



香港工業總會

Federation of Hong Kong Industries

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29 November 2013

Office of the Government Chief Information Officer
20/F West Wing, Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear Sir,

Consultation on 2014 Smarter Hong Kong Smarter Living – IT Sector

In response to the Public Consultation on 2014 Smarter Hong Kong Smarter Living, we, on behalf of Hong Kong Information Technology Industry Council (HKITIC, the IT Council of the Federation of Hong Kong Industries), would like to submit our comments as follows:

“Smarter Hong Kong Smarter Living” seems to be a well-suited slogan for describing the current needs of Hong Kong. As quoted in the Consultation Paper, the city of Hong Kong is renowned for its ICT infrastructure. In the World Competitiveness Yearbook, the International Institute for Management Development ranked Hong Kong first in technological infrastructure in both 2012 and 2013. Hong Kong’s broadband and mobile adoption have been ranked top on the lists of many worldwide statistical surveys. With strong fundamental technological infrastructure at hand, does it mean that Hong Kong is at the forefront of the global ICT industry?

We have a rather ambiguous situation in that despite the excellent infrastructure which Hong Kong is proud of, we are rather inadequate in software skills and talent to provide the necessary driving force for sustained development and excellence. Why is this the case? The challenge boils down to some soul searching questions: what should Hong Kong’s focus be in its future ICT development, and how should the ICT industry embark on its path to survival and sustainability. Every mature and well developed city would have similar challenges to face and to deal with. However, there are some characteristics which are specific to Hong Kong and we should be aware of them: is innovation of technology the only solution to ICT development? Or is it just an empty slogan which can never be achieved? Hong Kong has its constraints which have limited it from becoming the source of innovation. Among such constraints are: a small population and consumer market that makes it difficult to build a vibrant talent pool in ICT; a well regulated traditional educational system which does not encourage innovation; a deep rooted parental preference for raising children in the fields of professional qualifications which suppresses the geniuses; a prosperous and profitable property market ,which discourages innovative investments; and a skewed financial policy which tends to put most of our resources in a few pillar sectors. If Hong Kong is to invest in innovation without reference to the fundamental and practical factors that surround us, efforts would be wasted and failures would be just round the corner.

We are not suggesting that our ICT industry is a sunset industry. Quite the opposite, the ICT industry in Hong Kong at this digital age is more important than ever, but the resources and commitment that are placed on ICT sector are minimal as a percentage of our GDP, as compared with our neighbours including China. The Government and the industry as a whole must discern what is possible from the impossible. At present time, ICT still strives to maintain the role as an

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enabler for the prosperity of different sectors and it is still a long way to become a respected industry or sector in its own right. Under such circumstances, the cooperation or collaboration between the government, the industry, business, community and academia is imperative, and it is where the Digital 21 Strategy comes into play.

In the following paragraphs, we'll comment on the specific themes of 2014 Digital 21 Strategy:

1. *Smarter Hong Kong, Smarter Living*

The new technologies such as Cloud Computing, Big Data Analytics, Internet of Things, Wireless and Multi-platform, are a global trend. As sophisticated consumers and users of IT technology, our various industry sectors can be early adopters and develop innovative applications. Government support in exploiting new and evolving technologies is welcome.

2. *Empower Everyone*

- a. Digital Certificate – this is tricky technology and should be explored with care because its prospects very much depend on government policies instead of the maturity and feasibility of such technology. The theoretical concept of this technology has long been proven, but the adoption of digital certificate remains low due to the clumsy process of application and installation of it in every device in which authentication is required. The government should have consulted the Hong Kong Jockey Club which had used digital certificates for some time and eventually abandoned its usage in favour of some other 2-way authentication technology. If this technology could have been successful, the leading banks such as HSBC and Hang Seng would not have invested in their own separate authentication systems. The inconvenience and user – unfriendliness is a dead-end which could only be resurrected by imposing statutory obligations on its usage. Therefore, the viability of this technology depends on government policies to impose on the mandatory use of it. Uncertainty of usage is likely to be doomed.
- b. City-wide WiFi for the Public and Visitor – the image of a digital city such as Hong Kong would inevitably be downgraded if we could not provide visitors in urban areas with Wifi access, which has now become part of people's daily life. We support the Government in promoting a common Wi-Fi branding which could be provided by the public or private sectors. However, if the service is to be provided by the private sector, the government should bear in mind that the channel is a valuable resource in which the service providers may profit enormously from advertising to visitors. As such, the Government should carefully negotiate with service providers in signing contracts despite the fact that this service is to be provided to the public and visitors completely free of charge.
- c. Broadband and Wifi Access for Schools to Drive e-learning – the Wifi access to facilitate e-learning serves a good purpose but there should be strict regulation of access control for schools to follow. It is because students should only be allowed Wifi access when conducting e-learning; for the rest of the time Wifi Access should be strictly forbidden to prevent students from falling into the trap of facebook-ing or e-gaming instead of e-learning.





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- d. ICT as a Tool to Support Underprivileged Groups – there are existing programs that help the less equipped children to acquire computers for online services. The Government should have some monitoring mechanism to ensure such programs are conducted with value for tax payers' money. The usage of computers by elderly and persons with disabilities are good motives, as learning is a continuing process and it could prevent people from developing dementia as well.

3. Igniting Business Innovation

Innovation is critical to Hong Kong's economic growth and competitiveness. Having said that, innovation does not have to be originated from ICT, it could be initiated by any other sectors such as financial, industrial, wholesale retail, design, and even manufacturing. Any kind of innovation involving the applications of ICT and technological innovation can lead to novel and effective business solutions.

- a. Establishing Innovative Platforms – The increase in spending in higher education sector is welcome. Allowing universities to conduct more patent filings and company spin-offs are good directives in improving the quality of universities' R & D, as well as in avoiding the results of R&D from being wasted.
- b. Public Sector Innovation (PSI) as Default – This is one very good initiative undertaken by the OGCIO which allows machine-readable public information to be reused to develop meaningful applications which might not have been thought of by the information owner. The further open-up of public organization information is a welcome initiative.

4. Supporting a Thriving ICT Industry

For the ICT industry to become a major sector in its own right in Hong Kong would never be easy, but if the focus is on maintaining its role as an enabler or a significant economic contributor, it is more realistic and relatively more achievable.

- a. Supporting the Startup Ecosystem –The incubation programmes run by public bodies such as Cyberport and Science Park to provide startups with subsidized office accommodation, mentorship, as well as marketing and promotion assistance; the online portal developed by OGCIO that will serve as a one-stop platform to provide integrated information on existing support measures; success stories and startup events as well as events such as business angels forum and VC conferences to reach out for investors are all positive support measures to encourage start-ups. But why is the government not taking a further step to allocate some funding to invest in the startups as investors, or outsources the investor's role where the government has a matching partnership with experienced angel investor in an investment ratio of, say, 9:1 with a return ratio of 5:5. Tax payers' money is supposed to be spent on startups with better success rate if winners are picked by experienced investors.
- b. ICT Talent Development – the government has established the Qualifications Framework and developed the Specification of Competency Standards for the Hong Kong ICT industry. The notion of the establishment of a qualifications framework to provide guidelines to the





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ICT industry in order to gauge the qualifications of professionals is good in its original sense. However, the establishment of this framework also poses some questions: who are the framers and are they able to keep up in trend with the rapidly changing ICT landscape and its emergent qualifications? And would the framework be updated frequently enough to keep up with the pace of the evolvement of new technology qualifications?

- c. The professional recognition scheme – it would seem to be welcome or acceptable to the ICT professional. If there is an internationally accepted recognition scheme, Hong Kong professionals should join it instead of Hong Kong having its own scheme. If there is no such an international scheme, then we may need to develop a system for Hong Kong's benchmarks and standards to become internationally recognized. The investment of time and resources would be two-folded; time and money spent on the part of the government in establishing the framework and scheme; plus the time and money spent by ICT professionals in acquiring the qualifications which are very unlikely to be applicable internationally. What the ICT industry lacks is talented professionals, not Qualification Scheme certified professionals.
- d. Closer Collaboration with the Mainland – this is definitely the most anticipated potential of the Hong Kong ICT development. Although Hong Kong is not demographically suited for innovation, its motherland has the largest talent pool where innovation is expected to flourish. If China's innovations are to become internationally accepted over time, their technologies need to be endorsed by the smart people of Hong Kong. We have the best ICT infrastructure and smart ICT consumers, young and elderly alike, to use and test their inventions in terms of usability, pricing, and popularity. Hong Kong ICT industry should pick winners of other innovations apart from making our own innovations. Hong Kong's ICT professionals are also good in making sales, closing deals, and providing after-sales support services. There is a role of value add for Hong Kong to play in building up China's ICT for the international market.

5. *Transforming and integrating Public Services*

In recent years, e-government services have evolved from mere provision of information to citizen-centric, two-way customer services. With the application of mobile technologies, e-government services have become more user-friendly, convenient and personalized. The notions of multi- or cross-platform government services; paperless solutions and collaborative platforms, are all good directives. These reflect on the efficiencies and professionalism of Hong Kong government services. But there is still room to improve in the scope and delivery of e-Government services, such as improving the functionality of the department portal by allowing citizens to pay their fees online. For example, the Transport Department and Immigration Department should allow some of the applications made and paid online simultaneously (e.g. Driving Licence renewal, and Passport renewal). This would save our citizens and civil servants much valuable time spent in queuing. Other public organizations and educational organizations such as HKEAA do not currently allow payment online, and applicants cannot submit their applications and payment simultaneously. This is unacceptable if Hong Kong regards itself as the most e-facilitated city.





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6. Conclusion

On the path of the ICT industry development, we do not have to think too big or too far-fetched. On the contrary, we have to understand thoroughly about our strengths and weaknesses, what limitations or constraints we have, what resources we could draw to our advantage. Naturally Government initiatives are policies of critical importance in helping to produce an environment conducive to the ICT industry. Imagine if our Government makes it a Service Pledge or Service Level Agreement for all departments and its subsidized organizations which have paid services to provide online application and payment submission as an option for the public. Such decision would give rise to more efficient and convenient services to the public; a better image of e-government from citizens' and international perspective; and at the same time, generate real business opportunities for the ICT sector in the implementation of services.

Innovation in ICT is critical, equally innovative applications of ICT for enhanced functionality and services across all Hong Kong sectors are also a priority. Hong Kong should cultivate an innovative spirit and atmosphere across the board, with collaboration among education, industry, community and government. Of all factors, Government policy is the single most important element in driving and pushing forward ICT development and making it thrive for the long term prosperity of Hong Kong.

Yours sincerely,

Leo Kan
Chairman, HKITIC



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