

# An Introspective Look at the Liberalization of G2B Electronic Trading Service

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## ABSTRACT

The Government announced on April 7 that a new service operator, Global e-Trading Services Ltd. (Ge-TS) was awarded a license to provide front-end Government Electronic Trading Services (GETS) and other related value-added services to the trading community of Hong Kong starting from 2004. The objective of this appointment is to enable the new service provider to compete with the incumbent operator on price and quality, and in developing other value-added services, to the benefit of the trading community. The Ge-TS appointment is for a period of five years from 2004 to 2008, and is extendable by the Government for another two years.

The paper will discuss an innovative system architecture of GETS which contributes to a technical superiority system for its service. The writer will introduce the system's features, marketing strategy as well as its technical aspects to describe how a highly secure, robust and scalable platform is created to configure the support of new electronic trade documents in future.

Unlike other Government tenders, the project employs an operation-outsourcing model in which Ge-TS shares a substantial portion of the project risk with the Government and recovers her cost through service fee charged to traders. The paper will analyze those benefits brought to the government in

details.

**Keywords:** Government Electronic Trading Services, Import/Export Declaration Service, Dutiable Commodities Permit Service, Trading Community.

## 1. INTRODUCTION

Since the early 90's, the Hong Kong Government has been promoting electronic commerce which is important for maintaining Hong Kong's position as a leading trade center and logistics hub. In 2002, more than 16 million trade documents were submitted electronically by 700,000 traders.

In the early 1990's, the Government has joined forces with the private sector to set up a company for providing electronic transaction service for government-related documents. The incumbent operator was expected to develop and provide front-end Electronic Data Interchange ("EDI") service. To promote the adoption of e-trading, the government phased out paper lodgment of trade declaration from 1 April 2000.

Currently around 90% of trade documents are submitted directly from the traders' offices electronically while the remaining 10% are submitted through agents called service centers, adding to a total of 16 million trade documents processed every year.

The Audit Commission of the Hong Kong Government has conducted a report in 2001 to review the government's effort in e-business promotion. The report recommended that with the advancement in new technology and the popularity of Internet, there were opportunities to introduce new competition and enabled the service to be provided more economically. The Hong Kong Government decided to invite two additional service providers. After a six-month tendering exercise, only two bids were short-listed which fulfilled the tender requirements. Subsequently, Computer And Technologies International Limited (C&T) is awarded the license for a period of five years and extendable for an additional period of two years.

## 2. FEATURES OF THE NEW GETS SERVICE

C&T will be offering the electronic trading services in a new form. Instead of the traditional EDI format, C&T will offer Internet-based electronic services under a revised term – GETS (Government Electronic Trading Services) with effective from early 2004.

Combining the technological advancement in this decade together with C&T's strength in developing Government-to-Business projects' experience, the new GETS service will revolutionize the use of electronic trading in the trading community. A subsidiary under C&T called Global e-Trading Services Ltd. (Ge-TS Ltd.) will commence in 2004 to provide GETS and other related value-added services to the trading community in Hong Kong.

Ge-TS Ltd. provides full range of electronic services to the trading community including lodgment of Import and Export Declarations and Dutiable Commodities Permit.

### 2.1 Import/Export Declaration Service

### (TDEC)

Four general types of Import/Export Declaration (TDEC) are provided for traders. Through the TDEC service offered by Ge-TS, importers/exporters could prepare and submit the related trading documents to Government through electronic means. They could validate their information before submission and amend the submitted contents in a message format. Through the GETS system, Government will deliver notices, queries and acknowledgement to the concerned importers/exporters for communication. Traders will also prepare query response or to initiate an amendment of submitted TDEC to Government and be notified for failures or failure of validation of their message. The service provides unique feature of bar-code fax cover to facilitate traders in document preparation.

For traders who do not prefer to submit the documents electronically on their own, they could select the service counters located at various locations to help them process their application or utilize the pick-up service or drop-in box service arrangements offered by Ge-TS.

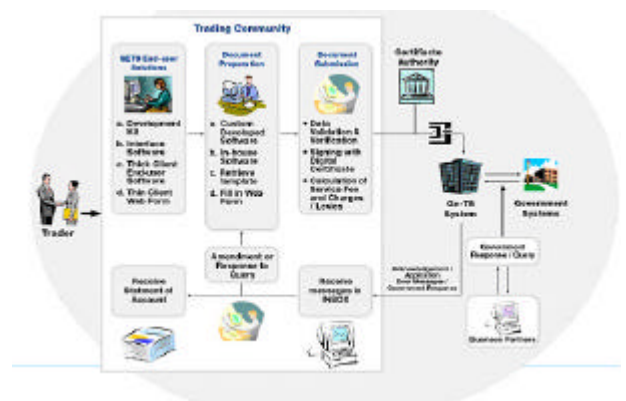


Fig 1. TDEC Service

## 2.2 Dutiable Commodities Permit Service (DCP)

Ge-TS' DCP services enables major players of the transaction such as traders and warehouse operators to prepare, receive and submit DCPs to Government.

Traders could prepare Ship Store Application, Code Application, Age Certificate, Customs Appointment, Query Response, Executed Permit Advice (EPA) and Payment Confirmation Advice to Government and to receive response from Government through Ge-TS system. For oil and beer companies, Ge-TS system will enable them to prepare daily pass or voucher notification easily.

Warehouse operators could receive and approve Permits and submit the Executed Permit Advice (EPA) to Customs and Excise Department through the system. They could also prepare Warehouse Return to the Government.

Traders who do not submit the documents electronically on their own could utilize the Ge-TS' services to convert paper submission into electronic messages on behalf of them for submission to the Government.

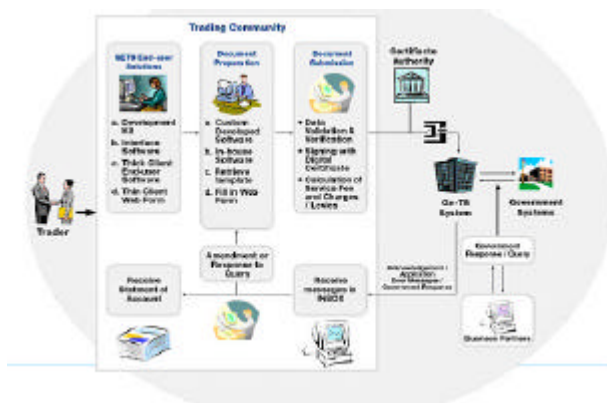


Fig 2. DCP Service

## 2.3 Value-added Services (VAS)

Instead of general imports and exports declaration service provision, C&T will also develop other value-added services, to the benefit of the trading community. A whole suite of value-added services such as e-Sourcing, Biz-schedule, Web-Hosting will be available to meet trader's specific needs. Those are exclusive channels to help traders in promoting their products and services and extending their customer base.

## 3. BENEFITS TO THE TRADING COMMUNITY

Through GETS, traders are utilizing the latest and innovative technology to communicate with the Government. Ge-TS' solutions are complying with and adhering to international standards which would be briefly described in the following session.

Ge-TS customers are enjoying a whole suite of value-added services besides TDEC and DCP. Examples of VAS includes customized GETS-enabling application integration services, ERP and trade transaction services likes e-Procurement, e-Tendering and e-Sourcing solutions.

The services are flexible and tailor-made to trader's specific needs. Ge-TS offers a portfolio of industry-tailored solutions to traders and trade services providers, helping them to build an efficient and effective business process. There are also different payment options fitting individual customer's needs.

The pricing offered by the new operator would be competitive than the existing market provider. Traders could select their usage pattern and specific requirement to enjoy cost effectiveness with services customized to their needs.

Ge-TS customers will enjoy customer hotline and technical support services 24 hours a day, 7 days a week. They could also use on-line help function to handle frequently encountered issues that facilitate

their daily operation in most efficient and effective manner.

A comprehensive customer services programme is available to serve customers at different stages of the service cycle, ranging from customer registration to on-going usage of the service.

### **3.1 Customer and Technical Services**

Ge-TS provides traders a simple and easy registration process without the need to registration fee. A vast variety of training courses through various media are available for traders to select such as classroom training, on-site or Internet courses.

Traders are also getting on-going support through the Help-on-Web (HOW) or the Service Operator-assisted Support Centre.

Help-on-Web (HOW) is a comprehensive help facilities on web not only provide quick search on answers to frequently asked questions but also include tips on how to better utilize the special functions/features of the end user software. There are structured help tool to guide traders in a step-by-step manner to send technical reference/diagnostic findings of technical problems encountered during operation to Ge-TS service team. There are training to help new users to obtain a comprehensive overview of various services and end user software. Traders could also use the Do-It-Yourself tool to help them in experiencing IT to perform self-upgrade of their end user software. If they have any enquiry on transaction/payment status, they could check it through the online trader account status enquiry service without the need to call customer service hotline. There are also web-based information services to update traders on general customer newsletter information, Government trade-related information, and Ge-TS services release information.

For traders who contact the service operator-assisted support center, their enquiries/problems would be analyzed to facilitate enhancement of on-going customer service.

Ge-TS is positioned as a customer-focused company. It aims at arranging tailored and superior level of customer and technical services for traders with specific needs. Traders are offered a rich selection of service packages to address for different requirements.

### **3.2 Value-Added Services by Partners**

To differentiate its services from others, Ge-TS focused on partner and alliances to help meet customer requirements on day-to-day business operations effectively and profitably. The selected value-added partners are specialized in enterprise resource planning (ERP) applications, logistics system and service, overseas Customs or trade declaration services as well as office applications.

Those partners are the market leaders of its kind in their specific sectors. All have been providing proven and high quality business solutions to their customers for many years. Traders can enjoy a seamless integration of Ge-TS services with the application systems provided by the partners. It means that customers could generate electronic trading documents automatically and submit them to the Government anytime in one single application system. This would minimize the data re-keying job or manual typing error thus reducing their administrative overhead.

Besides, Ge-TS also formed close relationships with different IT technology, product and service providers to ensure up-to-date technologies and professional services to its customers.

#### 4. PROMOTION TO THE TRADING COMMUNITY

The trading community will be notified of the new services via various marketing channels. The Government has announced Ge-TS as the second service provider to offer front-end electronic trading services through different officials' speeches. Besides, the Government has also delivered a formal letter to all traders informing them the availability of choice in handling government trading documents electronically.

To increase market awareness, Ge-TS will also advertise through different media the service provision date and details. Feature articles are published in newspapers and magazines target for traders and the general public to get update on the latest trends. For interested parties who would like to gather more information, they could access the Ge-TS website ([www.ge-ts.com.hk](http://www.ge-ts.com.hk)) or visit those well-known trade exhibitions in town such as the Hong Kong Electronics Fair, Gifts and Premium Fair, etc to collect the marketing collaterals. Hotline services have also been ready to handle incoming customers' enquiries and suggestions.

#### 5. TECHNICAL ASPECTS

Ge-TS Ltd. sets up a technical superiority system for its services. It is built on a highly secure, robust and scalable platform to configure the support of new electronic trade document in future. It deploys XML, the latest technology, as the electronic standard transmitted between its system and the Government Gateway to facilitate communications through an excellent connectivity with international e-trading standards. Ge-TS uses HTTPS as the communication protocol between the end-user solutions and the core system and applies PKCS as the message security standard.

The software is written in Java programming

language and run on Java Virtual machine. It is ride on the inherent robustness of the Java programming language and the Java Virtual Machine to avoid problems like system crashes and system incompatibilities commonly faced by other non-Java base programs.

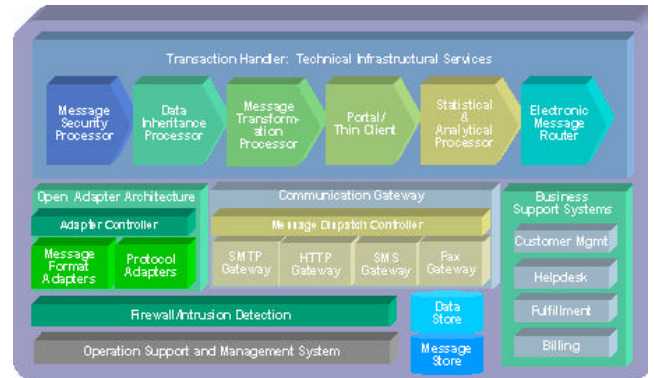


Figure 1. GETS Architecture

#### 6. WHY DOES THE GOVERNMENT OUTSOURCE?

Unlike other Government tenders, the project employs an operation-outsourcing model in service provision. Ge-TS develops and operates the system for the Government and provides the service to the trading community. In returns, business users will pay Ge-TS for service usage. In this arrangement, Ge-TS shares a substantial portion of the project risk with the Government and recovers her cost through service fee charged to traders. Ge-TS has a complete control of the work for the delivery, implementation and operation of the services to the full extent.

Through outsourcing, the Government is able to achieve its objective of enlarging the delivery capacity in service provision. It also accelerates the delivery of solutions which means ready to market with proven solutions offered by the outsourced service provider. The outsourcing model will also

lessen the Government's setup and operating costs in the long-term.

## **7. CONCLUSION**

Through Government's open market policy, Ge-TS provides full range of electronic services to the trading community with the focus initially on the lodgment of Import and Export Declarations and the application of Dutiable Commodities Permit. It deploys the latest technology like XML as the electronic standard transmitted between the provided system and the Government Gateway. Ge-TS will also develop various value-added services to provide unparalleled value to its customers and to the benefit of the trading community as a whole. Besides, customers may also select the customized solutions according to their specific business needs.

To conclude, traders are provided with more choices and competitive offers available in the market.

They are able to benefit from the Government's decision to terminate the exclusive franchise of the incumbent operator.