

Strategy and businesses

We are energized by our vision: a world where everyone enjoys the delight of hearing and therefore lives a life without limitations. We bring this closer to reality each day through continuous, customer-driven innovation.



Hearing loss creates challenges for people in every aspect of life; so we tackle those challenges through the industry's most comprehensive range of solutions: hearing aids, cochlear implants, wireless communication products, and professional audiological services. We deliver our solutions worldwide through multiple channels within an increasingly integrated business model that maximizes customer value.

The success of our businesses and the effectiveness of our solutions both rest on the same foundation: innovation. We drive continuous innovation in what we do, how we do it, and how we market it – because we are convinced that this, in turn, drives growth in sales, earnings, and cash flow. We annually reaffirm our commitment to innovation by consistently investing in research and development.

The Sonova Group operates through three core businesses, each individually addressing its segment of the hearing care market while sharing expertise, operational synergies, and best practice in research, production, distribution, and marketing.

Hearing instruments business: Sonova is the world's leading manufacturer and developer of hearing instruments, operating through three distinct and complementary brands. Phonak is the industry's innovation leader and brand, pioneering life-changing technology advances in hearing aids and wireless communication products. Unitron leads in enhanced consumer experience, delivered through close working partnerships with hearing care professionals. Hansaton builds exclusive, trusted, and entrepreneurial relationships with independent audiologists in key markets.

Retail business: Now consolidated under the AudioNova umbrella, our retail business provides advanced audiological care through an extensive international network focused on key markets. Its emphasis is on growth, world-class standards of service, and efficient working practices, giving customers the combined best features and access of a trusted local partner and a global, industry-leading provider.

Cochlear implants business: Our Advanced Bionics brand offers cochlear implant recipients – children and adults with severe-to-profound hearing loss – the chance to hear clear, real-life

sound through sophisticated, reliable solutions incorporating Phonak sound processing technology. The two brands also benefit from complementary customer bases and joint marketing opportunities.

In all our businesses, our growth strategy emphasizes three key areas of activity: creating innovative new products and services, extending our access to the market, and developing eSolutions to integrate our work into the expanding digital universe.

New products

For Sonova, innovation is never a matter of chance. It is a planned process, based on a consistent, repeated platform approach in which new generations of fundamental technology enable new features and thereby new products. This, combined with our continued high level of investment in research and development, has made possible our sustained and rapid tempo of new product launches, systematically renewing our broad offering of solutions year by year.

Every new hearing solution needs to pass the scrutiny of its potential users, and our continuous and intensive consumer research shows the need to satisfy three key fundamental concerns:

Does it sound good? Audiological performance – clear, lifelike sound with good speech comprehension in all relevant life and listening situations – is naturally the most important criterion. People buy our products to hear better, and there will always be room for improvement. In 2016 we substantially enhanced our Phonak hearing aid operating system with new features, including an adaptive frequency-compression algorithm to help those who are affected by hearing loss hear high-frequency sounds – an important part of speech comprehension as well as of natural sounds like birdsong or a child’s laughter.

Does it look good? Design is not an afterthought, but is integral to the appeal of a hearing care product. Most people may want their hearing aid or sound processor to be inconspicuous, but it is still something that will be with them every waking hour: its look and feel are important. We are pleased that we have continued to win a number of prestigious design awards, and we are continuing to innovate in this area: this year, we have introduced the smallest custom hearing aid from Phonak with a robust 3D-printed titanium shell.

Is it easy to use? People do not want to spend lots of time fiddling with their hearing solutions. They want something they can put on and forget about, with the technology taking care of the rest. Our solutions are therefore designed to adapt automatically to any given listening situation, making the hearing experience more natural and trouble-free. Similarly, having to replace hearing aid batteries is a hassle, one that wearers often complain about. We therefore developed and brought to market reliable rechargeable technology for all our brands, and the hassle is gone.

Market access

There is never just one path to the market. As a global company, we are always seeking the most appropriate way to bring our broad portfolio of solutions to each of the millions around the world who want to reconnect with the sounds of the people and experiences that they love.

Our business brands are strongly supported by our broad global footprint: our sales and distribution network, the widest in the industry, comprises over 50 Sonova-owned wholesale companies and more than 100 independent distributors, covering every important hearing care market. Our AudioNova retail network operates from more than 3,300 locations in twelve key markets. This global presence, added to our integrated business model, represents a firm growth platform.

Sonova’s growth strategy acknowledges the diversity of the hearing market by following four distinct paths. Our customer base is growing, and we will accelerate that growth by increasing demand through more direct and digital marketing. We will deepen, integrate, and optimize the professional service channels that lead to customers, increasing productivity and extending our retail network where required. We will continue to expand into accessible and emerging markets with appropriate product formats. And we will increase our share of existing markets by continued innovation presented through multiple brands.

In May 2016, we announced the acquisition of AudioNova, which was completed in September 2016. The combination of AudioNova and Sonova creates one of the widest hearing aid professional service networks in the world, covering twelve major countries. The two networks are complementary, and their combined strengths will advance our strategy of providing world-class professional audiological services and getting closer to our customers.

eSolutions

Our customers’ lives are increasingly digital. Tech-savviness is no longer restricted to the young. More and more healthcare services are being offered through web-connected personal technology, and the “internet of things” will increasingly blur the distinction between hardware, software, and communication. We therefore continue to extend our technology platforms by introducing comprehensive digital solutions and services linking Sonova with its customers and their hearing care providers. We aim to provide a seamless, efficient, and easy digital experience to connect, empower, and assist people throughout their hearing journey.

Today, potential customers can test their own hearing online in the comfort of their home, directly book an appointment with a health care professional in their area, and fill out their initial questionnaire electronically, making their first face-to-face consultation immediately personal and productive.

After being fitted, they can remain in touch with their hearing care professional through remote monitoring, messaging, video conversations, satisfaction ratings, tips, and coaching. The customer remains in control of the process, gaining familiarity with a new experience in a way that enhances understanding and peace of mind. New technology to be introduced over the next year will make remote monitoring and adjustment even easier, using the advanced wireless technology features of Sonova hearing aids to customize their fitting to each individual's lifestyle.

Investing in our people

Our business is built on innovation – and innovation is built on innovators. We rely for our success on the initiative, talent, knowledge, and collaborative spirit of all our employees. Sonova is a place where people know what they are working for: helping people to enjoy the delight of hearing and enabling them to live a life without limitations. We keep that goal firmly in mind and strive to create a workplace where everyone understands how they are contributing to it. We believe that work should be meaningful, because that is what makes it worth being very good at.

With our diverse markets and broad product range, we make a conscious effort to keep our work environment flexible and integrated. We have a flat hierarchy and assume that talented and motivated people will move between our businesses, brands, and companies. We insist on mutual respect, encourage open communication at all levels, and expect – and reward – personal engagement.

We believe in nurturing talent, identifying employees with high potential and ensuring that they get the training and feedback they need to develop to their potential. We take a strategic view of career paths, looking ahead to potential future roles and identifying what skill gaps may need to be filled. We anticipate the possibility of key positions opening up by active succession planning: over 50 % of these roles have a potential internal candidate.

The result is a fruitful balance between the novel and the constant: we are always innovating because the spirit of innovation is part of our DNA.



On the path to growth

Asia / Pacific facts & figures:

Population:

over 4.5 billion
of which:
China: 1.37 billion
India: 1.31 billion
Australia: 24.4 million
Growth: +0.9% (2016)

GDP:

China:

GDP: USD 11.4 trillion (2016)
Growth: +6.6% (2016)

India:

GDP: USD 2.3 trillion (2016)
Growth: +7.6% (2016)

Australia:

GDP: USD 1.2 trillion (2016)
Growth: +2.9% (2016)

Region with significant potential

Around 60% of the world's population lives in the Asia / Pacific region. Mature markets, such as Australia, New Zealand, and Japan, continue to develop steadily. The largest countries in the region, China and India, show a low penetration rate.

Sonova in the region

The Asia / Pacific region contributed 10% to Group sales in 2016 / 17 and has achieved significant sales growth in recent years. Sonova further extended its strong positions in Australia, Japan and New Zealand. Emerging markets such as China and India offer great potential for further growth.

The Asia / Pacific region is becoming increasingly important for Sonova's business. A journey into the growth region of the present – and the future.

“Isn't it a pleasure to study and to practice what you have learned at the right time?” wrote Confucius in the fifth century BC, and the Chinese scholar's wise words still hold true to this day: learning is what turns human beings into cultural beings – and applying what has been learned makes progress possible and helps people to advance. This appetite for progress is palpable throughout the Asia / Pacific growth region: China has long since become one of the leading global markets and tiger economies like South Korea and Singapore are pushing ahead at full steam, while Australia and New Zealand are stable, highly developed markets that are nonetheless still growing steadily.

The region's per capita income is constantly rising – in lockstep with purchasing power and the demand for top quality technological products – and this is opening up extremely promising prospects for Sonova. World Health Organization (WHO) figures indicate that about a third of the world's population over 65 are affected by hearing loss, and this is particularly acute in the Asia / Pacific region. In China alone, an estimated 60 million people suffer from hearing loss, but a mere 5% of these individuals own hearing aids. At 3 – 4%, market penetration rates have also been low in the other Asian countries up to now, and many regions are woefully undersupplied. By comparison, the USA has coverage rate of about 30% and in Europe it is up to 40%.

“One of the reasons for the low market penetration in Asia is that there is insufficient knowledge of the treatment options available for hearing loss. We are using our educational work to help raise awareness, step by step,” says Lukas Braunschweiler, Sonova's CEO. “This is helping us to further drive growth in the region.” Demographic change is also a key factor. The age pyramid is soon to flip in many Asian countries and by 2025, more than a third of Chinese citizens will be older than 50, with only about a fifth aged 19 or younger.

Sonova is pursuing a long-term growth strategy in the Asia / Pacific region that factors in the extremely heterogeneous market conditions in individual countries. “Our tailored approach is the key to our success here,” explains Braunschweiler. In Australia, for example, both the wholesale and retail business are making a significant contribution to Sonova's growth, while in China, the sale of hearing solutions via private specialist stores and chains is playing an increasingly important role. The volume of hearing care programs supported by state agencies is likewise growing, with government initiatives being launched in more and more regions.

All these strands converge at Sonova's regional hub in the city-state of Singapore, where synergies between the various Group companies are forged, ensuring cost efficiency and integrated service. Sonova's Asia / Pacific hub is optimally located: the

flight to Shanghai is five hours, you can be in Delhi in six, and the west coast of Australia is only five hours away. The Sonova Group operates its own companies in countries such as China, India, Vietnam, South Korea, Japan, Australia, New Zealand and Singapore while other parts of the region are covered via distributors.

The Sonova Group's operation centers in Vietnam and China manufacture products for the entire world. The Ho Chi Minh City production facility in Vietnam was enlarged by 10,000 m² in 2016; the new factory is built to accommodate a production team of 1,200 and is equipped to produce a variety of hearing instruments. The operation center also meets the highest environmental protection standards, with a state-of-the-art building management system helping to minimize energy consumption. The production capacity of the operation center in China has also grown rapidly over the last few years; the facility in Suzhou manufactured around one million units (predominantly behind-the-ear hearing aids) in the 2007/08 financial year but production has since increased several times over. This success is rooted in the commitment of the employees and

close cooperation within the team. General Manager Davy Ling believes it is especially important for everyone to feel part of the Sonova Group and to be motivated to contribute new ideas. "At the entrance to our operation center we have a pinboard showing improvements suggested by our staff – tips on how to optimize production processes, for example," explains Ling.

Sonova has also opened a new training center at its Suzhou site that will provide hands-on courses for hearing care professionals. "At our training center, we instruct course participants in our customer-focused approach, which has the consultation and sales processes at its core," explains CEO Lukas Braunschweiler. The center is equipped with sound-proof rooms for hearing tests and workstations where earmolds can be adjusted, so hearing care professionals can immediately put what they have learned during their training days into practice. "We think it is important for our technical staff to extend and refine their qualifications on a rolling basis," says Braunschweiler. In parallel, Sonova is establishing an interactive, online audiology academy that pursues the same objectives and will like-

wise be launched in China. "Our training courses will help us supply more and more people with professional hearing solutions," adds Braunschweiler.

Sonova's hearing aid brand Phonak is represented in the entire region and has also proved to be a technology pioneer in the Asia/Pacific area. Audéo B-R, the company's new rechargeable hearing aid, is the first of its kind and features a specially developed lithium-ion battery that provides up to 24 hours of hearing on a single charge. It has already enjoyed an excellent reception on all the markets in the region where it has been launched. "These kinds of innovative products allow us to serve the needs of our customers even better," says Thomas Lang, Senior Vice President Phonak Marketing. A further success has been scored with a new speech algorithm that has decisively improved speech recognition in tonal languages for users of Phonak hearing aids: Adaptive Phonak Digital was introduced in May 2015. Studies carried out since the product launch have shown that Chinese-speaking hearing aid users are very happy with the improvements, and new conversion software has been specially developed for China.





These innovations, which incorporate the particular characteristics of tonal languages, are allowing Phonak to meet the increasingly sophisticated needs of its Chinese customers. “An urban middle class has grown up in China over the last few decades, and it is looking for quality and attractive design. The number of Chinese users with high expectations of their hearing equipment is expanding all the time,” says Lang. A further example of how Phonak is responding to the individual needs of its customers in the region is its provision of hearing solutions for children; Phonak is bringing decades of experience in this field to bear in its role as a core partner for state health and education departments in key markets such as China and Australia. Products with Roger technology are extremely popular in Australia, for example, and not just in the education sector; the National Gallery in Canberra uses the Roger Guide-U system for group tours.

Sonova’s hearing aid brand Unitron is equally well-positioned in the Asia/Pacific region, with Australia figuring as one of its key markets. Here too, hearing care

professionals can offer their customers an opportunity to test out a device before deciding on a purchase. This Flex:Trial™ system has been demonstrated in workshops to hearing care professionals up and down the country with great success, and course participants also learn ways of improving the customer experience: “It’s not about selling a product, it’s about offering a solution,” explains trainer Catherine Brown. The Flex:Trial workshops also introduce participants to Unitron’s Log It All software, which allows hearing care professionals to make use of customer data when giving advice, as Log It All documents user behavior in various acoustic environments. The end result is a comprehensive picture, as data about acoustic conditions and hearing aid settings are recorded. The customer’s personal experiences of hearing situations are linked with these data via an app. “This allows customers and hearing care professionals to work together to assess which situations and settings the wearer was happy with. Customers can try out various levels of technology with the Flex:Trial unit without having to get used to a new device,” explains Brown.

With the Flex:Upgrade program, customers are able to enhance the performance level of a hearing aid they have already bought simply by taking it to the hearing care professional to have it reprogrammed.

Advanced Bionics, Sonova’s cochlear implant brand, is also extremely active in the Asia/Pacific region. There is particular promise in India, the most highly populated country in the world besides China, with only about 1% of potential cochlear implant recipients fitted so far; the number of surgeries is constantly growing and Advanced Bionics’ cochlear implant systems are already in use in more than two-thirds of India’s private clinics. There has been an enthusiastic take-up of innovations such as the Phonak Naída™ Link (the world’s first hearing aid specifically developed for use with a cochlear implant system) among doctors and patients alike. “Advanced Bionics always focuses on cultivating relationships and building up trust,” says Director Vinod Nadig. Advanced Bionics puts particular emphasis on follow-up care and training courses for surgeons, audiologists and speech therapists.

Through its AudioNova Group brands, Sonova also has a strong presence with professional audiological services in the Asia/Pacific region. The Triton brand is represented in more than 50 specialist stores throughout New Zealand and the Connect Hearing brand provides professional audiological services in more than 120 locations in Australia. Because of the vast distances on the Australian continent, eSolutions have proved a particularly important element in connecting with customers; audiologists can use the internet to catch up on information about new technologies, products and offerings right across the country. "Connect Hearing has built an online community in Australia that now has 12,000 members. A live chat is held with an audiologist once a month to answer users' questions," explains Group Marketing Manager Beat Meier; the live chat session is once again being broadcast from Connect Hearing's headquarters in Sydney, with audiologist Julie Sutcliffe taking only seconds to respond to participants with answers and advice.

Many users with hearing problems find that this provides the prompt they need to visit a doctor or hearing care professional.

At the same time, a young dancer is training in the Chinese city of Harbin, 9,000 km northwest of Sydney. Tianjiao (Jiaojiao) Zhang leaps from the floor of the bright training room and glides through the air for a moment, her left arm stretched out above her. She lands gently, relaxes her joints, and laughs. Even as a child, the 20-year-old dancer knew there was only one career for her, despite her profound hearing loss – and she has been supported in this endeavor by hearing aids from Sonova brand Phonak; Jiaojiao has been wearing these since she was five years old. As a little girl, Jiaojiao learned to dance, hear and speak all at the same time. "Lots of people said to me that I would never manage it. But my teacher and especially my mother have always believed in me." Her teacher recognized her talent for dancing at an early age and practiced with her, speaking slowly and with plenty of ges-

tures, and always looking for eye contact. The training was very hard. "I had this determination within me not to cry, but to grit my teeth. I wanted to get better and better." Nowadays, Jiaojiao can smile when she talks about that time. Success came quickly, and even as a teenager, Jiaojiao was winning prizes at national and international competitions before studying dance at a prestigious academy in Beijing. Having graduated, she now works as a freelance dancer with bookings all over the country for appearances with various dance troupes. She also gives ballet lessons to children. "I love teaching children and encouraging them. My dream is to have my own dance school one day. Dancing makes me happy and I want to pass this on," she says, smiling – and preparing for her next pirouette.



Jiaojiao has wanted to be a dancer ever since she can remember, despite her profound hearing loss, and Sonova brand Phonak's hearing aids are helping the 20-year-old Chinese woman to achieve her ambitions; she dreams of running her own dance school.

Hearing instruments business

Our three strong brands – Phonak, Unitron and Hansaton – make us the world’s leading provider of hearing instruments. By driving innovation and staying focused on our customers, we deliver ever better hearing for millions of people worldwide.



Our hearing instruments business brings Sonova’s vision to reality through the targeted, complementary strategies of each of our product brands.

Phonak is the technology innovation leader, delivering life-changing hearing solutions and the broadest product portfolio in the industry. Throughout its 70-year history, Phonak has regularly established new technology, industry standards and benchmarks with pioneering hearing systems and wireless devices.

Unitron works in close partnership with hearing care professionals, supporting in-clinic success by enhancing clients’ experience and offering effective products, technologies, and services. Unitron acts as a member of the hearing care team, supporting a symbiotic relationship with its customers.

Hansaton is focused on independent audiologists, in particular in Germany and France. It provides bespoke individual support, builds trusted, cooperative relationships, and offers customized solutions for optimal hearing.

People who need hearing instruments differ widely in their personal styles and expectations. Some are technology enthusiasts; others are value conscious; some are self-directed; and again others look for personal service. These differing needs lead them to different types of providers, from the independent audiologist’s practice to large chain store networks. Our three strong hearing instrument brands, each with its distinct product and service offering, allow us to cater to every type of customer through the most appropriate channel.

Distinct though they are, each of our brands keeps closely to our overall corporate strategy of strong product innovation, efficient market access, and development of modern eSolutions. Here is how our hearing instrument brands delivered on that strategy this year, setting new industry benchmarks for hearing performance, ease of use, and aesthetics.

New products

With the launch of the **Phonak Belong™** platform in August 2016, we have solved one of the most pressing issues for hearing aid wearers: the hassle of changing batteries. Research¹ showed rechargeable hearing aids right at the top of the list of wished-for features. Following years of research, development, and intensive testing, Phonak launched the first lithium-ion rechargeable hearing aids, providing 24 hours² of hearing with a simple charge of just three hours. Lithium-ion batteries last for the lifetime of a hearing aid, freeing wearers from the cumbersome task of changing batteries.

Initially available on Audéo™ B Receiver-In-Canal (RIC) instruments, the Phonak rechargeable offering expanded in February 2017 with the launch of the Bolerio™ B-PR Behind-the-Ear (BTE) hearing aid. Hansaton also introduced its version of a lithium-ion rechargeable hearing aid with its AQ HD RIC device. Completing our portfolio of rechargeable solutions, Unitron introduced in February 2017 the Moxi™ Fit R RIC: the world's smallest rechargeable hearing instrument.

The **Phonak Belong** platform delivers market-leading hearing performance, with the second generation of **AutoSense OS™**, one of the most sophisticated and advanced processing systems ever applied to hearing care. In 2016, we further enhanced it with new features, including adaptive **SoundRecover2**, an advance on Phonak's groundbreaking frequency-compression algorithm. The fully automatic operation of AutoSense OS gives customers an effortless hearing experience without having to press buttons or switch between listening programs, and is proven to deliver 20% better speech understanding³. For the most difficult speech environments containing loud noise, AutoSense OS contains features which will improve speech understanding by an average of 60% versus not wearing any hearing aids⁴.

In February 2017, Unitron also announced the launch of its **Tempus™** product platform. Tempus brings entirely new features to market, allowing wearers to participate more actively in all kinds of conversations, including those in significant background noise. Intelligent **SoundCore™** technology makes this possible by orchestrating four separate features that understand the listening environment and make fluid adjustments to suit the moment. Tempus is more accurate and significantly faster at recognizing and locating speech than the previous Unitron platform, delivering the most realistic and natural sound yet.

Aesthetics are important in choosing a hearing aid, because it will be part of each wearer's everyday life. For maximum discretion, Phonak offers the newly-launched **Virto™ B-Titanium**: the first Phonak custom product line made from titanium, using state-of-the-art 3D metal printing. This groundbreaking technology lets us build a shell that is 15 times stronger and 50% thinner than a standard acrylic shell, thereby reducing its size by up to 26% versus its predecessor. Combined with new electronics, packaging and design, this enables smaller custom devices than ever before. Unitron launched the **Moxi™ Now**, the smallest wireless RIC instrument in the world, delivering amazing comfort, beautiful aesthetics and intuitive functionality.

Market access

We constantly strive for innovation, not just in what we make and how we make it, but in how we market and sell our products and services: supporting and informing our market is a vital part of our business. Choosing a hearing aid is a life-changing decision; we want to ensure that the people making that decision have all the information they need.

To achieve this, we are making increasing use of digital communications when introducing new products. The launch campaign for the **Phonak Audéo™ B** started just after its announcement in June 2016 with a digital teaser campaign on the internet: a landing page, several waves of emails, and a tailored mix of advertising and social media activities. We achieved a very high awareness by the time of launch, with tens of thousands of visits to the landing page and several million paid and unpaid impressions.

The **Phonak** brand is a vital source of current and future competitive advantage. In preparation for its 70th anniversary, we revisited the Phonak brand essence to ensure that we convey to our target markets the key strengths of the brand: our belief in changing lives and creating a world where "Life is on" for everyone; our mission to create solutions that empower people to thrive socially and emotionally; and our offer of the broadest portfolio of innovative hearing solutions.

As part of our overall wholesale market access strategy, we have continued to implement our SCORE (Sonova at the CORE) project. This establishes strong Sonova wholesale entities in our key markets, with joint teams that support our three hearing instrument brands with shared service functions. SCORE allows our group companies to focus their efforts even more effectively on serving their customers through our three distinct brands, enabling an agile response to changing market needs.

eSolutions

Digital tools are becoming an integral part of the overall hearing solution, enabling ever better hearing aid performance and increased convenience, while strengthening the relationship between the hearing aid wearer and the hearing care professional.

Unitron’s strategic focus on this relationship has led to the Flex™ fitting concept, first in the industry. Flex allows customers to trial and upgrade to different technology levels without changing their hearing instrument. In 2016, Unitron took Flex to the next level with **patient insights**, combining the ability to capture real-time objective data about the hearing aid wearer’s sound environment with the opportunity for the wearer to log subjective in-the-moment insights and ratings of the hearing aid’s performance, thereby enabling evidence-based counseling.

This is just the beginning. We will be introducing new technology over the course of the 2017/18 financial year that will further expand our offering in this area, enabling remote coaching and real-time adjustment services by linking hearing aids with smartphones and other electronic devices. Phonak has been chosen as a partner in a pilot study exploring opportunities for distance support with the US Department of Veterans Affairs (veterans, who have a high incidence of hearing loss, are often also house-bound). We will also be exploring these models for independent healthcare professionals and for larger retail formats such as our AudioNova business.

- 1 MarkeTrak 2015, asked of non-owners only (n=2099) – multiple responses allowed
- 2 Expected results when fully charged, and up to 80 minutes wireless streaming time
- 3 Phonak Field Study News, June 2015. AutoSense OS – Benefit of the next generation of technology automation.
- 4 Phonak Field Study News, April 2011. StereoZoom improved speech understanding even with open fittings.



Practical training for optimal hearing solutions

Guang Yang focuses her eyes on her colleague’s ear and slowly inserts a thin tube. It’s a role-play, with her colleague taking the part of a customer with hearing loss for whom “in-situ measurement” is being carried out. The procedure measures the volume of sound directly in front of the eardrum so the device can be fitted perfectly. This young staff member from a local specialist audiology store is one of 16 participants attending a two-day product training course at Sonova’s new training center for hearing care professionals in Suzhou. They practice in pairs; a murmur fills the room, constantly punctuated by the gentle white noise that is played while measurements are taken.

China is one of the markets with the greatest potential for hearing aids worldwide, but there is no comprehensive, practical training available to produce qualified hearing care professionals; Sonova is bridging this gap with its training center. “We are extremely well-equipped and can do lots of hands-on exercises,” says Training Manager Henry Dai enthusiastically. “We have a sound-proof room for hearing tests, for example, and eight workstations where you can learn how earmolds are correctly adjusted,” Dai continues, before taking a look over the course participants’ shoulders and lending a steady hand as required to help them insert the little tube.

Sonova is also keen to communicate a new, customer-focused approach in its training courses in Suzhou. “This is globally unique,” says Bettina Turnbull, Managing Director of the center. “The advisory process and sales negotiations are not taught with such a focus on practical experience anywhere else.”

A good consultation must address the question of customer lifestyles – whether they have children and what they would like to go back to doing if they could hear better, for example. “Patients’ needs can be precisely identified – and thus the ideal hearing solution chosen – only through extended dialogue,” explains Turnbull.

In parallel, Sonova is establishing an interactive, online audiology academy to pursue the same objectives; it, too, is set to be launched in China. An international curriculum has been drafted for the program which will initially be offered in English and Chinese. “Course participants will be trained to analyze and solve problems using virtual customers who have a clinical history and specific hearing needs,” explains Turnbull. “We want to use both our training course options to perfect our analysis of hearing problems, thereby providing more and more people with professional hearing solutions.”



There is no comprehensive, practical training available to produce qualified hearing care professionals in China. Sonova's new training center in Suzhou bridges this gap with advanced courses, and the company is also keen to communicate a new, customer-focused approach in its audiology courses.



Retail business

The AudioNova Group is dedicated to delivering best-in-class service and technology solutions for people with hearing loss.



In May 2016, Sonova announced its agreement to acquire Audio Nova, one of Europe's largest hearing aid professional service providers. The acquisition was completed in September 2016, expanding Sonova's retail service network in Europe by over 1,300 stores with attractive market positions and established customer bases. The acquisition added around 1,600 hearing care professionals, significantly expanding the retail network's service capacity and bringing it even closer to its customers.

AudioNova's complementary footprint and high-quality retail platform are an excellent fit with Sonova's existing state-of-the-art service network and integrated retail strategy, creating an optimal basis to exploit the strengths of the combined businesses. After the completion of the acquisition, Sonova renamed its global retail business "AudioNova": a fast-growing international network of professional hearing care providers, operating from over 3,300 locations in twelve major markets around the world.

The AudioNova Group operates under several market-specific, well-established local brands, which besides AudioNova include Audium, AuditionSanté, Boots Hearingcare, Connect Hearing, Geers, Hansaton, Lapperre, Schoonenberg, and Triton. All these brands share a single, global strategy: to offer best-in-class professional services and to drive sustained growth by putting customer experience at the center of attention.

New products and services

The Sonova model of innovation extends to our retail activities. Hearing loss affects all aspects of life – and life is always changing. Our retail business benefits from direct, timely access to the latest Sonova technology. To be fully effective, our solutions need to be presented, fitted, explained, and supported in a way that works optimally for each customer, every day. Continuous improvement in services allows us to take advantage of step-changes in technology to enhance our customers' experience and further improve our own productivity.

Over recent years, we have successfully expanded our partnership with Boots, the UK's leading pharmacy-led health and beauty retailer. Building on the company's strong customer base of around eight million visits per week to Boots pharmacies and opticians, and through access to around 18 million Boots Advantage loyalty-card customers, our Boots Hearingcare business continues to extend its leading position in the UK private market. Along with increasing sales, we have offered new payment plans and have improved productivity, introducing easy-to-use electronic appointment scheduling and optimizing the deployment of our professionals: many of our nearly 500 locations are fully booked all week and some even on weekends.

In the Netherlands, our Schoonenberg network operates nine Expertise Centers, with a further two due to open soon. These offer a unique experience for people with highly specific or complex hearing needs, as well as customers who demand the most innovative solutions – such as wireless communication systems – and expert service. The Expertise Centers boast state-of-the-art equipment and listening environment simulations, along with highly trained and motivated staff who work in close co-operation with ear, nose, and throat specialists and hospital audiological centers. In a competitive market where insurance-paid standard offerings predominate, the result is higher average sale prices, client value, and private market sales – and, most important, higher customer satisfaction.

Market access

Our approach to professional hearing care builds customer loyalty through operational excellence. We look closely at every stage of the customer journey and ask: how could this interaction be made better, easier, quicker, more welcoming, more productive? Shared services and training, combined purchasing and equipment standards, uniform performance management and information technology – put together, all these help to deliver an outstanding experience of our people, our services, and our solutions, while at the same time delivering efficiency and increased profitability.

As an international network spanning many key markets, we want to make clear to current and potential customers that the outstanding experience we provide is the same across all our stores and reflects our values. Personal referral is still the largest and most profitable source of new business. To earn that referral, we want to be considered the most trusted brand in our industry, which means connecting the customer's individual experience with the brand identity. The advanced solutions and streamlined procedures you enjoy in your local shop should be expected wherever our brands are seen. To that end, we are working to apply uniform country-level branding across our networks, giving all our stores a consistent appearance to emphasize our shared values.

Our current strategic priority is to shape the merged businesses of the AudioNova and the Connect Hearing Group into one integrated network with a product offering increasingly based on Sonova technology. We have appointed a new manager with extensive retail experience to our Management Board to implement our clear and comprehensive integration plan on both the global and local level. We remain committed to organic growth in each of our stores, achieved through ever better products and services, and enhanced customer experience. We will also continue to fill in gaps in our key markets with new stores, innovative distribution models, and selective acquisitions.

eSolutions

In an ever-more connected world, customers expect that their experience will be streamlined and easy, and their hearing journey enhanced by efficient digital tools. We consider our suite of eSolutions to be just such essential tools. They automate routine tasks and give our professionals the ability to deliver their expertise through multiple channels.

The most commonly-cited challenge in the hearing care industry is how to convince people with hearing loss to seek help. In the past, this was done predominately through traditional marketing campaigns in newspapers or shop windows, but now people are increasingly turning to the internet to find information.

As part of our partnership with Boots in the UK, we have been providing for over a year our convenient, easy-to-use online or in-store tablet-based screening app, combining a few simple questions with a hearing threshold test at low, mid, and high frequencies. Since we introduced it, tens of thousands of hearing checks have been completed. Once customers complete the screening, they can choose immediately to book directly an appointment at their nearest store, with real-time availability. The booking automatically generates a confirmation email with a link to a questionnaire, which prepares them and their Boots Hearingcare professional for the appointment, enabling a more constructive discussion during the first face-to-face meeting. The program also sends a reminder email 72–48 hours before the appointment to improve attendance rates. We took this approach one step further in late 2016 with a market trial of the eCoach: a smartphone app that engages new hearing aid wearers by providing them with tips, listening tasks, and a direct link to their audiologist. It also provides the Boots Hearingcare professional with real-time data that helps to optimize any hearing aid adjustment during the next face-to-face visit or remotely in the future.

Even within the digital universe, people do not like to have only one way of contacting their professional services. Potential new customers will be reaching out to us through a multitude of channels including email, voice, text and video chat, or even through social media. The wide range of channels comes with a shorter attention span: to capture potential leads, we need to respond knowledgeably, quickly, and efficiently, no matter how they approach us.

Our Geers network, one of the largest hearing care retailers in Germany, addressed this need with the launch of a multi-channel customer management solution, which provides a consistent customer experience with fast and accurate responses, regardless of the contact channel the customer chooses. Trained personnel handle simple customer inquiries, appointment bookings, and responses to marketing campaigns, taking calls or emails when the shop is not available, thus ensuring that leads are not lost. This innovative customer management initiative can be considered as a blueprint for similar centers in other markets.



Network for better hearing

Australia is almost twice the size of all the countries in the European Union put together, but despite the vast distances, the Connect Hearing team manages to stay in constant contact with customers right across the country: in addition to the face-to-face service offered in more than 120 specialist stores, they have also gone online. “Australia is an ideal market for eSolutions,” explains Managing Director Wolfgang Bennedik. “Many of our customers are very net-savvy; more than half of older people in Australia surf the web and possess smartphones, and we take advantage of this in our customer relationship management.”

Connect Hearing’s marketing team posts new content to the “We’re all Ears” com-

munity’s Facebook page on a near daily basis, and the website already has more than 12,000 fans, with more joining every day. There is also a “We’re all Ears” online platform, through which Connect Hearing provides information on an array of topics. “We want to offer our users genuine added value,” says Marketing Manager Beat Meier. The posts range from tips for jobseekers who wear hearing aids, through recommendations for relatives of people with hearing loss, to the latest research findings. “Dealing with hearing loss has always been the heart and soul of the project, it’s not principally about products,” explains Meier. “We also use promotions to invite potential customers to visit our specialist stores.”

Meier has an appointment with Sonova audiologist Julie Sutcliffe and the “We’re All Ears” community today – every two months, users can ask the hearing care professional questions in a live chat. “This helps the community, and we find out what’s on the minds of

our existing and potential new customers,” adds Sutcliffe.

The Connect Hearing team sits around a conference table in the roomy loft of its Sydney headquarters and waits for questions; the live chat is projected onto a screen and Sutcliffe’s responses are typed directly into the computer. The audiologist mainly supplies contact information for hearing care professionals and doctors – for many, this advice is the spur they need to address their hearing problems. Everyone is content at the end of the nearly two-hour session: “Once again, we’ve been able to help lots of users,” beams Sutcliffe.

“The ‘We’re all Ears’ community has been a complete success,” says Managing Director Wolfgang Bennedik enthusiastically. “It allows us to tap into the huge potential of social media for our company and to forge ahead with developing further eSolutions in Australia.”



Users can browse the latest information from the “We’re all Ears” community on a tablet: Connect Hearing’s online platform in Australia already has 12,000 fans. The content they post is first and foremost about dealing with hearing loss rather than about products.

Cochlear implants business

Advanced Bionics is committed to creating high-quality, reliable cochlear implant systems that our recipients can depend on each and every day.



Advanced Bionics is a global leader in advanced cochlear implant systems. A cochlear implant is an electronic device that allows people with significant or complete hearing loss to hear the world around them. Unlike hearing aids, which amplify sound, cochlear implants bypass the damaged part of an ear and send electrical signals directly to the brain via the hearing nerve.

Represented in over 50 countries, Advanced Bionics works in close cooperation with surgical clinics and hearing care professionals. We invest more than 25% of sales in research and development, providing state-of-the-art technology, reliable products, and expert service to support recipients every step of the way on their journey to hearing.

Advanced Bionics began working closely with Phonak following its acquisition by the Sonova Group in 2009. This close collaboration gives us a unique advantage by bringing together the most innovative cochlear implant and hearing instrument technologies.

New products

While a cochlear implant's effectiveness lies in transforming an acoustic signal into an electrical stimulus, Advanced Bionics products are also able to optimize the acoustic signal itself – helped by Phonak's long-term expertise in intelligent, adaptive programs that analyze the sound environment, recognize difficult listening situations, filter the voice or sound that is most important, and send it to either or both ears for a more natural hearing experience.

The Phonak Naída™ Link bimodal hearing solution, first introduced in May 2016, gives cochlear implant recipients access to all these advanced features when they use a cochlear implant for one ear but wear a hearing aid in the other. More than 40% of cochlear implant recipients are in this category and, until now, they would have been fitted with separate solutions for each ear, sometimes from different manufacturers, fitted by different professionals, with settings and programs that needed separate manual adjustment and control by the user.

The Naída Link is the only hearing aid designed to treat sound in the same way as the Naída CI sound processor. The two constantly and automatically adjust themselves and each other, sending sound and control signals to either or both ears as the listening situation requires. Research shows that this gives a proven advantage for clear, comfortable hearing in noise, compared to using a cochlear implant with any other hearing aid.¹

Like all Naída CI sound processors, the Naída Link hearing instrument connects automatically with all Phonak wireless accessories to let recipients use phones, televisions, media players, and the Roger suite of wireless microphones.

In the coming year, Advanced Bionics will further expand its Naída Link portfolio with the launch of a CROS solution. This is designed for the many recipients who have complete hearing loss in both ears, but can only receive reimbursement for one cochlear implant. The CROS device, worn on the opposite ear, picks up sound and sends it wirelessly to the Naída CI sound processor – which is the only sound processor capable of operating in this way. Powered by Phonak’s Binaural VoiceStream Technology™ the CROS solution works automatically to give recipients a clear, detailed listening experience. In noisy places, it “zooms in” on speech coming from the front. If someone is speaking from the opposite side of the implanted ear, the CROS device sends the voice to the Naída CI sound processor and the recipient is able to hear the speech without having to turn the head.

In September 2016, Advanced Bionics introduced the new HiRes™ Ultra cochlear implant. Built on proven HiRes electronics, the new implant is 30 % thinner than the previous generation, with a lower profile that makes it ideal for recipients of all ages. It exceeds the industry standard for physical impact resistance and can go through 1.5T MRI scans with its magnet left in place. It also includes the HiFocus™ Mid-Scala electrode, designed to protect the delicate structures of the cochlea and preserve residual hearing.

To be able to enjoy music and natural sounds with a cochlear implant depends crucially on accurate coding in the electrical impulses of the sound’s physical parameters: intensity, frequency, and time. The new HiRes Ultra relies on HiResolution™ Bionic Ear System technology for its unique capability to steer 16 current sources independently. For the recipient, this means a better ability to distinguish different pitches, with a more accurately timed and natural hearing experience, resulting in a better appreciation of music with HiRes technology than with other implant systems.^{2,3}

Market access

There are around 1,300 clinics worldwide that perform cochlear implant surgery; Advanced Bionics is currently represented in approximately two-thirds of these. Our goal is to be present in every clinic, and to reach that goal we have established a program of close engagement and active, evidence-based dialog with surgeons and audiologists through our team of clinical specialists. We put strong emphasis on education and training of our staff, so that they can sustain peer relationships with clinical decision-makers.

The synergies between Advanced Bionics and Phonak go beyond R&D: it also benefits from Phonak’s strong position in the hearing aid market segment for severe-to-profound hearing loss. There are well over a million people who currently wear Naída or other Phonak high-power hearing aids. Of this group, a significant number will develop a level of hearing loss for which a traditional hearing instrument is no longer sufficient and will thus become potential cochlear implant candidates. They will also already be aware of the sophisticated features of Phonak hearing aids that are also available in the Naída CI processor, the Naída Link bimodal solution, and our range of wireless accessories. This puts us in a unique position to further expand our market.

The Sonova Partner Program fosters partnerships between hearing instrument retailers and cochlear implant clinics for the optimal treatment of people with significant hearing loss. It provides a seamless transition for those who are moving from Phonak hearing aids to a cochlear implant by ensuring that they retain the personal service of their trusted, local expert, along with the familiar Phonak look and feel, while benefitting from the functionality of the Naída CI technology. The program allows the cochlear implant clinic and the hearing care practice to concentrate on providing the services that are most appropriate to each, while recipients gain the benefit of expert care and technology upgrades from both. The Sonova Partner Program has been successfully introduced in several European countries including Germany, where we have already built up a network of 100 Certified Partners with positive impact both on earnings and referrals.

eSolutions

Advanced Bionics provides a range of eSolutions and digital resources to help recipients along their journey to hearing, but we also offer eSolutions for hearing care professionals and cochlear implant professionals. One recent example is our customized version of the InSuite solution from DocCirrus: this practice management software integrates, through the Cloud, all aspects of care for a cochlear implant recipient across the range of professionals who provide that care. This includes routine functions such as scheduling, documentation, prescription, secure storage of patient data, billing, and so on – but it also provides a platform for training and support, as well as telehealth services such as online video consultation. Just as the Sonova Partner Program links the institutions, InSuite links the data and actions that help smooth the hearing journey.

We continue to provide a range of tablet and smartphone apps that offer recipients support, information, and interesting ways to practice listening, build skills, or learn how to get the best out of their hearing technology. Our Hearing Journey™ online forum has recently been redesigned to provide an enhanced experience with online resource aimed at new and existing members. The site's gives community members an informative channel to chat, learn, and share their stories in a welcoming and secure environment.

- 1 Veugen LC, Chalupper J, Snik AF, van Opstal AJ, Mens LH. (2016) Matching automatic gain control across devices in bimodal cochlear implant users. *Ear and Hearing* (2015 Dec 10, epub ahead of print).
- 2 Mirza S, Douglas S, Lindsey P, Hildreth T, Hawthorne M. (2003) Appreciation of music in adult patients with cochlear implants: a patient questionnaire. *Cochlear Implants International* 4(2):85–95.
- 3 Quick A, Koch DB, Osberger MJ. HiResolution with Fidelity 120 sound processing: listening benefits in CII and HiRes 90K implant users. Presentation at the Conference on Implantable Auditory Prostheses, Lake Tahoe, CA, July 15–20, 2007. [Available upon request]



Focus on follow-up care

“Nice to see you,” says Dr. Shankar Medikeri to Deekshit and shakes hands with the five-year-old. The boy and his mother have traveled to the doctor’s ENT clinic in Bangalore; Medikeri is the surgeon who checks the settings of the sound processor in Deekshit’s cochlear implant once a year. It sounds like the doctor is having a spontaneous conversation with his young patient, but this short chat is also a test. Dr. Medikeri seems happy with Deekshit’s language development: “He understands well and speaks clearly.”

This renowned surgeon has been one of Advanced Bionics’ partners in India for many years and he has placed a good number of the brand’s implants. He conducts live-streamed operations at universities and trains colleagues in im-

plant surgery. Dr. Medikeri admires Advanced Bionics’ technology, its personalized service and its human approach. “The decision to go for an implant is something that will stay with a patient for the rest of their life,” says Medikeri. “So everything has to be right.”

Advanced Bionics is represented in more than two-thirds of the private clinics in the country. “Personal contact with doctors and patients is really important to us,” explains Vinod Nadig, Director of Advanced Bionics India. “We also put a lot of emphasis on follow-up care.” Advanced Bionics conducts vocational training workshops for doctors and audiologists, and patients and their families also receive an introductory session on how to look after and clean the sound processor. State support for cochlear implant use is still not available in every area of the country; regional authorities have the last word. “Indian children will often get their implant very late,” notes Nadig regretfully.

Deekshit was lucky, receiving his cochlear implant at the age of two. That the boy can speak so well is down to his mother’s dedication; she has grown used to giving a running commentary on whatever she is doing. “I’m building a tower,” announces Prabha Reddy as she plays. “Now, I’m making some rice,” she says as she is cooking. Then she asks the five-year-old, “Shall we clean the implant together?” Deekshit nods; it is a weekly ritual between son and mother. The boy takes off the sound processor of his cochlear implant and watches attentively as his mother dabs the fragile components clean with a soft cloth.

“I’m so glad we decided to have the operation,” says Reddy and picks up Deekshit. “This way, he has a chance to lead a completely normal life.”



The mother knocks the spoon against the saucepan as she stirs and asks her son, "Hear that? That's what metal sounds like!" Five-year-old Deekshit nods – he is wearing an Advanced Bionics cochlear implant. The constant training at home is paying off – the boy can understand speech well and speaks clearly.