



BPF response to Public Consultation on 2014 Digital 21 Strategy

BPF is pleased to have the opportunity to respond to your public consultation on 2014 Digital 21 Strategy and confirms its support in general terms to the Consultation Document.

The comments and recommendations made in this response are also addressed in more detail in our recent Igniting Innovation Reports we request be incorporated as part of our response.

Principal Concerns

We have three principal concerns with the Consultation Document. They are:-

- The document is couched in general terms and lacks defined, measurable outcomes and firm commitments.
- The scope of the document is too narrow. The core emphasis (mentioned in para 32) should be on an overarching strategy and implementation policies to drive innovation across the economy and on the role of ICT (Information and Communications Technology) as the common denominator in achieving this. ICT should be seen as an essential tool for helping companies, particularly SMEs to innovate and create new high value jobs rather than only as an independent pillar in our economy.
- It is unclear where the responsibility lies for driving the strategy and implementing its different aspects. We understand this study to have been initiated by OGCIO (Office of the Government Chief Information Officer) with the emphasis on what Government may do. The lack of clarity as to where various responsibilities and initiatives lie highlights a key finding of our Igniting Innovation studies, namely the necessity for a two pronged approach comprising a dedicated Government bureau and the establishment of an industry led, commercially oriented, government supported body to promote action and engage all the relevant players.

We see the role of OGCIO as principally within Government providing infrastructure and through a coordinating presence in every department to achieve connectivity both internally and externally. However enabling facilities and services alone will not be sufficient to ignite Innovation.

Detailed Comments

Chapter 1 para 2

It is true that Hong Kong rates well in some aspects of the Networked Readiness Index, notably in infrastructure, but in other areas we are followers rather than leaders. One objective of the Digital 21 Strategy should be to raise our ranking in all 10 pillars of this Index.



Chapter 1 para 5

This paragraph is too negative. It reflects outdated conventional thinking influenced by trends from the past rather than future opportunity. The aim must be to reach beyond our small domestic market not only to the mainland market but also the wider Asian growth markets. Technological development should be the spur to a renaissance of our manufacturing and related sectors through a new wave of skills intensive industries where our land shortages and relatively higher operating cost issues are outweighed by intellectual property protection, ease of doing business and access to skills etc.

Competition, rather than being a threat, is healthy and can be overcome with proper emphasis on positive aspects such as higher earnings capability. For example in Europe today industries with above average use of IP rights contribute 39% of economic activity for 26% of jobs and a wage premium of 40%.

ICT and Innovation are the key to rebalancing our economy and regenerating our manufacturing related role. They are a future pathway to social mobility.

Chapter 2 para 10

As strategic thrusts, we submit that these are too passive in the sense that they infer that Government is concentrating mainly on providing the tools (e.g. platforms) leaving others to take or leave. We suggest the strategy would be strengthened by defining outcomes and priorities. For example, an objective could be to meet targets for R&D investment spending and for growing the share of the economy and employment of innovative ventures. Hong Kong cannot be everything and, without picking winners, government has a role in relating its strategies to an overall vision for example in providing products and services to a growing affluent and aging Asian middle class, in medical services and informatics, in communication and connectivity services to tourists and in overcoming our domestic digital divide.

Chapter 3 paras 13-16

We question the value of this initiative as it relates to a technology of five years ago. The take up has been low, maybe in part influenced by the fee but, rather than exploring whether making this separate ID free and more user friendly, we suggest that fresh thinking be applied to using the HK Identity card and linking it to cyber space.

On a connected issue we understand that notwithstanding government support for migration from IPV4 to IPV6 for internet addresses there is no facility for IPV6 certification of products which therefore has to be done elsewhere thereby inhibiting local product development and marketing.



Chapter 3 paras 17-20

We agree that connectivity is the key and continue to make the case that territory wide free Wi-Fi is the single most powerful initiative the government can take in the short term in implementing Digital 21 Strategy and in Igniting Innovation. We expand on this and on how Government can partner with industry and other relevant bodies to achieve it in a separate document accompanying this submission.

We should not be content to be a highly connected city and should aim to be THE most highly connected city.

Chapter 3 para 23

It is not just a question of training students in structured and logical thinking – robots can do that nowadays – far more important are catching them young to fire their imagination and creativity, to promote their ability to search for information and in counseling them that ICT and innovation is a socially and financially highly rewarding career option.

We have made detailed recommendations on how to achieve this in our Business Case for the Introduction of Innovation Culture in Schools, which accompanies this submission.

Chapter 4 paras 26-28 and 31

As we have emphasized earlier, these paragraphs represent the central rationale for Digital 21 Strategy and as such have our full support. However, providing free platforms and access to data is not enough. They must be accompanied by incentives and access to risk finance and mentorship. These are issues which we address in our 2013 Igniting Innovation in Hong Kong Report.

We strike a note of caution in promoting the use of cloud computing and the risks of data loss and security. Promoting data security is an opportunity for you to support local innovation in this field and it has been suggested that you may wish to recommend the use of Network Box or similar services to address this concern.

Chapter 4 para 29

Symposiums and events are not enough to encourage technology transfers from university to industry or generate greater cooperation between the two. There must be sticks and carrots for both parties. Research which has economic benefits should receive weighted credits. Digital 21 Strategy should address this very important area with more specific proposals.



Chapter 5 para 39

We agree, subject to the priority for the ICT Industry to support innovation and penetrate the wider economy.

Chapter 5 paras 43-47

Two fundamental aspects which we address in our 2013 Igniting Innovation in Hong Kong Report are missing here. Access to funding and angels remains the weak link in our eco system for innovation and must be addressed by government in partnership with industry. The other, closely associated, is willingness to take and share risk. To quote the recent EU document Plan (Innovation), “make public innovation spending bold and experimental.”

In paragraph 45, we question whether this is not also the role of the Innovation and Technology Commission. This highlights the issue of coordination and cooperation both within government and between government and all relevant bodies which we raised earlier in this submission.

Chapter 5 para 49

We have made the point already that this is not just an issue for self-financing post-secondary education and requires action on a far wider front with an emphasis on ‘catching them young’.

Chapter 5 para 51

Has OGCIO engaged with the Hong Kong Council for Accreditation of Academic & Vocational Qualifications? It is important that any such professional scheme be recognized internationally.

Chapter 5 para 54

The government incubation schemes are not well known and are under publicised. This again highlights the necessity for professional promotion and to work with other departments, with industries, universities, the science parks and organizations such as ASTRI.

Chapter 5 para 59

We applaud the pragmatic initiative to encourage the development of data centres in existing industrial buildings and industrial lots.

Chapter 6

This chapter shows a clear understanding of how ICT can transform and integrate public services through ICT and has our full support. We would recommend



strengthening the role of OGCIO as a central agency with dedicated resources in facilitating and coordinating cross department data sharing and management to enhance intra government connectivity. A central data base should be considered.

Another important role for OGCIO is internet security and we also propose that OGCIO set up a team to review laws and regulations. It is recognized internationally that regulation of risk threatens innovation and this would be the right body to consider the impact on innovation of the policy and legislative process.

However, the relative seniority of OGCIO in the Government hierarchy remains as an inherent problem best addressed by positioning it as an arm of a dedicated Technology Bureau.

General Recommendations

At the risk of repeating some of the points already made, we wish to take this opportunity to outline some of the key recommendations of our 2013 Igniting Innovation in Hong Kong Report which we believe are relevant to this consultation. These are:-

- Establish clear leadership – within government and also the need for a coordinating non- governmental, but government supported, body to promote, to educate and to ignite fires in industries for innovation
- Put in place an Innovation Policy so that resources can be focused in areas of potential high growth
- Demand better measurement. Clarity in measurement of the contribution ICT and innovation has made and can make is crucial. Massachusetts would be a good model
- Define innovation beyond technology. A point strongly made in this Submission
- Grow a strong angel and venture capital industry with government support
- Promote creativity and innovative spirit in our youth – catch them young

BPF is strongly committed to supporting you and your colleagues in government in pursuing policies which will ensure the success of your “Smarter Hong Kong, Smarter Living” strategy and make Hong Kong a leading world centre for ICT and Innovation.

It must be a major priority for Hong Kong!