hk

To facilitate our processing, please mark on your reply email or document the title “Consultation on the future arrangement of the SOA-QPS”. To enable further communication where necessary, please provide your name, contact telephone number/email and the name of your organisation in your feedback.

Please address enquiries of this consultation exercise to:

- Mr. Esprit PK LEUNG, Systems Manager  
  by telephone at (852) 2231 5479

  or

- Mr. Jimmy CY WOO, Senior Systems Manager  
  by telephone at (852) 2231 5480

  or

  “qps_consultation@ogcio.gov.hk” by E-mail
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I. Background

Government Procurement

The Government procurement policy is underpinned by the principles of open and fair competition, transparency and integrity. These principles are conducive to achieving value for money and public accountability, and should continue to be observed. With effect from 1 April 2019, embracing innovation has also been one of the guiding principles in Government procurement, which is conducive to securing value for money in the long run.

2. For procurement of stores and general services (including IT stores and services) exceeding HK$1.4 million in value, it is normally done by the use of open tendering procedures so as to obtain the best value for money.

3. A typical open tendering exercise involves the formal process of invitation and submission of tenders, evaluation of tenders, recommendation for acceptance of tenders for consideration and approval by the relevant tender boards, and award of contract.

The Need for IT Professional Services

4. The Government of the Hong Kong Special Administrative Region is a major consumer of IT professional services and has been using IT for internal operation as well as delivery of public services. These demand a large IT professional service capacity to deliver IT solutions and IT outsourcing is adopted to meet its IT needs and to benefit from the state-of-the-art technologies and services.

Procurement of IT Professional Services

5. Given the rapid changes in IT market, it is imperative that the procurement arrangements for IT professional services have to be efficient, responsive and able to provide timely solutions to address the business needs of Government bureaux/departments (“B/Ds”). In addition, we
have strived to continuously explore ways and means through procurement arrangements to foster the development of the local IT industry, particularly the IT start-ups and small and medium enterprises (SMEs), by participating in Government IT projects.

6. Since 1994, the OGCIO\(^1\) has adopted a bulk supply arrangement to enable B/Ds to obtain IT professional services as and when required, aiming at maintaining the efficiency in acquisition of IT professional services while introducing competition among contractors to improve the quality of services.

**The SOA-QPS4**

7. Over the years, such arrangements have been continuously improved. The present arrangement, namely the Standing Offer Agreement for Quality Professional Services 4 (SOA-QPS4) launched in July 2017. **Annex A** provides a general description of the SOA-QPS4.

8. The SOA-QPS4 involves a two-stage procurement process. In the first stage, the Government enters into a number of standing offer agreements (SOAs) with selected suppliers (SOA-QPS4 Contractors) through open tendering. In the second stage, these SOA-QPS4 Contractors will be invited to submit proposals for individual IT work assignments issued by the respective procuring B/Ds. The services will be awarded to the contractor with a proposal meeting the technical requirements and attaining the highest Combined Score according to the Standard Marking Scheme as described at **Annex B**.

9. The SOA-QPS4 has enhanced its immediate predecessor SOA-QPS3 in various areas such as increasing the financial limit, increasing the maximum number of contractors in each category/group, uplifting the demarcation limit between minor and major groups, lower admission requirement, and enhancing the regulating and monitoring procedures on contractors’ performance.

10. The SOA-QPS4 will expire in the second half of 2021. From the usage statistics of the existing and previous SOA-QPS exercises, it showed

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\(^1\) In the capacity of the then Information Technology Services Department
that the SOA arrangement has been well received by B/Ds as an effective and efficient means to acquire IT professional services as compared with open tendering. In order to formulate the new round of the SOA-QPS, we would like to solicit opinions from the IT industry in order to enrich or further improve the arrangement in succeeding the SOA-QPS4.

II. Feedback from IT Industry

11. From time to time, we have received views and suggestions from our suppliers and stakeholders on different aspects, ranging from the latest IT development practices, to the issues on collaboration between the IT industry and the Government as well as ways to support IT start-ups and facilitate IT industry development. These feedbacks are conducive for improving our ways to deliver IT projects within the Government and to consider and devise more effective measures to facilitate more market players to participate in Government IT projects. Some views and suggestions collected through the day-to-day contact with the IT industry, together with our assessment, are consolidated in Annex C.

12. Among various comments, the difficulties that IT start-ups and micro, small and medium enterprises (MSMEs) have encountered in Government procurement process is one of the utmost concerns from the IT industry.

13. The OGCIO has all along spared no effort to support local IT start-ups and facilitate IT industry development. In April 2019, the Smart Government Innovation Lab (“Smart Lab”) was set up to promote the Pro-innovation Government Procurement Policy and expedite B/Ds’ adoption of innovative IT products and solutions, thereby creating more business opportunities for local IT start-ups and MSMEs. In order to facilitate more IT start-ups and MSMEs to have more opportunities to participate in Government IT projects, the role of Smart Lab will be further strengthened with comprehensive functions for, including but not limited to, shaping requirements of B/Ds, sourcing adequate solution providers (IT start-ups and MSMEs), assisting in acquiring funding and streamlining the procurement process for the proof-of-concept exercises, aiming at bringing more innovative ideas from them to the Government.
III. Consultation

14. Feedback from IT industry to this consultation exercise is crucial to the formulation of the new arrangement of SOA-QPS with further improvements. The following paragraphs highlight the areas that we would like to specifically invite views from respondents while comments/suggestions on other aspects are also welcome.

(a) Number of Contractors for Each Category/Group

15. The SOA-QPS4, through open tendering, pre-selects contractors to commission work for Government IT projects. The arrangement embodies a two-stage competition process that enhances efficiency in the selection of contractors for individual projects. The contractual arrangement also enables an effective governance framework to be put in place to ensure overall integrity of the system.

16. For each category/group of SOA-QPS4 (i.e. Category 1, Category 2 Minor, Category 2 Major, Category 3 Minor, Category 3 Major, Category 4), the maximum number of contractors is set to 16. Except Category 2 Major with 14 contractors awarded with SOA contracts, 16 contractors are awarded in other categories/groups in SOA-QPS4.

17. Increasing the number of contractors allows more companies to participate in Government procurement, which may help to encourage competition and ensure value for money. It may also reduce concentration risk of the Government’s IT contracts. At the same time, while more contractors would have the chance of competing Government’s IT projects, they would face keener competition with other contractors.

18. It has been practiced for years that no cap is imposed on the number of SOA contractors in two other SOAs for the supply of network products and server systems (“SOA-N&S”) and for the supply of personal computer products and related services (“SOA-PC”). These SOA contractors, however, are still required to meet certain requirements.
19. We are reviewing if the practice of not capping the number of contractors in SOA-N&S and SOA-PC should be introduced in SOA-QPS. We would like to know the views if increasing the number of contractors for each Category/Group can encourage more companies to participate in Government procurement.

(b) Service Categorisation

20. The existing service categorisation into 4 Categories have been adopted since 2005 in the first round of the SOA-QPS. Some services like feasibility study and system maintenance support can be acquired through Category 1 and Category 2 respectively, but they can also be acquired through the Combined System Development Services under Category 3. As the list of contractors of different categories are not the same, some contractors may suffer from being not able to bid for the work assignments not under their respective categories.

21. There are suggestions that merging the concerned categories into one may help to improve the situation. It can also reduce the cost of tendering for both the suppliers and the Government.

22. Besides, we have noted that the service of Privacy Impact Assessment (PIA) currently grouped under Category 1 requires speciality knowledge and experience similar to that of Security Risk Assessment and Audit grouped under Category 4. Subsuming the PIA and SRAA services under the same Category can be considered.

23. The OGCIO has recently implemented a number of common shared IT services, e.g. Electronic Record Keeping System and Centrally Managed Messaging Platform, in a more agile, cost effective and joined-up manner by adopting cloud computing and other emerging technologies. It is planned to widely roll out and deploy these kinds of common services to all B/Ds from 2022 onwards. To expedite the rollout process, there is

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2 Electronic Record Keeping System is to enhance efficiency in preserving and managing government records, in line with the government-wide electronic information management strategy that embraces content management, records management and knowledge management.

3 Centrally Managed Message Platform is to establish and maintain an advanced and secure electronic communications infrastructure for effective and efficient communications and collaboration in government operations and delivery of public services.
suggestion to procure these kinds of deployment services through a new category in SOA-QPS.

24. There are also suggestions to add new categories on specific areas e.g. social media analytics, smart city initiatives, but whether there are sufficient number of related work assignments for contractors to compete in the new categories are uncertain.

25. We welcome views from the industry on the existing service categorisation, especially on whether merging or separating certain kinds of services from the existing service categories is beneficial to the suppliers.

(c) Demarcation Limit and Group

26. There are views to adjust the demarcation limit and add new group for smaller contract value. Nevertheless, suppliers may find it difficult to determine which group they should bid for. B/Ds will also have similar concern when preparing the issue of work assignment briefs to the suitable group.

27. There are also contrary views on adjusting the demarcation limit of the Minor Group upward or downward. Further uplifting the demarcation limit can allow SMEs to participate in Government projects of higher value. On the other hand, based on the analysis on the SOA-QPS4 usage statistics for over 36 months, lowering the demarcation limit, e.g. from existing $3 million to $2 million, will have a more even distribution between the two groups (Major Group and Minor Group) in terms of number of contracts. Besides, the Major Group will have a larger share in terms of contract value which in turn offers more incentives to large incorporations to bid for the Major Group.

28. We would like to know the views from the industry on the grouping arrangement and the demarcation limit(s).

(d) Others major aspects
29. There are views that the arrangement of other major aspects like duration of contracts, standard staff categories structure, invitation and evaluation of proposals, payment for services, regulating and monitoring procedures on contractors’ performance, etc., are working well and the status quo can be more or less maintained. We would like to know from the IT industry if there are other views on any of these aspects.

IV. Briefing Session

30. A briefing in webinar format on this industry consultation will be held on 30 November 2020 (Monday). Interested parties may register by completing and submitting the registration form in Annex D by 23 November 2020 to e-mail address qps_consultation@ogcio.gov.hk. We will confirm with the registered parties on the briefing details, including the URL for the webinar, on or before 27 November 2020.

THANK YOU

Office of the Government Chief Information Officer
November 2020
The Standing Offer Agreement for Quality Professional Services 4 (SOA-QPS4)

Background

Through open tendering, the Office of the Government Chief Information Officer (OGCIO) has entered into 94 Standing Offer Agreements (SOAs) with 49 contractors, out of which 16 are SMEs, for the provision of IT professional services for 48 months effective from 31 July 2017 with an option of early exit during the last 12 months of the validity period. The SOAs are non-exclusive contractual agreements with a uniform set of terms and conditions.

Categories/Groups

2. There are four categories of IT professional services. Categories 2 and 3 are sub-divided into two groups, namely Minor Group and Major Group. There are 14 contractors in Category 2 Major Group while there are 16 contractors in each of other categories/groups.

3. The categories and groups of the SOA-QPS4 are listed as follows:

Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1        | Pre-implementation & Independent Programme / Project Management Services:  
- Departmental Information Technology Plan  
- Feasibility and Technical Study  
- Independent Programme Management  
- Independent Project Management |
| 2        | On-going Services:  
- System Maintenance and Support  
- Network Support Services |
Annex A

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| 3        | Implementation & Combined System Development Services:  
- Network Planning, Design and Implementation  
- Office System Implementation  
- System Analysis and Design  
- System Implementation and System Integration  
- Combined System Development Services |

| 4        | Information Security and Independent Testing Services:  
- Security Risk Assessment and Audit Services  
- Security Management Design and Implementation Services  
- IT Security Monitoring and Incident Response Support Services  
- Independent Testing Services |

**Groups**

For Categories 1 and 4, there is no sub-division into Groups.

For Categories 2 and 3, each of them is further divided into Minor and Major Group.

<table>
<thead>
<tr>
<th>Group</th>
<th>Value of Individual Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>Not exceeding HK$3 million</td>
</tr>
<tr>
<td>Major</td>
<td>Exceeding HK$3 million and not exceeding HK$15 million</td>
</tr>
</tbody>
</table>

**Staff Categories**

4. The SOA-QPS4 has a set of Standard Staff Categories, which can be augmented by Supplier Specific Staff Categories, if any, for individual SOA-QPS4 contractors. The following is a summary of the staff categories and their respective requirements on qualification / experience:
<table>
<thead>
<tr>
<th>Category</th>
<th>Staff Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-implementation &amp; Independent Programme / Project Management Services</td>
<td>There are 10 staff categories requiring from at least 1 year to at least 15 years of IT experience, including specified length of experience in the relevant function/speciality.</td>
</tr>
<tr>
<td>On-going Services</td>
<td>There are 10 staff categories requiring from at least 1 year to at least 11 years of IT experience, including specified length of experience in the relevant function/speciality.</td>
</tr>
<tr>
<td>Implementation &amp; Combined System Development Services</td>
<td>There are 12 staff categories requiring from at least 1 year to at least 15 years of IT experience, including specified length of experience in the relevant function/speciality.</td>
</tr>
<tr>
<td>Information Security and Independent Testing Services</td>
<td>There are 6 staff categories requiring from at least 2 years to at least 15 years of IT experience, including specified length of experience in the relevant function/speciality.</td>
</tr>
</tbody>
</table>

**Invitation and Evaluation of Proposals**

5. To obtain IT professional services under the SOA-QPS4, a B/D issues a work assignment brief to invite for proposals from contractors in the relevant category/group. The work assignment brief will describe service requirements that should be within the scope of the selected category/group. Each contractor in the category/group would normally have 10 to 20 working days to prepare and submit a service proposal in response to the work assignment brief. B/D awards a contract for the work assignment to the contractor that submits the proposal meeting the technical requirements and attaining the highest Combined Score under the Standard Marking Scheme.
Annex A

Ceiling Rate

6. There is a ceiling rate for each staff category under each category for each contractor in respect of on-site, off-site and off-shore execution of work assignments. The service charge for a work assignment is calculated based on the manpower requirement and relevant staff charging rates limited by the ceiling rates. The ceiling rates are subject to review and adjustment upward or downward after 24 months from the start date of the Standing Offer Agreements, based on the changes of the Consumer Price Index (B) in the past 24 months. To offer more competitive prices to the Government, contractors may apply staff charging rate lower than the corresponding ceiling rate in their service proposals. The contractor shall provide IT professional services as and when required by the Government at rates not exceeding the ceiling rates.

Performance Assessment

7. B/Ds will assess contractors’ performance upon completion of each individual contract and at least once every six months during the execution of each individual contract. Based on the assessment ratings, a Contractor Performance Score (CPS) would be computed for each contractor. The CPS will be factored into the evaluation of future proposals submitted by the contractor.

SOA-QPS4 Statistics

8. Between 31 July 2017 and 31 October 2020, over 1,500 SOA-QPS4 contracts for work assignments were awarded at a total value of over HK$1,500 million. Around 50% of these contracts were awarded within 30 working days from invitation for proposals and over 90% were awarded within 60 working days. The latest statistics of the SOA-QPS4 can be found at:


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Standard Marking Scheme under the SOA-QPS4

The SOA-QPS4 Standard Marking Scheme for the award of individual contracts under the agreement adopts a 50-70% technical weighting and a 30-50% price weighting in the computation of the Combined Score:

Combined Score = Weighted Technical Score + Weighted Price Score

where

\[
\text{Weighted Technical Score} = \frac{\text{‘Total Technical Mark’}}{\text{Highest ‘Total Technical Mark’}} \times [50-70]
\]

\[
\text{Weighted Price Score} = \frac{\text{Lowest ‘Total Price’}}{\text{‘Total Price’}} \times [30-50]
\]

‘Total Technical Mark’ is the ‘Total Technical Mark’ attained by the proposal of individual contractor

Highest ‘Total Technical Mark’ is the highest ‘Total Technical Mark’ among all conforming proposals received from contractors

‘Total Price’ is the total price quoted in the price proposal of individual contractor

Lowest ‘Total Price’ is the lowest “Total Price” among all conforming proposals received from contractors

2. The Total Technical Mark is calculated from the “execution plan”, “experience, qualification & certification” and “past performance”. Please refer to paragraphs 3 to 8 of this Annex for the calculation of the Contractor Performance Score (CPS) which derives the past performance Mark. The calculation of the Total Technical Mark is given below.
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Maximum Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Execution Plan</td>
<td>A.1 Proposed Solution</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>A.2 Team Structure and Resources Allocation</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>A.3 Project Management Plan</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>A.4 Innovative Suggestions</td>
<td>14</td>
</tr>
<tr>
<td>B. Experience, Qualification &amp; Certification</td>
<td>B.1 Experience of Contractor</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>B.2 Experience of Key Project Staff</td>
<td>7.5</td>
</tr>
<tr>
<td>C. Past Performance</td>
<td>CPS</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Past Performance Mark</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 - 15</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>&gt; 15</td>
<td>(CPS – 15)</td>
</tr>
<tr>
<td></td>
<td>Total Technical Mark</td>
<td>100</td>
</tr>
</tbody>
</table>

**Contractor’s Performance Assessment**

3. B/Ds will assess contractors’ performance upon completion of each individual contract and at least once every six months during the execution of each individual contract. The final performance assessment upon completion of an individual contract will only cover the residual period of the contract.

4. A standard contractor performance appraisal report (CPAR), with aspects of performance in the area of delivery of work, quality of work and managing of resources, will be used for performance assessment by B/Ds. The detailed assessment aspects are listed below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Description of Aspects</th>
<th>Maximum Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Effectiveness in planning, scheduling and monitoring</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Completion of major tasks/milestones/deliverables on schedule, including the administrative aspects (e.g., project progress reports, minutes of meeting, etc.)</td>
<td>2</td>
</tr>
<tr>
<td>No.</td>
<td>Description of Aspects</td>
<td>Maximum Mark</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>3</td>
<td>Ability to identify risk factors and alternatives for alleviating risk</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Ability to manage changes</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Ability to control cost/resources to complete the services</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Follow-up on issues and problems identified</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Effective communication with the Government</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Promptness in responding to client’s requests and enquiries</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Effective interactions &amp; co-ordination with other third party, i.e., contractors, suppliers or other Government Bureaux/Departments</td>
<td>1</td>
</tr>
</tbody>
</table>

**Quality of Work (11 Marks)**

| 1   | Quality of project deliverables                                                        | 2            |
| 2   | Quality of administrative deliverables                                                  | 1            |
| 3   | Knowledge of work to be performed                                                       | 2            |
| 4   | Ability to bring useful innovations to enhance IT solutions (e.g. quality, capacity, reliability and speed) | 2            |
| 5   | Ability to adopt state-of-the-art professional standards and methods                    | 2            |
| 6   | Ability to propose new ideas to meet business needs and challenges                      | 2            |

**Managing of Resources (8 Marks)**

| 1   | Adequacy of project team members                                                        | 2            |
| 2   | Effectiveness and reliability of project team                                           | 1            |
| 3   | Skills and experience of project team members                                           | 1            |
| 4   | Continuity of project team members                                                      | 2            |
| 5   | Ability to mitigate impact of staff turnover                                            | 2            |

**Total Mark** 30
5. The Government will rate the individual aspects of the contractor’s performance according to ‘Very Good’, ‘Satisfactory’, ‘Moderate’ and ‘Poor’ with the corresponding mark as follows:

<table>
<thead>
<tr>
<th>Rating of Individual Aspects</th>
<th>Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Good</td>
<td>1.0 x maximum mark of that item</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0.75 x maximum mark of that item</td>
</tr>
<tr>
<td>Moderate</td>
<td>0.5 x maximum mark of that item</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
</tr>
</tbody>
</table>

Note:
- Very Good: Performance of contractor exceeded the requirements
- Satisfactory: Performance met requirements in full
- Moderate: Performance met requirements marginally
- Poor: Performance did not meet requirements

6. A performance mark will be computed based on the assessment by B/Ds given in each performance appraisal report:

\[
\text{Performance mark} = \frac{\text{Total marks obtained by the contractor in all aspects}}{\text{Total aspects}}
\]

Compilation of Contractor Performance Score (CPS)

7. The CPS for all contractors is compiled twice a year. The CPS for a contractor (per category/group) is the average of the performance marks of the CPARs of the contractor from the commencement date of SOA-QPS4 (31 July 2017) to the cut-off date of the current assessment cycle.

8. After approving by the QPS4 Reporting Review Committee, the CPS will constitute part of the score in evaluating subsequent bidding of work assignments from the contractors.
Views and Suggestions collected from IT Industry

A) Hindrance to IT start-ups and micro, small and medium enterprises (MSMEs) for participating in Government procurement

- No knowhow on managing Government project
- No interest on customisation of its solution
- No interest to bid for Government contracts, due to:
  - complicated tender document and stringent terms and conditions
  - high overhead cost (e.g. contract deposit, insurance)
  - inflexible payment terms
  - stringent qualification requirement
  - unlimited liabilities

OGCIO’s assessment:
Some items (e.g. contract deposit for contract exceeding $1.4 million, effect and keep in force a policy of Professional Indemnity Insurance) are requirements stipulated in Stores and Procurement Regulations (SPRs) for safeguarding Government’s interests which are considered necessary. While SOA-QPS may be too complicated for IT start-ups and MSMEs, it is considered that the Smart Government Innovation Lab (“Smart Lab”) is more appropriate for bringing their innovative ideas to the Government. In order to facilitate more IT start-ups and MSMEs to have more opportunities to participate in Government IT projects, the role of Smart Lab will be further strengthened with comprehensive functions, including but not limited to, shaping requirements of B/Ds, sourcing adequate solution providers (IT start-ups and MSMEs), assisting in acquiring funding and streamlining the procurement process for proof-of-concept exercises.

B) Comments and Suggestions related to SOA-QPS

<table>
<thead>
<tr>
<th>Service Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>- New categories for joint participation of IT start-ups/MSMEs and experienced organisations/companies</td>
</tr>
<tr>
<td>- New categories on specific areas e.g. social media analytics, smart</td>
</tr>
</tbody>
</table>
Annex C

city initiatives
  • Move Privacy Impact Assessment (PIA) from Category 1 to Category 4
  • More service types to Category 4 e.g. incident response/forensic

OGCIO’s assessment:
  • The joint-participation of IT start-ups/MSMEs and experienced organisations/companies has been proven to be effective through the established practice of sub-contracting arrangement under SOA-QPS. It is considered appropriate to uphold the policy of non-intervention in the commercial relationship between the prime contractors and subcontractors.
  • It should be justified with sufficient number of contracts and contract value for Contractors to compete for a new category.
  • It sounds reasonable to move PIA to Category 4 since PIA can be performed before system production and as on-going services, similar to Security Risk Assessment and Audit.
  • There is always room for improvement to include more service types under respective categories, provided that they are IT-related.

Demarcation Limit and Group
  • $3M contract is considered too large for IT start-ups / MSMEs
  • Further divide Categories 2 and 3 into more groups

OGCIO’s assessment:
  • From the analysis of SOA-QPS4 awarded contracts up to September 2020, lowering the demarcation limit from $3M to $2M will decrease the percentage of number of contracts awarded under the Minor Group from 79% to 66% and the percentage of the total awarded value under the Minor Group from 40% to 25%.

<table>
<thead>
<tr>
<th>Demarcation Limit</th>
<th>Percentage of number of contracts</th>
<th>Percentage of total awarded value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minor</td>
<td>Major</td>
</tr>
<tr>
<td>Set at $3M</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Set at $2M</td>
<td>66%</td>
<td>34%</td>
</tr>
</tbody>
</table>

  • With more than 2 groups in a Category, IT companies may find it difficult to determine which group they should bid for. B/Ds will also
have similar concern when preparing the issue of work assignment briefs to the suitable group.

**Payment Terms**
- Upfront Payment
- More payment milestones
- Waive contract deposit for IT start-ups/MSMEs

**OGCIO’s assessment:**
- It is difficult to justify advance (upfront) payment since it is not a common business practice in IT industry nor the Government.
- We will encourage B/Ds to consider setting more payment milestones in their work assignment briefs.
- Under current practice, no contract deposit is required for contract value not exceeding $1.4 million.

**Others**
- Project governance – involvement of AP-grade staff is important
- Agile software development may not fit for fixed-cost projects
- Early supplier engagement to pull innovation
- Budget for testing out local innovation
- Single portal for all Government procurement

**OGCIO’s assessment:**
These comments are considered conducive to better managing IT projects and they will be conveyed to the relevant teams for consideration.
Enrolment Form for SOA-QPS Industry Consultation Briefing

Date: 30 November 2020 (Monday)
Time: 10:00 am – 11:30 am

Part A: Basic Information

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<th>Name of Company:</th>
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<td>Name of Contact Person:</td>
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<td>Post Title of Contact Person:</td>
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<tr>
<td>Phone No. of Contact Person:</td>
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<td>E-mail Address of Contact Person:</td>
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Part B: Enrolment Details

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Note: Please send the completed enrolment form by e-mail to qps_consultation@ogcio.gov.hk on or before 23 November 2020. For enquiries, please contact Mr William CHAN by telephone at (852) 2231 5411 or by e-mail at qps_consultation@ogcio.gov.hk. Confirmation of the registration will be notified by e-mail on or before 27 November 2020.