

OPERATIONS REVIEW

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

106.7

REVENUE (S\$'mil)

870

TOTAL NUMBER OF EMPLOYEES

Overview

2015 was a challenging year on many counts, with more vehicles de-registered and competition hotting up.

In fact, a total of 71,752 vehicles were de-registered during the year – more than double the number of de-registrations in 2014.

But we held our own through innovative marketing campaigns and improved service offerings.

As a result, we managed a total of 522,140 vehicle inspections in 2015, a slight increase compared to the previous year.

With Certificate of Entitlement (COE) premiums averaging \$58,000 during the year, many motorists adopted a wait-and-see attitude, preferring to hang onto their old cars and holding off new car purchases. The prevalence of private car mobile booking apps also contributed to an increase in demand for vehicle inspection services as most of the cars used by such apps are old cars.

Competition in the inspection business continued to intensify. In a bid to improve our value proposition to customers, we introduced more benefits in collaboration with several of our business partners. This included free \$10,000 Personal Accident coverage for our customers and free gifts like tyre gauges and ez-link cards. In addition, we have signed an Agency Agreement with AXA Insurance Singapore to represent them in motor insurance sales at our insurance counters. This will add another option for our customers besides our current representation of NTUC Income and ERGO Insurance (formally known as SHC).

In August 2015, we collaborated with Diners Club to launch our very own loyalty card, the Diners/VICOM “V” Card. Besides offering users the usual credit card benefits, “V” card holders can enjoy \$26 off their vehicle inspection fee once a year. Card holders can also enjoy free 24-hour road side assistance provided by ComfortDelGro Engineering Pte Ltd and 25% discount off car rentals at ComfortDelGro Rent-A-Car Pte Ltd.

Tapping on to our Nation’s celebration of the Jubilee year, a special SG50 promotion was launched. Customers who purchased an AXA Motor Insurance through VICOM were entitled to 50% off inspection fees while those who signed up for the “V” card got another



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50% off upon card approval. Customers who opted to sign on with both partners would get a free vehicle inspection. We have plans to add other motoring benefits to make the “V” card a unique “motoring” credit card to attract even more customers.

Our centres continued to provide various value added services during the year including in-vehicle unit (IU) maintenance, pre-owned car evaluation and vehicle emission certification. VICOM Assessment Centre (VAC) also offered vehicle assessment services at our centres in Sin Ming, Bukit Batok and Kaki Bukit. For the year ended 31 December 2015, VAC saw an increase of 16.3% in accident vehicle survey jobs. In addition, VAC assisted 1,063 motorists with the repair of their vehicles at approved workshops and filed 13,288 accident reports at our three centres.

The Automated Payment Machines (APMs), which were first rolled out in Sin Ming inspection centre in 2014, have proven to be a hit with customers given how user friendly they are. With each transaction taking less than a minute to complete, payment queues have now been reduced by 70%. In light of this, another 14 APMs were added across all our seven inspection centres in 2015.

With the APMs fully deployed, the amount of paper work has been significantly reduced. Cashiers can therefore focus their attention on responding to motorists’ enquiries. Similarly, our inspectors who work during extended operating hours are also relieved from payment matters and can now concentrate on handling inspections. Plans are underway to tap on the capabilities of the APMs to provide even more services for our corporate and walk-in customers in 2016.

Other “upgrades” include a new coat of paint for JIC Pioneer inspection centre and the replacement of three motorcycle test lanes in Ang Mo Kio and Kaki Bukit inspection centres.

In July 2015, there was a change in the Carbon Emissions-Based Vehicle Scheme (CEVS) which was first introduced in January 2013. The revised CEVS was more stringent than the original and will be effective for two years.

To qualify for a rebate under the revised CEVS, a new car must not emit more than 135g/km of carbon, down from 160g/km previously. Similarly, penalties will be imposed on cars that emit more than 185g/km of carbon, down from 210g/km previously. Meanwhile, the maximum rebate has been raised for cars that emit no more than 100g/km of carbon. The change has driven demand for VICOM Emission Test Laboratory (VETL) services up during the first half of 2015 as dealers rushed to beat the deadline. This, together with the release of more COEs, led to a record 476 vehicles being tested by VETL in 2015, up from 223 vehicles in 2014.

On the flip side, VICOM VFIT™, our used car evaluation service, saw a drop in demand in line with the proportion of cars aged between three and eight years. Typically, pre-owned car buyers will only use the service if their cars are older than three years or younger than eight. This is because younger cars are still under warranty and older ones will be scrapped soon.

Our wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO), had a challenging year in 2015 due to the general slowdown in the economy.

In 2015, SETSCO completed several overseas glass inspection projects. These included the Flame Towers in Baku, Azerbaijan and the Four Seasons Hotel in Abu Dhabi, United Arab Emirates. In addition, it also performed two major glass inspection projects in Singapore.

In support of environmental sustainability, SETSCO carried out a number of projects involving the analysis of water, sludge and air as well as grease trap audit and inspection for

PUB; ambient air monitoring involving the measurement of particulate matter, sulphur dioxide, ozone, carbon monoxide and nitrogen dioxide for Jurong Town Council; and the sampling and analysis of water and soil at Putrajaya Dam in Malaysia. SETSCO also developed the capability to conduct noise impact assessments and provide solutions to mitigate the effects of noise at worksites.

SETSCO also performed fabrication inspection of a new storage terminal at Tembusu in Jurong Island and a three-storey Airport Terminal 4 building at Changi. It also completed two jobs involving the non-destructive testing of offshore oil rigs.

During the year, SETSCO introduced a number of new testing services to support the industry. It used small controlled area radiography with built-in collimation to enhance the ability for radiographic inspection to be performed more safely and with equal, if not higher, levels of productivity. It also used ultrasonic phased array technology which simplified the inspection of components with complex geometry. In the field of calibration & measurement, it introduced flow and volumetric calibration measurements to widen its scope of services. For the construction industry, it set up a new testing service to conduct daylight reflectance of roofing and façade materials.

SETSCO successfully obtained the ISO 50001 certification on Electrical Energy Management of Laboratory Operation in 2015. ISO 50001 Energy Management System (EnMS) standard is a globally accepted framework for managing energy, providing technical and management strategies for companies to increase energy efficiency, reduce costs, and improve environmental performance.

SETSCO also received the Silver Award for the Singapore HEALTH (Helping Employees Achieve Life-Time Health)

Award which is presented by the Health Promotion Board to organisations with commendable Workplace Health Promotion programmes.

Customer Service Excellence & Professionalism

Customer service is an integral part of VICOM's corporate psyche.

During the year, we implemented a few initiatives including procuring 20 customer service tablets and installing them at our various counters including all cashier, road tax, accident reporting and insurance counters. Through the installation of such electronic feedback devices, we aim to constantly monitor and improve on our customer service skills.

Besides gathering feedback through the customer service tablets, our Marketing Department also conducted a series of training for our inspectors, using actual case studies, to emphasise the importance of customer service.

At our Sin Ming premises, we relocated the road tax payment counter, insurance counter and vehicle assessment centre into one integrated office. This has enabled us to leverage on synergies and free up enough space for an improved waiting lounge for our customers.

The customer service officers in the Marketing Department usually receive an average of 164 calls on weekdays and 131 calls on Saturdays with regards to standard queries like operating hours, inspection fees and IU services. We decided to automate these answers and introduce the Automated Phone Answering System in 2015. Ever since then, about 45% of such enquiries are dealt with automatically, thus improving the overall response time to our customers. More significantly, it has enabled us to provide customers with answers to their queries at any time of the day or night.

With all these initiatives in place, our efforts to improve customer service have paid off and we received 121 heart-warming written compliments from motorists in 2015, up from 21 in 2014. This has boosted the morale of our inspectors and Management alike and we will continue to drive a service-oriented culture to all our staff and make this a competitive advantage.

To ensure VICOM's professionalism, it is important that we continue to be linked to international professional bodies/organisations to keep abreast of technological advances and potential policy changes. We have sent two members of our Management team to attend the International Motor Vehicle Inspection Committee Conferences 2015 in Dubai.

Besides learning at the strategic level, we have also rolled out four training courses at the tactical level for all our inspectors. The courses focussed on new regulations or instructions issued by the Authorities during the year and highlight the common lapses and hard to detect issues.

Improving Internal Efficiency

VICOM continues to look at ways to improve efficiency and cut costs. We have worked with the Land Transport Authority and Singapore Accreditation Council to replace hard copy reports with new electronic ones which incorporate digital signatures and have watermarks for enhanced security. With this, customers do not have to come personally to collect the hardcopy reports as they can receive e-copies at their convenience. This has improved operational efficiency and upped our Green Quotient.

VAC also worked with various insurance companies to accept pictures taken of accident cars to be printed on the report instead of requiring them to be developed by a photo laboratory. This initiative has not only saved costs but also time and effort.

Our Finance Department has implemented the SAP Financial system for Setsco Services (M) Sdn Bhd, thus standardising the accounting software. Other departments have also reviewed and improved work processes, resulting in higher productivity and savings on manpower, energy and printing costs.