

Philips strengthens its ultrasound business through the acquisition of TOMTEC

Six months ago, Philips announced the acquisition of the Munich-based company TOMTEC Imaging Systems who are specialised in clinical applications and ultrasound imaging software.

With Philips already well-established worldwide in diagnostic ultrasound, we wanted to know what was the precise thinking behind the acquisition and Philips' overall strategy regarding ultrasound in general, so we spoke to Vitor Rocha, CEO of Philips' ultrasound business and to Johannes Waldinger, CEO of TOMTEC



Vitor Rocha is leader of Philips ultrasound business

Q Turning to Vitor first: Philips already occupies a leading position in ultrasound, so what's the rationale behind the recent acquisition of TOMTEC?

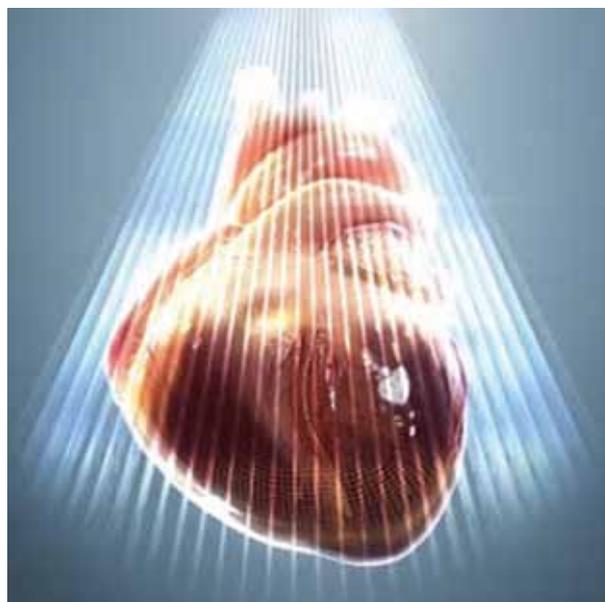
Yes, it's true that Philips has a position of global leadership in diagnostic ultrasound and that, more generally, ultrasound is well established as an imaging modality in its own right and plays an extremely important, even indispensable, role in many aspects of the overall modern healthcare environment.

However these strong positions in no way mean that the potential of the technology cannot be extended even further, and that in a word is our ambition in the field.

But before we go into this in more detail it is worth reflecting on and analyzing Philips' current position as a leader in ultrasound solutions with our large global installed base and strong track record of industry-first innovations in areas such as real-time 3D imaging of the heart, quantification tools driven by Anatomical Intelligence, and ultra-mobile, portable ultrasound solutions. Our ultrasound portfolio supports the effective and efficient delivery of care across a broad range of clinical specialties including radiology, cardiology, point-of-care and OB/GYN.

We are not in this position by accident, and while it's difficult to generalize, we believe that there are three key factors behind our success in this exciting market. We call them our durable differentiators:

1) Transducer Technology. This of course is at the heart of ultrasound and so we are proud of our position in the development and support of a large range of transducers.



There are several synergies between existing Philips' functionalities and TOMTEC's expertise. Philips' HeartModel^{AI} is a 3D tool that can provide robust, reproducible ejection fraction (EF) in just seconds. This intuitive and validated application is designed to deliver the confidence of cardiac quantification that fits into everyday workflow. HeartModel^{AI} offers easy and fast 3D cardiac chamber quantification, simultaneously computing the left ventricle (LV) and left atrium (LA) volumes from a single volume loop.

In addition to providing LV quantification, HeartModel^{AI} is the only validated tool to provide simultaneous LA volumes. It allows easy characterization of LA volume to gain additional clinical information with no additional time or steps. LA volume has been shown to be an indicator of cardiovascular outcomes.

2) Anatomical Intelligence. We see large potential for this in improving ultrasound — for all its advantages, ultrasonics suffers from the disadvantage of being operator-dependent and also of frequently being time-consuming. Anatomical Intelligence can be used to build apps that are capable of recognizing the tissue being examined and so provide advanced quantification possibilities and much more robust reproducibility.

3) Clinical expertise. The close contact with our extremely diverse customer base means that we have extensive clinical experience. Just one example of the advantages that this provides is in the co-development of the apps mentioned above. The power of such apps is dependent on robust data from users.

However these durable differentiators on their own are not enough, they have to be put to use to achieve the strategic aims that we have established for the development of our ultrasound business. There are three such strategic aims:

- 1) To provide ever-more reliable and definitive clinical diagnoses
- 2) Make ultrasound smarter and more objective.
- 3) Make the modality much more accessible and wide-spread. We are doing this in a number of different ways. One of the most exciting areas is the continuing miniaturization, where for example many of the functionalities previously found in cart-based systems, can now be installed in the transducer itself, making them much more convenient for bed-side or Point-of-Care applications.

Q *So where does the TOMTEC acquisition fit into in all this?*

Simply because we see large synergies: TOMTEC’s clinical applications, workflow solutions and R&D capabilities are a highly complementary addition to our strengths in ultrasound image quality, 3D-imaging

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and transducer technology. TOMTEC offers multi-modality and vendor-neutral diagnostic and analysis applications in cardiology, radiology and OB/GYN. Their software is used by more than 20,000 physicians and 600 health facilities worldwide to treat their patients daily. TOMTEC are particularly strong in ultrasound cardiology and we look forward to incorporating TOMTEC’s

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technology for cardiology customers initially, and for OB/Gyn radiology and point-of-care customers in the near future. into our systems. It’s not just about image applications:



One of Philips’ strategic aims is in general to make ultrasound more widely accessible. The Lumify system ultrasound app brings diagnostic capabilities to compatible smartphone or handheld devices. All that is involved is to download the app from the Google Play store on to an Android smart device, connect the Lumify transducer via a USB port whereupon extremely high quality images can be obtained just about anywhere.

TOMTEC are also very strong in healthcare IT and workflow software and we see a great opportunity to offer more complete IT solutions for our ultrasound customers.

Thus we are committed to providing ultrasound solutions that combine superb image quality with advanced analytics to drive efficiency and reproducibility, while reducing costs for our customers. The acquisition of TOMTEC brings a strong team and new assets that are strategically valuable to Philips and will enable us to accelerate growth across our business.

Q *In practice, how is the integration of TOMTEC into Philips going so far?*

So far, it’s going very well although it is still early days — it’s only six months since the deal was completed. Some aspects of the integration will be achieved relatively quickly, while other aspects necessarily take a bit longer. In any case we have put significant planning effort into the integration process, together with the people from TOMTEC. For example we are well aware that TOMTEC is a small company that could be overwhelmed by the size of Philips. It is in all our interests that the acquisition/integration process be conducted in such a way as to ensure that the TOMTEC personnel remain engaged and that they continue to develop the very qualities that prompted the acquisition in the first place. The topmost management of Philips are committed to this.

And I think that the TOMTEC people appreciate this. But don’t take my word on this — why don’t you speak directly to Johannes Waldinger, CEO at TOMTEC?

In the meantime we remain really excited about the ultrasound business in general and TOMTEC’s contribution to it within Philips in particular.

REFERENCES

1. Philips press release Jul 18 2017 www.philips.com