SPPI for Technical Testing in the Netherlands

26th Voorburg Group Meeting in Newport

Mini-presentation
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Content

• Definition of the service
• Market conditions
• Sub-sectors
• Price method
• Quality adjustment
• National Accounts
• Results
Definition of the service being priced

- 71.20 “Technical testing and analysis” includes the performance of physical, chemical and other analytical testing of all types of materials and products
  - [Nace Rev. 2]
## Market conditions – size of industry (1)

<table>
<thead>
<tr>
<th>SBI classification</th>
<th># enterprises</th>
<th>€ x 1000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>71201 Testing and analysis of agricultural products and food</td>
<td>206</td>
<td>714,482</td>
<td>11.7</td>
</tr>
<tr>
<td>71202 Technical testing and analysis of machinery, equipment and materials</td>
<td>1,122</td>
<td>4,969,280</td>
<td>81.2</td>
</tr>
<tr>
<td>71203 Other technical testing and analysis</td>
<td>123</td>
<td>436,253</td>
<td>7.1</td>
</tr>
<tr>
<td>712 Total</td>
<td>1,451</td>
<td>6,120,015</td>
<td>100</td>
</tr>
</tbody>
</table>
### Market conditions – size of industry (2)

<table>
<thead>
<tr>
<th># employees</th>
<th># enterprises</th>
<th>€ x 1000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>1,135</td>
<td>873,256</td>
<td>14.3</td>
</tr>
<tr>
<td>10-49</td>
<td>150</td>
<td>794,113</td>
<td>13.0</td>
</tr>
<tr>
<td>50-199</td>
<td>111</td>
<td>1,531,385</td>
<td>25.0</td>
</tr>
<tr>
<td>200-499</td>
<td>46</td>
<td>1,722,068</td>
<td>28.1</td>
</tr>
<tr>
<td>&gt;500</td>
<td>9</td>
<td>1,199,192</td>
<td>19.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,451</strong></td>
<td><strong>6,120,015</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
71201

- Testing and analysis of agricultural products and food
  - Companies working for Dutch government
  - Like “safety authorities”
  - non-market prices → not monitored
71202

- Technical testing and analysis of machinery, equipment and materials
  - Variety of tests on machinery, equipment and materials
  - Examples are: tests on pipes, electricity cables/wires, concrete or other building material or tests on toys for children
  - Periodic road-safety testing of motor vehicles
71203

- Other technical testing and analysis
  - Environmental inspections
  - Water inspections
  - Removal of asbestos
Record keeping practice

- Questionnaires send out on paper
  - Internet next year
- Weights based on company turnover
- Weighted response over 65%
- 83 responding companies
- Average of 4 quotations per company
- CPI proxy for periodic road-safety testing
Pricing method

• Modelpricing
  • starts out as “price for repeated services”
  • Models are composed in cooperation with the companies
  • Representative

• Price determining factors
  • control the price determining factors, otherwise you might measure unrealistic price developments
Model example

• Testing a Power Supply according to UL 60950
• Price determining factors: certificate to be issued
• Work activities: Certification requirements per standards UL 60950 – construction analysis, testing, bill-of-materials, report
• Total amount invoiced to the customer (incl. possible discounts) for an existing customer
Quality adjustment

- Overlap method
  - “Circumvents the quality problem”
National Accounts

• Input available for deflation
  • [prices and turnover]

• Evaluation with “reality” is difficult
  • [no info in newspapers or other media]

• Similar to Architects or Engineers?
  • No! Technical testing is much broader
Results