

Creating Clarity through Innovation

GN ReSound is giving its clients the gift of hearing through world-first technology developments and unparalleled customer service.

Images courtesy of GN ReSound

Lars Viksmoen, President and CEO of GN ReSound, began his career as a medical doctor, working mostly in trauma surgery. After 10 years in surgery, he began working for the global pharmaceutical company Merck & Co., Inc., initially as a medical director, and later as managing director in Norway. In Scandinavia he was a core member of a clinical development team conducting mega-trials with remarkable clinical outcomes and corresponding revenue impact at a global level for the mother company. After six years in Norway he moved on to the US. "I had two jobs in the US: head of global marketing for cardiovascular products, and in addition I worked in the US subsidiary of Merck & Co., helping the president of US Human Health with a reorganisation, moving from a regional to a therapeutic business group set-up," Lars says, "basically being responsible for a majority of the sales in the US domestic organisation.

"After spending close to four years in the US, I went back to

Scandinavia, heading up the Scandinavian region for Merck & Co., followed by the Eastern European (including Austria and Turkey) region and later the mid-European (including Israel and South Africa) region. All together I spent around 10 years in leading regional-management functions before retiring from Merck & Co."

Prior to joining GN ReSound, Lars was CEO of small listed Norwegian biotech company, Biotec Pharmacon. "We were developing a pharmaceutical product that unfortunately failed in phase three. We identified the problem with the product and were able to put the product back on the development loop; however, for cash reasons, I was forced to significantly downsize the company. I had spent three years with the intention of taking a pharmaceutical product to the market, and was not motivated to spend another three years on the same project track, so I identified a very qualified and motivated successor and left the company and moved on to the med-tech business, joining GN ReSound,

one of the leading Danish hearing-instrument manufacturers. I have been here now for around three and a half years, managing a major turnaround operation."

Throughout his time with the company, Lars notes that one of the biggest challenges has been integrating the organisation. "If you look back at the history of GN ReSound, it's a company built on a number of mergers and acquisitions, which were basically never fully integrated. As a function of that, the way we ran the company was not very efficient, and over the past few years, the company has slowly moved from being very decentralised into more of a global operation. We are probably not yet fully where we want to be, but we are much more global than in the past and we are clearly moving to become a completely global company."

GN ReSound was not in good shape when Lars joined the company. In 2007-08, the company was sold to Sonova, one of the major competitors in the hearing industry. Integration work was initiated; however, the sales >



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Innovation for success

The purpose of medical devices technology, among others, is to improve the quality of treatment and life for patients and users, to enable them to continue to live their lives independently. Technological progress is constantly broadening the range of new, fascinating opportunities for the development of medical devices. The use of new, innovative technologies in the field of hearing aids, for example, leads to convincing solutions in miniaturization and enhanced functionalities: new technologies make it possible for more and more functions in less and less space. The advantages are obvious. The demand placed on manufacturing technologies in the medical devices is very high: consistent quality on a defined level is an absolute must; reliability and miniaturization have to be fully guaranteed. Cicor is the innovative and reliable partner in the development of convincing solutions.

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process was stopped by the German competition authorities. “By then a number of R&D projects were closed, people had started to leave, and when the sales process was cancelled, we basically needed to start up again from scratch”, says Lars.

“We lost a generation of products, but even worse, the generation we lost was unfortunately the first generation of wireless products. As a function of that, in order to get back in business, a brave decision was made by the new board at that time, which has turned out to be a very good decision, namely to gamble and move to a fundamentally different wireless-technology platform versus the competition. We were able to get the first product in a single-form factor to the market in 2010, based on 2.4-gigahertz technology, and it was then able to stream sound directly from a TV to a hearing aid without a stigmatising intermediary body-worn device.”

GN ReSound’s development of this product has revolutionised the way manufacturers look at wireless connectivity. As a pioneer in this space, the company is continually improving the functionality of the technology. “When we got that product to the market in the second quarter of 2010, that was just the first generation of such products from GN ReSound. Competition maintained their scepticism around the technology, arguing that ear-to-ear connectivity with 2.4-gigahertz technology would be impossible because “2.4 gigahertz can’t travel through the head. But GN ReSound designed antennas and technology so that they could send the signal around the head, and as a function of that were able to do ear-to-ear connectivity. The second generation of 2.4-gigahertz-based wireless products with ear-to-ear connectivity was brought to the market at the end of 2012.”

Now, GN ReSound is ready to bring the third generation of 2.4-GHz wireless products to the market. These products are called made-for-iPhone (MFi) products.



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Users are able to connect an iPhone directly to their hearing aid, stream stereo sound directly without an intermediary body-worn device from an iPhone (or iPod or iPad), and pick up a phone call directly on the hearing aid. “As a hearing-impaired person, you basically can use your hearing aid as a seamless wireless headset. Most of our competitors today need an intermediary device, which in a business with a lot of negative stigma among users makes the stigma issue even worse”, says Lars.

The release of GN ReSound’s latest hearing aid has been supported through the company’s collaboration with Cochlear and Apple. When GN ReSound started to work on the 2.4 GHz technology, they were the only ones in the industry, and the rest of the industry was relatively negative towards the technology. “When we made a research and development licensing agreement with Cochlear, that was clearly a quality stamp on the technology, because you know how well

positioned Cochlear is in the cochlear-implant market and what type of reputation they have as the biggest player in this market. And I think that made some headlines. When we then started the development work together with Apple on the MFi hearing aids, I believe the rest of the hearing-industry manufacturers recognised that 2.4 gigahertz was something for the future of wireless communication, and they are now all running after it.”

Suppliers and strategic partners have been paramount to GN ReSound’s success in the development of new products and solutions. “We believe in close contact with suppliers, and I think we have learned it the hard way, because we outsourced some of our manufacturing. We have now invested in having employees locally or regionally who interact with suppliers on a regular basis, e.g. visiting them on a regular basis, having ongoing discussions with them, ensuring a common understanding of quality standards as well as the importance of jointly

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“It all started with a handful of rubber parts thrown on a table in front of me. The parts certainly weren’t up to our standards, but it wasn’t my problem – we didn’t make the parts. I was told I was wrong. GN ReSound was opening a factory in China and needed a partner to supply rubber parts to that factory. This problem quickly became an opportunity. That meeting set off a whole string of events leading to the opening of our Suzhou facility.”

A win-win partnership for Flexan and GN ReSound.

Bruce Cohen, Flexan President

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relatively low, and employees didn’t know the taste of success or what success would look like. Employees have seen that doing the right thing pays off. If you believe in what you are doing and if you deliver on your commitments, you will see success. I think that’s been a fabulous experience for our employees, and today we have an organisation with employees who are so much more motivated than in the past.

“I have to say that when I arrived three and a half years back, one thing that really surprised me in a very positive way was how dedicated people were. You could easily see the drive in the organisation, the willingness to go the extra mile, to invest the extra energy in order to move the company forward, and I think that’s a major driver behind the success we have seen.”

The innovative spirit and financial success of GN ReSound has put the company in good stead for the future. Lars is hopeful for the future of the organisation as it embarks on a new chapter of strength and further success. “We have come from a position of being an underdog. I believe we are technology leaders today when it comes to wireless connectivity. I believe we have the best hearing aids in the industry, and from an operational point of view, we have fixed the basics.

“If you look at the recently successfully completed restructuring program, the SMART program that GN ReSound has been running for the past 18 to 24 months, we have basically doubled the EBITDA margin from 10 per cent to around 20 per cent. Doubling the profitability of an organisation like ours in such a short timeframe is a major undertaking, particularly considering that we in the same period have established GN ReSound as a technology leader in wireless connectivity within the hearing-aid business. That’s something the whole GN ReSound organisation should be very proud of.” •

What will you do today?



“ReSound LiNX™ again underlines our core strength of bringing breakthrough innovations to the hearing impaired, making them consumers with choices rather than patients with challenges.”

—GN ReSound CEO Lars Viksmoen

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agreed upon deliverables to match development time lines.

“For instance, if we are making plastic parts at a supplier place, we work with them and we make sure that we get the quality that we want and that the agreed-upon standards are maintained over time by frequently visiting them and having a good dialogue.”

GN ReSound is clearly a research-driven company. Innovation is the company’s most important value, and is a vital factor in the ongoing success. “If you look at it historically, this is a company that has a strong track record of innovation of new technology and bringing that innovation into new products with meaningful benefits for the users. This is a company with a number of ‘firsts to market’ from a technology point of view: first with digital programmable products, first with thin tubes, and now first with 2.4-gigahertz wireless technology—all major value creators for the company.

“Looking back at GN ReSound over the past three to four years, I

will argue that what has created a lot of value is innovation and the way we have been able to build new technology into new products. We have reorganised our R&D department; we have a very effective development process that has resulted in one of the richest product portfolios in the industry today, and we have very rich product road maps.

“If you take a look at some of our investor presentations, you will see that we have basically renewed more or less our whole product portfolio over the past 12 months. In the past, we were not that predictable when it came to product development; we were not always respecting our own deadlines, but today that’s fundamentally different. We are much more predictable when it comes to the timing of what we do.”

Lars has been dedicated towards building the cohesion of the company and establishing a universal culture within the business. “After the sale to Sonova and the cancellation of the sale, morale in the company was

“Employees have seen that doing the right thing pays off. If you believe in what you are doing and if you deliver on your commitments, you will see success.”

- Lars Viksmoen