

Operations Review

Overview

Demand for the Group's inspection and testing services remained strong in 2014, thanks to increased marketing efforts and persistently high Certificate of Entitlement (COE) premiums and car prices.

The COE premiums remained high despite adjustments to the system which included the introduction of a new criterion limiting the horsepower output for the Category 'A' COE. The COE quota system, which was determined at every six-month interval, was further refined to a three-month time period instead to make it more responsive to de-registrations.

In all, about 520,000 vehicles passed through our inspection lanes during the year.

Significantly, we carried out our 8,888,888th vehicle inspection on 26 March 2014 – a notable milestone in our three decades of operation. To celebrate the momentous occasion, we presented the lucky vehicle owner a lifetime's worth of vehicle inspection services.

Refurbishments and enhancements were carried out at our inspection centres throughout the year. Motorcycle test lanes were added to the Sin Ming,

Bukit Batok and Changi inspection centres, increasing their capacity to inspect more motorcycles. Two of the inspection lanes at the JIC Ang Mo Kio inspection centre were replaced and the centre given a new coat of paint. New signages were also erected to better manage traffic flow. Other extensive works carried out at our inspection centres included the extension of metal railing barriers and the installation of additional warning signs alongside inspection pits to further enhance safety levels.

Our centres offer more than just vehicle inspection services. Motor insurance, road tax renewal, in-vehicle unit (IU) maintenance, car evaluation, accident vehicle assessment and vehicle emission certification are some of the ancillary services available to motorists who call at our inspection centres. In all, we filed 15,207 accidents reports, assisted 1,496 motorists with the repair of their vehicles at approved workshops and carried out 3,699 surveys on accident vehicles making accident claims in 2014.

To ease the queues at our cashier counters, two Automated Payment Machines (APMs) that accept both cash and cashless payments were put on trial at our Sin Ming inspection centre. With the APMs, payments are transacted about a minute on average. More APMs will be implemented across the inspection centres in 2015.

In May, we started a new road tax express service in the form of a deposit box at Sin Ming, Kaki Bukit and Bukit Batok inspection centres. This is especially useful for motorists who are unable to process their road tax fees during office hours. All they need to do is fill in a form and drop the cheque payment into the box, and the road tax fee will be transacted the next working day.

From 1 January 2014, all newly-registered diesel vehicles must comply with the Euro 5 emission standard. As the Japanese emission standards (JPN 2009) are also acceptable here, our VICOM Emission Test Laboratory (VETL) is working with the Authorities to ensure that compliance to both standards is met.

To drum up demand for VICOM FIT™, our used car evaluation service, we advertised extensively on popular car re-sale portals. As most car dealers and buyers tend to arrange for VICOM FIT over weekends, plans are in the pipeline to roll out a web-based booking system in 2015 to make appointment booking that much easier.

Our wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO), performed well in 2014 on the back of strong demand in the oil and gas, petrochemical, marine and offshore as well as construction industries.



Sin Ming • Changi • Bukit Batok • Yishun • Kaki Bukit • Pioneer • Ang Mo Kio • Teban Gardens
Kuala Lumpur (Malaysia)

To-date, SETSCO has completed a number of jobs involving the non-destructive testing of offshore oil platforms which included three Floating Production Storage & Offloading facilities, six semi-submersible drilling rigs and two jack-up rigs. The testing of another two jack-up rigs is still in progress.

SETSCO also provided technical expertise in the areas of project management, groundwater drilling and water quality monitoring for the development of a sustainable water solution using sand aquifers for JTC Corporation. The first phase of this project was completed in 2014.

During the year, SETSCO rolled out Singapore's first automated cube testing system – where robots are used to carry out the testing of concrete cubes, including scanning, lifting, weighing, feeding as well as testing and disposing. During the year, it also bought a new CNC vision machine that has the ability to not only handle complex calibrations on a wider range of products, but also provide higher magnification with greater accuracy. This has helped expand SETSCO's dimensional measurement capability to include non-contact measuring techniques.

SETSCO's clinical laboratory, which was registered with the Health Promotion Board to provide health screening services in June 2014, was also licensed by the Ministry of Health in November 2014 to test for heavy metals and organics in blood and urine using the Inductive Coupled Plasma Mass Spectrometry (ICP-MS) and Gas Chromatography-Mass Spectrometry (GC-MS) methods.

Apart from projects in Singapore, SETSCO also took on more overseas.

Across the Causeway, it provided surface friction testing services for a helicopter landing deck located at Johor Port in Pasir Gudang. It was also appointed to set up and manage a laboratory that monitors the quality of concrete materials used for the construction of the Penang Second Bridge, which at 24km in length, is the longest bridge in Southeast Asia.

Further afield, SETSCO conducted an optic scan of approximately 128,000 sq m of glass surfaces for the 39-storey Flame Towers, the tallest skyscraper in Baku, Azerbaijan.

During the year, SETSCO successfully attained its Occupational Health and Safety Advisory Services (OHSAS) 18001:2007 recertification.

Improving Internal Efficiency

In line with the Government's push to enhance the skills of workers and increase productivity, we instituted a cross-training plan for our vehicle inspectors to empower them to take on multiple roles and expand their job scope. To ensure our vehicle inspectors are kept abreast of industry developments, we arranged for them to undergo the Technical Knowledge Examination and additional training courses. Another 20 vehicle inspectors also successfully completed the 14-week ITE Skills-certified Motor Vehicle Inspection Course.

A new Quarterly Incentive Scheme (QIS) for our inspection centres was introduced on 1 July 2014. Through QIS, work targets for each inspection centre are set every quarter. Centres that meet or exceed their targets are rewarded, thereby improving overall productivity for the Group.

To further improve efficiency, we changed our billing data from hard copies to portable document formats or PDFs. PDFs allow us to match data to our point-of-sale system quickly, resulting in manpower savings from four man-days to just half-a-man-day a month. This method ensures higher levels of accuracy as human error is reduced.

SETSCO also implemented the SAP Materials and Management (MM) module, which tracks all purchasing activities, to better manage costs as well as ensure timely delivery. This allows the Company to take appropriate and timely interventions in the event of a delay. The module also provides better visibility of its overall spending for internal cost control and negotiation with suppliers. As a result, SETSCO managed to reduce its yearly expenditure.

Revenue
(\$'mil)

108.2

Total Number
of Employees

893