

## **The HONG KONG HOUSING AUTHORITY**

### **Memorandum for the Finance Committee**

#### **Review on Information Technology Strategy for Housing Department**

##### **PURPOSE**

To seek Members' approval to engage external management consultant services to conduct a review of the Information Technology Strategy (ITS) for Housing Department (HD) by open tender.

##### **BACKGROUND**

2. The Department has todate conducted two ITS studies, one in 1988 and one in 1992. These studies were approved by the Housing Department Computer Committee via HDCC paper no. 12/88 and 68/92 respectively. The 1988 strategy accorded priority to three major areas, viz. support for new works projects in terms of progress monitoring and drafting/design; integration of basic financial functions and support for the housing management activities. All these projects have been completed and implemented. The 1992 strategy with emphasis on the then Maintenance Division identified 11 top priority projects, including 3 infrastructure projects and 8 maintenance related projects. These projects are mostly completed or due for completion as scheduled by next year.

##### **PRESENT SITUATION**

3. It has been the practice to review the IT strategy every five years. As the 1992 ITS plan is near completion, it is considered now the appropriate time to conduct a review of the plan and the strategy for the period ahead, particularly in light of the following developments -

- The government published a consultative document on the Long Term Housing Strategy Review (LTHS) earlier this year and

recently completed the consultation process. The final recommendations from the LTHS and the new initiatives on housing promulgated by the Chief Executive on 1 July may have an impact on the directions and targets for the provision of public and subsidized housing in Hong Kong.

- Under the Management Enhancement Programme (MEP), the Department is embarking on a series of reforms to align its operations with the defined vision, mission, core values and strategic objectives of the Department. This will bring about changes in the operation modus of the organisation and the culture of the Department in achieving better quality in all aspects of its business. To some extent, this has already made the present IT strategies established four years ago unable to cope with the new challenges ahead.
- As part of the MEP, the activities of the Department have been reorganised into core businesses. Each core business will have a business plan developed mapping out the strategy and activities of the business in the coming years. It is essential that all the necessary data is available to facilitate proper monitoring of each business.
- Since the last ITS Study four years ago, the information technology has undergone tremendous changes. To optimise the competitive edge of the new technology for the new challenges, it will require a comprehensive review of the existing IT strategy with a view to formulating new strategies and identifying new application portfolios in accordance with the new business directions.
- HD is implementing government's policy to promote the wider use of Chinese on a departmental basis. A strategic review on the method and approach of implementing Chinese processing is essential.
- Most computer systems will face a serious problem on the turn of Year 2000 since the existing software design has not been catered to handle the year logics properly. It is anticipated that the staff

efforts and the cost required to convert and thoroughly test the computer systems in compliance with Year 2000 will be very significant. An appropriate strategy should be formulated such that while addressing the Year 2000 issue, the implementation plans of developing new applications should not be affected.

4. An MEP Coordination Committee (MEPCC) was formed under the chairmanship of the Director of Housing to steer the implementation of this programme. Under the MEPCC, 11 Working Groups of key business areas have been formed to review and formulate their business plans for the coming years. One of the Working Groups - the Corporate Information Working Group, was tasked to review the overall information needs of the Department over the next few years. This Working Group has developed a data model of corporate information needs in the form of key performance indicators in accordance with the Department's latest strategic objectives. It has also recommended that external management consultant services be engaged to review the ITS of the Department to enable it to meet its future needs. At the meeting on 11 June 97, the Housing Department Computer Committee approved in principle this proposal and the consultancy brief, a copy of which is attached at **Annex 1**.

## **PROPOSAL**

5. It is proposed to conduct a review of the ITS for the Department. It is also proposed that external management consultant services be engaged through open tender to undertake this study. Based on the prevailing tendered price of similar studies in other government departments, the consultancy fee is estimated at HK\$6 million.

6. The consultant services will cover a comprehensive Review of the ITS of the Department resulting in the provision of an update of the current ITS plan to accommodate additional computerisation requirements arising from changes in internal and external environment, business needs, workload and other requirements.

7. The option for doing the study by in-house staff has been considered but found not feasible due to staff resource constraint and tight project schedule.

## STAFFING IMPLICATIONS

8. It is estimated that the following staff efforts will be required to support and monitor the study -

|   |                   |               |                           |
|---|-------------------|---------------|---------------------------|
| 1 | Project Executive | ( 7 man-days) | Directorate staff         |
| 1 | Project Manager   | (30 man-days) | Senior Professional       |
|   | CD Contract staff | (80 man-days) | Professional staff        |
|   | User staff        | (60 man-days) | Professional staff & over |

Due to the staff resource constraint of Computer Division, it is proposed that part of the CD staff efforts will be absorbed by the existing in-house establishment while the rest will have to be met by contract staff. This may require some existing computerization projects being re-prioritized.

## FINANCIAL IMPLICATIONS

9. The total financial implications of this study is estimated at HK\$6.73 million with breakdown as follows -

|                        | HK\$             |
|------------------------|------------------|
| Consultancy fee        | 6,000,000        |
| CD contract staff cost | 320,000          |
| Notional staff cost    | 408,000          |
| Total                  | <b>6,728,000</b> |

The consultancy fee is subject to the result of an open tender. No recurrent costs are involved.

## **BENEFITS AND SAVINGS**

10. It has been an established government policy to maximise the use of Information Technology to improve the efficiency and effectiveness of government systems. ITS studies are recognised as the most cost effective means to achieve this objective. The application systems thus developed and implemented over the past ten years in the Department have fully demonstrated their usefulness and benefits.

11. The ITS study is an effective planning process to identify the IT opportunities based on the latest corporate strategy and business plans, to develop an appropriate IT architecture/strategy based on the emergent technology and to formulate a co-ordinated implementation plan taking into account the overall Departmental vision/mission and strategic objectives. This will support the implementation of the MEP in general and the business plans of individual business areas in particular.

12. The long term strategic planning in lieu of the project-by-project approach will ensure that the identified IT solutions/applications are integrated and consistent across the Department.

## **IMPLEMENTATION PLAN**

13. It is proposed to conduct the ITS study according to the following timetable -

| <b>Activity</b>            | <b>Target Completion Date</b> |
|----------------------------|-------------------------------|
| Seek FC approval           | July 97                       |
| Invite open tenders        | Aug. 97                       |
| Conduct Tender evaluation  | Sep. 97                       |
| Award Tender               | Oct. 97                       |
| Conduct ITS study          | Mar.98                        |
| Endorse Consultancy report | Apr. 98                       |

## **ON-GOING MAINTENANCE OF THE PLAN**

14. The ITS plan as recommended by the consultants will need to be reviewed and modified on a rolling year-to-year basis in order to meet the changing requirements of the business plans. The on-going maintenance of the ITS plan will be done by in-house staff. The consultants equipped with the relevant expertise and knowledge will help develop the skills for HD staff to undertake the review and update of the strategy plan on regular basis.

## **BUDGET AND FUNDING CONSIDERATIONS**

15. Funds will be available under Computer Division's 1997/98 vote in Cost Center Code 140100 and A/C Code 7401013 for hire of consultant services and contract staff.

## **RECOMMENDATION**

16. It is recommended that approval be given to issue an open tender to engage external management consultant services to conduct a review on the Information Technology Strategy for Housing Department.

17. Results of the tender evaluation exercise will be presented to Members for consideration.

## **FUNDING APPROVAL**

18. Funding approval to commission the consultancy study will be sought separately later on before the conclusion of the tender evaluation exercise.

## **DISCUSSION**

19. At the Finance Committee meeting on 28 July, Members will be invited to endorse the proposal to engage external management consultant services by open tender.

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