My Comments on the 2004 Digital21 Strategy

1.   General Comment

1.1. It is really a surprise for me to find 2 big questions in this report: "Chapter 1 - Where are we?" and "Chapter 2 - Where do we go from here?". This is not supposed to be a progress report. Hong Kong is also not supposed to go anywhere we like. This should be a document describing our best strategies to achieve some targets. "What are our targets? What are the strategies that will lead us to meet these targets?"

I do not realize Digital21 has any strategic targets built upon HK's competitive strengths. In all the documents of Digital21, there is only a "background". The background of Digital21 is to realize the Chief Executive's vision in 1997 for "Hong Kong to be a leader not a follower in the information world of tomorrow." But it is already 5 years after this vision has been set by the Chief Executive. There should be enough time for the Government officials to perform strategic analysis and laid down some solid objectives that Digital21 wants to achieve. "What are our strengths and weakness? Where are the opportunities and threats? How should we position ourselves? What are our targets? How are we going to make it?"

1.2. If Digital21 is to promote Hong Kong as the leading international dynamic digital city, the first thing I would suggest is to review the Digital21 website *www.info.gov.hk/digital21.html* immediately. I am sorry to say that this is one of the ugliest website I have ever seen. Is this an orphan site? Or Digital21 is a black box or an empty box. Please also remove the "Knowledge Corner 知多一點點" to another web specifically for IT Basic Knowledge. Frankly speaking, I really can't stand that huge penguin holding the shield on the "Open Source Software" page. There isn't any improvement in 5 years. If this is a knowledge corner, just keep it academic. Don't put up bits of related news here and there. Both the information and related news are so weak. It is a joke to claim in the related news "Campaign to promote adoption of open source software" which appears on top of the penguin page whose existence is simply for decoration. Nobody will believe Hong Kong is sincere with that.

2.   Government Leadership and Sustainable e-Government Programme

2.1 The report says that Government leadership is vital because the Government is one of the leading investors in IT with average investment of HK$4.6 billion per annum. Government is also a major user in IT with 88% of new projects outsourced to generate business opportunities for the private sector. It is said to be particularly important to keep up with the momentum despite the budgetary stringency. But with the implementation of e-government programme in the last 4 years and 90% of the amenable public services covered by an e-option, the report says the main challenge of the e-government strategy is: "Where do we go from here?"

Please do not worry about not knowing how to spend the money. Please note that the involvement of Government in ICT has already changed from direct intervention to indirect influence. This is described below in section 2.3.

2.2 The report claims that 70% of Internet users have used e-Government of which more than 60% rated it as "very good" or "quite good". But can you quantify the benefits of e-Government after investing HK$4.6B x 4 = HK$18.4 billion of money over 4 years time? How much savings have we realized after the implementation of e-Government service? Has our Government improved the inter-organizational, intra-organizational, Government-public communications? How much productivities have been raised? How many headcounts can be spared?

Most of the Government public services are operated via ESDlife.com which is more a commercial website than a Government website. There are so many advertisements including lady slim programs, medical checkup programs, well posted on the front page. The web has also been discovered to sell pornographic CDs. Is this what we call "Digital21 strategy is branding to symbolize our effort and actions?"

2.3 Government leadership is always important. But according to the Global Information and Technology Report 2002-2003, information and communication (ICT) has been affecting Government's functioning and roles. It is vital to understand these changes when formulating ICT related strategies. The following are extracted from the Global IT Report for your reference :

➢ The role of Government as the main buyer of ICT products and services is

rapidly diminishing. Government should plan less from a buyer's point of view, and more as a facilitator. Government should be exerting a more indirect role as promoter of ICT supply and demand. On the supply side, the capacity of a country to innovate, and hence produce and adapt new technologies largely depends on the government's ability to attract financial and human resources. On the demand side, government plays strategic role on the emergence of domestic markets on ICT and in shaping international market conditions that will influence the flows of ICT and ICT-related knowledge across its national borders.

➢ Government's leadership role is to establish ICT as a national priority, provide a national view for ICT readiness, launching large ICT projects or objectives, as oppose to the more traditional public programs financed by the government.

➢ Government's role as vision provider cannot be underestimated. Government has a role to keep track of recent technology developments as they may significantly affected the relative cost of products selected. Government should develop new working relationship and consulting mechanism with private sector (universities, professional bodies) and civil society in general.

➢ In connection with these new responsibilities is the growing importance in global debates that surround them. These cover the area of intellectual property (where World Intellectual Property Organization and World Trade Organization treaties and agreements apply), governance (Internet Corporation for Assigned Names and Numbers), and norms and standards (ISO, ITU, W3C etc..). Government should negotiate and influence the adoption of international frameworks, standards and norms by participating actively in the global informational economy.

➢ By promoting the use of ICT in its own services, Government can acquire both experience and credibility, while leading through example. E-Government can cover activities that generate significant savings in the use of public resources; enhance transparency in government operations thus contributing to the fight against corruption; and also as a way to engage individuals and civil society in public sector activities and reforms thus strengthen the democratic process.

3   Infrastructure and Business Environment

3.1 According to the Global IT Report, the responsibility of providing a proper
     macroeconomic, legal, and regulatory environment is part of the "traditional"
     responsibility of governments. These help in strengthening the ICT readiness.
     But their effects on ICT usage are not necessarily tangible in the absence of
     specific additional measures. This is quite true if we look at the adoption of
     e-business by SMEs and individuals in Hong Kong. Our PC, mobile, internet
     penetrations are relatively higher than many western countries. That is our ICT
     readiness is relatively high. But please do not feel proud with all the figures in
     your Box 1 of Chapter 1. Our "effective" usage of ICT is relatively low.
     Something is missing.

     If you take a look at the "IT Easy Link" on the "Strengthening the Community
     for Digital Exploitation" on the Digital21 website, you will know the level of
     usage that you have set for the community.

3.2 Regarding information security, please be very careful with the future security of
     esdlife.com which runs on MS platform. I have not heard the US Government
     accusing or intending to punish MS for releasing insecure software to the market.
     But the US Government has put information security at very high priority. It has
     teamed up closely with security vendors and universities in exploring intrusion
     detection systems, firewalls and security related measures.

4   Institutional Review

     I support to have a more integrated and consolidated structure in the Government
     to be responsible for ICT related policies and strategies. The Government
     departments and Government supported organizations have expanded too much
     in the past 6 years and eat up nearly all the public resources, and business
     opportunities as well.

5   Technological Development and Vibrant Industry

5.1 Research and development is always weak in Hong Kong. With so many
     different funding schemes from the Government, it is not difficult (in fact should
     be very easy) to startup a small IT company. But not too many companies will be

able to survive and grow after the first year. There should be sustained support to companies that can prove its potential to succeed.

5.2 Just like other sectors, most of IT companies in HK are SMEs. Hong Kong Government's strategies of being the major investor in ICT, outsourcing all the new projects and even computer operations have only benefited the very few number of large IT vendors.

When Government opens a new project, please ask yourself how the large number of small local IT firms can be benefited from the project directly or indirectly. Will there be a technology or platform that can be opened to small local IT companies to create value added services or products for the mainland or international market?

5.3 The ITF has approved HK$5M funding for Capability Maturity Model (CMM) Assessment Grant project. 15 local software vendors have each been granted HK$300K to support their migration to CMM level 2 or above. Actually I do not support this idea. The successful rate might turn out to be very low. I think most of the small and medium software companies do not have the ability and resources to develop all the templates, processes, procedures, standards and guidelines for the KPAs of CMM. A more viable approach is to use the funding to build a central reference library for CMM certification appreciation. The CMM reference library should be opened to public. Loans, which will be waived on successful certification, can be provided to software companies instead of grants. Bonus can also be provided as an additional prize.

Government's role is better to be a facilitator to influence the community.

6 Human Resources in a Knowledge Economy

With the continued study encouraged and funded by the Government, I think there are far too many study courses offered by different institutions. It is a waste of money and time if both quality of courses and quality of students cannot be guaranteed.

Hong Kong is always in lack of good IT professionals. There are plenty supply of programmers, but very few good software architects. There is no environment for our youngsters to learn and practice technical skills.

7   Bridging the Digital Divide

There is also large digital divide between large corporations and SMEs in Hong Kong which should not be neglected by the Government. A set of comprehensive strategies should be designed by the Government to assist SMEs to compete in the global market.