Minutes of the Seventeenth Meeting of the Joint Committee on Information Technology (JCIT) for the Social Welfare Sector held on 17 February 2009

Present: Mr Stephen Fisher   (Chairperson)
            Miss Nancy Law
            Mr Fung Man-lok
            Mr Lam Wai-kiu, Victor
            Mrs Leung Tsang Po-wan, Paula
            Dr Law Chi-kwong
            Mr Ma Chiu-tong, Nigel
            Ir Li Wai-lim, William
            Mr Man Hung-yee, Joseph
            Dr Ting Wai-fong
            Dr Edith Mok
            Mr Lam Bing-chun   (Secretary)

Absent with apologies: Prof Meng Mei-ling, Helen
                          Ms Patty Wong

In attendance: Miss Ann Hon
                          Ms Lily Ng
                          Ms Mak Suk-kwan, Lorensa
                          Ms Monita Yuen
                          Dr John Fung   (for agenda items 3 and 4 only)
                          Mr Edmond Keung   (for agenda items 3 and 4 only)

Opening Remarks

        The Chairperson welcomed the following new members attending the meeting:

(a) Dr Edith Mok
(b) Mrs Leung Tsang Po-wan, Paula, representative of the Labour and Welfare Bureau (replacing Mr Sherman Chan); and
(c) Ms Mak Suk-kwan, Lorensa [replacing Mr Chan Ping-cheong, Ashton as C(IST)].

Confirmation of Minutes of the Last Meeting

2.   Minutes of the 16th meeting were confirmed without amendment.

Matters Arising from the Minutes of the Last Meeting

<u>Paragraph 3: The Information Technology (IT)-related Business Improvement Project (BIP)</u>

3.   <u>The Secretary</u> reported that since the last meeting, no new BIP proposal had been received.   As at February 2009, five IT-related BIPs were under implementation.   These projects were generally on track.

[Dr John Fung and Mr Edmond Keung joined the meeting at this juncture.]

Agenda Item 3 – Evaluation of the First and Second Batches of the Core Applications Development Project (CAP) on Human Resource Management (HRM) and Financial Management (FM) for Non-governmental Organisations (NGOs) (Paper JC 1/09)

4.   <u>The Chairperson</u> invited <u>Dr John Fung</u> and <u>Mr Edmond Keung</u> of the Information Technology Resource Centre (ITRC) of Hong Kong Council of Social Service (HKCSS) to highlight the outcome of the evaluation of the First and Second Batches of CAP.   <u>Dr Law Chi-kwong</u> declared his interest in the project as he was the Chairperson of the IT Business Committee of the HKCSS.

5.   <u>Mr Edmond Keung</u> said that the background, objectives, structure and other relevant information of the project had been set out in the evaluation report.   He considered that the implementation of CAP had provided a valuable experience to HKCSS.   Some learning points and observation were highlighted as follows-

    (a)   Core concept of CAP – the project was designed to be conducted in a collective manner. HKCSS chose the solution for its comprehensive functions and features but the NGOs expected a system to save manpower and to be customised to meet their operational needs without going through business process reengineering (BPR), which had basically deviated from the "core concept".

    (b)   Financial perspective – the resources input by the contractor were far more than the original estimate.   In the long run, it might affect suppliers' incentive to invest in the social welfare sector and this had been reflected in the tendering process for the Third Batch of CAP.

(c) Complicated project structure – the project was funded by Lotteries Fund (LF) while HKCSS undertook the project management for implementing the systems for the participating NGOs. HKCSS entered into contractual relationship with the supplier but not with the NGOs which could withdraw without any contractual obligation apart from the consequences set out in the funding parameters for the First and Second Batches of CAP.

6.   Ir William Li commented that consideration for adopting the solution should be on its capability to meet users' needs. HKCSS should have realised the different needs of the NGOs of different sizes and the limitations of the solution for the small and medium-sized NGOs.

7.   Dr John Fung said that the solution was chosen in view of its comprehensive functions and special discount offered. With its modular approach, the solution could also cater for NGOs of different sizes. The NGOs with higher investment both in time and resources tended to stay with CAP. For the NGOs with less commitment and more frequent turnover of key staff during project implementation, the withdrawal rate was higher.

8.   Ir William Li reiterated that meeting user needs should take precedence over cost consideration in the choice of the software for any project implementation.

9.   In response to Mr Joseph Man's enquiry on whether risk assessment especially on the NGOs' withdrawal had been conducted in the Feasibility Study, Dr John Fung replied that the following measures had been taken to help the NGOs stay in the project -

(a) Confirmation of user requirement specifications by the top management of the concerned NGO was required before joining CAP;
(b) Funding parameters were set out for the handling of withdrawal requests made by the NGOs; and
(c) The project schedule was extended to provide a buffer for project implementation.

10.   Mr Nigel Ma commented that users' expectation had to be contained in a realistic manner. Mr Victor Lam echoed that expectation and change management were critical success factors during project implementation. He suggested that future joint applications could be implemented by phases for better buy-in or through setting up of a common infrastructure such that it would be easier for the NGOs to realise the possible benefits brought by IT.

(Dr John Fung and Mr Edmond Keung left the meeting at this juncture.)

11.   The Chairperson highlighted that with HKCSS taking the lead and the NGOs' participation, the CAP was originally expected to produce synergy and reduce cost. However, the privilege of exempting the requirement of 20% contribution for NGOs joining the CAP under the BIP Scheme seemed to have somehow affected the NGOs' commitment towards the project. The choice of the solution might also pose problem for the CAP as it fails to meet the diverse needs of NGOs of different sizes.

12.   Dr Law Chi-kwong considered that it was difficult to handle expectation management and communication with the NGOs during the implementation of the CAP. Most NGO management still considered IT projects as computerisation of the related procedures or processes and was not yet ready to regard BPR as a prerequisite for the success of IT projects. Implementation of a sector-wide application was almost impossible due to the diversity of the NGOs. Besides, there was always potential risk in the development of any IT system. Dr Ting Wai-fong shared the view that the pace for IT development was not the same for different NGOs. Nonetheless, this factor should have been well recognised and measures should have been taken to tackle it.

13.   Mr Joseph Man commented that despite its strenuous efforts to implement the CAP, the performance of HKCSS in project management needed to be improved.

14.   Both Dr Edith Mok and Mr Nigel Ma considered that top management support was a crucial success factor for every project implementation. Dr Edith Mok also viewed that standardisation of the user requirements was difficult because of the cultural disparity among the NGOs with different organisation background.

15.   Both the Chairperson and Dr Law Chi-kwong echoed that HKCSS experienced difficulties in taking the leadership role to convince the NGOs' management to commit to the project.

16.   Dr Law Chi-kwong commented that some of the NGOs were not ready to drive further IT development. Mr Joseph Man however considered that the welfare sector should catch up with the pace of the changing world and improve its readiness for advancement in IT. Dr Edith Mok supported the view that readiness assessment and change management were important to the implementation of every IT project.

17.   Miss Ann Hon commented that the NGO management, especially for those withdrawn cases, might have little idea of the CAP system. She opined

that HKCSS should have done more to facilitate understanding and involvement of the NGO management. On the other hand, the NGO management just delegated the project implementation with HKCSS to their staff. The project had experienced substantial slippage and overall review of the effectiveness of CAP was essential.

18. The Chairperson concluded that the IT strategy in relation to the development of joint applications needed to be reviewed after consolidating the experience in implementing the CAP.

Agenda Item 4 – Implementation of the Third Batch of the CAP on HRM and FM for NGOs (Paper JC 2/09)

(Dr John Fung and Mr Edmond Keung were invited to join the Meeting at this juncture)

19. Mr Edmond Keung referred Members to the progress report of the Third Batch of CAP and highlighted that as at January 2009, four NGOs with five systems had completed implementation. The only outstanding implementation was the FM system of one NGO which had been rolled out and was awaiting formal sign-off. The project was expected to be completed by February 2009.

20. The Chairperson drew Members' attention to the two issues of the Third Batch of CAP, i.e. settlement of payment with the Contractor for the implementation service and handling of the unused inventory upon the NGOs' withdrawal.

21. Mr Edmond Keung supplemented that upon the NGOs' withdrawal, HKCSS had sought legal advice. In short, HKCSS had to fulfill its contractual obligation for settlement of the related payment to the Contractor as there was no strong evidence to hold the Contractor accountable for the NGOs' withdrawal, not to mention that 13% discount had already been offered by the Contractor during contract variation.

22. In response to the Chairperson's enquiry on the handling of the unused inventory, Mr Edmond Keung said that the ten spare server machines for the Third Batch of CAP were proposed to be redeployed for use in the first and second batches of CAP for sharing the loading of existing machines, as standby backup machines and for setting up a special testing environment facilitating enhancement and training purpose.

23. In response to Mr Joseph Man's enquiry on the possible response from other NGOs in the sector, Dr John Fung clarified that such redeployment would

enhance the CAP's overall system performance and resilience.

(Dr John Fung and Mr Edmond Keung left the meeting at this juncture.)

24. The Chairperson considered that HKCSS was bound by its contractual obligation to pay the Contractor. He added that the amount spent by those NGOs which had withdrawn would have to be deducted from the $4M ceiling under the BIP Scheme according to the pre-set funding condition.

25. The Secretary informed the meeting that from the information gathered, there was no strong evidence to hold the Contractor and HKCSS accountable for mishandling of the project. Regarding the withdrawal of one NGO with two systems in the Third Batch, the current funding parameters would apply such that the amount spent would be deducted from the $4M ceiling under the BIP Scheme for that NGO.

26. Miss Nancy Law proposed to consolidate Members' views for an overall review of CAP upon the completion of the evaluation of the Third Batch. Mr Fung Man-lok said that a discussion paper would be prepared for this purpose for the next meeting.

27. In response to the Chairperson's enquiry on the proposed handling of the unused server machines, Miss Ann Hon said that the procedures and guidelines set out in the LF Manual should be observed. The Secretary supplemented that those NGOs which had withdrawn from the CAP were not entitled to the usage of any infrastructural facilities purchased for the CAP. According to the LF Manual, the surplus items could be re-allocated to other NGOs under the project for use and the proposed server deployment plan did not violate this principle. Miss Nancy Law considered that redeploying the spare server machines to the first and second batches of CAP would enhance the overall system performance.

28. The Chairperson concluded Members' views as follows:

 (a) LF grant was recommended to be disbursed to HKCSS for settling payment to the Contractor;

 (b) Handling of the withdrawn cases would be according to the current funding parameters set out for the Third Batch of CAP;

 (c) The server redeployment plan proposed by HKCSS was acceptable; and

 (d) Overall evaluation of CAP and the way forward for joint applications

would be reviewed upon the completion of the Third Batch of CAP, in the context of subsuming function of the BIP Scheme under the Social Welfare Development Fund in future as recommended by the Lump Sum Grant Independent Review Committee.

Any Other Business

29.   The Secretary informed Members that a project to assist the NGOs to replace their computer equipments would be implemented in 2009-10.   The related paper would be put up for Members' discussion at the next meeting.

30.   There being no other business, the meeting was adjourned at 12:45 pm. The next meeting would be held on a date to be fixed.

Social Welfare Department
March 2009