Response to Public Consultation on 2007 Digital 21 Strategy

The Digital 21 Strategy, a document outlining the Government's blue-print of developing Hong Kong into a digital community, was first released in 1998. After several review and streamlined in 2001 and 2004, it had developed from a document comprising only digital initiatives that the government planned for upcoming futures to a living document that constantly updated the current position and progress of the digital development in Hong Kong, knowing where we are and what challenges we are facing. The living document also makes clear to the public what digital strategy that the government would formulate or adopt to accomplish the targets and goals in effective and efficient maneuvers.

It is understood that there is no guaranteed success for putting forward a strategy, but there must be a strategy before a successful outcome is delivered. We may not represent the general public, however the ICT sector would welcome an open-minded government and consistently undertake public consultation in search of an intelligent strategy for developing Hong Kong into a leading digital city successfully; for promoting technological cooperation and trade hub in the region; and for building an inclusive, knowledge-based society.

We would like to focus our discussion on the four main targets mentioned in the current Consultation Paper released in October 2006, namely:

- Promoting advanced technology and innovation;
- Developing Hong Kong as a hub for technological cooperation trade
- Enabling the next generation of public services
- Building an inclusive, knowledge-based society

1. Promoting advanced technology and innovation

It was stated in the Consultation Paper that the Government, through the ICT industry, will provide focus and support to important domains such as: (i) communications technologies; (ii) development of digital content; (iii) sensor and identification technologies; (iv) software development and packaging; and (v) next-generation Internet.

The question here is how will the government collaborate with the ICT industry effectively and efficiently to achieve these objectives. We believe that

maintaining a fluent communication channel and contact is significant. On the one hand, if the Government is to promote and expedite certain digital policies and strategies, it is important that all companies and business entities in the entire ICT industry are well aware of the Government's focus so as to cooperate and strive for their business values, benefiting different public and private sectors of the community at large. On the other hand, it is important to understand industry players' concerns for a digital policy or strategy to become successful.

We therefore recommend that the Digital 21 Strategy team of the Commerce, industry and Technology Bureau maintains a contact list for the participants of the ICT industry or set up a contact registration site for ICT industry. Participants of the ICT industry on the contact list, even the SMEs in the Industry, will be consulted and well informed with the government's digital policies, strategies and directions. In order to roll out a strategy or a policy effectively, it is important that the move is a consensus of the majority of the industry that has been concluded after thorough consultation or discussion, in which industry players are well prepared for the community-wide strategy.

This would produce a level playing field for the whole ICT industry because all companies could formulate their responsive company directions to cooperate and flourish with the opportunities that come along with the government digital strategies.

2. Developing Hong Kong as a hub for technological cooperation trade

We welcome the Government's vision and efforts to establish channels to cooperate with Mainland authorities and Guangdong Province on innovation, information management, and technological development. China is definitely becoming the largest ICT application user and such cooperation will allow the Hong Kong ICT industry to understand this market better and to look for business opportunities.

The number of ICT companies from the industry that participate gauges the effectiveness of such cooperation. It is important to promote and expedite to the ICT sector and recruit as many ICT companies to join the cooperation as possible. Once again, the contact list mentioned above would be useful for communications.

The Consultation Paper also indicated the publication of a risk assessment and electronic authentication framework in 2008 for public reference. We wonder if the said publication would go through another public consultation process or it will only be the guidelines for public reference. We look forward to such a publication as the ICT industry will definitely be anticipating a broad coverage of such a framework. If the Hong Kong government could establish a framework that covers electronic identification, authentication, and authorization, thereby expediting to establish regulatory framework that enables holistic e-commerce to be realized under the protection of the laws, Hong Kong will become the front-runner of the digital age. We believe there will still be a long way to go – especially when it involves regulations and laws – but in generating tremendous values to the business sector, the exercise is worthwhile, and is better with an early start.

Having said that sometimes we would like to have things to happen quickly, we rationally believe a thorough consultation is the only means to get support for smooth expedition of policies and strategies.

3. Enabling the next generation of public services

The Government's vision and commitment to build an e-government for both internal and public services is highly appreciated. It was clearly indicated in the Consultation Paper that, subject to funding approval by the Finance Committee, the Government will pursue pilot electronic procurement projects and formulate plans for encouraging private sector suppliers to adopt electronic commerce and improve their competitiveness. We fully support and firmly believe that luring the private sector applying e-commerce to their businesses by incentives to increase their chance in securing a contract or project, is the most effective approach.

However, as it has been pointed out in quite a number of submissions previously, the Government's role to lead digital community development should more be as a facilitator than a service buyer. It is in fact essential to maintain a competitive and vibrant business environment, to introduce new telecom infrastructures and to establish an updated and appropriate legislative order for e-business operations in developing a digital economy: As it was highlighted earlier, maintaining a close contact and effective communication channel for

getting to understand the concerns of various industry players' concerns is a must. (In this respect, industry associations and federations help but do not represent all business entities.)

The Consultation Paper also stated that the healthcare and transportation are potential areas for the provision of highly integrated and personalized services to citizens across both public and private sectors. We believe that no matter what areas are of good potential for development, the ideal situation for the Government is to facilitate the provision of an open standard and platform where the ICT industry can collaborate or compete to provide their services to the designated sector, rather than to enforce a proprietary standard and encapsulate the development of healthcare and transportation's ICT applications into one single project and then award to one single selected ICT provider.

4. Building an inclusive, knowledge-based society

We could tell from the Consultation Paper that the Government is aggressive in building an inclusive, knowledge-based society in order to maintain its competitiveness in the increasingly digital and global economy. It is a matter of fact that our society had accomplished certain digital initiatives planned since the Digital 21 Strategy first drafted in 1998.

It was indicated that the next five goals moving Hong Kong towards an inclusive, knowledge-based society are: (i) broadband connectivity for every citizen; (ii) allowing every student access to ICT facilities to support learning; (iii) more affordable access to industry software solutions; (iv) information management; and (v) digital rights management infrastructure and culture.

We believe that the Government will accomplish such goals with cares. Our repeated advice is the delivering of the services to the right targets; taking extreme care in analyzing what and where the government is capable of when moving forward; and, in tendering ICT projects, adopting an open platform or standard, instead of a proprietary total solution, whenever possible such that the ICT industry may provide a variety of services for end users' selection and induces competitions that drive the software solutions down to users' affordable prices.

It is recognized that digital experience are widely divided between the rich and

the poor, between the elderly and the youth, between the normal and the impaired, and between the knowledgeable and the poorly-educated. The Government can help provide financial or administrative supports to the poor for getting access to ICT applications and solutions. The Government may as well help provide solutions for impaired citizens to share the same knowledge domain as the normal. By the same token, the Government may allow for more learning opportunities for the poorly educated. However, the Government should at the same time understand that the elderly are less capable of, and having no interest in, picking up new techniques and knowledge; and certain poorly educated people do not have initiatives to learn ICT knowledge. When introducing campaign of ICT training to any target group, the government should first think of their incentives for being equipped with ICT knowledge. It is unlikely that a policy will become a successful one if it is carried out against human nature. It is totally agreed that the Government has to build a community that provides every member with fair chances and opportunities. However, the allocation of public resources, taking into consideration of cost effectiveness, is expected to promote the total benefit of the community at large. Thus, the provision of ICT trainings to vulnerable minority should always be assessed against cost effectiveness and should never be conducted as a gesture of showing care to the vulnerable for obtaining public recognition.

Although the Economist Intelligence Unit (EIU) had rated Hong Kong as the place with very high e-readiness around the world, the Internet application rate in the local business sector remained low. According to the data of the Census and Statistics Department in 2004, only 58.4% of the business establishments used PCs whereas 71.1% of households had at least one PC. In the past few years, the improvement of IT literacy was obvious among the general public but less encouraging in the business field, indicating that many business sectors were conservative about e-adoption. Getting back to the Census and Statistics figures, only 1.3% of the establishments had sold goods, services or information through electronic means in 2004, as compared to 0.3% and 1.5% in 2000 and 2002 respectively. The online delivery of goods, services or information was a bit more encouraging: corresponding figures were 8.1%, 12.1% and 15.3% in 2000, 2002 and 2004 respectively. The numbers indicated two phenomena among local business entities:

1. Business establishments were more ready to accept e-business activities when online payment is not involved.
2. E-business and e-commerce development, in terms of adoption and popularity,

did not show much progress among the business sector.

Apparently, the commercial sector only deems e-adoption necessary when there is a niche for creating business values or streamlining operations. This explains partially why the development of e-commerce remained slow among the business establishments in general but local banks have been pursuing e-banking very aggressively. The Sector-Specific Programme initiatives that encourage traditional business sectors to move forward to explore e-business opportunities become a very worthwhile strategy for facilitating traditional business sectors to move forward to the digital economy. We will be happy to see more resources allocated for encouraging the traditional private sectors to take up e-business initiatives.

After all, we welcome this consultation and would strive out best to cooperate with the Government and ICT industry peers to achieve our common goal of making Hong Kong a leading digital city; technological cooperation and trade hub in the region; and a knowledge-based society.

Hong Kong IT Alliance
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