

IEEE Hong Kong Section
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64 Connaught Road
Central, Hong Kong

Date: 14th Dec., 2020

Governance and Resources Division
Office of the Government Chief Information Officer

Dear Sir/Madam,

Thank you for your invitation to comment on the Government's procurement arrangement for IT professional services and the latest enhancement proposals.

IEEE is the world's largest technical professional organization (430,000 members) dedicated to advancing technology for the benefit of humanity. IEEE HK Section (9,300 members participating in 20 professional societies) was inaugural in 1972 and helps to promote IEEE and its core values in Hong Kong and worldwide. Although the IEEE HK Section does not directly engage in the provision of IT related professional services, many members are subject matter experts. They are stakeholders and career IT industry owners, product/service suppliers, consultants, contractors, and entrepreneurs engaging in the public procurement process. And we welcome the opportunity to express our views for your consideration.

Broadly speaking, we have the opinion that the rapid development in science and technology, especially in the IT area is driving fundamental and strategic changes to the way our society is organised and operating. And we wish to comment as follows:

I. On the number of Contractors for Each Category Group and on Service Categorisation

We recognise the practicality of having a cap on the number of preselected approved contractors. And at first glance a cap of 14 or 16 contractors might already be seen as ample.

However, we wish to draw attention to the fact that there are major structural differences between various types of IT services. Such as

- i. HW related (computation, data storage, network and communication infrastructure, end user devices such as PC and mobile devices).
- ii. Defined transactional functions related (HR, Finance, other workflows regulating government specific processes and services).
- iii. Highly interactive services based on the Internet and new media, supporting two-way government with citizens communication and interaction, characterised by rapid evolution.

It is argued that these types of service are typically provided by enterprises possessing different skills and competencies, quite apart from their ability to provide service at different life cycle stages. As it is, preference would be given to large organisations possessing a large number of IT professional staff and covering many service areas rather than being inclusive to niche IT companies offering special services.

Another related point is the categorisation of IT services into the following:

- a. Pre-implementation & Independent Programme / Project Management Services;
- b. On-going Services;
- c. System Maintenance and Support;
- d. Information Security and Independent Testing Services.

For the first 3 Categories, we see that falls into a natural product life cycle concept and well suited to the more traditional HW based IT services and well-defined functional transaction systems which usually remain stable in operation for a few years. However, such life cycle categorisation might be inappropriate for highly interactive and rapidly evolving SW services, which require continuous development and renewal, often in terms of months.

With these considerations, we wish to make following proposals:

1. to add a Type designation to the life-cycle Categories when preselecting qualified contractors. Contractors would be evaluated on their suitability to provide service in particular IT service type and as well as in which Category of the life cycle they would best serve.

Such Type specification offer the chance for SMEs, which may possess excellent capability in a specific competence area but lacking the all-rounded capability of a large enterprise, to be included in a sub-list of preselected contractors. Otherwise it may not have been included in the more all encompassing Category.

2. to adopt a more elastic life-cycle approach in the Categorisation of Contractors for IT services, especially those requiring continuous evolutionary development, which in effect spans all 3 life cycle Categories at once.

Such contractors may be required to deliver a defined service level over the expected product/service life cycle, inclusive of continually coming up with new features and functionality, their implementation and launch, and as well maintenance and aftercare.

II. On Demarcation Limit and Group

Here we would like to draw your attention to the fact that nowadays the world is evolving into a highly knowledge-based economy, and the traditional way we value enterprises may not be appropriate any more.

Traditionally the value of an enterprise is largely associated with its capital assets and its business track record.

However, ever since the sixties, capital asset is no longer an effective metric to value an enterprise. A case cited by Thomas Stewart in his book *Intellectual Capital* contrasted the way two world class companies are treated by the Seattle metropolitan government. One company is Boeing, the other being Microsoft. Boeing pays 100 times more in land tax as compared to Microsoft because Boeing occupies a larger plot of land and possesses high valued capital assets. Yet Microsoft's market valuation is 10 times that of Boeing.

And especially in the case of new developments in IT, we all have witnessed meteoric rises of small enterprises pioneered by a few talented young leaders, deploying an army of readily available free-lance professionals, creating multi-million (or even billion) dollar fortune almost overnight.

Such new dynamics means a knowledge-heavy but asset light, employee light young enterprise is nonetheless capable of taking on sizable IT projects. This is especially so for projects that have the nature of a slow, try and error start up approach, which is followed through with rapid ongoing development and refinement.

We therefore urged the government, when evaluating SMEs especially start-ups as IT potential service contractors, to develop new metrics that give full recognition of the intellectual capital of the contractor, and that do not entirely depends on traditional yardsticks.

We hope the Feedback above would be of value in your review of the Governments Standing Offer Agreement for Quality Professional Services. Please feel free to contact us in case you wish to seek further clarification.

A handwritten signature in black ink that reads "Paulina Chan".

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Chair
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