



Germany facts & figures:

Area:
0.357 million km²

Population:
81 million (2015)
Density: 228 people/km² (2015)
Growth: -1.2% (2005-2015)

GDP:
CHF 3.3 trillion (2015)
Per capita: CHF 40,438 (2015)

Sales at a high level

Around 1.2 million hearing aids were sold in Germany during the 2015/16 financial year. This well-developed market still offers significant opportunities: with an estimated penetration rate of approximately 20%, there remains considerable room for growth.

Sonova in Germany

Today, Germany is the Sonova Group's second largest sales market, having achieved a strong increase in local currency terms over the past five years.



German ingenuity

Sonova has enjoyed decades of success in Germany. We pay a visit to a country with a long research tradition and a true sense of quality.

As the German poet Johann Wolfgang von Goethe noted in his novel *Wilhelm Meister's Journeyman Years*, "knowing is not enough, knowledge must also be applied; wanting something is not enough, you have to take action." There is a long tradition of scientific curiosity, entrepreneurial spirit and practical knowledge transfer in Germany and Sonova's innovations have fallen on fertile ground here. Customers are typically tech-savvy and the audiological training courses amongst the best in the world. The research conducted at German universities is world-class.

The hearing aid market in Germany experienced double-digit growth in 2014 in the wake of a significant increase in reimbursement by health insurers in November 2013. Unit sales for 2015 were also high, with some 1.2 million devices sold. The market potential remains substantial: up to 15 million Germans are estimated to be affected by hearing loss, yet only three million use hearing aids.

Moreover, the number of older adults in Germany is steadily rising. By 2030, the proportion of over-60s will have grown by more than 25 percent, and with it, the need for hearing solutions. Given these circumstances, it has been part of Sonova's strategy to raise awareness among potential hearing aid wearers to a point where they seek professional help as early as possible – rather than putting it off for up to seven years, as is currently the case. Finding a solution too late means losing cognitive performance, with substantial work required to regain the auditory function. Since reimbursement rates were raised in 2013, a number of media outlets have carried reports on the importance of hearing. This is helping to remove the stigma associated with hearing loss and dispel any fears about confronting it.

The supply infrastructure is highly developed in Germany, and the market heterogeneous, with retail stores, chains and wholesalers represented. Audiological stores are required to have fully qualified staff and many of



the smaller specialists have organized themselves into buying groups. Hearing care professionals are comprehensively trained and the profession is well respected, with some 800 audiologists beginning their training at Lübeck University of Applied Sciences each year. Technological innovations are presented every October at the International Congress of Hearing Aid Acousticians, the industry's most important trade fair.

"It's a bonus for Sonova that our customers in Germany appreciate the link between quality and innovation," explains Lukas Braunschweiler, Sonova's CEO. "In a demanding client environment our innovative range of products allows us to provide a solution for every type of hearing loss." Sonova is extremely well positioned in Germany. Sonova brands are firmly established in the world's second-most important market after the USA and the Phonak brand has been the market leader here for many years.

Sonova has grouped all kinds of hearing-related expertise together at its facility near Stuttgart, where the German companies of Phonak, Unitron and Advanced Bionics share premises only a few kilometers from the Swabian hub. Between them, the three Sonova brands cover the entire spectrum of hearing solutions – from hearing aids and cochlear implants to wireless communication – and their joint headquarters allows Sonova to successfully pursue its business strategy while achieving synergies and cost efficiency through the close cooperation of the individual brands. This begins with collaboration in areas such as purchasing, logistics and IT and even extends to bookkeeping / controlling and human resources.

For more than 30 years, the name Phonak has been synonymous with the highest standards of hearing aid technology in Germany, and Werner Dettmer has been involved from the outset. Back then, the firm had only 22 staff, a roster that has now expanded to more than 140. "We have grown quickly, but the working atmosphere has remained very personal," he explains. He also meets up with his colleagues from the customer

helpline in his leisure time, to play badminton or soccer. The company's flat hierarchies and attractive opportunities for advancement are likewise a source of pride, as is evidenced by the low staff turnover rate; the average period of employment at Sonova's Stuttgart office is about eight years.

Phonak's innovative products are very well received by the German market. One example of this is the commercial success achieved by Lyric™, the world's only 100% invisible hearing aid, which can be worn continuously for several months at a time. The high-tech Roger™ Pen wireless microphone, which enables people with hearing loss to communicate in noisy environments and at a distance, is also in high demand. Wireless solutions such as EasyCall are another successful part of our product offering, allowing every Phonak hearing aid to link to any Bluetooth®* enabled telephone and transmit the speech signal to the hearing aid. "Our customers really appreciate Phonak's innovative spirit," says Roger Baumann, Managing Director of Phonak Germany. "We are in a strong position when it comes to providing solutions for adults and children with profound hearing loss."

The new Venture product platform, introduced in 2014, has been particularly well received. Leveraging Sonova's latest chip technology, Venture delivers double the processing power while reducing battery consumption by up to 30 percent. The AutoSense OS™ automatic operating system ensures that there is no longer any need to switch between programs: the device automatically detects hearing environments and adapts in real time. Furthermore, Venture's AutoSense OS makes use of Binaural VoiceStream Technology™, a unique system in the industry that provides bi-directional signal transmission between two hearing aids in real time – enabling exceptional sound quality and excellent speech understanding.

According to a 2014 patient study, 86 percent of Germans surveyed looked online for health-related information. The advantages of online research are

its speed and anonymity, which is of great importance to those individuals with inhibitions to overcome. This remains an issue for many with hearing problems and is one more reason why Phonak intends to expand its use of digital channels when communicating with customers. "We want to offer genuine added value on the internet to hearing care professionals and our hearing aid wearers alike," explains marketing manager Steffen Kohl, "whether via social media, e-learning or our e-commerce platform." Phonak is exploiting the potential of the internet with multi-channel marketing; presenting information via online platforms while providing an opportunity for interaction on Facebook.

Phonak provides hearing care professionals with a wide range of services to ensure success in advising customers and fitting hearing aids. This strategy is based on four pillars, starting with the products and their associated documentation and manuals. The second pillar represents needs-oriented advice that may be expanded to include an online consultation tool or guidelines for sales support. The third pillar is the fitting itself, for which Phonak's Target software was developed. The fitting process has been optimized with a phoneme test that uses the smallest units of language to establish how well speech is heard, distinguished and identified, and Phonak's Target has a "Junior" mode for children's audiological requirements. The fourth pillar aims to raise awareness of products and services among hearing aid wearers. Phonak provides hearing care professionals with marketing support through the likes of the Phonak Vendo online portal, for example, featuring marketing materials that the hearing care professionals can customize to meet their needs and then order directly from the site.

Phonak recognizes the commitment and expertise of hearing care professionals with the Future Hearing Award, which was first presented in 2015. "Our objective is to work with hearing care professionals in shaping the future of hearing," explains Phonak Managing Director Roger Baumann. "We enjoy a close part-



nership.” Hearing care professional Sabine Welling has received an award in the “Fitting” category, for example. She developed an ingenious network for an almost immobile paraplegic hearing aid wearer that makes use of his mobile phone’s voice command system and various other interfaces and wireless connections to his hearing instruments, enabling him to interact independently and flexibly with other people.

Unitron, Sonova’s second hearing aid brand, has also enjoyed great success in Germany, benefiting greatly from close client relationships that have been built up over many years. “The commitment of our team has been the secret to our success here,” says Unitron Managing Director Jochen Meuser. Unitron’s business has performed very well over the last few years, with sales and total units sold in Germany quadrupling within a very short time.

Unitron’s Flex™ concept represents a particularly appealing solution for hearing care professionals: various technological aspects of Flex devices can be upgraded, and an instrument’s technology can easily be adapted (even if it has

already been sold) by upgrading its programming. This means that no more consignment stock needs to be kept, which reduces costs. “Once we saw the advantages that working with Unitron would bring for us and for our customers, we were immediately excited,” says Eberhard Schmidt, one of the managing directors of “das Hörhaus” in Regensburg, a successful independent hearing solutions company with ten branch offices. Launched in 2015, Unitron’s new product platform North uses Sonova’s latest chip technology to precisely classify seven different sound environments, four of which focus on conversations. Unitron’s Log It All system offers considerable benefits for fitting hearing aids that truly meet the needs of customers by delivering objective data about a wearer’s real-life hearing needs, such as how they use their hearing aids and what hearing environments they encounter on a day-to-day basis. Hearing care professionals can then incorporate this data into the consultation and take the wearer’s lifestyle into consideration when selecting the right level of technology. These and many other innovations have allowed Unitron to position itself successfully in the German market.

The Sonova brand Advanced Bionics has also secured a commanding market position throughout Germany and is represented in 70 percent of all clinics. This manufacturer of cochlear implants joined the Sonova Group in 2009, a year after founding the European Research Center (ERC), the company’s Hanover-based European research facility. The scientists at the ERC are currently working on proposals for new and innovative products and conducting feasibility studies as they develop technologies for the cochlear implant systems of tomorrow.

The 18 members of staff – who include engineers, medical technicians, physicists, materials scientists and audiologists – are carrying out their studies in conjunction with more than 30 partner clinics and universities throughout Europe. One focus of the ERC’s research is to integrate Phonak’s hearing aid technology into cochlear implant systems and thus leverage the potential in both technologies more effectively. “Every day, we work hard to improve the lives of cochlear implant recipients,” says Volkmar Hamacher, Director of the ERC. The synergies they have achieved between the two Sonova brands are proof



positive of the successful and unique combination of cochlear implant and hearing aid technology.

The Naída CI Q90 processor is the latest offering from Advanced Bionics and has been on the market in Germany since January 2016. Much like its predecessor, it was developed through close cooperation between Advanced Bionics and Phonak, and this has made it possible for recipients to better understand speech even in loud background noise. For example, the recipient's processor can automatically detect the noisy situation and reduce the surrounding noise while focusing on the speaker's voice without them needing to manually switch settings. The researchers in Hanover are also working towards further signal processing refinements using Phonak algorithms. Pooling the resources and expertise at Phonak and Advanced Bionics will bring an additional bonus for recipients: "Phonak wireless accessories can be used by Advanced Bionics cochlear implant recipients to enjoy daily activities, such as talking on their cellphone, listening to music, and watching TV, as well as for better communication with friends, family, and loved ones in noisy situations and over distance," explains Volkmar Hamacher.

The German hearing aid market features a range of sales models. Wholesale is proving a key sales channel for Sonova, although the company is complementing this with targeted investment in its own

retail network. The overarching goal is to grow the customer base for hearing solutions in Germany by expanding the supply and service network. Direct market presence in the retail sector allows Sonova to contribute towards a sector-wide drive to strengthen the audiological base and provide professional services; the Connect Hearing Group, Sonova's audiological services network, is represented across Germany through Vitakustik, Fiebing, Lindacher and Lorsbach stores.

The Sonova Group has further expanded its market access and augmented its comprehensive range of hearing solutions by taking over the Hansaton hearing aid brand in March 2015. This traditional Hamburg-based company has a team of around 200, with staff in Germany, France and the USA, as well as an established distributor network in more than 70 countries. Hansaton provides a broad spectrum of innovative audiological and technological hearing solutions and, as a well-positioned hearing aid brand, is an ideal addition to Sonova's portfolio. Andreas Fischer, Hansaton's Managing Director, observes: "I'm delighted we're part of the Sonova Group. We can now draw on Sonova's considerable capacity for innovation to further reinforce the Hansaton brand and support our long-term expansion plans."

Almost 700 kilometers south of Hansaton's headquarters in Hamburg, Simon Ollert is playing soccer in the evening

sun on a pitch in the foothills of the Ammergau Alps. Simon's love of the game began here, where he grew up, and as a young boy he wrote down his life's dream on a sheet of paper and hung it over his bed: "Become a professional soccer player!" Despite the profound hearing loss with which he was diagnosed two years after he was born, Simon pursued his dream relentlessly, working and training hard. Even when he was a small boy, his Phonak hearing aids brought him far more than just quality of life; they spurred his ambitions. "When Simon got the hearing aids, he never wanted to take them off, they were his favorite thing," remembers his father.

The 18-year-old has been playing in the youth squad at FC Ingolstadt since summer 2015. The team won promotion to the first division of the German Bundesliga the same year. "My story shows just what you can achieve despite hearing loss. I have a great life and don't feel restricted in the slightest," says Simon Ollert, effortlessly intercepting a pass and playing on until it gets dark; he is back to training in Ingolstadt the next morning. Simon is looking to the future with confidence. "I have always set myself goals and always achieved them. If you really want something, you'll get it," he says, running onto the pitch in his soccer jersey.

* Bluetooth® is a registered trademark owned by Bluetooth SIG, Inc.



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