

us markets for laparoscopic devices 2008

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11.2.2.2 Market Limiters

Repair and Refurbishment of Laparoscopes

Outright sales of new laparoscopes will be limited by the growing trend to repair or refurbish previously purchased laparoscopes. Laparoscope repairs can sometimes be done in as little as 24 hours, reducing the need for facilities to purchase extra scopes in case of long repair delays. Moreover, laparoscopes that are nearing the end of their life span can also be refurbished by a third party vendor and then resold for less than half the cost of a new scope, further limiting new scope sales.

Emerging Disposable Technologies

The difficulty with conventional reusable endoscopes is that the image quality deteriorates gradually over time due to degradation of the optical components. The magnitude of this effect will vary depending on the extent of the maintenance the scope receives. Disposable endoscopes have, however, historically suffered from lethargic adoption by physicians unwilling to sacrifice performance for cost savings.

Recent improvements in video technology have, however, led a Denver-based company to develop and patent high-resolution, sturdy, and inexpensive complementary metal-oxide semiconductors (CMOS), which can be built into the distal tip of most endoscopes. One company, Micro-Imaging Solutions, has incorporated CMOS distal chip technology into a single-use, ergonomically shaped endoscope. The endoscope offers substantial cost savings over traditional reusable endoscopes without sacrificing the image quality and performance that have historically hindered adoption of these devices.

The ancillary costs and difficulties associated with sterilizing reusable endoscopes will make disposable endoscope technology more appealing to physicians and medical facilities alike. Moreover, companies that offer laparoscopes most often do not profit directly from the reesterilization of these devices over their lifetimes. As a

result, the growing adoption of disposable technology could allow suppliers to secure higher per-procedure profits than they get through sales of their reusable devices. While this will severely limit the US laparoscope market, which by definition excludes disposable devices in this report, the emergence of disposable endoscope technology could very well offer suppliers the opportunity to build off of the success they have achieved in marketing disposable access, internal closure, and hand instruments in the US laparoscope market.

11.3 Competitive Analysis

Exhibit 121 displays the leading competitors in the US laparoscope market in 2007.

Exhibit 121: Leading Competitors in the Laparoscope Market, by Device, as a % of Total US, 2007

Company	Rod Lens Laparoscopes	Video Laparoscopes	Total Laparoscopes
Stryker Endoscopy	41.7%	-	30.3%
Olympus	4.5%	98.0%	30.2%
Karl Storz Endoscopy	39.3%	-	26.5%
Gynus ACMI	5.8%	-	4.2%
Richard Wolf	5.7%	-	4.1%
Other	3.0%	2.0%	2.7%
Total	100.0%	100.0%	100.0%

Notes:
 (1) Market leader.
 (2) Other includes CONMED, and Smith & Nephew Endoscopy for rod lens laparoscopes and Fujinon for video laparoscopes.

Stryker Endoscopy

In 2007, Stryker Endoscopy led the US laparoscope market with 30.3% of revenues. The company's IOR suites continued to be a popular choice among medical facilities. This popularity drove sales of its rod lens laparoscopes, which are often included in IOR sales. Stryker Endoscopy is expected to continue using sales of its integrated video systems, which include a specially designed proprietary rod lens laparoscope, to facilitate sales of its laparoscope devices.