Asia’s world city
Successful SME Informatization
by Local Clusters:
Hong Kong Cases
Hong Kong General Information

- Population: 6.81 million
- Foreign Population: 528,970
- GDP: HK$1,234.9 billion, GDP per capita: HK$ 181,527
- Area: 1,102 square km
- Overall density: 6,300 people / square km
- Weather:
  - Highest temperature: 36.1 °C (Summer avg. 28-31 °C)
  - Lowest temperature: 0.0 °C (Winter avg. 10-15 °C)
- Employment:
  - Total number employed: 3.24 M
  - Average wages: $10,951/month (US$1408/month)
Within Five Hours’ Flight Time
Hong Kong is:

• The world's 10th largest trading economy
• One of the world's four largest gold markets
• The world's 7th largest foreign exchange market
• The world's 12th largest banking centre
• Asia's 3rd biggest stock market
• One of the world's top exporters of
  – Garments
  – Watches and clocks
  – Toys
  – Games
  – Electronic products
  – Certain light industrial products
ICT Development in HK

• Hong Kong has achieved:

  – Mobile phone penetration rate:
    • 104% - among the highest in the world

  – Four 3G licences issued in October 2001:
    • 3G services rolled out in May 2004

  – ESD (Electronic Service Delivery) Scheme:
    • launched 2000 - > 140 public services are now available online.
      • 90% of amenable public services online by the end 2003.

  – All schools are connected to the Internet
ICT Development in HK

• Hong Kong has achieved:
  – Household personal computer (PC) penetration:
    • 68% in 2003 (50% in 2000) (1,322,000 households)
  – Household dial-up access Internet penetration:
    • 60% in April 2003 (36% in 2000) = 1,361,323
  – Household penetration for broadband Internet service:
    • 50% in 2003 (18% in 2000) = 1,055,571
  – Business Sector in 2002:
    • PC – 55%
    • Internet Connection – 48%
SME in Hong Kong

• Hong Kong SME:
  - More than 98% of Hong Kong's 130,000 importers, exporters and manufacturers are classified as small-to-medium sized enterprises (SMEs)
  - i.e. they employ fewer than 50 staff
  - and over 87% employ fewer than 10
Key statistics on usage and penetration of ICT in the business sector by size of establishments in 2003

- **Internet Connection**
- **Personal Computers**
- **Web pages / Web sites**

**Usage Rate (%)**

- **Small Establishments**
  - Internet Connection: 50%
  - Personal Computers: 50%
  - Web pages / Web sites: 23%

- **Medium Establishments**
  - Internet Connection: 94.2%
  - Personal Computers: 94.2%
  - Web pages / Web sites: 54.8%

- **Large Establishments**
  - Internet Connection: 94.2%
  - Personal Computers: 94.2%
  - Web pages / Web sites: 54.8%

- **Overall**
  - Internet Connection: 94.2%
  - Personal Computers: 94.2%
  - Web pages / Web sites: 54.8%
8 main areas of action:

- Government leadership
- Sustainable e-government programme
- Infrastructure and business environment
- Institutional review
- Technological development
- Vibrant IT industry
- Human resources in a knowledge economy
- Bridging the digital divide
Government Initiatives

• TradeLink:
  - Government Trade Documents Online

• Electronic Transaction Ordinance (ETO)
  - Set up the legal environment for eCommerce by enacting Electronic Transaction Ordinance in early 2000

• Public Key Infrastructure (PKI)
  - PKI in Q2 2000 with HK Post as Root Certification Authority
  - Recognised Certification Authority Scheme to encourage set up of other Cases

• HKSAR Government led by example and spearheaded G2B and G2C e-Government projects
  - G2B – Electronic Tendering System (ETS)
    - Government Electronic Trading System (GETS)
  - G2C – Electronic Service Delivery (ESD)
**Government Initiatives**

- 'Electronic Service Delivery“ (ESD Life) scheme:
  - deliver online services to the community at 24 hrs x 7 days

- IT Easy Link:
  - provide Hotline helpdesk support to members of the public and businesses on the use of basic IT applications

- “IT Hong Kong" Campaign (Sept 2000):
  - promote the awareness of ICT in the community

- “SME Business Installations and Equipment Loan Guarantee Scheme”
  - support SME in procurement of IT equipment
Non Governmental Initiatives

• E-Commerce Adoption Campaign (1 Nov 2002 – 31 Jan 2004)

• Do IT! Campaign in June 2003

• SME eMarketing Campaign (Mar 2003 – Feb 2004)
Spearheading Hong Kong's Development of
Electronic Commerce
Tradelink’s Mission

• To help Hong Kong maintain its international competitiveness through the use of Electronic Commerce

• To jump start Hong Kong’s adoption of Electronic Commerce
Tradelink’s Shareholders

- The HKSAR Government 42.49%
- The Hongkong and Shanghai Banking Corporation Ltd (HSBC) 8.78%
- Pacific Century CyberWorks (PCCW) 8.78%
- China Resources (Holdings) Ltd 5.30%
- Hong Kong Air Cargo Terminals Ltd (HACTL) 5.30%
- Modern Terminals Ltd (MTL) 5.30%
- Swire Pacific Ltd 5.30%
- TAL Apparel Ltd (TAL) 4.73%
- Hongkong International Terminals Ltd (HIT) 4.69%
- The Hong Kong General Chamber of Commerce (HKGCC) 4.08%
- The Federation of Hong Kong Industries (FHKI) 3.48%
- Standard Chartered Bank 1.55%
- Hong Kong Association of Freight Forwarding and Logistics Ltd (HAFFA) 0.22%
Tradelink Highlights

  - Over 53,000 company subscribers (Mostly SME)
  - 17 million transactions/year
  - All documents digitally signed & encrypted for open network transmission

- Certification Authority
  - Signature and Encryption Certificates
  - Subsidiary “Digi-Sign Certification Services” recognized under the ETO
Tradelink Highlights

◆ Customer Hotline
  – Dual call centers
  – Three tier with 100 + staff
  – Sophisticated Customer Relation Management System

◆ Training Centre
  – Dedicated Training Centers for SME

◆ Network of 26 Service Centers
  – Conversion of Paper Documents to Electronic Form
Tradelink’s Electronic Services

Trade Related Government Services as the Basic Building Block

All Traders
- Import & Export Declaration
- Export Credit Insurance Declaration
- Certificate of Origin
- Dutiable Commodities Permit
- Shipping Order Service / AMS
- Trader Documentation Service for Regional/Global Trade
- China Processing Trade/Cross Border Documentation Service

Textile Traders & Manufacturers
- Restrained Textile Export Licence
- Carrier Notification and Electronic Visa Copy to US Customs
- Production Notification
- Textile Trader Registration Scheme (TTRS) Notifications

Forwarders & Carriers
- Carrier Notification
- Shipping Order
- Manifest
- Textile Trader Registration Scheme Notifications
Tradelink Services Highlight

◆ IT OUTSOURCING SERVICE for SMEs (HK$688/yr)(US$88/yr)

◆ 3 onsite service per year : General (not for Tradelink Software):
  ◆ On-site Workstation Cleanup and Health Check
  ◆ On-site Server Cleanup and Health Check
  ◆ Regular Virus Scanning and Virus Removal
  ◆ User Account and System Security Management
  ◆ Data Back-up Strategic Planning

◆ Tradelink Software Only:
  ◆ System and Data Backup (for Tradelink’s applications)
  ◆ Deletion of data (for Tradelink’s applications)
  ◆ Test Performance & BDE setting (for Tradelink's applications)
# Benefits to the Hong Kong Trading Community, mainly SME

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Paper Documents</td>
<td>- Electronic messages</td>
</tr>
<tr>
<td>- Each document needed to be prepared separately</td>
<td>- Same data can be re-used for different documents</td>
</tr>
<tr>
<td>- Delivered to Government centers by post, by courier, or in person</td>
<td>- Electronic documents sent via direct dial-up or Internet</td>
</tr>
<tr>
<td>- Documents accepted only during office hours (9:00 a.m. to 5:00 p.m.) on weekdays</td>
<td>- 24 hours x 7 days a week</td>
</tr>
<tr>
<td>- Manual processing of paper documents takes time</td>
<td>- Automated computer processing of electronic documents is much quicker</td>
</tr>
<tr>
<td>- Manual payment by cash, cheque or stamps</td>
<td>- Computerised bank settlement process</td>
</tr>
</tbody>
</table>
Sharing of Success

◆ Marketing Effort Concentrated on:
  - Helping SMEs make the switch from paper by reducing entry-level barriers
  - Making the use of electronic commerce as affordable, convenient and user-friendly as possible
  - Specific initiatives can be seen from the benefits that Tradelink services offer

◆ Tradelink’s services help SME and traders enhance their efficiency, productivity and competitiveness

◆ Successfully build a local cluster in encouraging and supporting SME Informatization
ETS - The Government Web-based Tendering System in Hong Kong
HK Flagship Projects: Electronic Tendering System (ETS)

- GLD is the central purchasing, storage and supplies organization of HKSAR Government servicing over 80 Government departments, subvented organizations and certain non-government public bodies.

- Suppliers all over the world can receive tender notifications, submit tender offers and receive notifications of tender awards.

- Private sector partner operates and manages ETS, and receives annual subscription fee from registered suppliers.

- In 2001-2, GLD process all tenders of purchases worth more than HK$1.3 million, amounting to HK$5.506 billion.

- Last year, about 80% of the tenders issued by GLD were processed through ETS.
Statistics on ETS

• User Number
  - 3000+ Local / Overseas Suppliers (70% of Total Suppliers)
  - 2,800+ Active Suppliers (>90% SME)

• Usage
  - 4,330,000+ Visitors
  - 33,000+ e-Tenders Download
  - 80% Tenders Posted Through ETS

(Figures until May 2004)
What is ETS?

• An electronic tendering system accessible by suppliers at any place any time

• A repository to access and download latest tendering information from GLD, including tender notices, tender documents, tender amendments, clarifications and notifications of contract award etc.

• An electronic tender box to receive tender proposals submitted by suppliers through secured electronic channel over the Internet; and

• An open platform for Internet access by suppliers worldwide with Internet browsers installed in their PC
Electronic Tendering System (ETS)

- Complete and Robust Tendering Processes
- Secured Document Exchange Technologies
What are the benefits to SME/Suppliers from ETS?

• Never miss a chance to receive the latest tender notice with ETS Tender Notification and Matching services

• User-friendly interface with step-by-step instruction guidance and on-line help for ease-of-use

• Availability of tender documents in electronic form which simplify and shorten the tender preparation process

• Time and cost savings in bid submission and enjoy the round-the-clock convenience via a complete on-line channel

• Quality hotline support and technical services with training courses held regularly for interested suppliers.
ETS leverages public key infrastructure and other security technologies to ensure secured electronic commerce.

E-Security Essentials

- **Integrity**: that information can not be manipulated
- **Privacy**: that information can be kept private
- **Authentication**: in the identity of individual or entity
- **Non-repudiation**: that information can not be disowned
Critical Success Factors of e-tendering services

- **Core Competence: Technological Superiority**
  - supreme security in system design, operation and infrastructure

- **Increase business opportunity for suppliers / SMEs through a more open and transparent government tendering process**
  - Acceptance by suppliers / SMEs

- **Attracts more overseas suppliers who can now submit tenders via Internet**
  - GLD could extend their supplier base accordingly

- **Customization capability for suppliers / SMEs**
  - User-defined categories in terms of products and government departments for tender notification

- **Faster and longer Preparation Time**
  - No need to wait until collection of tender document from the government offices, especially useful for overseas suppliers

- **Savings in printing / binding / packaging effort**
  - Documents are prepared and submitted in hardcopies

- **24-Hour tender downloading and submission without boundary limit**
  - Suitable for cross-border or international companies
Sharing of Success

• **Success in ETS:**
  – Wide adoption by the HKSAR Government with satisfactory usage
  – Extension of usage to CTB (Central Tender Board) tenders – tender amount exceeds HK$10 millions
  – Extension of vendor contract to GO-Business to 2010
  – 80% tenders are posted on-line
  – Increase in take-up rate for suppliers
  – International and local awards

• **Attractions for SME:**
  – Business Opportunities
  – Proper Training
  – Integrity and Confidentiality
  – Security
Visit Related Web Site at:

www.ets.com.hk
www.e-tendering.com
www.china-e-tendering.com
www.construction-tendering.com
www.go-business.com.hk
IT Easy Link
www.iteasylink.org.hk
IT Easy Link

• Government and NGO Partnership

• IT Easy Link:
  – Free IT Help-Desk Service for the Community
    – The Commerce, Industry and Technology Bureau, Information Technology Services Department and Hong Kong Computer Society joined hands to launch the “IT Easy Link” service to provide “free-of-charge IT help-desk service” for the Community in June 2002

• IT Easy Link for Businesses:
  – Free IT Help Desk and Face to Face Advisory Services for SME
    – This service aims to assist enterprises in enhancing efficiency and productivity through the application of information technology (IT)
    – To provide advice ranging from initial planning to application of IT solutions to small and medium enterprises which for the first time plan to adopt IT or have encountered difficulties in IT application during the early stage of adoption.
## IT Easy Link:
### Key figures (as at end of May 2004)

<table>
<thead>
<tr>
<th>IT Easy Link</th>
<th>Community IT help-desk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date launched</td>
<td>20-Jun-02</td>
</tr>
<tr>
<td>Calls handled since launch</td>
<td>242,000</td>
</tr>
<tr>
<td>Calls handled since launch (projected till end of June 2004)</td>
<td>250,000</td>
</tr>
<tr>
<td>Currently daily average</td>
<td>400 to 500 calls</td>
</tr>
<tr>
<td>Operating hours</td>
<td>0900-midnight, 365 days a year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IT Easy Link for Businesses</th>
<th>IT help-desk and IT Advisory Service for Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date launched</td>
<td>8-Jul-03</td>
</tr>
<tr>
<td>Calls handled since launch</td>
<td>11,000</td>
</tr>
<tr>
<td>Calls handled since launch (projected till end of June 2004)</td>
<td>13,000</td>
</tr>
<tr>
<td>Currently daily average</td>
<td>100 calls</td>
</tr>
<tr>
<td>Operating hours</td>
<td>0930-1730, Monday to Friday except public holidays</td>
</tr>
<tr>
<td>IT Advisory sessions since launch</td>
<td>80 SME</td>
</tr>
</tbody>
</table>
e-Commerce Adoption Campaign (ECAC)

www.chamber.org.hk/ecac
Objective

A Cross Sector Collaboration with e-Commerce Adoption Campaign (ECAC)

aims to raise awareness of SMEs and to encourage effective adoption of e-commerce in Hong Kong so as to enhance the SMEs' overall competitiveness in the global market.
e-Commerce Adoption Campaign (ECAC)

- **Organiser:**
  - Hong Kong General Chamber of Commerce (HKGCC)

- **Collaborating Organisations: (in alphabetical order)**
  - Hong Kong Computer Society (HKCS)
  - Hong Kong Information Technology Federation (HKITF)
  - Hong Kong Internet Service Providers Association (HKISPA)
  - Hong Kong Productivity Council (HKPC)
  - Hong Kong Society of Accountants (HKSA)
  - Hong Kong Trade Development Council (HKTDC)
  - Hong Kong Wireless Technology Industry Association Limited (WTIA)
  - Internet Professionals Association (iProA)
  - The American Chamber of Commerce in Hong Kong (AmCham)
Major Concerns in Adopting e-Commerce

- Security issues
- High initial investment cost
- Readiness and willingness of customers to participate
- High operating and maintenance cost
- Legal issues
- Readiness and willingness of business partners to participate
- Compatibility with the existing IT system
- Uncertainty of return on investment
- Lack of industry standard

Legend:
- Manufacturing
- Trading
- Travel
- Professional
- Logistics
- Finance
### Problems Encountered

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty in getting customers’/business partners’ participation</td>
<td>80%</td>
</tr>
<tr>
<td>Lack of technical expertise</td>
<td>80%</td>
</tr>
<tr>
<td>Difficulty in changing the existing work procedure and practices</td>
<td>60%</td>
</tr>
<tr>
<td>Insufficient financial resources</td>
<td>60%</td>
</tr>
<tr>
<td>Services provided by e-Commerce vendors is inadequate</td>
<td>50%</td>
</tr>
<tr>
<td>Difficulty in implementing e-payment</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of appropriate e-Commerce solutions for SMEs</td>
<td>40%</td>
</tr>
<tr>
<td>Problem in solving security issues</td>
<td>40%</td>
</tr>
<tr>
<td>Insufficient human resources</td>
<td>30%</td>
</tr>
<tr>
<td>Too many choices and thus difficult to select</td>
<td>20%</td>
</tr>
</tbody>
</table>
ECAC Findings: Supports Required by SMEs to Move up the e-Commerce Ladder

Supports Required

No adoption to beginner:
- Awareness seminar
- Free training
- Free trial
- Free information support

Beginner to intermediate user
- Industry specific training/seminar
- Benchmarks & cases
- Mentoring
- Software selection support
- Free trial
- Financial incentive

Intermediate to advanced user
- Industry standards
- eCommerce infrastructure
- Critical mass of users
- Consultation & implementation support
- Financial incentive
ECAC Suggestions:

1. Users-IT Sector Collaboration

2. Suggestions for the Government
   - Foster a Territory-wide e-Commerce Culture by Launching More Promotional and Educational Campaigns
   - Take the Lead in Setting up a Good Internet Security Infrastructure
   - Financial Support and Resources to SMEs
   - Provide Technical and Solutions Support
   - Special support for specific industry

3. Suggestion to Non Governmental Organizations
   - Regularly collect and reflect views and needs of the industry to the Government
   - Act as a bridge between SMEs and solution providers to clarify industry needs and requirements, as well as to assist SMEs in selecting suitable solutions
   - Set up a benchmarking scheme to endorse IT/e-Commerce solutions and successful implementation cases
   - Assist in establishing a common platform for the industry
Thank You!

Presented by:

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President
Internet Professionals Association

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Let’s Work Together!