



**ICT Industry Recommendations for  
The Chief Executive's Policy Address in 2009 -2010**

**September 2009  
Internet Professional Association**

**September 9, 2009**

## **ICT Industry Recommendations for The Chief Executive's Policy Address in 2009-2010**

The financial tsunami has urged us to explore new major economic areas that Hong Kong would need to support and develop, in addition to the traditional pillar industries, to foster a return to healthy growth in the economy and promote a more sustainable economic development.

We agreed that the six economic areas, namely, testing and certification; medical services; innovation and technology; cultural and creative industries; environmental industry; and educational services, as proposed by the Task Force on Economic Challenges (TFEC) have good potential for sustainable growth and provide new economic drivers to benefit Hong Kong in the long run. However, the successful developments in these areas have to be backed up by the Government's strategic plans and implementations which address the specific needs of the target beneficiaries. In this respect, we would like to highlight a few critical issues which could expedite the development of the six major economic areas:

### **Background**

In our past recommendations and response papers to the Chief Executive, we have emphasized the role of ICT as the key enabler for our pillar industries. With respect to the six economic areas proposed by TFEC, the role of ICT has become more prominent as it has been recognized as the key enabler for economic competitiveness of a region. Studies by the World Economic Forum have long recognized that technological readiness and degree of innovation are positively correlated with a country's / region's global competitiveness. Apart from the contribution to productivity and efficiency of the industries, ICT also serves as the key to the marketing strategies and distribution channels which heavily rely on digital platforms reaching out to the broad target recipients of the services in the six economic areas identified.

To expedite the plans to develop the six economic areas, we urge the Government to embrace the concept of Digital Economy. Digital Economy is an economy that is based on electronic goods and services produced by an electronic business and traded through electronic commerce. Whereby, business with electronic production and management processes interacts with its partners and customers and conducts transactions through Internet and Web technologies. This concept sets out a focus whereby economic activities are developed by leveraging on the spectacular growth of electronic platforms and the concept is embed in the strategies of many countries in a bid to recover from the economic crisis. In the "Digital Competitiveness Report" published by the European Commission in April this year, Digital Economy was quoted as *"essential for Europe's sustainable recovery from the economic crisis"* and urged *"the EU should adopt to make the digital economy run at full speed"*.

We, therefore, recommend our Government the following measures, which leverage on ICT development strategies and the growth of the global digital economy, to ensure the successful development of the six economic areas:

1. Appointment of ICT professionals to the task forces, work groups and commissions for the development of the six economic areas.
2. Funding for pilot projects which facilitate the cross-industry collaborations between the ICT industry players and the practitioners from six economic areas.
3. Extending the preferential policies to encourage broad collaboration between the ICT industry and the six economic areas

We'd also like to highlight specific focused areas as deliberated below, which are critical to the successful development of the six economic areas with ICT as strategic enablers:

## **1. Medical Services – eHealth as a Strategic Contributor to Economic Growth in Hong Kong**

In recent years, developed countries and regions worldwide encounter increasing pressure on healthcare services, with the aging population as the major cause, contributing to the disproportionate growth of healthcare expenditures in relation to economic growth. The prevalence of pandemic diseases such as SARS, Avian Influenza, and now Swine Flu has further raised the alarm for a comprehensive solution to disease surveillance and epidemic control. USA, European Union Nations, China, and Hong Kong have all called for healthcare reforms with technologies serving as the backbone for the reform infrastructure. In Hong Kong, eHealth Record (eHR) system is considered as an indispensable part for an effective healthcare reform. The recent approval by the Legislative Council of HK\$702 million for the next 5 years of development of a territory-wide patient-oriented Electronic Healthcare Record Sharing System in Hong Kong is a promising stimulus for further eHealth development locally. For the upcoming Policy Address, Medical Services and Innovation and Technology are identified as two of the six pillars driving the prosperity and sustainability of Hong Kong economy. We consider that eHealth, a fusion across these two pillars, is definitely a strategic initiative which warrants more elaborate work to enhance the overall contribution it delivers to our economy. Below are our suggested value-added propositions to make it happen:

### **1.1 To drive eHR Sharing across the Pearl River Delta (PRD) region – A Regional Medical Centre in Hong Kong**

Hong Kong has been regarded by medical informatics experts as having one of the top 5 most advanced health-IT systems in the world. We should take the lead to expand the

scope of eHR system to the PRD region, with our technologies and know-how being shared by the healthcare services providers in the region, enabling the tens of millions of Hong Kong citizens who are frequent travelers across the region to continue their treatments in Hong Kong after they receive medical services in the PRD region. As such, the eHR system will not only enable greater inter-operability of healthcare services and facilitate the continuation of care received by patients, it will also open up opportunities for the healthcare services market in Hong Kong as it is commonly found that most frequent-travelers still prefer receiving treatments in Hong Kong if there were right options available. The export of our technology expertise and talents to the PRD region will also further strengthen our leadership position in the healthcare industry and help promote the synergy of eHR development in the medical centre of the region.

HKSAR Government is recommended to start exploring and negotiate, where opportunities allow, with Healthcare officials in the PRD region for an eHR Sharing initiative. As an additional benefit, the collaboration will certainly bring business opportunities (and IT job openings) to the local IT industry players.

## **1.2 To develop Hong Kong as a Regional Centre on Testing and Certifying eHR Products/Systems with International Standardization**

There are quite many eHealth standardization setting bodies established and accepted by different countries/regions. But adopting and matching International Standard is inevitably a world-wide requirement. This not only ensures eHR could be shared among different healthcare providers, but also avoid the wastage of unnecessary development resources (time/money/man-power etc) if the products/systems are developed on the wrong track. Hong Kong, with our sophistications in eHealth development, which also enjoys the benefits of freedom in traveling and information flow, is the best choice in the Asia Pacific region for international specialists and standard setting body work group members to gather and share/discuss on how to proceed for setting standards.

Hong Kong has definite advantage in this region to establish ourselves as a Regional Centre for eHealth standardization. eHealth stakeholders in Hong Kong have invested much resources in participating in discussions and following the recommendations of internationally recognized standards bodies such as HL7 ([www.hl7.org](http://www.hl7.org)). In contrast, neighboring regions have not yet made any significant progress in this area. They are relatively inexperienced in directly dealing with these standard setting bodies and their eHealth products / services are often designed along self-serving requirements as recommended by commercial vendors. As a result, their eHealth products/systems may risk failing to comply with international standards.

With the local private eHealth stakeholders already in dialogues with the international bodies, our government is recommended to facilitate their process of joining International Standard Setting Bodies so as to keep us in the leading edge, get the first-hand information, and adopt appropriate standard for local use. The professional credential setup in Hong Kong will further strengthen the leading edge of Hong Kong professionals in their ability to export expertise and provide consultancy services to the neighboring regions

We acknowledge that there is a Validation Platform pilot project to validate 9 eHealth stakeholders' eHealth record conformity to the territory-wide eHealth Record Standard, but this is just a start point. The Government should further upgrade this platform to cater for more stakeholders and, more importantly, facilitate the setting up of an authorized eHealth organization to operate test and certification schemes for eHR systems and solutions offered by private IT vendors, for their compliance with various international standards. With that achievement, Hong Kong can become a regional hub of excellence in eHealth Testing and Certification, and generates another huge opportunity for local eHealth practitioners, in designing, testing, manufacturing, and consulting services. This is particularly important if we wish to retain our leading position in the eHealth industry in this region.

### **1.3 To Train & Develop eHealth Talents in the Region**

eHealth advocacies are well resonated in the healthcare reform agenda of both Mainland and Hong Kong. Yet, a high demand is seen, but very few supply of expertise in this area, which can only be addressed by capacity building efforts in the healthcare and IT sectors. To that ends, propose two viable approaches, namely, grooming local specialists in eHealth (specialists in the area are commonly known as Health Informaticians), and the general upgrade of eHealth and ICT knowledge for the general community of healthcare practitioners.

#### **a) Grooming local specialists in eHealth**

Hong Kong has its unique advantage to provide eHealth trainings to the mainland and the regional market in Asia. In the past years, there have been extensive capacity building trainings delivered by the Internet Professional Association (iProA, [www.iproa.org](http://www.iproa.org)) and eHealth Consortium Limited (eHCL, [www.ehealth.org.hk](http://www.ehealth.org.hk)) to the Healthcare practitioners in Hong Kong, targeted to Private Medical Practitioners, as well as the Chinese Medicine Practitioners (Another one for Nursing Professionals is being planned). The extensive, community based, trainings for healthcare

professionals are readily extendable to practitioners in Mainland or our neighboring countries and it is expected that the needs for such training services would sustain and increase in the coming years, triggered by the many national initiatives to develop eHealth in the areas.

- b) General upgrade of eHealth and ICT knowledge for the general community of healthcare practitioners

We can adopt "Train the Trainer" approach, to train up initial batches of local professionals in various sectors (Private Medical Doctors, Chinese Medicine Practitioners, Nursing Professionals, Dental & Para-dental Professionals...), and then the curriculum of community based eHealth trainings could be delivered by the local trainers until the critical mass is reached. With a foundation set up by our capacity building effort, we may further extend the model into the Mainland and the Asian market, provided our training services are delivered by a recognized and authorized institutions endorsed by the Hong Kong government. The medical related training services would be readily acceptable by the Mainland through the framework of CEPA 5, which allows Hong Kong's professional services to be delivered in the Mainland.

To expedite the process, we would recommend the HKSAR Government to facilitate the establishment of authorized Training Institution(s) through Public Private Partnership and promote the services to our neighboring countries/areas.

## **2. Culture and Creative Industries - Leverage on ICT to Exhibit Strengths and Extend Opportunities**

Creative industries typically include industries that focus on: creating and exploiting intellectual property products such as music, books, film and games; or providing business-to-business creative services including advertising, public relations and direct marketing. The competitiveness of business is increasingly influenced by the speed, cost and responsiveness in getting goods to market. As we have seen, the advent of digital technologies have drastically changed the way in which businesses related to intellectual products and creative services are operated. Customers and end-users increasingly want control over the content itself, along with the flexibility to access it on-demand via platforms of their choice; while creators and distributors want to ensure appropriate payment, along with protection of their content and copy rights.

### **2a) Connecting the Local Creative Industries with Global Markets**

The creative industries in Hong Kong are at a competitive disadvantage because of its small domestic market and the lack of an appropriate business model for creating, distributing and earning income from content and protecting the intellectual properties of local copyright owners in the overseas market. Our ability to engage globally in future will be strongly influenced by the quality of our connectivity to the rest of the world. As such, to ensure the cultural and creative industries of Hong Kong serving as a major pillar of our economy, Hong Kong Government cannot overlook the importance of innovative technology as an enabler for enhancing the existing strengths of our creative talents and exploiting the opportunities availability in this digital age.

Below are some suggestions that are worth exploring:

- Subsidize SMEs on Digital Right Management (DRM) technologies and support Research and Development centers to engineer IP protection infrastructure, which help protect intellectual works of local artists and designers as they are marketed through the internet
- Enable support for digital content across a diverse range of formats and platforms, and to investigate alternative processes for funding broadcasters, taking into account the new kinds of content made possible by developments in technology (such as digital transmission and the Internet)
- Ensure regulatory policy is appropriate to digital broadcasting in a converging environment
- Review of the regulatory environment for digital broadcasting, addressing competition, standards and intellectual property rights issues at the three main stages of the broadcasting value chain – content, distribution and networks
- Consider the implications for regulatory policy of the convergence between broadcasting, telecommunications and the Internet

## **2b) Making Hong Kong visible - Arts and Cultural Hub in Asia**

Aesthetic live-performance experiences, which contributes to an overlap with definitions of art and culture, and even aspects of tourism and sport, are also generally included as creative industries We agree that the West Kowloon Cultural District (WKCD) is an important strategic project which not only will support Hong Kong's development as a creative economy and global metropolis but also present WKCD as a new "icon" in Hong Kong, demonstrating our excellence in the cultural and creative works by means of innovative technologies.

Filming and digital entertainment are well known as the key strength of Hong Kong's creative industries. The industries have evolved substantially with the advance of high

technologies applied to cinematography and digital animations. WKCD is an ideal site which showcases our achievements and it can be positioned as an attraction for Hongkongers and overseas visitors to appreciate the production and techniques in filming and digital entertainment that are unique to our local culture. As such, not only Hong Kong talents in the industries have a chance of being acknowledged and recognized, visitors will get excited and attracted by what Hong Kong has to offer. The overall development of WKCD's themed projects must integrate ICT elements in order to apply innovative and modern stints to our creative showcases, much like ARSElectronica in Austria, and Tate Modern of London, which effectively display a nation's cultural heritages and the transformation of creativity from the old to modern ages, as displayed by the cutting edge technology applied to arts and culture.

The internet is the first choice of a whole generation of users to search and discover information about life in Hong Kong. Therefore, ensuring that digital content of Hong Kong is accessible and easily delivered are of pivotal importance for us to compete for visibility in a world of digital content available from dozens of countries. As reference from New Zealand's Digital Content Strategy, Hong Kong may consider establishing an online portal which serves as a territory-wide research repositories to ensure the ongoing online availability of Hong Kong's publicly funded research outputs for the creative industries, an archive of developments for the industries, and the introduction and projects of local artists and creative talents under the broad umbrella of the industries. As such, the cross-disciplinary works of Hong Kong creative contents are showcased at a glance via an online portal accessible to the world around, enabling the unique characteristics of our talents to stand out from the crowd and stimulate the interest of our new net-generation in the industries as well. Since setup of the online portal will be a large-scale project that requires large resources and talents from diverse disciplines, we hope our government will provide full support in financial means to facilitate its implementation.

### **3 Systematic Measures for Mainland-Hong Kong Collaboration in Cultural and Creative Industries**

Hi-tech, pioneer technologies and the creative industries are positioned on the strategic development roadmap of many large mainland cities, such as Shanghai, Hangzhou, Foshan, Guangzhou, Zhuhai, and Shenzhen, etc. Doors to collaboration are open to Hong Kong businesses and our domestic industry players, who either have already entered the mainland market or are in talks about collaborations with their mainland counterparts.

### **3a) Favorable Policies to encourage Hong Kong Enterprises to enter the Mainland market**

Though the opportunities are promising, competition is still severe in the mainland market. Hong Kong companies, due to the historical reasons, are still treated as “overseas enterprises” and hence, had been posted with many restrictions to engage in certain ICT businesses on the mainland. Certain sectors under the creative industries domain still have posed statutory restrictions for foreign firms to enter, which apply equally to Hong Kong firms as well. Whilst Hong Kong ICT companies are subject to restrictions applied to foreign firms, their local competitors enjoy the advantages of favorable policies including funding, land resources as well as tax exemptions. There have been attempts to allow Hong Kong residents to register “local” mainland enterprises, but the policies were inconsistently carried out in different provinces and the exercises were subject to local authorities’ discretions. Such measures were also mainly applied to sole proprietor businesses.

In respect of this issue, we hope that Hong Kong government may work with the Central Government to uplift the restrictions posed on Hong Kong ICT practitioners in the mainland market and extend the favorable policies for those Hong Kong enterprises developing the mainland market.

### **3b) Review on Treatment for Hong Kong Creative Enterprises in Mainland**

Since the CEPA agreement was implemented in 2004, a series of liberalization measures that greatly improve the access conditions for Hong Kong services sectors to operate in mainland, especially in the Guangdong region, where Guangdong initiatives have evidently complement the policy direction enshrined in the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020), which calls for intensive cooperation with Hong Kong and are conducive to higher service standards in Guangdong. We also welcome Supplement 6 to CEPA, soon to be rolled out in October 2009, which promotes cooperation in the area of protection of intellectual property between the two places, enhancing the governance of intellectual property transfer in the collaborative process. As a step up in policy development, whether at national or provincial levels, we look forward to seeing more discrete policy measures which grant preferential treatment to Hong Kong’s enterprises aspire to engage in the creative industries market of the mainland.

#### **4. Green IT**

With the concern over environmental protections globally, there are more and more initiatives and policies advocating for the use of ICT in an environmentally sustainable manner. To support further development of the Environmental Industry, one of the focused economic areas for development in Hong Kong, we believe that measures and policies to encourage and facilitate the use of Green IT are also necessary. Many practitioners of the Environmental industry are willing to embrace the concept but they are lacking the information and knowledge to put it into practice. Hong Kong has yet to have its official energy consumption and carbon emission guidelines for ICT products. Therefore, we recommend the Government to consider subsidizing professional efforts to create an official standards and certification system for carbon emission as well as energy consumption of ICT products.

Apart from the energy saving and carbon emission aspects, Green IT also applies to algorithmic efficiency of the applications as well as the virtual computing platforms. Therefore, we believe that Cloud Computing should be encouraged and applicable capacity building programs for its deployment and applications should be developed and promoted among our ICT practitioners.

We suggest the Government should:

- Support the development of guidelines for Green IT by related professional bodies
- Facilitate and support the awareness and training programs to practice Green IT
- Embark on programs to encourage the development of Green IT and Green Computing technologies, such as Cloud Computing

#### **5. Bridging Digital Divide**

As elaborated and emphasized in our forth discussions, ICT literacy in the community is essential to the whole economy's sustainable growth. Also, it is imperative to embark on positive measures to ensure the under-privileged groups to have the equal opportunities to learn the ICT knowledge and enjoy the benefits brought about by the ICT technologies. With these beliefs, iProA has persistently pushed forward and developed initiatives to bridge Digital Divide in the community. We are pleased to see the Government's effort on supporting the development of District Cyber Centers in last year and believed that would significantly contribute to bridging Digital Divide in our society. As one of the Partners in the DCC Project, iProA would continue to maximize our industries' resources to support its development. With the pilot cases successfully rolled out in this year, we urged the Government to take the project into a wider scale, by facilitating the support of more

community initiatives developed by NGOs to cover the various under-privileged groups in all of our 19 districts. Apart the DCC initiative, we also propose the government should provide supports to enable the underprivileged groups to gain accesses to broadband services, which is the very basic infrastructure for them to stay connected in this Digital era.

## Conclusion

Drawing upon the “Digital Economy” concept, we believe that our recommendations will further enhance the future developmental endeavors of the six major economic areas in defining our competitive advantage. The Government should advocate ICT as key enablers, and efforts geared towards facilitation of **cross-industry collaborations between ICT industry and the major economic areas** should be placed on the top of its relevant policy agenda. Public-Private partnerships in industry-wide initiatives and funding for pilot projects and research will greatly expedite the efforts in place.

We have highlighted five focus areas in our recommendations for the Policy Address. In the area of medical services, we are glad that Government has committed resources and set out a policy roadmap to drive eHealth development. As a step up to extend the benefits, further actions to establish **Hong Kong as a Regional Medical Centre by means of the eHR sharing system in the PRD region** are necessary. We also highlighted the importance of establishing the **West Kowloon Cultural District as a new “Icon” in Hong Kong blending arts & culture and creative works facilitated by innovative technologies**. The site will exhibit to the world the unique character of local arts and culture hybrid with innovative technologies, drawing creative talents from diverse disciplines of the creative industries. With the cluster of both international and local talents, we can expect sustainable development of the local creative industries eyeing the world market, and at the same time uplifting Hong Kong’s position as a world leading financial hub with enhanced quality of life. **Closer collaboration between Hong Kong and the Central government to foster a favorable business environment for Hong Kong enterprises on the mainland** will open up new market opportunities for businesses of the two places.

iProA as a professional association dedicated to advancing the proper usage of ICT and promoting a digital culture in the community, will embrace Environmental initiatives leveraging on ICT applications and we **pledge to provide professional support to drive Green IT efforts**. We will also **continue with our Bridging Digital Divide advocacies** with the goal to help every Hong Kong citizen enjoy the benefits of technologies and ride along with the trend in this digital age. We hope the new Policy Address will shape and steer the development of HKSAR into a mature knowledge-based economy and strengthen our position as a major global financial centre.

If there is any aspect of this submission requires elaboration or clarification, we would be happy to do so.

**Policy Committee**  
**Internet Professional Association**

9 September 2009

**About iProA (Internet Professional Association)**

iProA is a non-profit making professional organization founded in December 1999. It represents over 2,300 professionals from Internet related industries, including CEOs and senior executives from leading information technology enterprises. Our members have made contributions in areas like innovative design, sales, marketing, infrastructure, e-commerce, consultancy, investment and other Internet related professional services, aiming to further develop the Internet industry in Hong Kong. We share the common goal of promoting the proper application of Internet technology and enhancing competitiveness of the IT industry. We work towards improving professionalism of information technology practitioners, encouraging IT professionals to share social responsibilities, as well as striving to bridge the digital divide in Hong Kong. Please visit website [www.iproa.org](http://www.iproa.org) for further information.