

SERVICES

SIN MING • CHANGI • BUKIT BATOK • YISHUN
KAKI BUKIT • PIONEER • ANG MO KIO • TEBAN GARDENS
• KUALA LUMPUR (MALAYSIA)

97.0

Revenue (\$'mil)

855

Total number of employees

Introduction

2017 was a challenging year for VICOM Ltd as increased global economic uncertainty, increased competition and the cyclical nature of vehicle de-registrations - driven by the Certificate of Entitlement (COE) system - weighed on performance.

Vehicle de-registrations hit a record high of 120,376 during the year, with more commercial vehicles and taxis taken off the roads. This, together with the enhancement of the Early Turnover Scheme (ETS) which was aimed at getting older, more pollutive diesel commercial vehicles off the road, resulted in a 4% drop in total inspections to 468,807.

Our Vehicle Assessment Centre (VAC), which provides accident reporting services, filed 14,236 cases, an increase of almost 6% over the previous year.

The non-vehicle inspection and testing business continued to face stiff competition amidst a weak economy. Despite the difficult operating conditions, our wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO) secured several notable projects both locally and internationally.

Stepping Up

During the year, there were two very high-profile explosions which involved Compressed Natural Gas (CNG) taxis. Miraculously, there were no fatalities but to ensure that such incidents did not recur, the Land Transport Authority (LTA) decided in May 2017 to recall all CNG taxis and public buses for an urgent two-day inspection. VICOM, as an Authorised Inspection Centre, was tasked to see through the exercise.

We organised our resources and extended the operating hours of two of our centres to get the job done. Over the 48-hour recall, we inspected over 450 taxis and 12 public buses.

Upon completion of that inspection, the LTA decided to move on to Phase 2 of the exercise which involved

CNG passenger cars. Owners of the 1,450 CNG passenger cars were given two weeks in June 2017 to get their vehicles inspected. In the final four days of that inspection period, the LTA requested that VICOM extend its operating hours to 10pm to meet demand. In all, VICOM inspected 1,140 CNG cars, representing close to 80% of the total CNG private vehicle population.

Another service that we undertook during the year was the installation of tamper-evident decals on private hire vehicles. The decals, which were mandated by the LTA for display on the front and rear windscreens of these ride-hailing vehicles, had to be installed by 30 June 2017. Once again, about a third of the cars turned up in the very last week of the inspection period, resulting in some traffic congestion issues but these were resolved by the additional manpower we deployed on the ground.

Amidst challenging times, we stepped up our marketing efforts. For example, in February 2017, we launched a special lucky draw to commemorate our 35th anniversary of operation. There were 35 monthly winners each winning vouchers and a special 35% discount off NTUC Income insurance for our lucky grand prize winners. All customers who signed up for the draw also enjoyed \$10,000 Personal Accident coverage free.

The co-brand partnership with Diners grew from strength to strength in 2017 with the official launch of the Diners/VICOM Cobrand Credit Card, "V" Card. We struck new partnerships with popular auto related brands such as Bridgestone and Cars International - further cementing the "V" Card as Singapore's motoring card. The Esso Fuel Card, which is coupled with the "V" Card, has proved popular with many cardholders opting to enjoy fuel discounts of up to 21.27%.

To improve the experience of our corporate fleet customers, the VICOM Solution for Inspection



Requirements or V-SIR was launched. This new digital service enables fleet owners to receive inspection reminders via a self-managed portal so that they will not miss an inspection with VICOM.

To complement the V-SIR, an easy to use payment solution, e-Pay, was introduced to simplify the payment process and drive more customers towards the Automated Payment Machines (APM). The e-Pay solution allows customers to go 'cashless', and pay for their inspection with a few taps on the APM.

Upping the Green Quotient

There was a greater Governmental push towards a cleaner and greener environment during the year. Emission standards were raised and this meant that machines needed to be upgraded to accommodate the new tests.

For example, a new regulatory requirement was introduced to ensure that all petrol vehicles were Euro 6 compliant by September 2017 and all diesel vehicles by 1 January 2018. The VICOM Emission Test Laboratory (VETL), which provides emission testing services for new vehicles imported into Singapore, upgraded its equipment and facilities to meet these new standards. More tests were also needed to ensure that vehicles met requirements for the new Vehicular Emission Scheme (VES), which is far more

stringent and takes into account five pollutants instead of just one under the earlier Carbon Emissions-Based Vehicle Scheme (CEVS).

International Projects

SETSCO secured several notable projects both locally and internationally during the year, thanks to its strong track record.

SETS Services DMCC, a wholly-owned subsidiary company was set up by SETSCO in Dubai, United Arab Emirates (UAE) to perform glass inspections there. The scope of work involves the inspection of glass panels for nickel sulphide inclusions of the external glass facades of Gold Tower and Silver Tower, Cluster I, Jumeirah Lake Towers, Dubai. The work commenced in January 2017.

Our non-vehicle inspection and testing services arm also undertook a one-year term contract for the testing of sand and granite from the Building and Construction Authority. The work included petrography, chemical and aggregate testing. A shutdown project at one of the chemical plants in Jurong Island was also completed during the year.

SETSCO set up a remote test laboratory at the Changi Terminal 5 site to service the clients involved in the construction of a three-runway system. The main contractor's scope of work included pavement and

drainage works, security fencing and perimeter roads, mechanical and electrical works, as well as supporting works such as road diversions. SETSCO was involved in the earthwork and pavement testing as well as soil, concrete, chemical and environmental testing.

To broaden SETSCO's reach, two new services were launched in 2017 - consultation and certification services. These services address industry gaps where ad-hoc advisory and consultative services are frequently required. With the successful attainment of ISO/IEC 17021-1:2015, SETSCO is now able to offer a wide range of certification services to companies which seek compliances to the requirements of different management systems such as ISO 9001, ISO 14001 and ISO 18001.

Recognition

VICOM was awarded the Transparency Award for commendable standards in Disclosure and Transparency at the 18th Annual Securities Investors Association Singapore (SIAS) Investors' Choice Awards. In recognition of the Group's support for National Service, both VICOM and SETSCO were awarded the "NS Mark" and "NS Mark Gold" respectively in February 2017 from the Ministry of Defence. SETSCO was further awarded the higher accolade "NS Advocate Award - Large Companies" in October 2017 - the highest possible recognition awarded to private companies.

Professionalism & Customer Service Excellence

Customer service plays an integral part of our product offering and ingrained deeply in the fabric of our inspectors. We continue to encourage them to excel in these areas and have in place incentive awards like the Best Customer Service Award (Individual) and Best Customer Service Award (Centre). Such initiatives have reaped dividends with 3,265 compliments received during the year, up from 1,028 in 2016.

Encouraged by the positive results, we introduced the Best Centre Award during the year - recognising the one centre which has the most technically proficient and service oriented inspectors in the year.

Top customer service staff will also be featured on special Light-Emitting Diode (LED) screens at selected centres as an added incentive for top performers. Plans are underway to install more LED screens in stages across other centres.

As part of our drive towards "PPC" (Professionalism, Productivity and Customer Service), various training sessions were conducted throughout the year, including keeping inspectors updated with latest industry developments. VICOM's Senior Management team too is constantly looking out for the latest industry trends, with two members of the Management team attending the International Motor Vehicle Inspection Committee Conference 2017 in Croatia.

To enhance the customer experience at VICOM's Sin Ming centre, a complete makeover was commissioned to spruce up the interior and update current fixtures with a 'quality customer centric focus' experience. A one-stop cashier point where customers can pay for their inspection, road tax and insurance was completed on Level 1 bringing greater convenience to our customers.

A newly revamped website for VICOM was launched in August 2017 to create a more user-friendly browsing experience for our valued customers and business partners. The new website has been optimised for mobile devices, both Android and iPhone mobiles, so that motorists can find the information they need easily while on the move.

Besides accessing inspection-related information, a new feature called "Check Vehicle Inspection Due Date" has been added online. Motorists also have the option to receive inspection reminders subsequently via SMS or email

once they register their personal particulars with us. This will save the customer the hassle of turning up when the inspection is not due or worse, missing an inspection and end up paying a fine.

In the push towards better customer service, we have also included on the front page a "Happy with our Service" icon, similar to the "Like" function in Facebook, to encourage motorists to give a pat to our inspectors. The response has been very encouraging and motivates our inspectors well.

Improving Operational Efficiency

VICOM continues to explore ways to improve our operational effectiveness and cut costs. Various systems and programmes were carried out during the year.

SETSCO started to replace the current JD Edwards system with a new SAP (Systeme, Anwendungen und Produkte in der Datenverarbeitung) Sales order system. The new system will incorporate many work flow improvements for operations such as the ability to track the status of all incoming samples including capturing the test start date, test completion date and test results through the use of bar codes. The new system will also help us track internal assets due for maintenance and send reminders to operations when client's equipment is due for re-calibration.

There is also a real time integration between sales and finance processes for credit limit check, accounts receivable and financial closing. With SETSCO on board the SAP system, there will be standardisation of system and processes for economies of scale and better leverage of IT skill sets.

The new system is expected to go live in 2018.

Several other initiatives were implemented by other support divisions such as Finance, Marketing, IT and Facilities Management to drive efficiency.