

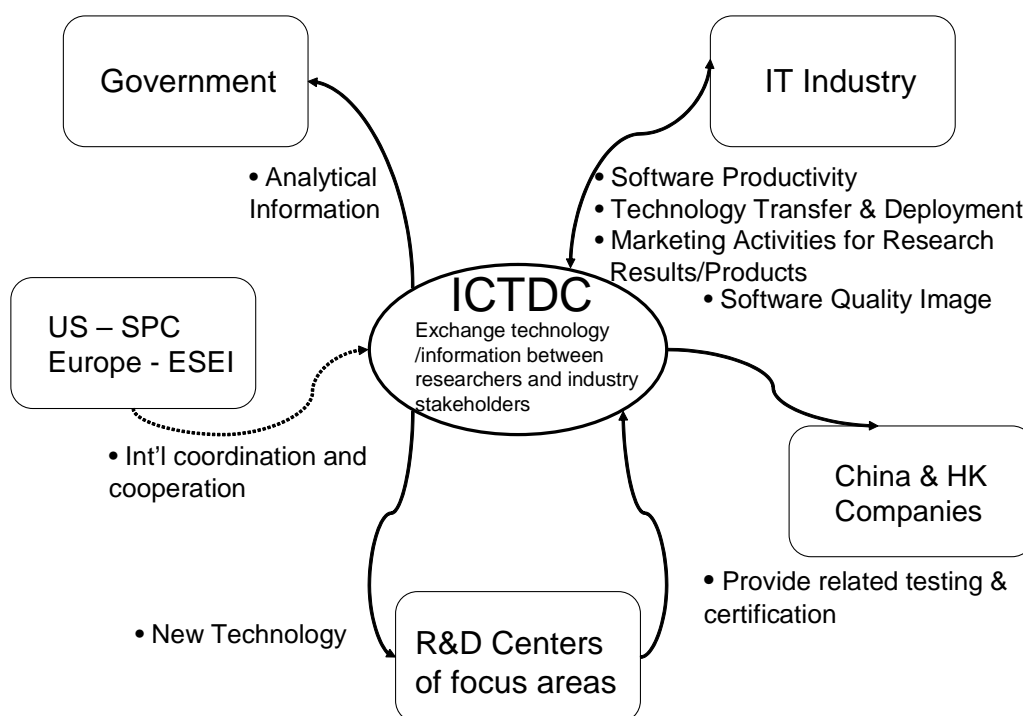


## **Response to Innovation and Technology Commission's Consultation on Innovation and Technology Development**

1. As information and communications technology (ICT) organizations in Hong Kong, we fully support the effort of the Government and the Innovation and Technology Commission to develop the development of innovation and technology, as a driver for the building of an information society in Hong Kong.
2. Since the Innovation and Technology Fund was launched in 1999, substantial resources have been invested into projects, many of them in the ICT area. However, the levels in commercialization of the research results and participation by the industry in these projects have been low.
3. As observed by the consultation paper, the existing innovation and technology program has largely been implemented on a bottom-up approach, leading to diffused and fragmented direction and focus of applied R&D. In fact, the industry believes that the activities undertaken by various R&D organizations, in particular universities, have been mostly "supply-driven" – they were designed and carried out by researchers, with little knowledge or accurate understanding of real-world market realities and demands. Inputs, continuous scrutiny or partnership with the industry were often not part of funding requirement.
4. The consultation paper pointed out that without longer-term support from researchers, the industry would have little incentive to be involved in R&D projects. We agree with this assessment, but we believe this is not the primary reason for the lack of industry participation. The industry have seen many projects being dominated by researchers' motivation for doing research, rather than applied research with a focused commitment to commercialization. This, again, is a consequence of the "supply-driven" approach of sponsored R&D in Hong Kong, dominated by the agenda and objectives of the research institutions.
5. We agree with and support the five elements of the new strategy of innovation and technology development, as stated in the consultation, being focus, market relevance, industry participation, leverage on the Mainland, and better coordination. However, regarding the points on industry participation and better coordination, we believe that a more formal and accountable coordination structure must be established between the industry, Government and research community.
6. We also agree that in an economy like Hong Kong, proper priority setting and identification of technology focus are necessary. However, in view of the rapid changes in trends in technology, we believe that the system must be quick to react and the right degree of flexibility must be instilled in the new system to ensure that while we maximize our resources, we also have the courage and means to change course when necessary. The new system should also acknowledge the need for

funding pilot projects and industry support schemes outside of the pre-defined focus areas.

7. Of the thirteen proposed focus areas, most are related to ICT in the sense that ICT applications will be a critical tool for the development of the focus areas. Some of the areas, however, can be considered to be directly part of ICT, including: communications technologies, digital entertainment, logistics/supply chain management enabling technologies (in the software, communications and applications areas), consumer electronics, integrated circuit design, etc. (in the hardware areas). Therefore, to ensure the proper development of these areas, we believe that it is critical for us to establish a way to systematically and accountably engage the ICT industry.
8. In order to address the need for a coordinated approach to ensure IT industry participation and collaboration, we would propose the establishment of an **ICT development council**, which would undertake the responsibility and tasks to set the direction, coordinate with the industry, support the R&D activities, and implement programs to facilitate the commercialization of research results, for the directly ICT-related focus areas, as well as coordinate with the ICT-related needs for the other focus areas. This will ensure that the efforts to be taken by the ITC and the research institutions will be “**demand-driven**” from now on.



9. The ICT development council will be a steering organization with participation by the major ICT associations in Hong Kong, and will aim to provide ongoing services to



serve and coordinate between the various stakeholders, being the IT industry, other industries, R&D centers, Government, and the Mainland and international counterparts. The primary goal of the council will be to ensure the ICT-related R&D efforts under the innovation and technology development framework will indeed serve the broad needs of the ICT and other user industries. We will further discuss with the Government in the coming months to further refine our proposal for the role, duties and resources for the proposed council.

Hong Kong Information Technology Federation  
Hong Kong Internet Service Providers Association  
Hong Kong Wireless Technology Industry Association  
Information and Software Industry Association  
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