

**Consultation on  
the Information Technology  
Professional Services Arrangement (ITPSA)  
in the Government of the  
Hong Kong Special Administrative Region**

**Information Technology Services Department  
The Government of the Hong Kong Special Administrative Region  
15 May 2004**

## I. INTRODUCTION

Since 1994, the Information Technology Services Department (ITSD) has adopted a bulk supply arrangement to enable Government departments to obtain IT professional services as and when required.

2. Over the years, such arrangements have been continuously improved. The present arrangement, called the IT Professional Services Arrangement (ITPSA) and launched in June 2002, has twelve (12) contractors in twenty-three (23) Standing Offer Agreements. (Please find a description of the ITPSA in **Annex A.**) The ITPSA replaced the previous arrangements that involved only two (2) contractors and the ITPSA has extended the scope of services from two (2) categories of services to eight (8) service category-groups. The ITPSA expires at the end of 2004 and the ITSD is reviewing the arrangement prior to developing a replacement system and wishes to identify ways to improve upon the ITPSA.

3. This consultation paper describes the present arrangement and discusses some issues and areas for potential improvement that have been identified through feedback from Government departments, ITPSA contractors and the industry. The paper also provides some initial analysis of the options.

4. **We now invite views from the IT industry in response to the discussion in this paper, in particular comments and suggestions on improvements to the arrangement. Please send your comments to the Director of Information Technology Services on or before 12 June 2004 by one of the following means:**

By Post: Information Technology Services Department  
6/F, Guardian House,  
32 Oi Kwan Road,  
Wan Chai,  
Hong Kong  
(Attention: Mr. Kenneth C K YEUNG)

By Fax: (852) 2574 3799

Via E-mail: [itpsa\\_review@itsd.gov.hk](mailto:itpsa_review@itsd.gov.hk)

5. Please address enquiries concerning this consultation exercise to:

Mr. Dennis C T PANG, Assistant Director  
by telephone at (852) 2582 4601  
or  
Mr. Kenneth C K YEUNG, Senior Systems Manager  
by telephone at (852) 2575 5193  
or  
the above persons by electronic mail  
at “[itpsa\\_review@itsd.gov.hk](mailto:itpsa_review@itsd.gov.hk)”.

6. Please clearly mark on the cover or the title of your feedback document “**FEEDBACK ON ITPSA REVIEW**”. **Please supply your name and the name of your organization in your feedback.**

7. This consultation document does not constitute legal, commercial or technical advice, nor does it commit the Government to adopting any or all the suggestions received. We assume that the submission to this consultation is not made in confidence unless you specify otherwise. We may reproduce and publish the submission in whole or in part in any form and use, adapt or develop any proposals put forward without seeking permission from or providing acknowledgement to the parties that submit the proposals.

## **II. BACKGROUND**

### **The Need for IT Professional Services**

8. The Government of the Hong Kong Special Administrative Region is a major consumer of IT professional services. The Government leads by example in the conduct of e-business, both for internal operation as well as delivering public services, through the implementation of the e-government programme. This requires a large IT professional service capacity to deliver IT solutions. The Government adopts a vigorous IT outsourcing strategy so as to meet its IT needs and to benefit from the latest, state-of-the-art technologies and services to enhance its operation and the delivery of public services. Under this strategy, we have outsourced 88% of our capital-funded IT projects in the fiscal year 2002-03.

### **Government Procurement**

9. The Government's long-standing procurement policy is to purchase goods and services through open and fair competition, and to maintain a level playing field as well as emphasis on transparency and public accountability. To this end, the Government operates a procurement system that meets its obligations under the Agreement on Government Procurement of the World Trade Organization<sup>1</sup>. The procurement principles and practices are enshrined in the Government's Stores and Procurement Regulations (SPRs) promulgated by the Financial Secretary under the Public Finance Ordinance and the tendering procedures that govern all purchases.

10. Under the SPRs, Government procurement of goods and general services (including IT goods and services) exceeding HK\$ 1.3 million in value is normally done under open and competitive tendering procedures so as to obtain the best value for money. Limited or restrictive tendering

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<sup>1</sup> Hong Kong is a signatory of the Agreement on Government Procurement of the World Trade Organization (WTO GPA). The object of the WTO GPA is to provide for open and fair competition amongst domestic and foreign suppliers and service providers through procedures designed to ensure that all tenderers are treated by procurement entities covered by the WTO GPA on an equal footing.

procedures are only permissible under exceptional circumstances.

11. A typical open tendering exercise involves the formal process of tender invitation and submission, opening and evaluation of tenders, recommendation for acceptance and consideration by tender board, and award of contract. This process may take from several weeks to several months to complete.

## **Procurement of IT Products and Services**

### ***Policy Objectives***

12. The Government's primary objective in procuring IT professional services is to obtain the best value for money in meeting the operational and service needs of its departments. Given the rapid changes in IT and its product/service market, it is imperative that the procurement system is efficient, responsive and able to provide timely solutions to address the business and operational needs of departments.

13. In addition to meeting the above requirements, we also continue to find ways and means through our procurement arrangements to facilitate the development of the local IT industry, particularly the participation of small and medium enterprises (SMEs) in Government IT projects.

### ***The ITPSA***

14. In June 2002, the Information Technology Services Department launched the ITPSA to enable Government departments to obtain IT professional services efficiently under a competitive environment. **Annex A** provides a general description of the ITPSA. The ITPSA is a bulk supply arrangement that aims to strike a reasonable balance between maintaining procurement efficiency and competition in the acquisition of IT professional services.

15. The ITPSA involves a two-stage procurement process. The

Government enters into a number of standing offer agreements (the SOAs) with suppliers that have been selected through open tendering. Within the validity period of the SOAs, Government departments invite price quotations and technical proposals for individual projects/initiatives from the SOA contractors, and order services from the contractor that submits the lowest quotation and meets the technical requirement. As the key elements of procurement, including the quality and capability of the contractors in providing the designated category/group of services, have been pre-determined when the SOAs were awarded, the actual purchases can be executed through a straight-forward process of selection among the conforming bids based on the lowest quotation.

16. The ITPSA statistics as well as the feedback we collected from client survey reflected that the ITPSA was well received by Government departments as an effective and efficient means to acquire IT professional services. Between the launch of ITPSA in June 2002 and the end of January 2004, seventy-five (75) Government departments have awarded 342 ITPSA work assignments at a total cost of HK\$246 million. More than 45% of the work assignments were awarded within 20 working days from the invitation for proposals and more than 85% were awarded within 40 working days.

17. Notwithstanding this, a number of areas have been identified for improvement through regular review meetings between the ITSD and the ITPSA contractors as well as feedback from the industry. The ITSD is conducting a review of the ITPSA in the light of the areas for improvement and other industry feedback with a view to developing an improved system for the procurement of IT professional services upon the expiry of the SOAs for the current ITPSA, which will expire at the end of 2004. Although there is an option to extend the SOAs by up to 18 months, we would like to implement a new or improved arrangement as soon as possible.

### **III. CONSULTATION**

18. Industry feedback during this process is crucial to developing a new system that improves upon the ITPSA. We encourage the industry, including the existing ITPSA contractors and sub-contractors, to contribute generously to this consultation exercise.

19. The following paragraphs discuss issues that we have identified and on which we invite specific input from respondents.

- (a) Participation by Suppliers
- (b) Length of Contracts
- (c) Selection of Contractors and Quality Consideration
- (d) Categorisation of Services and Suppliers
- (e) Categorisation of Human Resources
- (f) Sub-contracting
- (g) Country of Origin of Workforce
- (h) Managing Conflict of Interest
- (i) Supplier Registration System

20. We welcome respondents to provide both their views on the broader issues as well as specific suggestions to improve the ITPSA.

#### **Participation by Suppliers**

21. There is general acceptance of the ITPSA by Government departments as an effective and efficient means to obtain IT professional services. It pre-selects contractors through public tendering to commission work for multiple projects. The arrangement embodies a two-stage competition process that enhances the 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 the overall integrity of the system.

22. There are four service categories under the ITPSA. (Please see paragraph 2 of Annex A.) Within each service category, two (2) to four

(4) contractors are available for selection to undertake IT projects. Altogether twelve (12) principal contractors participate in the ITPSA, and five (5) of them were identified as SMEs at the time of tendering in June 2002. The ITPSA is a non-exclusive arrangement, and Government departments may procure through other means in accordance with the Government's SPRs if the project requirements so warrant.

23. To enlarge the pool of contractors for selection by Government departments and to enhance industry participation, we consider that there is room for increasing the number of contractors in each service category/group. However, we need to strike a balance between maintaining an efficient procurement system for IT services and broadening industry participation. Making the pool of contractors too large could erode the attractiveness of the arrangement characterized by its efficient work assignment bidding and selection process.

24. We are inclined to increase the number of contractors under each of the service categories/groups. In doing so, consideration would be given to the type of services required and the availability of service providers in the market.

25. **We welcome views in respect of the size of the various service categories/groups.**

### **Length of Contracts**

26. A related issue is the length of an ITPSA-like arrangement. A shorter validity period would give suppliers that have not been selected for inclusion in the current arrangement another opportunity sooner. There has also been the suggestion that a long validity period may render the arrangement less responsive to technology changes.

27. The existing ITPSA SOAs are valid for 30 months with an option for an 18-month extension to allow time for the preparation of a replacement system. We believe that technology changes during the validity period should not have any substantial impact on the effectiveness of the arrangement because the services covered by the



arrangement are largely technology neutral.

28. We are also mindful that tendering exercises to select contractors involve high administrative costs for both the Government and all the bidders for the SOAs. All the successful bidders will incur additional administrative costs in setting up their respective programme management systems to support the ongoing execution of the SOAs. We should strike a balance in determining the duration of the SOAs so that the initial cost could be justified.

29. **We welcome views from the industry on the optimal duration for the arrangement that would replace the ITPSA.**

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

30. The twelve (12) ITPSA contractors were selected through public tendering in 2001 - 2002. Consideration of the quality aspects, that is, the suppliers' experience, technical capacity, management and quality systems including process accreditation, were given a 70% weighting in the selection process, only 30% was given to price ranking. The ITPSA contractors within each of the four (4) categories of services were further divided into two (2) groups to undertake IT projects with different levels of quality management requirements.

31. Under the ITPSA arrangement, Government departments issue service briefs for their work assignments specifying their service requirements including the quality requirements. All contractors within the service category-group must bid against these service briefs. Each work assignment is awarded to the contractor with the lowest offer (price quotation) that meets the full requirement of the service brief.

32. Since the basic quality requirements are included in the service specification, the ITPSA does not provide for the additional consideration for the relative merit of any "quality" aspect among the bids for a work assignment. This ensures that there is a strong element of certainty in the "mini-competition" at the work assignment level, which is critical to the design of the ITPSA. It enables Government departments to obtain

services at the best price that meets the mandatory requirements, including the quality requirements. If a department needs a more elaborate evaluation mechanism to select a supplier, it can make use of other procurement methods in accordance with the SPRs.

33. It has been suggested that the present system of awarding work assignments on the basis of lowest valid offer could lead to “cut-throat price competition” at the expense of quality.

34. While we welcome competitive pricing in outsourced Government IT projects, we also endeavour to maintain a healthy competition environment. The Government departments will clearly specify the mandatory quality requirement of IT projects. There is an effective system of project management, the management of work assignments under the ITPSA as well as the management of the general performance of ITPSA contractors. There has not been any report of project failure due to quality problems in any ITPSA work assignment. We are of the view that there is adequate quality assurance in IT projects undertaken under the ITPSA.

35. We will continue to find ways to enhance quality assurance for outsourced IT projects particularly those that are commissioned under an ITPSA-like arrangement. We will review and enhance our IT project and quality management guidelines to Government departments in the light of experience and developments in industry best practice.

36. Nonetheless, in addition to the basic quality requirements that Government departments specify in their service briefs to reflect their business needs, we are prepared to consider the inclusion of additional general quality criteria, or expand the existing criteria, both in the selection of contractors for an ITPSA-like arrangement and for the subsequent award of work assignments under such an arrangement.

37. We anticipate that such general quality criteria could be related broadly to the qualification of the suppliers (for example ISO and CMM-like qualifications), the qualification of the IT personnel deployed to the work assignments, qualifications in respect of recognized process

and practice standards or the track record of the suppliers.

38. We believe that such criteria should themselves satisfy a number of conditions. For example, the contractors could demonstrate the value they could add to the Government. The criteria should however not create any unnecessary barrier to suppliers, particularly SME suppliers, in participating in the arrangement, nor are more than required to ensure the quality of the projects. They should be technology, brand name and supplier neutral. They should permit objective assessment against clearly defined and generally understood and accepted yardsticks. They should also be generally acceptable by the industry as reasonable and realistic.

**39. We welcome views from the industry on the subject of supplier selection and quality consideration in general and in particular what additional general criteria the Government should consider for inclusion in IT service procurement. We are particularly interested in views on the additional criteria that can be adopted in an ITPSA-like arrangement, to which we will give due consideration in the light of the service needs of Government departments.**

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

40. The ITPSA divides professional services into four (4) functional categories. Within each service category, contractors are sub-divided into two groups to cater for basic and stringent project requirements. A supplier can be a contractor in more than one service category but can only be in either the basic or stringent groups within any one category. The group sub-division has the effect of creating two competition platforms within a service area. That to an extent enhances the opportunity for contractors, particularly SMEs, to compete.

41. We believe that service categorisation is useful in helping Government departments to identify contractors with the right skills. We intend to review the service categories in the light of user requirements in the revised procurement arrangement.

42. We also believe that the existing contractor grouping is able to create the intended effect. Notwithstanding this, we can review and improve on the basis for categorisation, that is, basic versus stringent project requirements. Alternative means of sub-division can also be considered, for example, grouping contractors based on the value of the projects undertaken by them. We note that in some procurement arrangements with such kind of sub-division, contractors in the high-value group would be permitted to undertake low-value projects as well but contractors in the low-value group can only undertake low-value projects.

**43. We welcome views from the industry on the categorisation and grouping of contractors under the arrangement in general. In particular, we invite comments and suggestions with supporting justifications on the basis of grouping contractors within the service categories.**

### **Categorisation of Human Resources**

44. Human resources are the principal components in the provision of IT professional services. When Government departments consider proposals to supply IT professional services, apart from the total quoted prices, they will also consider whether the manpower to be deployed to the project is adequate to deliver the project requirements, both in terms of quantity (for example, the number of man-days of work), skills and experience, with or without reference to the unit prices of the human resources.

45. The ITPSA is a standing arrangement that Government departments use to engage professional services for multiple IT projects in fixed-price, deliverable based work assignments. The service charge is determined by the manpower required (for example man-days of work) at the unit prices for different Staff Categories. There are ceiling unit prices on all Staff Categories to regulate the prices of service proposals for individual work assignments. This system also provides a price benchmark for reference by the client Government departments.

46. The Staff Categories in the ITPSA provide a ranking structure based on the general IT qualification and the length of relevant working experience. It represents a common frame of reference that applies across work assignments and an objective yardstick for benchmarking. (Please see paragraph 3 of Annex A in this document.) For example, in the case of ongoing maintenance of common IT systems, the viability and value-of-money of a service proposal can be ascertained with reference to the skills and length of working experience of the staff assigned for the project and the rates charged on that basis.

47. We believe that the existing staff categorisation system generally serves its purposes, albeit with some limitations. For example, it has been suggested that for projects that involve specialist or new skills, the existing staff categories, which are based on standard skills and length of experience, may not be suitable for benchmarking the quality of the human resources and charges. We note that some overseas procurement arrangements permit the contractors to make reference to their individual staff structures and determine the rates based on such structures. (Please see an example in paragraph 4 of Annex B, under “United Kingdom”, in this document.) We also note that within the IT industry and profession, there is presently no generally accepted formal system for the classification or grading of competency in the provision of services.

48. We take the view that the length of experience remains a useful competency yardstick for projects of a more straight-forward nature. Nonetheless, some flexibility should be built into the system to cater for projects requiring specialist or new skills, so long as the integrity of the skills benchmark and pricing structure would be maintained. We must also ensure that the system would not create any loophole for malpractice.

49. **We welcome suggestions on ways to improve the service charging structure and the human resources categorisation structure in an ITPSA-like arrangement.**

### **Sub-contracting**

50. Sub-contracting is a common practice in the Government's IT contracts. There are at present around seventy (70) sub-contractors under the ITPSA, although in practice few work assignments have been sub-contracted.

51. As an established practice, the Government does not intervene in the commercial relationship or the operational arrangements between principal contractors and sub-contractors. We endeavour to minimize the time required for principal contractors to obtain the Government's approval to engage or change sub-contractors. This is typically accomplished within ten (10) days and there has not been any unsuccessful application to-date. We believe that we should continue to uphold the policy of non-intervention in the commercial relationship between principal contractors and sub-contractors.

**52. We would like to be advised by current and potential contractors and sub-contractors alike, as well as the industry at large, on the ways and means to encourage and facilitate participation by sub-contractors in IT projects under an ITPSA-like arrangement and to foster the healthy synergistic collaboration between contractors and sub-contractors. We also welcome suggestions from the industry on the sub-contracting arrangement in general for IT professional services.**

### **Country of Origin of Workforce**

53. The Government's use of IT professional services creates a substantial demand for human resources that is mainly supplied by the local workforce<sup>2</sup>. The system also permits skills that are not available locally to be brought in as and when it is necessary. The ITPSA does not stipulate any requirement on the country of origin of the contractors nor the nationality of the personnel deployed under the arrangement. According to information supplied by the ITPSA contractors, over 98%

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<sup>2</sup> We consider a person deployed to a project as of the local workforce if the person does not require an entry permit for employment issued by the Immigration Department to work within the territory of HKSAR. As of 31.1.2004, a total of 575.5 man-years of work was commissioned under the Information Technology Professional Services Arrangement (ITPSA); less than 6.0 man-years of work involved staff that required an entry permit for employment or were undertaken outside the territory of HKSAR.

of the manpower that has been deployed on ITPSA work assignments has been supplied by the local workforce and the work has been carried out locally.

54. We consider that the present arrangement is working well and do not consider any workforce regulation necessary.

55. **We welcome views on this subject.**

### **Managing Conflict of Interest**

56. The IT industry is a dynamic industry and there is no natural market segmentation to confine suppliers to products, services or certain types of products or services. There are indeed suppliers that offer a broad range of IT products and services in the market at the same time.

57. We take the view that the Government should not impose any artificial segregation between products and services and should not create any barrier that would limit the Government's access to products and services. However, we should ensure that products and services are supplied to the Government with the best value for money through open and fair competition.

58. The Government's SPRs stipulate very clear requirements in respect of the management of conflict of interest<sup>3</sup>. The ITPSA ensures that the contractors are, and are seen to be, totally impartial and without any bias for or against particular suppliers, brand names or products throughout the execution of the work assignments and in any deliverables of the work assignments. Where necessary, contractors can be debarred from bidding for certain work assignments. We will continue to enhance the efficiency and effectiveness of the system to manage the potential conflict of interest.

59. **We welcome suggestions on any additional safeguards against such conflict of interest that can be implemented.**

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<sup>3</sup> The latest Government guidelines on avoiding the conflict of interest in procurement can be found at "<http://www.info.gov.hk/fstb/tb/tender/english/espr-ch1a.pdf>".

## Supplier Registration System

60. We have conducted an initial examination of the subject and the different systems of supplier registration in other governments. A brief description of the Government's existing supplier registration system and examples of the systems that some other governments adopt can be found in **Annex B**.

61. We noticed that supplier registration systems may exist in different forms and can serve different purposes, as illustrated below:

- (a) **A Panel of Contractors**, as in the case of the ITPSA, that have entered into individual framework agreements with the Government. The agreements set out the procedure for subsequent work assignment, the terms and conditions for the provision of services as well as a management framework.

The contractors are typically selected through an open tendering exercise during which the firms' capabilities to meet the general requirements of specific service categories as well as their ability to comply with professional standards are evaluated. Ceiling unit prices are typically agreed with the contractors to regulate subsequent purchases. These contractual agreements are typically non-exclusive.

Under the panel arrangement, individual projects will be awarded through a mini-competition only among the contractors within the specific categories of services on the panel. Selection is only based on the technical requirement (including the quality requirement) of the project and price because the capability of the contractors has already been ascertained and the contractual provision has been pre-determined.

Such an arrangement can provide an efficient means to procure services within an effective contractual framework and maintains adequate competition. In the case of the ITPSA, more than



85% of the projects are commissioned within 40 working days from the invitation for proposals, more than 45% within 20 working days.

- (b) **A Register of Pre-Qualified Suppliers** admits suppliers based on certain criteria, including past performance, for participation in Government procurement exercises. The pre-qualified suppliers will be invited to tender to supply services under the relevant categories. Normally, interested suppliers that have not yet been included in the register could also be invited provided that there is sufficient time to complete the qualification procedure.

At present, the Government does not operate this kind of register in respect of the suppliers of IT services in general. This notwithstanding, Government departments have encountered little difficulty in identifying and enabling interested suppliers to participate in Government procurement. Suppliers also have little difficulty in presenting themselves to potential Government clients either directly or with the assistance of the ITSD. The track record of suppliers in previous Government contracts can be considered in tender evaluation exercises if so required by Government departments. Indeed, using a pre-qualification system may create entry barriers particularly for SMEs due to the need to meet general admission criteria.

- (c) **A Supplier List** records all suppliers that have expressed interest to supply to the Government. They will be specifically invited to tender when relevant procurement opportunities arise whereas suppliers not on the list will have to rely on public announcements of Government tenders. This is essentially a notification list. The Government Logistics Department maintains Supplier Lists under various purchasing groups. The system is described in **Annex B**. Such lists also provide useful information to Government departments in respect of what capabilities, services and suppliers are available in the market; that can facilitate IT procurement planning.

(d) **A Supplier Reference Database** enables suppliers that have performed work for the Government to inform the business community of such work, subject of course to the agreement of the client Government departments. This can provide useful customer reference for the suppliers. The ITPSA theme page<sup>4</sup> at the ITSD web site serves this purpose. It can also serve the purposes of the list of registered suppliers described above.

62. We intend to continue to adopt an ITPSA-like panel of contractors approach as a non-exclusive arrangement for the supply of IT professional services to the Government. We also intend to enhance the present arrangements for the list of registered suppliers and the supplier reference database so as to improve facilitation for IT service providers.

63. **We would like to invite views in respect of the registration of suppliers for the purpose of facilitating participation in Government IT projects and enhancing reference for the suppliers.**

#### **IV. INVITATION FOR COMMENTS**

64. The ITSD invites views from the IT industry, in particular existing contractors and sub-contractors, as well as other interested parties. Please send your comments in writing to the Information Technology Services Department in the manner described in paragraphs 4 to 7 in this paper.

**Information Technology Services Department  
May 2004**

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<sup>4</sup> Please visit "<http://www.itsd.gov.hk/itsd/english/itgov/eitpsa.htm>".

**The Information Technology Professional Services Arrangement  
(ITPSA)**

**Background**

Through public tendering, the Information Technology Services Department (ITSD) has entered into 23 standing offer agreements (SOAs) with 12 companies for the provision of IT professional services for 30 months extendable to 48 months with effect from 27 June 2002. The ITPSA SOAs are non-exclusive contractual agreements with a uniform set of terms and conditions. There are four categories of IT professional services. Each category is sub-divided into two groups, namely Group 1 and 2, to cater for basic and stringent system requirements respectively. There are two to four contractors in each category-group.

2. The service category, service group and contractors of ITPSA are listed as follows:

**Service Category**

- A General system development and maintenance services
- B Web publishing services
- C Office systems and network implementation services
- D IT security services

**Service Group**

- 1 Projects typically address basic business requirements
- 2 Projects typically involve stringent requirements to cater for stronger impact on the business, higher complexity and greater project risks

Contractor	Category		Category		Category		Category	
	A		B		C		D	
	Group		Group		Group		Group	
	1	2	1	2	1	2	1	2
1. Arcotect Limited	✓		✓					

Contractor	Category A		Category B		Category C		Category D	
	Group		Group		Group		Group	
	1	2	1	2	1	2	1	2
	2. Automated Systems (HK) Limited	✓						
3. Azeus Systems Limited		✓			✓			
4. Computer And Technologies Solutions Ltd.			✓				✓	
5. Doctor A Security Systems (HK) Ltd.							✓	
6. EDS Electronic Data Systems (Hong Kong) Limited		✓		✓		✓		
7. Hewlett-Packard HK SAR Limited (formerly known as Hewlett-Packard Hong Kong Limited)		✓		✓		✓		✓
8. IBM China/Hong Kong Limited		✓						✓
9. Jardine OneSolution (HK) Limited					✓			
10. Unihub Limited (formerly known as PCCW Business eSolutions (HK) Ltd.)	✓			✓		✓		
11. Unisys China/Hongkong Limited								✓
12. Y&A Professional Services Limited	✓							

3. Under each of the four (4) service categories, staff categories are defined based on the general professional qualification and relevant working experience. There is a ceiling charge rate for each professional staff category under each service category for each contractor in respect of on-site, off-site and off-shore execution of work assignments. The following is a summary of the staff categories and their respective requirements on qualification / experience:

Service Category	Staff Category
A - General system development and maintenance services	There are 7 categories requiring from at least 1 year to at least 15 years of post-qualification IT experience.

B - Web publishing services	There are 5 categories requiring from at least 2 years to at least 5 years of post-qualification IT experience.
C - Office systems and network implementation services	There are 3 professional staff categories requiring from at least 2 years to at least 6 years of relevant IT experience.
D - IT security services	There are 6 professional staff categories requiring from at least 2 years to at least 15 years of post-qualification IT experience, including specified length of specialist experience.

4. To obtain IT professional services under ITPSA, a Government department issues a service brief to set out the requirements to invite for proposals from contractors in the relevant category-group. Every contractor in the category-group must submit a service proposal in response to the service brief. The Government department awards the work assignment to the contractor with the lowest conforming offer.

5. The service charge for a work assignment is calculated based on the manpower estimate and relevant staff charging rates limited by the ceiling rates as described in paragraph 3 above. The ceiling rates are subject to review and adjustment upward or downward in accordance with Consumer Price Index B annually. To offer more competitive prices to the Government, contractors may apply a unit rate lower than the corresponding ceiling rate in their service proposals.

6. Under the ITPSA which was launched in June 2002, five (5) out of the 12 contractors were small and medium size enterprises (SMEs) according to information provided in their tenders in October 2001. Some of these SMEs may have grown in size since then.

## ITPSA Statistics

7. Between 27 June 2002 and 31 January 2004, 75 Government departments have awarded 342 ITPSA work assignments in the eight category-groups at a total cost of HK\$246 million. Among the 342 ITPSA work assignments that have been awarded, over 45% were awarded within 20 working days from invitation for proposals and over 85% were awarded within 40 working days. A summary of work assignments awarded:

Number of departments used ITPSA	:	75
Number of work assignments awarded	:	342
Number of work assignments completed	:	92
Number of work assignments with work in progress	:	250
Value of work assignments awarded (HK\$ million)	:	246
Manpower of work assignments awarded (man-year)	:	575.5

8. A breakdown of number of work assignments by values:

Assignment Value (HK\$) <sup>5</sup>	No. of Work Assignments	%
Over HK\$10 million	2	0.6%
Over HK\$5 million but not exceeding HK\$10 million	6	1.8%
Over HK\$1.3 million but not exceeding HK\$5 million	35	10.2%
Over HK\$0.65 million but not exceeding HK\$1.3 million	34	9.9%
Over HK\$0.26 million but not exceeding HK\$0.65	74	21.6%

<sup>5</sup> The classification of the Assignment Value in the table is based on the relevant schedule of procurement authority in the Government's procurement system.

<b>Assignment Value (HK\$)<sup>5</sup></b>	<b>No. of Work Assignments</b>	<b>%</b>
million		
HK\$0.26 million or below	191	55.9%
<b>Total:</b>	<b>342</b>	<b>100%</b>

### **Facilitating the Use of ITPSA**

9. ITPSA is managed and supported by a Contract Administrator, a Client Liaison Officer and a Supplier Liaison Officer to ensure the integrity, efficiency, effectiveness and quality of the ITPSA.

10. The ITPSA Contract Administrator oversees the effective execution of the 23 SOAs. The ITPSA Client Liaison Officer advises and assists Government departments on the use of the ITPSA. The ITPSA Supplier Liaison Officer maintains close contact with the contractors and advises and assists them in the execution of the ITPSA and providing quality services to Government departments.

11. The IT Solution Centre and the IT Development Centre in ITSD facilitate vendors, including ITPSA contractors and sub-contractors, in showcasing their capabilities to Government departments. From time to time, the ITSD also organizes seminars and briefing sessions to inform Government departments on developments and best practice in professional services in collaboration with the industry.

12. The ITPSA is a non-exclusive arrangement and Government departments can acquire IT professional services through other means in accordance with the Government's procurement regulations.

**Information Technology Services Department**  
**May 2004**

## **Supplier Registration Systems**

### **Supplier Registration System Adopted by the Government of the HKSAR**

The Government presently adopts a simple supplier registration system for IT suppliers. Under the existing system, the Government Logistics Department (GLD) maintains lists of suppliers of goods and related services that have expressed interest to participate in government procurement. The suppliers are grouped under purchasing groups according to the products or services that they supply. Enlisted suppliers will be invited for submission of tender when relevant procurement arises. The registration is not a pre-qualification of companies' capability.

2. To be included, a company simply completes an application form and returns it together with the required information to the Director of Government Logistics. Application and subsequent inclusion in the GLD Supplier Lists are free of charge. The application form can be obtained in person or in writing to the GLD or downloaded from the Internet web site ("[http://www.gld.gov.hk/eng/services\\_2\\_m.htm](http://www.gld.gov.hk/eng/services_2_m.htm)").

3. The Supplier Lists are available for inspection at Government Logistics Department Headquarters 9/F, North Point Government Offices, 333 Java Road, North Point, Hong Kong. For IT related products and services, there are presently 23 purchasing groups.

### **Supplier Registration Systems Adopted by Other Governments**

4. The following table gives a brief description of the systems adopted in other places. Some countries in the table are signatories of the Agreement on Government Procurement of the World Trade Organization and some are not. The information is based only on our interpretation of the information published on the relevant web sites.



Country	Supplier Registration System
China (Mainland)	<p><b>System Name:</b> 计算机信息系统集成认证 (System Integration Certification)</p> <p><b>System Description:</b> 4 levels of certification based on business turnover and technical competency, etc.</p> <p><b>Number of Suppliers:</b> over 1400</p> <p><b>Validity Period:</b> Annual self assessment and audit by the authority once every two years (audit result can be “pass”, “downgrade” and “cancel”)</p> <p><b>Other Features:</b> It also requires project management certification (项目经理资质认证) when applying for system integration certification</p> <p><b>Procurement Mechanism:</b> Government procurement follows the procurement regulations of the People’s Republic of China. Procurement options include open tendering, competitive negotiation, quotation, etc. and open tendering is the preferred option.</p> <p><a href="http://www.informatization.gov.cn/jicheng/zhengce/zizhi-pdtj.htm">http://www.informatization.gov.cn/jicheng/zhengce/zizhi-pdtj.htm</a></p> <p><a href="http://www.cstc.org.cn/second_page/enterprise/announce_all.asp">http://www.cstc.org.cn/second_page/enterprise/announce_all.asp</a></p> <p><a href="http://www.informatization.gov.cn/jicheng/zhengce/shishi-xz.htm">http://www.informatization.gov.cn/jicheng/zhengce/shishi-xz.htm</a></p> <p><a href="http://www.informatization.gov.cn/xiangmu-jl.htm">http://www.informatization.gov.cn/xiangmu-jl.htm</a></p> <p><a href="http://www.szzfcg.cn/News/Policy_news.jsp?ID=200309190725&amp;TYPE=P">http://www.szzfcg.cn/News/Policy_news.jsp?ID=200309190725&amp;TYPE=P</a></p>
Australia (Common-wealth Government)	<p><b>System Name:</b> Endorsed Supplier Arrangement (ESA)</p> <p><b>System Description:</b> The system is a pre-qualification process to endorse a list of IT suppliers that intend to sell to the Government</p> <p><b>Number of Suppliers:</b> over 1200</p> <p><b>Validity Period:</b> Endorsed supplier status is awarded in perpetuity but subject to review in light of market developments.</p> <p><b>Other Features:</b> Endorsed suppliers are required to sign the ESA Head Agreement</p> <p><b>Procurement Mechanism:</b> Government and suppliers can base on the Government Information Technology Conditions (GITC)</p>

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	<p>framework to make contracts. The GITC framework represents a standard set of contractual terms and conditions for use in the acquisition of IT and communications products and/or services.</p> <p><a href="http://www.finance.gov.au/online/esa/about_esa.html">http://www.finance.gov.au/online/esa/about_esa.html</a>  <a href="http://www.esa.finance.gov.au/dofaesa/sil_default.asp">http://www.esa.finance.gov.au/dofaesa/sil_default.asp</a></p>
Japan	<p><b>System Name:</b> Unified Qualification for Participating in Tendering Procedures (including the manufacturing, sales and acquisition of goods and the provision of services)</p> <p><b>System Description:</b> 4 qualification grades, each with different tender capacity based on yearly average outputs and sales, owned capital and number of years in business, etc.</p> <p><b>Number of Suppliers:</b> no information</p> <p><b>Validity Period:</b> 2 or 3 years</p> <p><b>Other Features:</b> no information</p> <p><b>Procurement Mechanism:</b> Depending on the value of procurement, the procurement can be by way of open tendering, selective tendering or limited (single) tendering. Suppliers need to be registered in order to participate in open and selective tendering.</p> <p><a href="http://www.mofa.go.jp/j_info/japan/procurement/q_a.pdf">http://www.mofa.go.jp/j_info/japan/procurement/q_a.pdf</a></p>
Singapore	<p><b>System Name:</b> Expenditure &amp; Procurement Policies Unit (EPPU)'s Register of Government Suppliers</p> <p><b>System Description:</b> 68 categories of supply (called "Head of Supply") including "Software Development" and "Services (Maintenance of System, Equipment &amp; Computers)", etc. Each category of supply has 10 Financial Categories, each with different tender capacity, based on individual supplier financial capacity</p> <p><b>Number of Suppliers:</b> over 1000 IT service suppliers</p> <p><b>Validity Period:</b> 3 years and requires renewal</p> <p><b>Other Features:</b> A charge for registration is needed. EPPU can upgrade or downgrade a supplier's registration status and</p>

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	<p>financial categories, reduce the validity period or cancel a registration.</p> <p><b>Procurement Mechanism:</b> Depending on the value of purchase, the procurement can be by way of a small value purchase, quotation invitation or tenders. For open tenders, suppliers are not limited to those registered with EPPU registration.</p> <p><a href="https://www.gebiz.gov.sg/scripts/webitt/biz_opp_tender_index.jsp">https://www.gebiz.gov.sg/scripts/webitt/biz_opp_tender_index.jsp</a></p> <p><a href="https://www.gebiz.gov.sg/scripts/doc/EPU_Guidelines.pdf">https://www.gebiz.gov.sg/scripts/doc/EPU_Guidelines.pdf</a></p> <p><a href="https://www.gebiz.gov.sg/scripts/esr/eppu_head_financial_query.jsp">https://www.gebiz.gov.sg/scripts/esr/eppu_head_financial_query.jsp</a></p> <p><a href="https://www.gebiz.gov.sg/scripts/itt_gitis/biz_oppG_itt_procure_regime.jsp">https://www.gebiz.gov.sg/scripts/itt_gitis/biz_oppG_itt_procure_regime.jsp</a></p>
United Kingdom	<p><b>System Name:</b> Service Catalogue for the Public Sector (S-Cat)</p> <p><b>System Description:</b> A set of framework agreements (contracts) offering 16 categories of services including IT related services</p> <p><b>Staff Categorisation:</b> The S-Cat adopts a pre-defined set of staff categories with four staff “Grades” from “Junior Consultant/Trainer” up to “Principal Consultant/Trainer”. Each staff grade requires different level of experience. The S-Cat also allows the contractors to define their own additional staff “Grades” with experience requirements specified by individual contractors. Some examples of contractor-specified staff grades are “Partner”, “Director”, “Managing Consultant” and “Programmer”, etc.</p> <p><b>Number of Suppliers:</b> 173 prime contractors</p> <p><b>Validity Period:</b> 3 years extendable to 5 years</p> <p><b>Other Features:</b> Addition of contractors is not allowed during the contract period</p> <p><b>Procurement Mechanism:</b> A customer can acquire services through mini-competition and award a contract to the selected supplier based on the set of standard terms and conditions. The customer selects the economically most advantageous tender to award a contract.</p>

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	<p> <a href="http://www.s-cat.gov.uk/">http://www.s-cat.gov.uk/</a>  <a href="http://www.s-cat.gov.uk/help/index.asp">http://www.s-cat.gov.uk/help/index.asp</a>  <a href="http://www.s-cat.gov.uk/servicecats/servdef.asp">http://www.s-cat.gov.uk/servicecats/servdef.asp</a>  <a href="http://www.s-cat.gov.uk/about/faq.asp">http://www.s-cat.gov.uk/about/faq.asp</a> </p>
<p>United States (State of Washington)</p>	<p> <b>System Name:</b> Information Technology Services Primary Agreement Program  <b>System Description:</b> 5 categories of personal services and 8 categories of purchased services  <b>Staff Categorisation:</b> The primary agreement program adopts a pre-defined set of staff categories with four “Skill Category” of staff from “Junior” up to “Expert”. Each skill category requires different level of experience.  <b>Number of Suppliers:</b> over 300  <b>Validity Period:</b> 2 years with up to 4 one-year extensions  <b>Other Features:</b> Nil  <b>Procurement Mechanism:</b> A customer issues a work request and invites an appropriate number of pre-qualified vendors for proposal. The customer selects the lowest conforming or best overall value offer to award a service contract for personal services or a work contract for purchased services. </p> <p> <a href="http://www.ga.wa.gov/pca/Ps2/">http://www.ga.wa.gov/pca/Ps2/</a>  <a href="http://www.ga.wa.gov/pca/contract/32100c.doc">http://www.ga.wa.gov/pca/contract/32100c.doc</a>  <a href="http://www.ga.wa.gov/pca/Ps2/32100CategoriesOfService.doc">http://www.ga.wa.gov/pca/Ps2/32100CategoriesOfService.doc</a> </p> <p> <b>Other sites:</b>  – New York State, United States  <a href="http://www.ogs.state.ny.us/purchase/snt/awardnotes/73012S960275can.htm">http://www.ogs.state.ny.us/purchase/snt/awardnotes/73012S960275can.htm</a>  – California, United States  <a href="http://www.pd.dgs.ca.gov/masters/itconsulting">http://www.pd.dgs.ca.gov/masters/itconsulting</a> </p>

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