Volume 5 / Issue 2 / 2010 - Industry News

AGFA: Leaving their Troubled Past Behind

HITM had a frank conversation with Eric Maurincomme, Vice-President and Chief Strategy & Marketing Officer of

Agfa Healthcare about the problems of the past and the outlook for the future.

Maurincomme spoke openly about recent problems experienced by AGFA, notably their credibility issues. He claims it is all in the past and AGFA now have a new ethos of openness, confident enough to tell their customers the truth. He was keen to point out that Agfa is a reformed company but also that new developments are still in their early stages and not without “growing pains”.

Any Future in Film?

Maurincomme recognises that film is the past and that ultimately IT is the future, “five or six years ago film was our main focus with 15 percent IT, now 35/40percent of our revenue is IT.” The outlook is not however, quite so bleak, “there has been a 25 percent decrease in the use of film in Europe and the US but the situation in developing countries is very different; the use of film is growing. Take China for example: IT usage in healthcare is still very limited; film usage is huge.The challenge is now securing small revenues from all over the world.”

What About Other Film Companies?

Agfa claim their situation is not as dire as those of their competitors. As they have only ever produced in Belgium with a single manufacturing plant they have not had to downsize like other companies. Indeed, as it is a declining market there aren’t many competitors left. Granted 2009 was a hard year, there was a three to four percent decline in revenue but Maurincomme is confident, “with a clear focus on processes, profitability doubled and we are back in the game- able to invest in the future.”

The Million Dollar Question: Is AGFA an Imaging Company?

The answer was straightforward, “No, AGFA is a healthcare company. Our focus is on healthcare transformation through IT. This is what we do with our customers.”

Main Achievements in 2009

For Maurincomme, the clear achievement of 2009 was securing new customers in IT, “We were able to convince people who didn’t know us before, in the healthcare IT industry, to choose us. We have 100 new customers worldwide.” These customers range from large contracts with the Cleveland clinic for 27 hospitals to smaller deals of strategic importance.

Another key achievement concerns direct-radiography (DR). “In early 2009 we said we would go into direct-radiography. The objective was Germany, France, Spain and Italy. By the end of 2009, 12 DR systems delivered in these countries, and also in Austria.” Maurincomme described this success as “proving we can walk the walk”.

New Directions: Confusing Clients?

Agfa have also purchased a small contrast media company. A little out of sync with the rest of their portfolio, Insight Agents has been producing generic contrast media products for 25 years. Maurincomme described them as “deliverable, affordable solutions so pertinent with the current crisis.” But why move into this area? The answer is logistics, “we know how to deliver a box of film anywhere so we can deliver a contrast media bottle. The infrastructure is already in place. We are replacing a product with another one for radiologists.”

This is not the only new initiative. Agfa is also developing a new range of consumables. They are outsourcing the production and in charge of manufacturing. But why this new venture? “Again for the same reason. Spain used to wash drapes and gowns but for hygiene reasons they now use disposables. We are very strong in procurement channels in Spain.”Maurincomme stressed that this is a test venture, “It is a test, there are low expectations. Less than 10 percent of revenue is based on that but distributers are requesting it, they are asking what else can we offer.”

Goals for the Next Five Years

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For Agfa IT and e-health will be the key focus in the upcoming years. By using these technologies Agfa can “focus on doing a better job in the healthcare system. They are the tools to do this; to improve healthcare settings.”

Published on : Mon, 3 May 2010

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