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Now Hear This

After completing the turnaround of Sivantos Group, CEO Roger Radke has raised the bar, with the aim to become the top hearing healthcare company in the world.

Images courtesy of Sivantos

Sivantos boasts one of the longest histories in its industry. Originally part of the Siemens group, the company began the commercial manufacturing of hearing aids in 1913 in Berlin, and has continued to grow over the years to become one of the largest manufacturers in the world. Dr Roger Radke, Group CEO of Sivantos, began working for Siemens 26 years ago.

Roger himself knows the business well. He started working for Siemens in 1989 in the company's medical imaging division. In 2000, Roger was put in charge of the hearing aid branch of Siemens, which he ran for four years before moving to the US to run the Siemens Water Technology division. In 2008, he left Siemens, but was back at the hearing aid business only two years later to launch the company turnaround. As he explains, having been with Siemens, and now Sivantos, for such a long period, he has seen the business go through a number of changes, especially since he came back on as CEO in 2010.

"The Siemens hearing aid business had been very successful for most of its life, and we have been around for almost 140 years," Roger says. "A few years back, between 2005 and 2010, for

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- Roger Radke

various reasons the company underperformed. It lost market share against competition, and profitability had eroded. In 2010, when I came back, it was a classical turnaround situation where we focused on three main areas: restoring confidence of customers and employees, building a new management team with deep industry know-how and strong execution capabilities, and dramatically improving product performance by investing into new platform developments."

Roger's strategy was a success. The company recovered from previous low profitability levels and reclaimed leadership positions in various core markets. This made it an attractive prospect for potential acquirers, and in early 2015, Siemens finally sold the company to private equity company EQT. "Since 2012, the company has been back on a solid growth path with increasing momentum that resulted in market share gains and a substantial improvement in profitability.

"Life has changed for the better with the new ownership. EQT provides us with very effective strategic governance and commands the resources for us to realise our full potential. Our recently published financial results demonstrate that we continue to perform very well and

are creating substantial value for our shareholders."

Roger predicts more growth in the future as the market for hearing aids grows with ageing populations and changed lifestyle habits. Roger wants Sivantos to continue leading the industry with innovation and technology while ensuring the best experience for customers, who are often quite overwhelmed when having to purchase a hearing aid. "It's important to understand hearing aids are a product of need, not of desire," Roger explains.

"Our customers care for even smaller and cosmetically more appealing hearing instruments so that you don't look at a hearing aid as something artificial—that it really becomes very normal and part of your life. You wear a hearing aid the whole day so low battery consumption as well as 'soundability' is key.

"In the past, there frequently was a trade-off between sound quality and audiological performance. The objective is for a hearing aid to help you hear and understand better but also to deliver very pleasant sound quality. That is important in particular for people having their first hearing aid. The brain has to 'relearn' coping with the sensations of restored hearing after many years of limited >



hearing and understanding ability. We have created a whole suite of technologies and applications that we have named soundability. Soundability is perfectly expressed with 'binax'—our latest and most advanced hearing solution. Binax is clinically proven to provide better hearing than normal in difficult listening situations. Binax also wirelessly connects to external devices like smartphones. Ultimately, you will enjoy additional benefits like music streaming, phone connections, and remote support directly to the hearing aids (Internet of Things).

To ensure that Sivantos produces the best possible hearing aids, the company collaborates with a number of leading academic research universities and industrial partners on a very close level. "We are working with suppliers who are very much focused on our industry—companies like Knowles, or

Sonion, where our collaboration goes much beyond what is a typical supplier-buyer relationship. We conduct joint development projects in several areas in order to bring together the deep know-how from both partners. This is very important to us and I believe it is a trend that is going to continue because of the benefits for both partners."

For the future, Roger is confident that Sivantos will continue to grow, and aims to reclaim the number-one position in the market. "I think the prospects for the industry are bright, for the simple reason there are more and more people coming into the age bracket where hearing loss is just a fact of life," Roger explains. "The overall fundamentals of this industry are sound. We are a medical device industry; we are not selling gadgets and consumer electronics but are providing medical devices and services that cannot easily be substituted, so the overall positioning of the industry is good."



"Our strategy is straightforward: we innovate for world-class products, expand our distribution channels, invent new digital and online business models to reach all those with hearing needs, and deliver the best customer service in the industry. We operate a lean company by reducing non value-adding activities in all functions and processes. I firmly believe that the best team wins in any competition and I feel lucky to work with the industry's best executive and professional team." •

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