

## Feedback on SOA-QPS2 Review

### Consultation on the Standing Offer Agreement for Quality

### Professional Services 2 (SOA-QPS2) in the Government of the Hong Kong Special Administrative Region

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In regard to the SOA-QPS2 consultation, HKISPA received a number of responses from our members. We would like to submit these consolidated suggestions for improvements to the SOA-QPS2 on our members' behalf for consideration by the OGCIO.

### **Categorization of Services and Suppliers**

At present, there is a big gap between the ceilings for Minor group and Major group of HK\$1.3 million and HK\$10 million. Given the contract sum of the Minor group is declining, we recommend an increase of demarcation limit from HK\$1.43 million to HK\$3 million, thus some of the duties can be moved back to the Minor group.

We do not agree increasing the demarcation limit will attract more medium-large scale enterprises to enter Minor group, as long as the restriction is not too high, i.e. below HK\$3 million, as entering Minor group means they have to give up their Major group at the same time.

QPS2 services follow the SDLC and it is technology independent. We believe that it is not required to separate the technology groups, i.e. Mobile or EIM or any up comers that may lead to changes on Service Category when there is a new technological improvement. The skills and experiences should be handled in staff requirements.

'Independent Testing' category can become the new arena for the local IT companies. OGCIO created a new category on 'Independent IT Security Audit' which supported many local IT security companies. We welcomed the QPS3 to add a new Category 5 on 'Independent Testing', which some of our members have their business on software testing.

We were informed that a number of B/D requested to acquire the ISSS and IT Service Management (ITSM) by QPS. Perhaps OGCIO can develop Category 0 for ISSS to cope with different skill sets on consultation level, and ITSM can be implemented in Category 1 for consultation and Category 3 for implementation.

## **Participation by Suppliers**

Our members generally agree that competition would result in low price and better quality. However, when the competition is too keen specific contractors may give up quality to offer a low price to win contracts. This has been seen and tested in various government contracts.

Our members generally think that for SOA-QPS2, 6 contractors per Category per group is the best arrangement which offers sufficient and healthy competition.

## **Bidding Performance**

### Proposal submission

As all members replied, when there are 6 contractors on Category 1 and Category 3, they will be eager in bidding, even mandatory bidding is acceptable.

However, for Category 2, because the majority of staff requirements are specific, members resisted against preparing proposal that will be non-compliant. We suggest OGCIO guide B/D to put the ideas of staffs in marking scheme, but not a mandatory work requirement.

### CPAR

SOA-QPS2 assesses contractors' performance in Categories, but the Categories do not well suit all the contractors. Thus SOA-QPS2 cannot reflect the actual truth. We recommend that the contractors' CPARs can be conducted in independent assessment according to every Service Category.

If one of the B/D gave "poor" in CPAR, the contractor could disagree with the judgment. According to the existing CPAR flow, B/D will perform a further comment, but in most of these cases the score remains unchanged and no further appeal can be made. In fact, the B/D tried to convince the contractors to satisfy additional requirements to get additional CPAR score. Since QPS Contract Admin knows almost all the contractors' performance and quality levels, it is recommended that the Contract Admin act as an Appeal Board and after hearing the story on both sides, has the right to decide whether "poor" or "satisfactory" score should be given. All members said they would agree with the decision of Contract Admin.

### General Technical Sub-score

General Technical Sub-score is now ranked 1, 2 and 3. In order to have more transparency, and improve our quality, we recommend the use of ranking / number of Contractors.

## **Categorization of Human Resources**

### Staff Categorization

Existing staff categorization is based on years of experience and ranking, but not technology specific, which is more flexible and purpose serving. It is good as B/D can customize new technologies. For example, Category 6 QA Analyst with experience in writing Test Plan, Specification, Cases and Report can be qualified as 'Testing Analyst'. Category 4 Analyst Programmer with experience in conducting unit test and SIT can be qualified as a 'Tester'. EIM consultant / specialist can be integrated into the Category 11 or 12. CAT 5 or 6 SA, is still applicable, but may need more experience in mobile applications.

### Project Manager and Systems Analyst efforts

It was noted that the more and more of B/D refused to accept the system enhancements by Project Manager efforts. Some of B/D even said Analyst Programmer does not require Project Manager or Systems Analyst to work. It is important for users to understand the Project Manager is responsible for negotiating, drafting and revision of the PIR and the ACR, monitor progress, liaise testing and acceptance and checks the file update. Systems Analyst is responsible for the design and quality inspection. We hope that OGCIO will give clear guidelines for B/D that Project Manager and Systems Analyst's efforts should not be ignored.

## **Payment for Services**

Regarding the regular intervals on no more than 50% of fixed price, we appreciate the Government's understanding and support to ease local IT Contractor's cash flow on payroll. Albeit the well intention of the Government, most B/Ds still don't accept it. We hope clear guideline can be given to B/D and encourage them to adopt such arrangement as a Caring Organization and support local IT industry.

Regarding the Stage payment, we also appreciate OGCI provide clear guideline to B/Ds that milestone payment should in proportion to the estimated effort i.e.10% PID, 20% SA&D, 50% UAT, 10% Production and 10% PER.

Some B/D purchased Cat 2 and Cat 3 services on hourly basis and the hourly charge are derived based on the normal daily rate, which has the assumption that services are procured in the unit of "man-day". However, such kind of hourly services incur different cost overhead i.e. include travel time & cost. We hope QPS3 clearly state hourly rate is not allowed in Cat 1, 2 or 3.

## **Continuity of Project Staff**

As the Government often mentioned, IT industry is pillar of all pillars in HK. Staff turnover is unavoidable particular when the economy is good. To debar the staff from switching jobs may be illegal and not giving the staff an equal opportunity to transfer from jobs like other IT practitioners in commercial sector. Also, QPS is not T Contract, the staff continuity has already covered by CPAR, and marks shall not be deducted as long as the overall service performance is not affected.

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

For tender selections, 70% quality and 30% price was used to select pre-qualified contractors in order to emphasis on the quality of the contractors. However, in WAB stage, 60% on price is used and contractors have to bid with lowest cost eventually compromise the quality. Since quality is priority concern on delivering a service, we recommend a standard marking scheme of 60% on continuous quality monitoring score and 40% price shall also be adopted during WAB stage.

## **Contractor's Liability**

We suggest using a formula for B/D to come up with a project specific liability cap to provide better risk management for Contractors. A general of x1.5 - x3, etc. shall be set under SOA to expedite the negotiation on WA.

The above summed up HKISPA's response to the consultation for improvements to the SOA-QPS2 arrangement. For any questions or clarifications, please contact the under-signed.



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