By Fax 2121 0420

February 13, 2006

Hon SIN Chung-Kai, JP
Panel Chairman
Legislative Council
Panel on Information Technology and Broadcasting

Dear Panel Chairman,

Re: Submission on New Strategy for E-Government Service Delivery ("ESD")

We refer to:

(i)   the Legislative Council Secretariat Paper to the IT Panel dated 28 December 2005 – "Background Brief on E-government Programme" (the "Background Paper");

(ii)   OGCIO's Paper to the IT Panel in January 2006 – New Strategy for E-government Service Delivery (the "OGCIO Strategy Paper");

(iii)   OGCIO's Response to Issues Raised by the IT Panel Meeting of 9th January 2006 (the "OGCIO Response")

We are the current ESD Scheme service operator. Serving the community since year 2001, we are now delivering over 200 e-Government services as well as numerous citizen-centric e-commerce services.

As a company which has been deeply involved with Hong Kong's e-Government programme, a member of the IT industry, and a corporate citizen concerned with public spending, we feel duty-bound to provide our views and comments on the above papers.

We are much perplexed by the significant change in the Government's strategy on the new e-Government Services Delivery. The above papers now propose substantial government spending on a one-stop access portal, the operational principles and funding basis of which are not yet defined. This government funded model is now proposed to replace the current Public Private Partnership (PPP) model which has been proved to have served the Government and the public well so far, both in terms of cost-efficiency to the Government and one-stop convenience for citizens needing both government and commercial services.

We set out below our comments and queries on the new proposed e-government strategy as follow:

1. **The current ESD model has worked well for the Government, the citizens of Hong Kong and the commercial sector. Why abandon it**?

   The provision of e-commerce services alongside e-government services is a key part of the existing ESD scheme.

   When the Digital 21 policy was first devised in 1998, the ESD Scheme was conceived with three stated objectives: (a) to improve the quality and efficiency in the delivery of public service and to improve their accessibility; (b) to pump-prime the development of e-commerce in Hong Kong; and (c) to reduce the costs of providing public services in the longer term.

   The Government had reported in its regular progress updates on the E-government Programme to the IT Panel that these objectives have been well met by the ESD Scheme.

   In the Government's Progress Update of January 2004, it was submitted to the IT Panel that:

   > *"In an international ranking on the official websites of 100 cities issued in November 2003, Hong Kong came second worldwide in terms of "digital governance" as our Electronic Service Delivery (ESD) Scheme (www.esd.gov.hk) and the Government Information Centre websites scored highly, in terms of security and privacy, usability, content, and service delivery………Providing a platform for both e-government and e-commerce services, the ESD website also meets our objective of pump-priming e-commerce development in Hong Kong."   (Paragraph 4, Progress Update, 12 January 2004)*

   In the July 2004 Progress Report, the Government again reported on the merits of the ESD Scheme:

   > *"The ESD Scheme has created considerable benefits for the public and the Government by improving the quality, efficiency and accessibility of public services. According to a public opinion in 2003, 68% of ESD users ranked the ESD website as "very good" or "quite good". This shows that the Scheme is well received by the public……...By categorizing information and services around the daily needs of the public, and providing value-added e-commerce services, customers' needs are better met…….Many ESD services have also created a new way for Government departments to serve the public……The ESD website is gaining popularity every month……We consider that the ESD Scheme has met its aim of improving the quality and efficiency of delivering public services and improving the accessibility of such services." (Paragraph 16-19, Progress Update, 12 July 2004)*

In a 2003 household opinion survey commissioned by the Government on what citizens thought of the e-government programme, a total of 3,151 face-to-face interviews were conducted with Internet users. The survey found that

> *"the one-stop concept of providing both government and e-commerce services at the ESD portal was generally welcomed by the users. Among the surveyed ESD users, 71% "somewhat agreed" or "very much agreed" the commercial services available at the ESD portal were adding value to them when using E-government services." (Paragraph 28, Progress Update, 21 July 2003)*

It is therefore apparent that the majority of public supported the provision of e-commerce alongside the e-government services, and that the current model is probably more "citizen-centric" than the proposed New Strategy.

Internationally, the ESD Scheme has also been a highly-praised e-government model. It won the first prize of the Stockholm Challenge Award 2001, under the category of public services. In December 2003, the ESD Scheme was the winner of the Asia Best Practice Award in the category of e-government in the World Summit Award supported by the United Nations Industrial Development Organisation, in terms of e-content and creativity. Our company also won many other awards for its achievement. Annex A gives a list of the major awards.

The current ESD Scheme has proven itself to be an innovative e-government model commended by international authorities and welcomed by the general public.

It is clear that, not too long ago, the Government was still very satisfied with the unique features of ESD website which combines the e-government and e-commerce services well. The Government's new proposal begs a fundamental question: Why give up the current successful model and opt for an unproven and expensive funding model?

The OGCIO Response gave some unsubstantiated reasons why the current ESD Scheme should not continue. Our detailed feedback appears in Annex B.

2. **The current ESD scheme is a successful PPP model, manifesting and delivering all the advantages of PPP, in line with the Government's policy of promoting PPP. The New Strategy, however, is a significant departure from the PPP principle.**

For the 5 years of ESD services enjoyed by the public so far, the Government has only spent HK$160 million (HK$140 on Government's back-end systems and less than HK$20 million paid to ESD for transaction fees and system enhancement). The Government has also estimated that the future recurrent annual expense under the ESD scheme is only HK$35.5 – HK$37.5 million.

The low cost pay-out by the Government under the ESD Scheme was only achieved because most of the infrastructure costs for the system were absorbed by the ESD Scheme operator.

This contrasts hugely against the proposed upfront expenditure of HK$260 million and recurrent annual expenditure of HK$60 million under the New Strategy. The first five year period under the New Strategy would cost the Government a total of HK$560 million, 3.5 times that of the first five years' spending under the current ESD Scheme.

Apart from cost effectiveness, other benefits of the PPP model, well recognized by the Efficiency Unit of the Hong Kong Government, are:

a. Allowing the Government to concentrate on its core competencies;
b. Less risks of cost overruns and project delays;
c. Better allocation of risks;
d. Invoking the private sector skills, experience, access to technology, and innovation for better delivery of public services;
e. Bringing commercial disciplines into the provision of public services;
f. Maintaining a small government and a lean civil service;
g. Access to private funding.

(Source: www.eu.gov.hk)

The benefits of PPP were apparently also recognized by OGCIO. In its March 2005 Paper to the Panel on E-government – The Next Wave of Development, OGCIO said:

> *"Through a public-private sector partnership (PPP) approach, the ESD enables integration of e-government and e-commerce services into a single platform and the leverage on the private sector's expertise in developing and operating the platform. It also enables sharing of investment and management risks with the private sector operator."*

Given the remarkable benefits that could arise from PPP, it came as no surprise that the Chief Executive stated in his 2005 Policy Address that "to implement the "Market Leads, Government Facilitates" principle, we will consider delivering more public services through Public-Private-Partnerships." (Paragraph 77)

The inconsistency in the Government's pronouncement of the New Strategy is that while it sings praises to the PPP principle, the Government is taking upon itself the heavy financial burden of upfront infrastructure costs and ongoing system maintenance and upgrading costs, the biggest item of capital outlay and investment risks for the project.

The Government also fails to define the role of PPP under the New Strategy but only vaguely touched upon the subject to indicate that PPP will be introduced "as and when appropriate".

We urge the Government to clearly define the role and extent of PPP under the New Strategy. We need a commitment that under the New Strategy more public services (including all existing ESD services as they have proven to be "appropriate") will be delivered through PPP.

3. **The New Strategy is much more expensive than the current model and lacks a long-term funding plan. It can be a huge drain on public resource and the core elements of the New Strategy has not been well defined enough to justify that spending.**

The provision of e-government services under the ESD scheme has been highly cost-effective and therefore we have serious doubts whether the proposed funding for new e-government strategy could be justified.

In addition to a non-recurrent expenditure of HK$260 million that could be avoided if the current model is continued, under the New Strategy, the Government's recurrent annual expenditure under the new strategy (HK$60 million) is almost twice as much as that under the existing ESD model. What are the incremental tangible benefits that can justify this increase?

Furthermore, given that technology leapfrogs, once the Government starts on this self-funding route, the Government in fact makes a long term funding commitment to update its own infrastructure. Substantial continuing funding will be required to keep the system modern and leading.

As such, it requires very strong reasons for the Government to justify that it is worth a total demolition of all the existing award-winning ESD services and infrastructure and to put in a large amount of public money to redo everything again.

In the OGCIO Response, the Government itself has admitted that the business and technology models under the New Strategy are not yet understood and that was the reason for OGCIO not having proceeded with the call for Expression of Interest from private sectors (paragraph 8, OGCIO Response). OGCIO also admitted that they have neither established the branding and positioning of the new proposed one-stop portal nor formulated a service clustering strategy, and that it has to wait until these are done before it can involve the private sector (paragraph 12, OGCIO Response). It would seem inappropriate that the New Strategy and requested funding be approved when the very core elements of the New Strategy: the underlying business and technology models, the branding and positioning of the one-stop portal, and the service clustering strategy are yet to be defined. It is not possible to assess whether the New Strategy can deliver the claimed benefits on the information available.

We are of the view that the benefits claimed under the New Strategy could be delivered to the public by the existing or other models with much lower cost.

We urge the Government to provide detailed estimates of future non-recurrent expenditure for upgrading and enhancing the self-owned infrastructure and services. This will assist the public to assess how prepared is the Government to embrace new technology, and how thorough the Government has conducted its cost benefit analysis for the new e-government strategy.

We would also ask that the Government consider more cost-effective alternative models, with more defined scope for private participation for achieving the same objectives under the New Strategy.

Our other comments and queries on the New Strategy appear in Annex B.

4. **Government should commit to pump-prime e-commerce via the future service clusters.**

It has always been a good policy objective of the Government to make e-government portal a platform for pump-priming e-commerce development in Hong Kong. In reviewing the results of this objective, the Government reported to this Panel that:

> *"With respect of its other objective of pump-priming Hong Kong's e-commerce development, ESD has provided a ready platform for the private sector to leverage on and to launch a number of e-commerce services. As a result, a wide range of e-commerce services have been made available through ESD."* *(Paragraph 20, Progress Update, 12 July 2004)*

Given the infancy stage of the local e-commerce industry, the new e-government strategy should not abandon its role of assisting the e-commerce development in Hong Kong.

This is of utmost importance that the New Strategy will allow more PPP opportunities as compared to that of today, so that e-commerce services and contents can continue to be provided alongside e-government services.

We urge the Government to commit that, if there is interest from internet, e-commerce and other related industries, commercial contents and value-added services would be allowed in <u>all</u> e-government service clusters, and that more PPP opportunities in the management and operation of service clusters will be provided.

5. **Hong Kong is unique in being a small city economy and our ESD model is also highly praised by international authorities. Why should Hong Kong abandon the current approach that won us international acclaim in pursuit of other overseas models?**

    The Government compares itself to US, Australia, Canada, UK and Singapore Governments taking charge of their own portal. However, we understand that some overseas countries are also looking to go into a PPP model because of lack of funds. As most of these examples are big countries, big governments with large user population, does Hong Kong have the same economy of scale to justify our looking at them as examples of how we should do our own government website?

    It should also be reminded that our ESD Scheme has out-performed many of these countries in various international e-government benchmarks and competitions. We fail to see why we should look to these countries for reference.

6. **We welcome introduction of competition and new service providers under the PPP approach.**

    Upon expiry of existing ESD contract, a continuation of the current PPP approach will not pre-empt introduction of new or multiple service providers via open tendering process. The current ESD platform is open and interoperable with other systems.

7. **Government should have a consistent e-government strategy. Otherwise it will confuse the public and the industry, and will dampen confidence in PPP.**

Government should have a clear and consistent long term policy for e-government service delivery. Similar to the ESD Scheme, there are Tradelink, Electronic Tendering System (ETS), and Digital Trade Transport Network (DTTN) providing e-government services to corporations. They are also various kinds of PPP models on contract basis like ESD. There are also over a hundred government websites for different departments and purposes. How are they to be treated under the New Strategy?

It must be recognized that uncertainty and inconsistency in government policy discourage continual private sector investment in this area. This is not conducive to the healthy development of the local IT sector, e-commerce and other internet related industries.

We would also ask that the Government spell out a long term policy for private participation in e-government projects.

8. **Panel members, industry, and public should be given sufficient information and time to evaluate the proposed new e-government strategy.**

We urge the members to take a closer look at the Government's proposal and to satisfy themselves that the new strategy is the right way to go. Given that we still have almost two years to run before expiry of the current ESD contract and that the previous ESD Scheme was rolled out within 1 year from contract signing, we believe there should be sufficient time for further discussion on this matter.

We are concerned that the proposed funding request of HK$170 million not only fails to capitalize on the substantial accomplishments under the ESD Scheme in the last 5 years, but embarks on a huge project that requires substantial non-recurrent and recurrent Government funding to re-provision services that the Government could have continued to enjoy at a much lower costs. We believe the Government owes the Legco members, the public and the industry an explanation to account for the proposed change in e-government strategy and the additional cost arising from the new approach.

It also appears that the New Strategy limits the PPP opportunities, and thus runs contrary to the Chief Executive's statement in his 2005 Policy Address that "to implement the "Market Leads, Government Facilitates" principle, we will consider delivering more public services through Public-Private-Partnerships."

We look forward to more dialogue with the Government and Legco members on this subject to ensure that we adopt an e-government strategy most beneficial to the Government and the general public of Hong Kong.

Yours Sincerely,

Tony Ma
Chief Operating Officer
February 2006

Annex A

Awards Won by the ESD Scheme and Services

Year	Award
2001	Stockholm Challenge Award, under the category of Public Services and Democracy. Hong Kong Computer Society's IT Excellent Award
2002	Internet Professional Association's Web Care Award
2003	World Summit Award, supported by the United Nations Industrial Development Organisation. Winner of the Asia Best Practice Award under eGovernment category, in terms of e-content and creativity Best E-Commerce Service Company - Capital Magazine's Outstanding IT and Financial Enterprises Award
2004	Internet Professional Association's Web Care Award Awarded "Superbrands"
2005	Internet Professional Association's Web Care Award Awarded "Superbrands"

Annex B

List of Comments / Queries / Contradictions in Response to the Background Paper,
OGCIO Strategy Paper and OGCIO Response

Background Brief on E-Government Programme (LC Paper No. CB(1)597/05-06)

Item	Extract	ESDSL's Comments / Queries
	Paragraph 3	
1	The next wave of e-government will focus on "integrating and transforming e-services". This requires bureaux and departments (B/Ds) to move from a government-centric way to a "whole-of-government" and customer-oriented approach in providing e-services so as to better meet the specific needs of different customer segments.	Many of the current services being offered in ESD Scheme are already customer-oriented and integrating many B/Ds. The Business Entry Portal and the Easy Change of Address service, which allows citizens to change address for 14 departments by filling in one single online form, are two successful examples.
	Paragraph 10	
2	The Administration also believes that since many e-services under the new clusters are outside the existing scope of services available in the ESD portal, they will present new business opportunities to both the incumbent ESD service provider (which can also tender for the project on an equal footing with other bidders) and other interested parties.	Please confirm that all e-government services in the current ESD portal will be rolled out with PPP model in the new clusters if there is interest expressed by the private sector.

Please advise what new services will be rolled out with PPP model in the new clusters. |
| | **Paragraph 13** | |
| 3 | … the Administration intends to commission a study within 2005 to review the e-government programme funding mechanism and recommend methodologies and tools to identify, quantify and measure the benefits attributable to e-government initiatives. | Government first committed to undertake this study in March 2005. We believe this study is instrumental in justifying new e-government spending.

Please advise the status and the results of the study; or the reason(s) of delay if the study has not been commissioned. |

Strategy Paper : New Strategy for E-government Service Delivery (CB(1)596/05-06(07))

Item	Extract	ESDSL's Comments / Queries
	Paragraph 3	
1	One of the key initiatives under the Programme is to map out and implement a new strategy for delivering citizen-centric e-government services, thereby increasing citizens' satisfaction and utilization of such services.	A methodology to increase and measure citizens' satisfaction shall also be devised. Please advise whether such methodology is in place.
	Paragraph 4	
2	(a) Advancing the launch of the OSP	While launching the OSP early can accommodate the new Immigration Department services, such services can still be rolled out under existing architecture of the Department. It is more important to ensure the OSP is designed and architected according to the new strategy. Please confirm that the OSP will only be rolled out when the service clustering strategy and overall architecture design is finalized.
3	(b) Establishing a unified e-government branding	Please advise why a unified e-government branding can not be achieved by revamping the existing GIC, which would be a much cheaper option.
4	(c) Incremental private sector participation	The proposed approach is in fact delaying the private sector involvement. This will certainly increase development cost and risk of the Government. Please advise whether the cost of this delay is justified.

Item	Extract	ESDSL's Comments / Queries
5	(d) Riding on the central e-government infrastructure	Will the Government lower cost and risk by reusing or enhancing the existing features of ESD scheme?
	Paragraph 5	
6	Stage 3 and Stage 4	Please advise the criteria used in determining whether a cluster will be operated with PPP model.
	Paragraph 6	
7	The opinions collected will provide useful input to the design of the OSP and the types of information and services to be presented in different service clusters.	While citizens' inputs are important, it is equally important to have proper information and services architecture design before the launch of OSP. Has this architecture design been done?
	Paragraph 8	
8	In addition to tangible benefits, the implementation of the new strategy will deliver substantial intangible benefits to the citizens and Government.	In what way the Government will quantify the intangible benefits? Apparently certain intangible benefits of the current PPP model, such as leveraging on commercial expertise to promote e-government, one-stop shop of e-government and e-commerce services, share of investment risk etc will be lost under the new strategy. What are these intangible cost to the government?
	Paragraph 10	
9	With a shared platform in place, there is no need for B/Ds to build or enhance their own infrastructure for hosting their respective e-government applications or develop/acquire services that are commonly required by e-government services (e.g. e-payment) individually.	Before business process reengineering and the confirmation of service clusters, how can the Government determine what to build or enhance the existing EGIS?

Item	Extract	ESDSL's Comments / Queries
10	**Paragraph 11 - 16**	How does the Government determine that the new strategy is cost-effective? If the costs required by individual B/Ds for applications development and system maintenance are taken into account, what will be the total non-recurrent provision required for setting up the OSP?

Response to Issues Raised by the Panel on the New Strategy for E-government
Service Delivery (LC Paper No. CB(1)820/05-06(03))

Item	Extract	ESDSL's Comments / Queries
	Paragraph 4	
1	While the Scheme has attained the objective of providing an online platform for the public to conduct electronic transactions with the Government, …	The current ESD Scheme is a successful model for the past 5 years, is there a need to abandon this model and can the huge cost be justified? How could the claimed benefits be quantified? Have consideration been given to alternatives models that may achieve the same benefits at a lower cost?
2	… over the years the ESD portal (ESDlife) has evolved to become a prime e-commerce site with e-government services presented alongside its commercial offerings.	The provision of e-commerce services alongside e-government services is a key part of the existing ESD scheme, with an aim to achieve the Digital 21 policy objective of pump-priming e-commerce development in Hong Kong via the e-government platform. It is an innovative e-government model commended by international authorities and welcomed by the general public. In 2003, the Government wanted to "better understand what citizens think of our E-Government performance" and engaged a marketing research company to conduct a household opinion survey ("Survey"), in which a total of 3,151 face-to-face interviews were successfully conducted with Internet users. The Survey found that *"the one-stop concept of providing both government and e-commerce services at the ESD portal was generally welcomed by the users. Among the surveyed ESD users, 71% "somewhat agreed" or "very much agreed" the commercial services available at the ESD portal were adding value to them when using E-government services." (Paragraph 28, Progress Update, 21 July 2003)*

Item	Extract	ESDSL's Comments / Queries
		It is therefore apparent that the majority of public supported the provision of e-commerce alongside the e-government services, and that the current model is probably more "citizen-centric" than the proposed New Strategy. The Government reported in its Progress Update, which was submitted to this Panel on 12 January 2004, that: *"In an international ranking on the official websites of 100 cities issued in November 2003, Hong Kong came second worldwide in terms of "digital governance" as our Electronic Service Delivery (ESD) Scheme (www.esd.gov.hk) and the Government Information Centre websites scored highly, in terms of security and privacy, usability, content, and service delivery."* (Paragraph 4, Progress Update, 12 January 2004) *"In December 2003, the ESD Scheme was selected as a winner of the Asia Best Practice Award in the category of e-government in the World Summit Award, in terms of e-content and creativity."* (Paragraph 4, Progress Update, 12 January 2004) In light of the above glittering achievement and international recognition, the Government concluded that: *"Providing a platform for both e-government and e-commerce services, the ESD website also meets our objective of pump-priming e-commerce development in Hong Kong."* (Paragraph 4, Progress Update, 12 January 2004)
3	Moreover, the take-up rate of the	In fact, the popularity and take-up rate of

Item	Extract	ESDSL's Comments / Queries
	majority of our e-government services is still on the low side.	the ESD scheme are high, according to the previous surveys. In addition, the Progress Update also reported that less popular services are typically those that require more stringent authentication and/or online provision of several documents. 2003-July Progress Update Paragraph 4: The portal of the Electronic Service Delivery (ESD) Scheme (www.esd.gov.hk), which has been serving as the main vehicle for delivering major E-government services to the community, is becoming more and more popular. 2003-July Progress Update Paragraph 25: Among the 2178 E-government users, 62% rated E-government services as "very good" or "quite good", … 2003-July Progress Update Paragraph 27: Among the surveyed ESD users, 68% rated the ESD portal as "very good" or "quite good", while only 4% gave a "quite poor" or "very poor" rating. As for the various important features of the ESD portal, the survey found that "ease of finding services", "user-friendliness of services" and "provision of comprehensive content" were highly rated and valued by the Internet users, reflecting these being the strengths of the ESD portal. 2004-July Progress Update Paragraph 19: The ESD website is gaining popularity every month. The average number of transactions has increased by over 30% from 2001 to 2002, and by over 40% from 2002 to 2003. The services that enjoy the highest usage are not confined to those that are population-wide, but also include those serving certain niche groups

Item	Extract	ESDSL's Comments / Queries
		of customers or the business sector. The less popular services are typically those that require more stringent authentication and/or online provision of several documents.
4	As with the experience of other economies, this is primarily due to the government-centric way in which online government information and services are delivered to citizens.	In fact, the ESD scheme is designed to be as customer-oriented as possible and is being enhanced continuously. 2003-July Progress Update Paragraph 5: The (ESD) new design has made access to public services easier by introducing more customer-friendly grouping of service categories, incorporating directional links and improving the search engine. 2004-July Progress Update Paragraph 19: We consider that the ESD Scheme has met its aim of improving the quality and efficiency of delivering public services and improving the accessibility of such services.
5	Experience of these governments suggests that the problem can be addressed by creating a government-branded portal based on a "citizen-centric" approach of service delivery.	The ESD scheme was praised many times in providing the "citizen-centric" approach of service delivery. It was mainly the join effort of the Government departments as well as the ESD Scheme operator. How can the Government ensure that the New Strategy will deliver innovative, user-friendly and citizen-centric services in the future? 2003-July Progress Update Paragraph 6: ESD provides a one-stop platform for the provision of e-options for major E-government services. 2003-July Progress Update Paragraph 21: Our E-government direction is in line with the other E-government leaders in the world.
6	This approach involves the	The current ESD scheme already involves

Item	Extract	ESDSL's Comments / Queries
	proactive re-engineering of government processes, integration and re-packaging of information and services across departmental boundaries and the delivery of related information and services in clusters that meets and anticipates citizens' needs.	process reengineering (as in below), as well as breaking down boundaries. 2003-July Progress Update Paragraph 6: At the same time, (ESD) it has also provided us with much experience in running joined-up projects, breaking down departmental boundaries and providing more customer-centric, rather than department-centric, services – the focus of our next stage of E-government development.
7	Except for Hong Kong, all the above-mentioned countries deliver government information and services to citizens through their government-branded portals.	Does Hong Kong have the same economy of scale to justify our looking at them as examples of how we should do our own government website? 2003-July Progress Update Paragraph 21: Our E-government direction is in line with the other E-government leaders in the world. Accenture, a management consulting and technology services company, released their third annual international survey of E-government leadership in April this year. According to this survey, Hong Kong's ranking moved up to 7th this year from 8th last year. 2004-July Progress Update Paragraph 16: By categorizing information and services around the daily needs of the public, and providing value-added e-commerce services, customers' needs are better met.
	Paragraph 5	
8	Our major challenge is to get more of our citizens and businesses to use e-government services through providing truly one-stop, end-to-end and citizen-centric electronic services. The New Strategy requires e-government services to be designed and delivered in a	The current ESD services operator has ample experience in tackling this challenge, as reported below. 2003-July Progress Update Paragraph 6: ESD provides a one-stop platform for the provision of e-options for major E-government services.

Item	Extract	ESDSL's Comments / Queries
	different way from that under the current ESD Scheme.	<u>2003-July Progress Update Paragraph 31:</u> We are pleased that in general, the public is positive about the performance of our E-government and ESD services. … The findings are also reassuring in endorsing our unique public-private sector partnership model of the ESD Scheme, enabling the provision of both online public and private services at the same portal.
	Paragraph 8	
9	… we were concerned that adopting a PPP model for the implementation of the New Strategy before the underlying business and technology models were well understood would have a high probability of failure.	In fact, before fully understanding the business and technology models, the new strategy itself, not the PPP model, has a high probability of failure.
10	This is because delivery of citizen-centric services requires individual bureaux/departments (B/Ds) to understand the citizens' needs and expectations, transform departmental business processes and introduce appropriate customer relationship management (CRM) measures. The private sector cannot possibly take charge of and deliver such changes on behalf of the Government.	In terms of understanding citizens' needs, the current ESD scheme was ranked high in authorized researches. <u>2003-July Progress Update Paragraph 21:</u> Accenture in particular recognised Hong Kong's improvement in the aspect of CRM and ranked Hong Kong as the 6th among the 22 countries/regions. The value-added e-commerce services that marry well with our E-government services have allowed the ESD portal better to meet the customers' needs for both convenient public and private services.
11	Secondly, the lack of details of the services/businesses to be covered by the service clusters at that point in time makes it difficult for the private sector to respond meaningfully to the EOI exercise.	Without knowing the details of the services / businesses, how can the Government be so sure that the infrastructure going to build can meet the ultimate requirements?
12	Thirdly, the Government will have to bear significant risks in managing multiple private-sector	The Government is experienced in managing multiple operators and vendors; we don't see it as a significant risk.

Item	Extract	ESDSL's Comments / Queries
	operators looking after different service clusters, …	
	Paragraph 9	
13	Indeed, ESDlife has evolved into a prime commercial portal with e-government services add-ons, and is perceived as such by the public.	All along e-commerce services are add-ons to the e-government services, not vice versa.
	Paragraph 14	
14	Moving from a commercially funded and operated environment, where the operator derives its revenues from advertising, e-commerce services and fees paid by the Government, to a government-owned platform, where the Government has its own brand and image, requires more government investment.	It is not true because the Government can implement the new strategy without outlaying investment on many e-commerce specific components and technologies.