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Agfa strategy and competitive positioning

Philippe Houssiau

President HealthCare Business Group

February 2nd, 2005

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Today's presentation

- **Market drivers**
- **Market opportunity**
- **Combined strengths**
- **Integration approach**
- **GWI model, Orbis® overview, synergies with Agfa**
- **Ludwigsburg case study**
  - Introduction to needs and benefits of hospital-wide IT
  - Hospital tour and demos

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Current drivers

Societal and medical trends

- **INCREASED LIFE EXPECTANCY and LOWER BIRTH RATE**
  - Increased demand for Healthcare services

- **MORE CHRONIC DISEASES**
  - Increased need for screening

- **MEDICO-LEGAL REQUIREMENTS**
  - Need to avoid errors and failures

- **MOVE TO OUTPATIENT CARE and MINIMAL INVASIVE TREATMENTS**

- **Staff shortage & salary issues**
- **Non optimal operating process**
- **Labor and administrative intensive**
- **Limited patient care time**
- **Disparate information components**
- **Unconnected & non-transparent**
- **Systematic medical error risk**

Today's medical environment

- **WAGE COST and STAFF SHORTAGE**
  - Need to control costs and enhance efficiency

- **COMPLEXITY OF THE MEDICAL PRACTICE**
  - Increased communication between healthcare professionals
  - Management and deployment of more sophisticated medical equipment

- **REGULATION FORCES IT ADOPTION**

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Agfa HealthCare strategy

Radiology solutions

➡ **Grow with radiology**
- Provide imaging information systems and services

Departmental solutions

➡ **Develop presence in clinical departments**
- Provide image management and information systems and services

Healthcare IT solutions

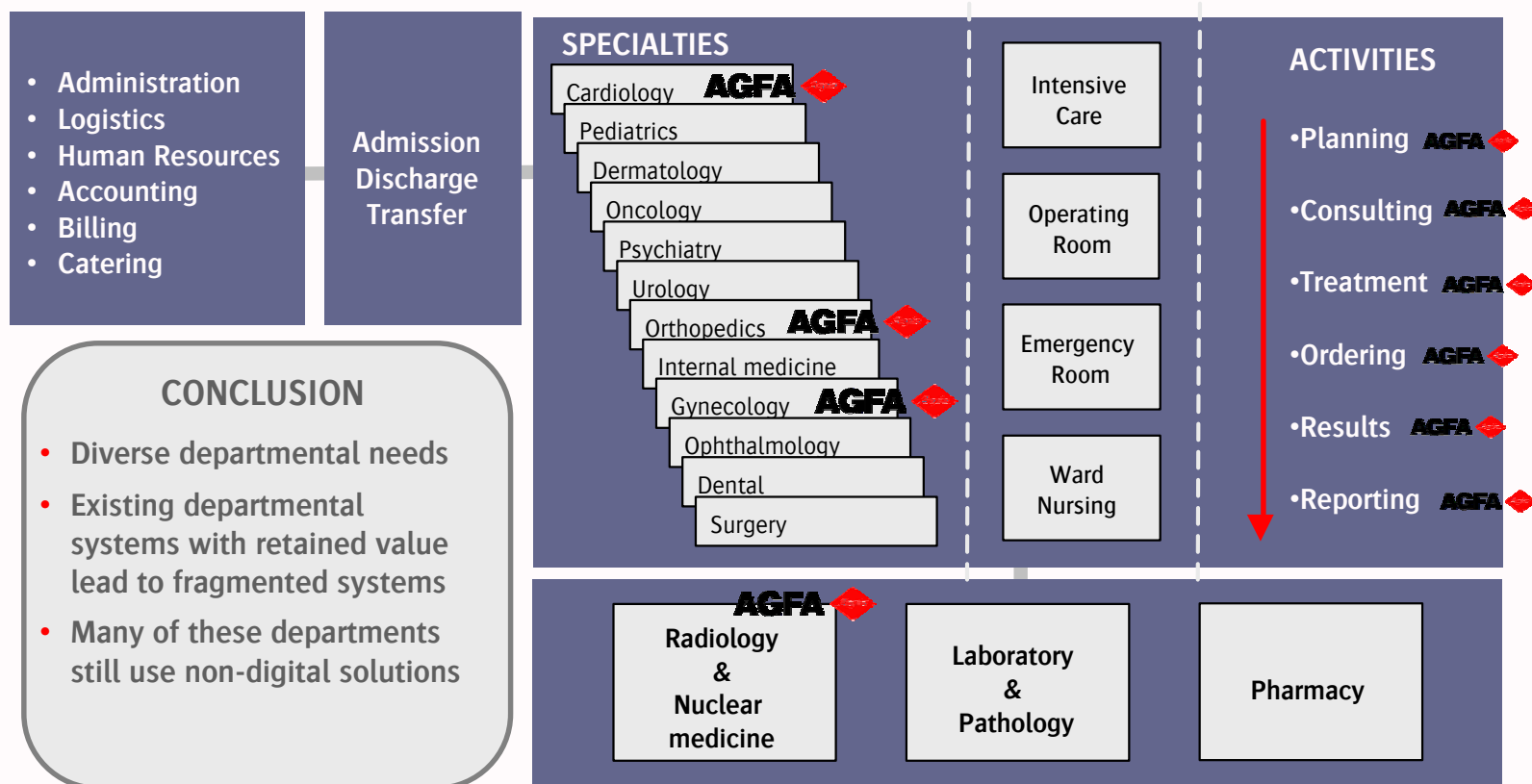➡ **Grow mainly by acquisition**
- **Provide community wide systems and services, Hospital Information System and Electronic Patient Record (HIS, EPR)**

Imaging Technologies

➡ Leverage Intellectual property and expertise
➡ Innovate through ventures and partnerships
- Provide leading edge healthcare Imaging technologies and computer aided detection tools

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Disparate hospital information components

Administration
- Administration
- Logistics
- Human Resources
- Accounting
- Billing
- Catering

Admission Discharge Transfer

CONCLUSION
- Diverse departmental needs
- Existing departmental systems with retained value lead to fragmented systems
- Many of these departments still use non-digital solutions

SPECIALTIES
- Cardiology **AGFA**
- Pediatrics
- Dermatology
- Oncology
- Psychiatry
- Urology
- Orthopedics **AGFA**
- Internal medicine
- Gynecology **AGFA**
- Ophthalmology
- Dental
- Surgery

- Intensive Care
- Operating Room
- Emergency Room
- Ward Nursing

AGFA Radiology & Nuclear medicine

Laboratory & Pathology

Pharmacy

ACTIVITIES
- Planning **AGFA**
- Consulting **AGFA**
- Treatment **AGFA**
- Ordering **AGFA**
- Results **AGFA**
- Reporting **AGFA**

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Agfa in healthcare today

HIS   **PAS**   **CIS - EPR**

AGFA	**AGFA**
• **Administration**	
• **Logistics**	**Admission**
• **Human Resources**	**Discharge**
• **Accounting**	**Transfer**
• **Billing**	
• **Catering**	

HIS = **Hospital Information System**

PAS = **Patient Admission System**

EPR = **Electronic Patient Record**

CIS = **Clinical Information System**

SPECIALTIES

Cardiology **AGFA**
Pediatrics **AGFA**
Dermatology **AGFA**
Oncology **AGFA**
Psychiatry **AGFA**
Urology **AGFA**
Orthopedics **AGFA**
Internal medicine **AGFA**
Gynecology **AGFA**
Ophthalmology **AGFA**
Dental **AGFA**
Surgery **AGFA**

AGFA
Intensive Care

AGFA
Operating Room

AGFA
Emergency Room

AGFA
Ward Nursing

ACTIVITIES

•Planning **AGFA**

•Consulting **AGFA**

•Treatment **AGFA**

•Ordering **AGFA**

•Results **AGFA**

•Reporting **AGFA**

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Radiology & Nuclear medicine

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Laboratory & Pathology

AGFA
Pharmacy

Medico-Technical IS

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Europe Healthcare IT market revenue forecast, 2004-2009

CAGR (2004-2009)
Total: 9,9%

Administrative systems (HIS) — 0%

Clinical systems less PACS/RIS — 17%

PACS/RIS systems — 13%
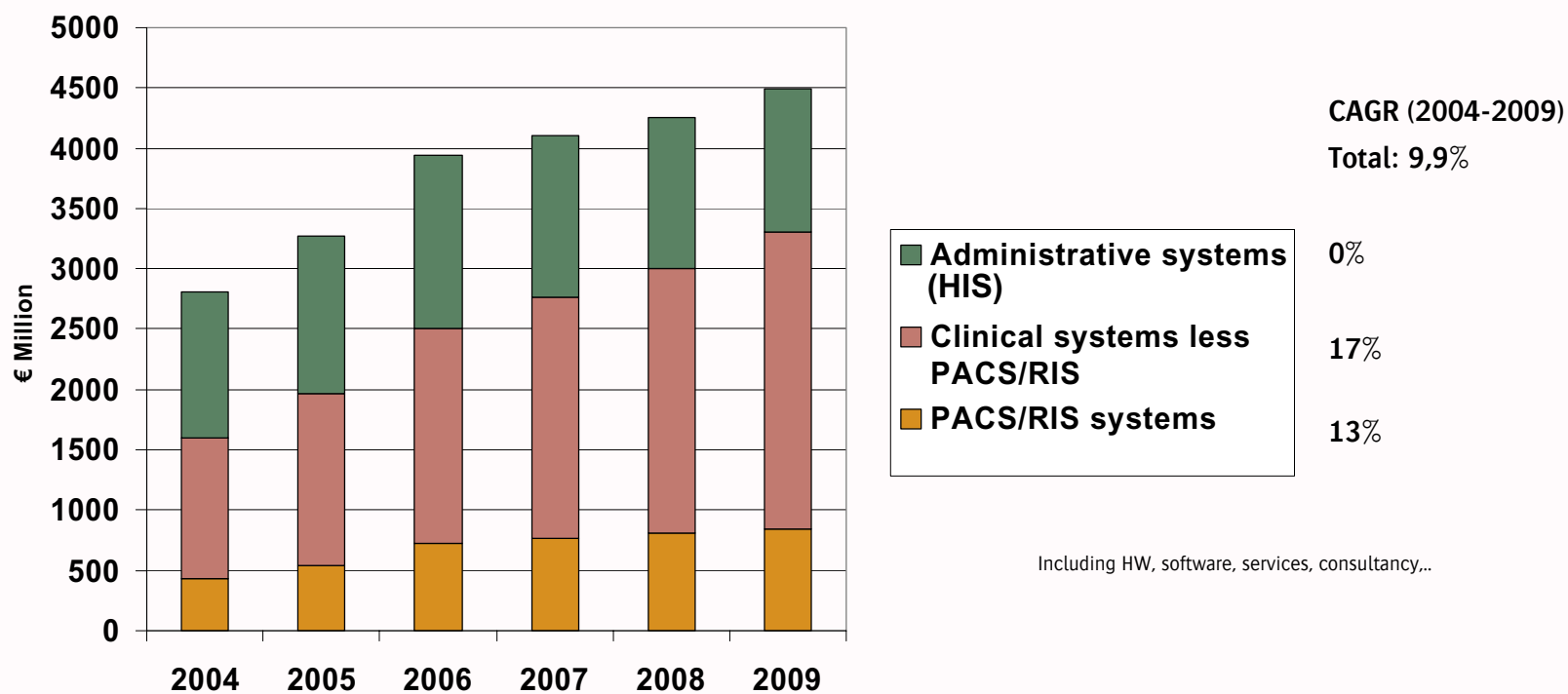
Including HW, software, services, consultancy,...

Source : F&S, 2004 / COCIR / Agfa team

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Consolidation has started in the fragmented European IT market

Kodak → IcelandRis (RIS)

Eclypsis

ACT Medisys

PIMS

iSOFT

Northgate

Tieto Enator

InformationsLogic;
C&S Healthcare;
Doctorex ; Respons ;
ITB AG [LoI]

Amersham
[Applicare/GE]

Laufenberg

SMS Ireland

GAP

SMS U.K.

SMS /
Hiscom

Applicare (PACS)

AGFA

EDS

Innomed (RIS) GE Medical Systems

McKessonHBOC (1)

SIAC and VPI

Image Devices CERNER

Cap Gemini Santé

Symphonie on Line
[HIS]

Tiani (PACS+RIS),
Prompt, Boss,
EuropeMedica

GWI

AGFA

Pyrénées
Informatique)

Med2Rad [RIS]

SIEMENS

DP Informatica

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Europe: market observations

Europe is at different stages in rolling out EPR

- **Germany**
  - Highest level of installations
  - High IT spend and steady growth
  - Many mid-sized national players
  - GWI + Boss has the largest customer base

- **France**
  - Lowest IT budget levels, average growth
  - Preference for established suppliers
  - Symphonie On Line, Medasys, and public "companies" have the largest Customer base

- **Italy**
  - Relatively high IT budgets, highest rate of growth
  - Fragmented market with many small national players

- **Netherlands**
  - Government push of EPR programs

- **Belgium**
  - Agfa's stronghold – Medar winning in EPR…

- **Spain**
  - Low IT spend with high growth expectations
  - Few global players but preference for hardware vendors

- **UK**
  - Short term impact of National Programme – but Frozen market
  - Big increase in IT budget levels
  - High level of standalone systems

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How we compete

- **Disruptive IT model, disruptive technology**
- **Innovation**
- **Install-base leverage**
- **Neutral integrator**
- **Competitive edge through clinical depth**

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Agfa and GWI: a powerful combination

GWI

- Connectivity & integration to hospital & public information systems

- Domain know-how in administrative and clinical hospital IT – horizontal 'holistic' approach

- Strong methodology in project IT business

- Software architecture built for future vision

- Germany, Austria, Switzerland – key contacts at enterprise level

AGFA HealthCare

- Connectivity & integration to diagnostic modalities and information systems

- Domain know-how in key hospital departments and imaging centers – vertical approach

- Strength of a large corporate organization

- Worldwide sales & services organization
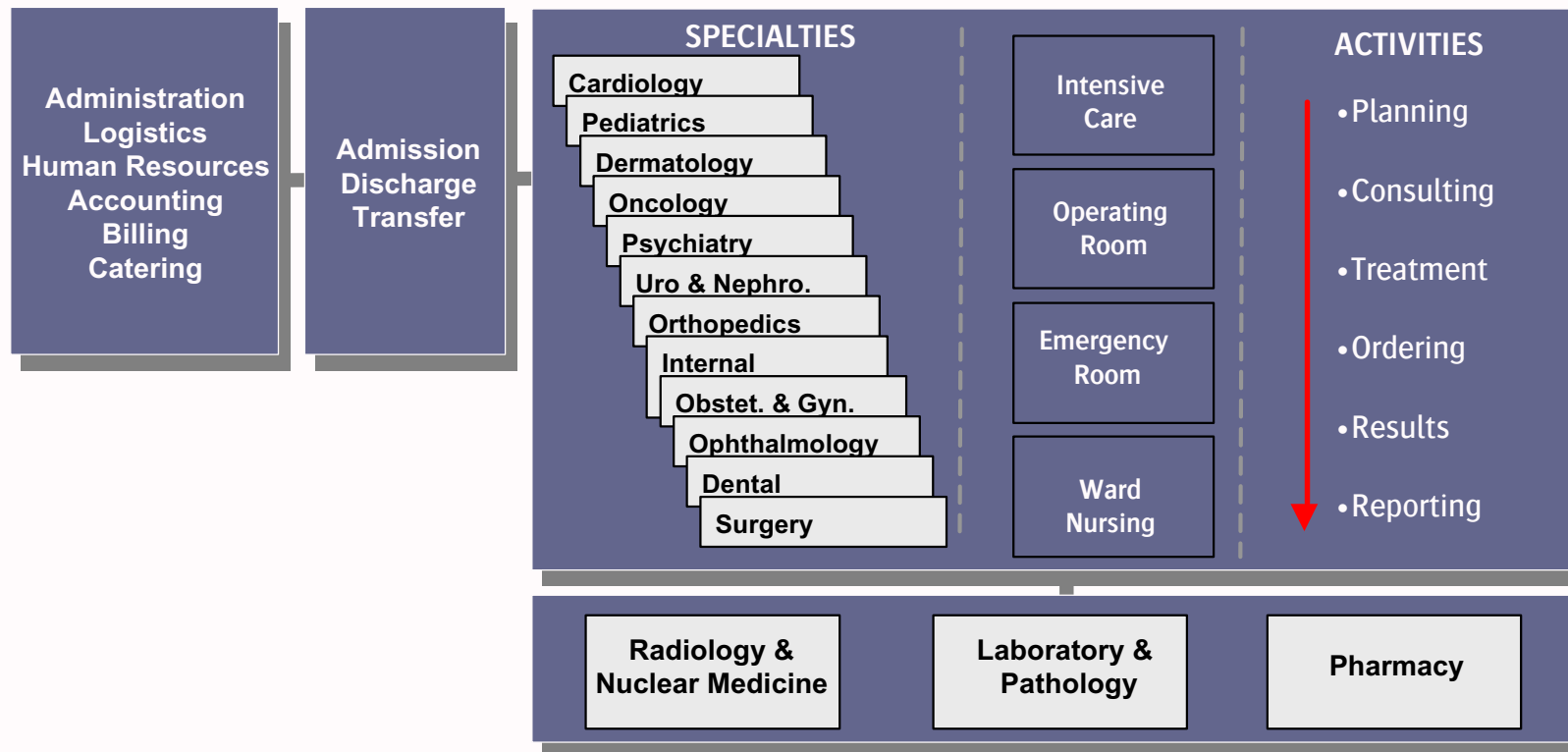
- Worldwide customer base – market share

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Agfa and GWI - Complementing each other

Luc Thijs

Head of Radiology & Departmental Solutions

February 2nd, 2005

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The HealthCare Enterprise, a complex organization

Administration
Logistics
Human Resources
Accounting
Billing
Catering

Admission
Discharge
Transfer

SPECIALTIES

- Cardiology
- Pediatrics
- Dermatology
- Oncology
- Psychiatry
- Uro & Nephro.
- Orthopedics
- Internal
- Obstet. & Gyn.
- Ophthalmology
- Dental
- Surgery

Intensive Care

Operating Room

Emergency Room

Ward Nursing

ACTIVITIES

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Radiology & Nuclear Medicine

Laboratory & Pathology

Pharmacy

Most hospital structures are highly fragmented, with highly specialized staff performing tasks within their department.

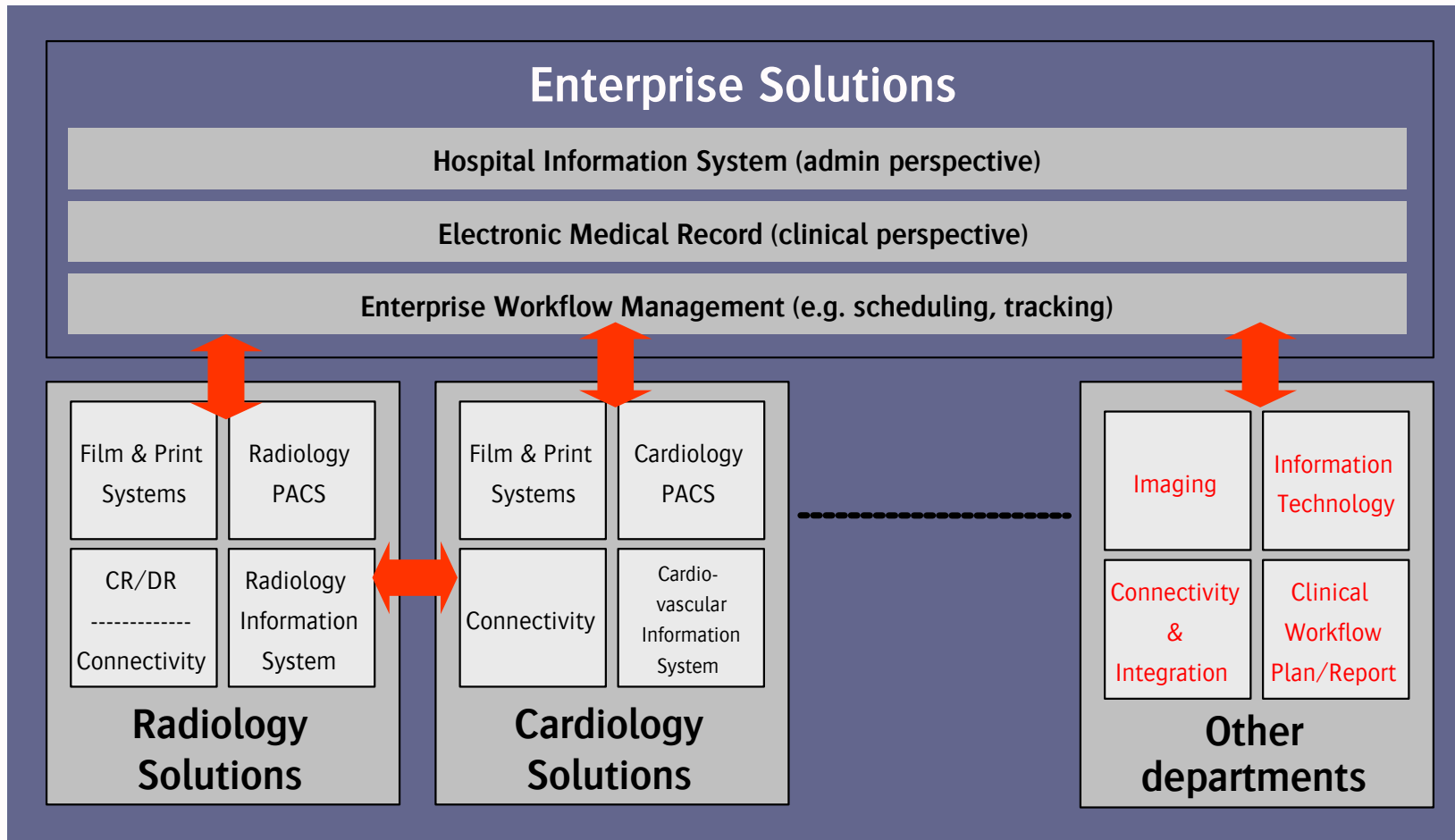**AGFA** *Agfa*
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Two market realities co-exist today

- Enlightened CEO/CFO/CIO/BoM of a hospital

- Achieve quality of care and increased control of outcomes <u>at enterprise level</u> > Integration of the 'departments' into one coherent interoperable environment

- Top-down decision from enterprise management

- Commitment to projects with a 3 to 7 year span, affecting entire organization

- Focus on 'best common platform across the enterprise'

- Inspired head of a department or a discipline

- Achieve quality of care and increased control of outcomes <u>within discipline or department</u>

- Mostly bottom-up initiatives from the department head

- Commitment to projects with a 1 to 2 year span, affecting a subset of the organization

- Focus on a 'best-in-class' platform with comprehensive functionality for a department or a discipline

Urging for two complementary approaches

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But one well-integrated portfolio

Enterprise Solutions

Hospital Information System (admin perspective)

Electronic Medical Record (clinical perspective)

Enterprise Workflow Management (e.g. scheduling, tracking)

Film & Print Systems	Radiology PACS
CR/DR ------------- Connectivity	Radiology Information System

Radiology Solutions

Film & Print Systems	Cardiology PACS
Connectivity	Cardio-vascular Information System

Cardiology Solutions

Imaging	Information Technology
Connectivity & Integration	Clinical Workflow Plan/Report

Other departments

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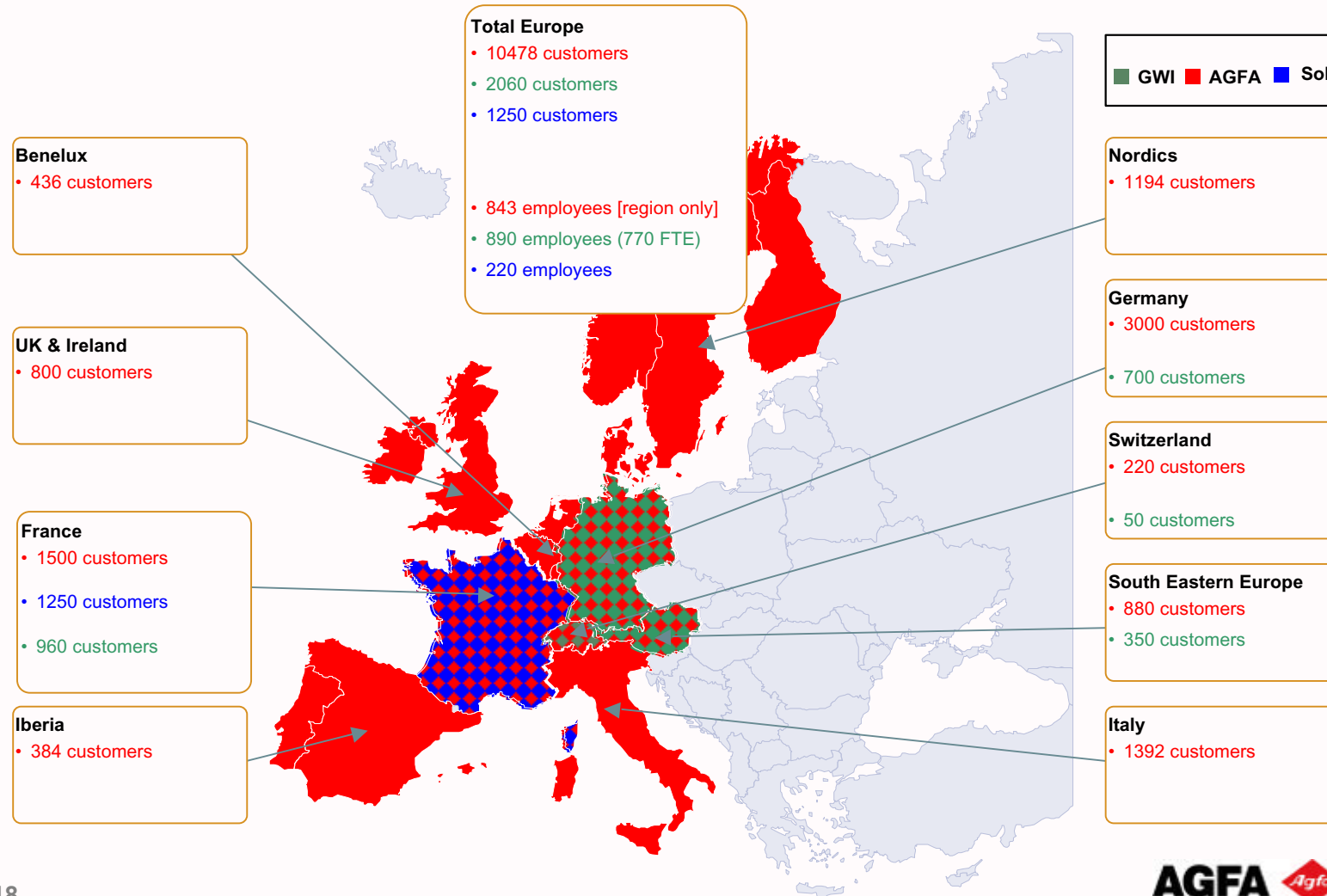# The strengths of Agfa and GWI combined

- Two complementary approaches to the market:
  - Initiatives from Enterprise Management
  - Initiatives from Departmental Management

- One broad yet unified portfolio that uniquely combines:
  - A best-in-class platform at enterprise level
  - Best-in-class platforms for key departments

- One proven methodology in project business:
  - Metrics that lead to predictable and repeatable results

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The integration effort is focused

- **Securing business in current markets**

- **Achieving synergies**

  - **Portfolio integration track**

  - **Fast market access**

  - **Preparing roll-out sequence beyond Germany and France**

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Agfa, GWI and SOL: Market access in Europe

Total Europe
- 10478 customers
- 2060 customers
- 1250 customers

- 843 employees [region only]
- 890 employees (770 FTE)
- 220 employees

Legend: GWI · AGFA · SoL

Benelux
- 436 customers

UK & Ireland
- 800 customers

France
- 1500 customers
- 1250 customers
- 960 customers

Iberia
- 384 customers

Nordics
- 1194 customers

Germany
- 3000 customers
- 700 customers

Switzerland
- 220 customers
- 50 customers

South Eastern Europe
- 880 customers
- 350 customers

Italy
- 1392 customers

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Agfa & GWI:
Powerful combination

Ruediger Wilbert

Head of Healthcare IT

February 2nd, 2005

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Continuous Development

- Foundation of the group in Trier in 1990

- Continuous growth since market entry in 1996

- Hospital sector strongly regulated by government

- Focus on Electronic Medical Record

- Extensive software portfolio for medical specialties

- System development started with our integrated environmental HOLISTIC approach as empowering force

- Comprehensive know-how by specialized medical professional staff

- Build up a significant innovative image by smart time-to-market strategies

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Hospital Customers ORBIS® - Growth

**Total number of ORBIS® hospital customers**
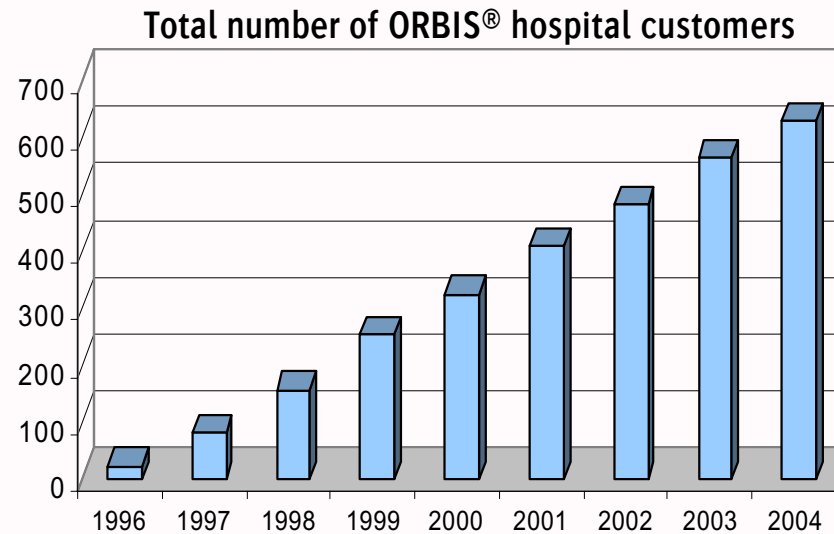
- **Market leader with integrated hospital information system (HIS) ORBIS®**

- **Most extensive product range in comparison to competition**

- **Hospitals of all sizes, segments and types
  (small, medium, large hospitals - acute care, rehabilitation, psychiatry)
  incl. hospital groups and university hospitals**

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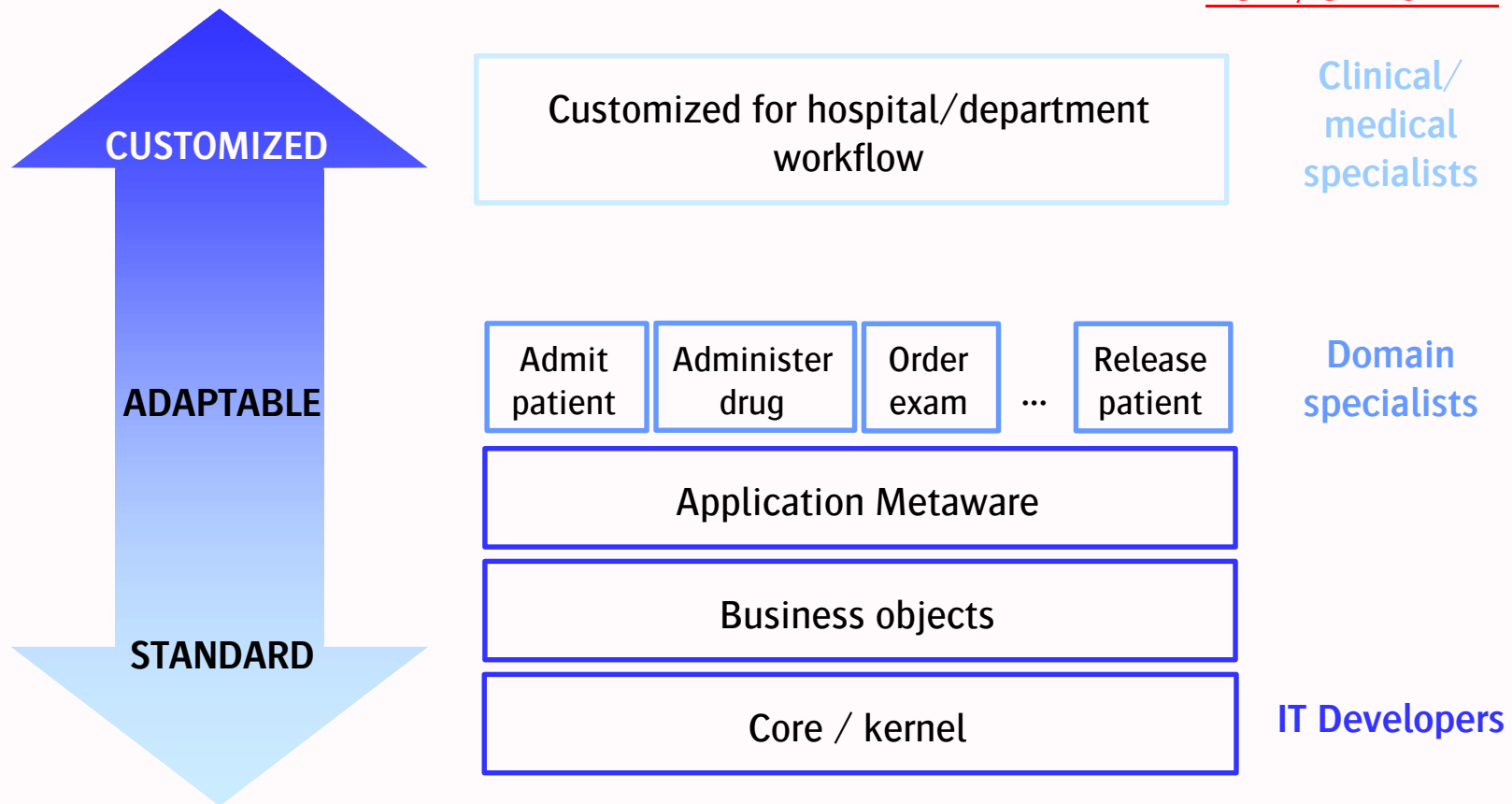# Facts & figures -Sales distribution

Thousand €
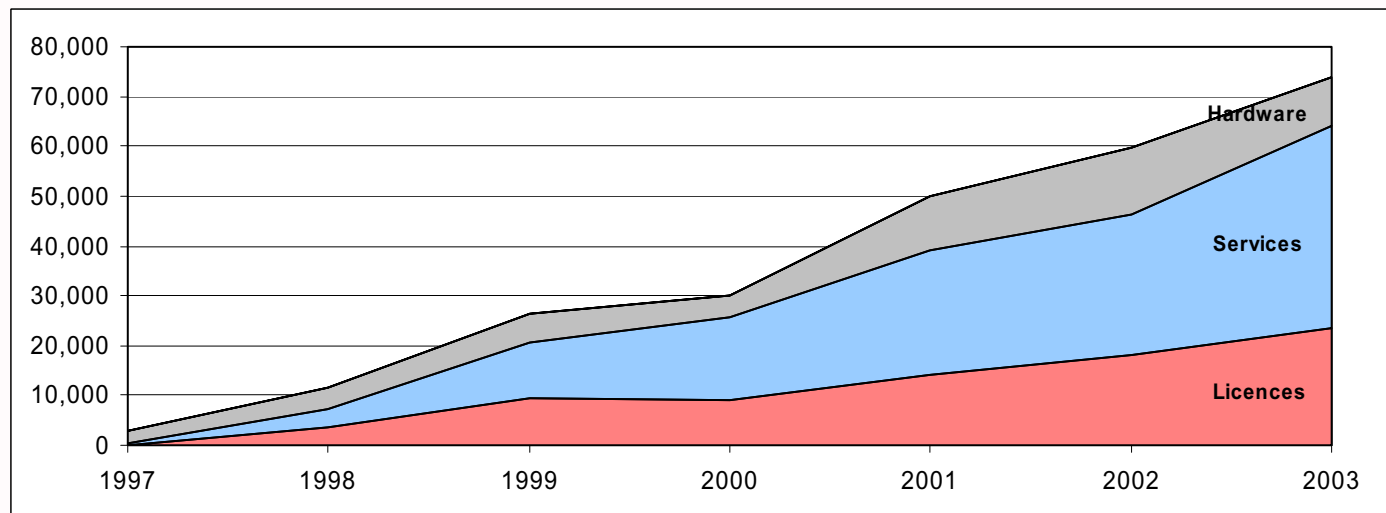
ORBIS®

ORBIS® is a complete information system and has over 70 applications for hospitals and other healthcare facilities, including nursing, wards, operating theater, anesthetics, intensive care, radiology, laboratories, pathology, cardiology and other clinical departments, blood banks, out-patients, all administrative functions and financial affairs

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IT architecture model - ORBIS®

CUSTOMIZED

Customized for hospital/department workflow

Clinical/ medical specialists

ADAPTABLE

Admit patient	Administer drug	Order exam	...	Release patient

Application Metaware

Domain specialists

STANDARD

Business objects

Core / kernel

IT Developers

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ORBIS® – the integrated Healthcare Information System
Product Lines

ORBIS® Ways

Cross-area and
cross-sector cooperation.
Organization of higher-level flows.

ORBIS® Links

Networking
with other systems.
Interfaces,
system integration,
communication.

ORBIS® Medical

Treatment management
and medical documentation.
Systems for specialist areas,
functional areas and
departments.

ORBIS® Basics

Basic systems
and services.

ORBIS® Care

Nursing management
and nursing documentation.

ORBIS® Management

Institution management.
Hospital management, business management,
controlling, accounting and administration.

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Why Agfa?

- One well integrated portfolio

- Internationalization of ORBIS® with Agfa infrastructure and market access

- Agfa as complete IT provider for hospitals

- Enterprise Solutions for Healthcare: Hospital Information System – Electronic Medical Record – Enterprise Workflow Management

- Departmental solutions: Radiology, Cardiology and others

- Complementary customer base

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Glossary

- GWI: Gesellschaft für Wirtschaftsberatung und Informatik
- PACS: Picture Archiving and Communication System
- RIS: Radiology Information system
- CIS: Clinical Information System
- HIS: Hospital Information System
- EPR: Electronic Patient Record
- EMR: Electronic Medical Record
- MRI: Magnetic Resonance Imaging
- PAS: Patient Admission System
- CR: Computed Radiography
- DR: Direct Radiography

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