

## **ITEM FOR FINANCE COMMITTEE**

### **CAPITAL WORKS RESERVE FUND HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT**

**Government Secretariat : Offices of the Chief Secretary for Administration  
and the Financial Secretary**

**New Subhead “Replacement of the 1823 Call Centre Systems”**

Members are invited to approve a new commitment of \$40,000,000 for replacing the 1823 Call Centre systems.

### **PROBLEM**

The existing 1823 Call Centre (1823) systems needs replacement to ensure the continued provision of efficient and effective services to the public, and to adopt web-based technology to improve service availability, functions and workflow.

### **PROPOSAL**

2. The Head, Efficiency Unit (EU), with the support of the Director of Administration, proposes to create a new commitment of \$40,000,000 to replace the 1823 systems.

### **JUSTIFICATION**

3. 1823 provides round-the-clock one-stop services to answer public enquiries for participating government departments and to receive complaints for the whole government. The convenience offered by 1823 improves public interaction with the Government and enables more responsive and productive government services. Over the years, its service scope has also expanded significantly from handling enquiries for five departments upon commissioning in July 2001 to cover 21 participating departments at present as listed at Enclosure 1.

Encl. 1

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4. Since 2009, 1823 has taken up the role of receiving complaints against all policy bureaux and departments. 1823 ensures that complaint cases are directed to the right authorities for follow-up actions. The bureau or department retains the responsibility to consider and act on the complaint, but 1823 tracks case progress and keeps the complainant informed of action. It has also established a comprehensive network of contacts with departments to assist rapid communication and quick response. Dedicated complaint teams help identify the responsible departments and monitor their follow-up actions.

5. In 2010, 1823 handled around 290 000 public complaints. 94% were assigned to departments for action within three hours. To enhance its capacity in complaint analysis, 1823 has set up a Complaint Intelligence System to conduct in-depth analysis of information collected. The system automates the generation of statistics to help management monitor performance and assess critical issues. Some of the first uses were to help improve responses to tree management complaints and conduct monthly complaint analysis for the participating departments. The analysis can provide a basis for better resources planning and deployment by departments.

6. In its first full year of operation after launch in July 2001, 1823 received 0.5 million calls. In 2010, 2.93 million telephone calls and 150 000 emails or faxes were received. The first time resolution rate for enquiries was 98% in 2010, compared with 91% in 2002 and an industry standard of 80%. Customer satisfaction has remained consistently high with an average score of 4.2 on a 5-point scale.

### **Need to Replace the Existing Systems**

7. The operation of 1823 relies on a wide range of telephony and computer systems. Key system components and their respective functional descriptions are set out in Enclosure 2.

Encl. 2

8. The existing 1823 systems have been in use for almost ten years. They now face problems and limitations in the following areas –

- (a) Maintenance – the key system components are approaching the end of their serviceable lives. Due to the lack of spare parts, the support service for some major systems will cease upon the expiry of the existing contract in 2012;

/(b) .....

- (b) Technology – the Customer Relationship Management System (CRMS), built on client-server technology developed in 2000, does not support web-based services and advanced call centre functions. This makes data retrieval, updating and analysis as well as interface with other government departments difficult and time-consuming; and
- (c) Capacity – with greatly increased annual call volume, the existing systems have been stretched to their capacity. The basic hardware and software components, including the mail and fax servers, backup system and network switches, need replacement to ensure reliable support to different systems, improve operational efficiency and meet new service demands.

9. During the last decade, 1823 has proved its value as an efficient means of direct communication between the Government and the community. To ensure the continued provision of this convenient and effective service to the public, 1823 must replace its systems. Failure to do so will lead to degradation of existing services and hinder extension of service to meet new demands.

### **The Proposed Replacement**

10. The proposed replacement project will involve –
- (a) the replacement of out-dated components and systems before they cease to be serviceable; and
  - (b) the replacement of the existing CRMS with an integrated CRMS to support web-based services with enhanced service availability, functions and workflow.

### **Anticipated Benefits**

11. The replacement project will bring about the following benefits –
- (a) timely replacement will ensure the continuity of 1823's efficient and effective services to the public;

/(b) .....

- (b) the use of web-based technology will allow a standard interface to be devised to increase the efficiency of communication and information exchange with Government departments and between 1823 and the public. It will also allow more user-friendly applications to be deployed for the public when lodging their cases to 1823; and
- (c) the system capacity will increase from handling three million calls a year to five million calls a year.<sup>Note</sup> It will minimise fault occurrences, improve operational efficiency and allow for future enhancement and development of 1823 to meet changing operational needs and new service demands.

**FINANCIAL IMPLICATIONS**

**Non-recurrent Expenditure**

12. We estimate that non-recurrent expenditure of the proposed replacement of the 1823 systems will be \$40,000,000 with the following breakdown –

	<b>\$'000</b>
(a) Hardware	12,000
(b) Software	8,500
(c) Implementation service	12,000
(d) Training for system support staff	500
(e) Site preparation	3,000
(f) Contingency	4,000
<b>Total</b>	<b>40,000</b>

13. On paragraph 12(a) above, the estimate of \$12,000,000 is for the acquisition of telephony and computer hardware, including Private Automatic Branch Exchange, Interactive Voice Response System, voice logger, telephone headsets, servers, computers and backup devices.

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<sup>Note</sup> The actual increase in capacity would also depend on other factors such as duration of each call, the number of call handling staff available and their skills sets.

14. On paragraph 12(b) above, the estimate of \$8,500,000 is for the acquisition of software, including operating system, CRMS, database management system and reporting tools.

15. On paragraph 12(c) above, the estimate of \$12,000,000 is for the acquisition of services to design, develop and implement the CRMS, system for information exchange with government departments, and to ensure effective integration and interfaces with other systems, etc.

16. On paragraph 12(d) above, the estimate of \$500,000 is for the provision of user training for system support staff for daily maintenance of the system.

17. On paragraph 12(e) above, the estimate of \$3,000,000 is for the cabling and building services works required to host the replacement equipment.

18. On paragraph 12(f) above, the estimate of \$4,000,000 represents an approximately 10% contingency on the cost items set out in paragraphs 12(a) to (e).

19. The estimated cash flow requirement of the project is as follows –

<b>Financial Year</b>	<b>\$'000</b>
2011-12	3,000
2012-13	33,000
2013-14	4,000
<b>Total</b>	<b>40,000</b>

**Recurrent Expenditure**

20. The estimated recurrent expenditure for the proposed replacement project will be \$4,000,000 in a full year from 2014-15 onwards for the provision of maintenance service. Taking into account savings from ending the annual maintenance cost of the existing systems (\$3,100,000), the net additional recurrent expenditure will be \$900,000 per annum. The new system will involve a higher maintenance cost because of its enhanced functionalities and capacity. The EU will absorb the additional recurrent expenditure from within its existing resources.

**/IMPLEMENTATION .....**

## IMPLEMENTATION PLAN

21. We plan to implement the project according to the following schedule –

	<b>Activity</b>	<b>Target Completion Date</b>
(a)	Tender preparation	July 2011
(b)	Tendering, evaluation and award of contract	December 2011
(c)	System analysis and design	March 2012
(d)	Equipment delivery, installation and system development	July 2012
(e)	User acceptance test and training	September 2012
(f)	System live-run	October 2012

22. In carrying out the replacement project, statutory requirements and procedures with regard to environmental protection will be followed. On data protection, all storage devices will be degaussed to permanently destroy the data therein before the hardware is removed from the premises of 1823.

## PUBLIC CONSULTATION

23. We consulted the Legislative Council Panel on Public Service on the proposal on 17 January 2011. Members supported the proposal and raised no objection for us to submit it to the Finance Committee (FC) for funding approval.

## BACKGROUND

24. On 28 April 2000, FC approved a commitment of \$55,000,000 for establishing an integrated call centre (later named as the 1823 Call Centre) to handle enquiries and complaints about environmental hazards and cleanliness issues. Since then services have been enhanced and expanded. In addition to telephone calls, members of the public can now access 1823 services also through electronic forms, e-mail, fax, SMS and by post.

25. Apart from its normal service, 1823 also provides public enquiry hotline services for major events and ad hoc incidents. Examples include hotline services for the Severe Acute Respiratory Syndrome Home Confinement (2003), the World Trade Organization Sixth Ministerial Conference (2005), Avian Flu (2005), the International Telecommunication Union Telecom World Conference (2006), the Olympic and Paralympic Equestrian Events (2008), Sichuan Earthquake (2008), as well as the Legislative Council Election (2008) and By-election (2010).

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Efficiency Unit  
Offices of the Chief Secretary for Administration and the Financial Secretary  
April 2011

**Government Departments participating in 1823  
(as at April 2011)**

1. Agriculture, Fisheries and Conservation Department
2. Architectural Services Department
3. Buildings Department
4. Civil Engineering and Development Department
5. Companies Registry
6. Drainage Services Department
7. Electrical and Mechanical Services Department
8. Food and Environmental Hygiene Department
9. Hongkong Post
10. Highways Department
11. Labour Department
12. Lands Department
13. The Land Registry
14. Leisure and Cultural Services Department
15. Marine Department
16. Office of the Government Chief Information Officer
17. Rating and Valuation Department
18. Social Welfare Department
19. Student Financial Assistance Agency
20. Tobacco Control Office, Department of Health
21. Transport Department

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**Functions of Key System Components of the 1823**

<b>System Component</b>	<b>Function</b>
Private Automatic Branch Exchange	Supports automatic distribution of calls to Customer Service Officers (CSOs)
Interactive Voice Response System	Provides voice and fax on demand for callers to obtain information by self-service
Customer Relationship Management System	Manages the case information, workflow and knowledge base
Case Information System	Provides interface for information exchange with government departments
Voice and Screen Logger	Records telephone conversations for quality assurance
Workforce Management System	Supports work scheduling based on call patterns and skill profiles of CSOs
Infrastructure for data networking and backup (including data network, email servers, fax servers and backup systems)	Supports all of the above applications

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