

**Business Facilitation Advisory Committee
Wholesale & Retail Task Force**

Technology Voucher Programme

Purpose

This paper briefs Members on the implementation of the Technology Voucher Programme (“TVP”).

Background

2. The Innovation and Technology Commission (ITC) launched the TVP in November 2016 under the Innovation and Technology Fund (“ITF”) on a pilot basis to support local enterprises/organisations in using technological services and solutions to improve productivity, or upgrade or transform of their business processes. The TVP has become a regular funding programme under the ITF since February 2019.

Key Features of the TVP

3. Currently, the TVP provides funding for projects on a 3 (Government):1 (enterprise/organization) matching basis. Subject to the cumulative funding ceiling of \$600,000, up to six projects from an applicant may be approved. Funding from the TVP can be used to cover technology consultancy, equipment and hardware/software relevant to the project. Technological services that can be subsidised under the TVP are not limited to a list of pre-defined types. We encourage enterprises/organisations to review their business operations and identify technologies that are required to address business challenges in order to improve productivity, or upgrade or transform business processes.

4. After applications are received from enterprises/organisations, the TVP Secretariat (“the Secretariat”) will check their eligibility and conduct preliminary vetting. Eligible applications will be submitted to the TVP Committee (“the Committee”), comprising members from the business sector, technology sector, professional services sector and relevant Government departments, for assessment. Assessment criteria include relevance of the project to the applicant enterprise’s business, reasonableness of the budget and the implementation details, and any adverse records of the consultants and/or service provider(s) to be engaged, etc. Applications supported by the Committee will be passed to the ITC for approval of funding.

5. Enterprises/organisations are required to implement the projects in accordance with the approved application and funding agreement, and submit a final project report, a statement of project expenditure, payment receipts and relevant supporting documents after project completion. The Secretariat will also conduct on-site checks on projects. Upon acceptance of final project reports by the Committee, the Secretariat will arrange reimbursement of funding to enterprises/organisations.

Enhancement Measures

6. The ITC attaches great importance to comments from the industry on the TVP. The funding arrangement has been reviewed and enhanced from time to time to encourage and facilitate the industry in making use of the TVP. Since the introduction of TVP in 2016, we have implemented the following enhancement measures:

- (a) Eligibility: When the TVP was launched, only small and medium enterprises (“SMEs”) with at least one year of substantive business operation in Hong Kong were eligible to apply. Since February 2018, all non-listed enterprises registered in Hong Kong under the Business Registration Ordinance, regardless of their size and period of business operation, can apply for the TVP. Since February 2019, the eligibility criteria are further expanded to cover all companies incorporated and registered in Hong Kong under the Companies Ordinance that are exempted from business registration, and statutory bodies set up in Hong Kong that are not receiving recurrent Government subventions.

- (b) Funding amount and ratio: Since April 2020, the funding ceiling per applicant enterprise/organisation has been increased to \$600,000 from \$200,000 as at initial launch. The maximum number of approved projects has been increased from three projects to six projects. The Government's funding ratio for each TVP project has also been raised from two thirds to three quarters. From August 2020 onwards, the restriction pertaining to related entities has been relaxed. Enterprises/organisations set up as different legal entities but having the same individual(s) holding 30% or more ownership in each of the enterprises/organisations are no longer treated as one single entity for the purpose of calculating the cumulative funding amount under the TVP, so that more enterprises/organisations can benefit from the TVP.
- (c) Implementation arrangement: To facilitate the early adoption of the technological services or solutions, starting from June 2020, applicant enterprises/organisations can start their projects on the next day following the submission of the applications at the earliest, without the need to obtain prior approval from ITC. Furthermore, in order to alleviate the capital problem of SMEs and start-ups, starting from December 2019, applicants can request the Secretariat to disburse an initial payment of up to 25% of the approved funding amount in advance for approved projects.
- (d) Implementation Partner: With the overwhelming response to the TVP following the introduction of further enhancement measures in April 2020 (see item (b) above), the number of applications received tripled from 1 574 in 2019 to 4 945 in 2020. As the increase in number of applications far exceeded the capacity, to expedite the processing, ITC appointed the Hong Kong Productivity Council ("HKPC") as the implementation partner of the TVP, utilizing its professional experience and manpower resources to increase processing capacity.

Effectiveness of the Programme

7. Since its launch, the TVP has been well received by the local business sector. As at end-April 2022, a total of 15 037 applications have been received under the TVP (excluding applications subsequently withdrawn or are unable to be processed due to ineligibility or missing supporting documents.) Among the 12 948 applications that have been assessed as at end-April 2022, 12 698 projects are supported by the Committee, representing a success rate of around 98%. Of these applications, 12 299 have been approved, with around 95% of the applicants being Small Medium Enterprises. The total funding amount is around \$2 billion, with average funding of about \$160,000 per application.

8. Technological services/solutions involved in the projects include enterprise resource planning solution, point-of-sales systems, electronic inventory management system, document management and mobile access system, appointment scheduling and queue management system, etc. The trades of the applicant enterprises are mainly wholesale and retail, restaurants and hotels, import and export trade, engineering as well as personal care services.

9. In the past five years, the TVP supported different industries in adopting technologies to enhance their productivity or upgrade their business processes. For example, flower shops made use of point-of-sales system to record real-time inventory and price of flowers, so that employees could arrange purchases and sales accordingly. Restaurants greatly improved their operating efficiency after introducing catering management system for patrons to place their orders and obtain queue tickets electronically. Import and export trading companies made use of enterprise resources planning system to integrate the processes of providing quotations, issuing invoices and collecting payments, setting reminders for payment due dates, and producing sales reports etc. According to evaluation reports submitted by beneficiary enterprises/organisations that have completed their projects, 99% of them are of the view that the projects can improve their productivity, save manpower, time and/or cost, or can upgrade/transform/streamline their business processes. They also support the ITC's continuous implementation of the TVP.

Way Forward

10. We will continue to promote the TVP to industries so as to increase the competitiveness of local industries through adoption of technologies. We will closely monitor the implementation of the TVP, review its operation regularly, and introduce further enhancement measures when appropriate.

Advice Sought

11. Members are invited to note the content of this paper.

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