Demand for early diagnosis and minimally invasive therapy is expanding along with the rapid economic growth in emerging markets, particularly China. Olympus is seeking to achieve significant growth by pursuing a business strategy that is in step with this trend.

Support for Nurturing Endoscopists

Development of the Chinese market is the foundation of this plan. In addition to the progress which the Chinese government is making in reforming medical care, China's population is also rapidly aging in a manner similar to U.S. and European countries. In medical facilities, therefore, number of endoscopists are unable to keep up with the growing number of patients, making the development of new endoscopists is an urgent matter. As in Japan, the U.S., and Europe, Olympus actively supports the nurturing of doctors by providing training opportunities on the safe and effective use of Olympus products, which allows doctors to be familiar with new equipment and procedures. This will contribute to the spread of minimally invasive therapy of China.

Purpose of Medical Training & Education Center

Olympus built the Shanghai Medical Training &
Education Center in 2008 in the research and industry development district outside of Shanghai in China. This site is conveniently located near Shanghai Airport, making it easy for doctors to visit from all over China.

Behind the futuristic exterior of the building are located both a training center and a call center. The training center is set up to allow for the performance of gastrointestinal endoscopic examinations, as well as training on the operation of endoscopic tools and surgical equipment. A lecture hall capable of seating close to 100 people is located on the uppermost floor and is wired for high-capacity broadband communications, making academic exchange possible for doctors both inside and outside China.

Olympus opened similar training centers in Beijing in 2010 and in Guangzhou in 2013, further accelerating support for nurturing new Chinese endoscopists. Efforts in Asian countries

Olympus penetrated the medical business in China immediately after the restoration of Japanese-Chinese diplomatic relations in 1972. Olympus acquired a distributor in China in 2004 and established a new local medical equipment sales and services company. There are currently many sales and services locations throughout China, the largest number of locations for any medical equipment manufacturers in China. “Olympus Endoscope Repair Technology Center” was built in Shanghai in 2006, and another was built in Guangzhou in 2013 in order to provide a single location for authentic repair services involving complete endoscope disassembly and repair. Repairs in Shanghai and Guangzhou meet the same quality standards as those of large scale repair centers in the U.S. and Europe.

As a result of this infrastructure, large growth in sales of Olympus medical devices has been observed in China. Olympus is establishing a top-level infrastructure with support for sales and marketing, service, and training so that it can build momentum for the spread of endoscopy within China and help improve the country’s standard of medical care. With a total population of over 1.2 billion people, India is the most promising new market second to China. It is here that Olympus is steadily executing its business strategies. In April 2010, Olympus established the medical subsidiary “Olympus Medical Systems India Private Limited” outside the capital city of Delhi. From the size of its population and the speed of its economic growth, it is believed that the availability and use of medical equipment in India will advance rapidly in the future. As same as Japan and China, there are a number of gastrointestinal diseases in India amenable to endoscopic treatment, and endoscopic procedures for biliary and pancreatic diseases are very common. Olympus has already opened some endoscopic training centers hospitals in India. As in China, Olympus is making efforts to support the development of endoscopists and is providing speedy repair services as an important added value to healthcare professionals.

In 2014, Olympus acquired its Malaysian agency and established a medical business division at Olympus Malaysia that was able to keep the staff, demonstration products, office, and other business assets from the old agency. This move is aimed at improving the quality of customer service and further expanding the surgical business.
Endoscopes are precision instruments used within the human body. High quality after-sales service is necessary to maintain safety and provide maximum functionality. In order for patients around the world to receive safe endoscopic examination and treatment, Olympus has established the industry’s leading global repair & services system.

The World's Largest Endoscope Repair Center
San Jose, California, U.S.

Olympus is proud of the “San Jose National Repair Service Center,” the world’s largest endoscope repair center. Within the walls of the 80,000 square-meter building accented in blue, Olympus’ corporate color, 250 service staff members dressed in white lab coats meticulously carry out their repair work. The San Jose location was established in 1979 to perform concentrated, authentic repairs (major repairs)*, including full instrument disassembly and reassembly. Prior to this, major repairs of endoscopes had been performed at small service locations distributed throughout the U.S. However it was decided that a centralized location where high quality repairs coexisting with rapid repair turnaround was critical for the U.S. market. The centralization of major endoscope repair in one facility has improved both the quality and the efficiency of delivering repair service to our customers.

*Major repairs:
An overhaul involves the dismantling, inspection and repair of malfunctioning equipment

Repair Quality on a Level Equal to New Products

Endoscopes, which are inserted directly into the human body, must meet strict safety and performance standards. This applies both to new instruments and instruments being returned to healthcare professionals following service. Therefore, it is required that fully repaired items have the same

A Network of Over 200 Sites Across 6 Continents

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level of quality as new products. “Safe, stable use” is one of the essential values of an endoscope. With this kind of thinking, Olympus has continued to strive to enhance its service system, ever since the start of the endoscope business in 1952.

Currently, there are over 200 Olympus service locations spread across 6 continents: North America, South America, Europe, Asia, Australia, and Africa. This is the largest network of service sites for any global medical device manufacturer. In 2005, 3 more intensive centers like the one in San Jose were opened in Germany, France, and the Czech Republic, providing support for major repairs* throughout all Europe. In Japan, a center was set up in 2005 at Shirakawa City, Fukushima, and in 2013, the Medical Service Operation Center Nagano was set up in Ina City, Nagano to further improve the repair service infrastructure. Another was built in Shanghai in 2006 and in Guangzhou in 2013. Service centers in the Middle East and Africa are being managed by a subsidiary company in the U.K. and are spreading the Olympus service system throughout the world.

Delivering High Quality through Global Auditing

While Olympus is focused on enhancing its repair locations, it is also putting effort into constructing a global auditing system for its service centers. The Japanese service technology department acts as the main auditor and performs “Service Quality Diagnoses” on locations around the world. Specifically, the Service Technology Department drafts overarching quality standards and an audit plan for individual repair facilities against those standards. Affiliated repair centers in San Jose, Germany, and the U.K. carry out audits on each of the service locations in their region. This service system makes sure that the same high quality service can be provided in any region, in any country.

Olympus is also actively involved in “Preventative Maintenance Programs” to prevent failures before they occur. By providing training to our healthcare professional clients on how to properly handle endoscopes, failures and accidents can be avoided. Field service personnel routinely visit customer sites and provide training on endoscope maintenance and instruction on optimal use based on each customer’s individual repair history. Olympus is making efforts to better educate and increase the number of its worldwide field service personnel. In the future, Olympus plans on developing field services and failure prevention using the latest advances in IT (information technology).
Further Development of the Medical Business

The demand for minimally invasive therapy is heightening on a global basis, Olympus is seeking to expand its medical business as a growth driver for the entire company. To keep up with this growth, Olympus is steadily expanding its global production infrastructure.

Establishment of a Global Trilateral Organization

Key to this strategy is the “establishment of a global trilateral organization for production (North America, Europe, Japan/Asia).” Olympus is currently involved in constructing a unified and efficient manufacturing infrastructure by maximizing coordination and the efficient use of the various manufacturing facilities it owns around the world.

Dating back to the acquisition of the German rigid endoscope manufacturer Winter & Ibe in 1979, Olympus has long had a presence in overseas markets with regards to the manufacture of medical equipment. With the acquisition of the U.K. company KeyMed in 1987, and the acquisition of the German medical equipment company Celon in 2004, Olympus strengthened its capacity for developing and manufacturing therapeutic devices such as electrosurgical equipment. In 2008, Olympus purchased the English company Gyrus ACMI, thereby further reinforcing its surgery and equipment development and manufacturing infrastructure in Europe and the U.S. In the same year, Olympus established an EndoTherapy (endoscopic therapeutic devices) equipment factory in Vietnam, and in 2009, Olympus opened a new factory for surgical products in the Czech Republic. These expansions and acquisitions have enabled Olympus to create the best development and manufacturing network of any Japanese medical device manufacturer.

The current trilateral approach of North America, Europe, and Japan/Asia is supported by the following manufacturing centers. Surgical devices are manufactured in North America based at the three manufacturing facilities of GyrusACMI. The main products are rigid endoscopes and surgical devices for ear, nose and throat; urology; and obstetrics and gynecology.

Major products are flexible and rigid endoscopes for general surgery and surgical devices for otorhinolaryngology, urology, and gynecology. In Europe, the facilities at Hamburg, Czech Republic, Berlin, and Essex were restructured in 2010 as Olympus Surgical Technologies Europe (OSTE). Meanwhile, Olympus KeyMed in the UK produces trolleys and other endoscopic related products.

Japan: Strength in Precision Manufacturing & Skilled Assembly

Manufacturing in Japan and Asia is based around the three Japanese factories in Aizu, Shirakawa, and Aomori, and the factory in Vietnam. The factories in Japan develop and manufacture gastrointestinal endoscope systems from basic components and have a unique strength in manufacturing that requires a
high level of precision and one-of-a-kind know-how assembly expertise on the part of the manufacturing staff.

The endoscopes in Olympus flexible endoscopy systems are manufactured exclusively at the Aizu factory. For the main components of the endoscope, such as the imaging unit, control section, and electrical connector there are plans to unify development and manufacturing and to isolate and develop essential key technologies, while differentiating between manufactured products. For example, Olympus decided to develop the machining equipment necessary to manufacture the stainless steel distal tip of the endoscope in-house, thus keeping this knowledge within the company.

Products manufactured by the Shirakawa factory include video processors and light sources for endoscopes, ultrasonic endoscopes, and capsule endoscopes. The strengths here are component technologies for electrical equipment (including semiconductors and circuit boards), circuit design, and quality assurance. By employing "Toyota production methods," quality improvements are being made daily and production lead times are dramatically shrinking.

The Aomori factory features high-tech production of EndoTherapy devices. The factory specializes in therapeutic devices such as electrocautery snares for gastrointestinal polypectomy, devices for use in biliary ducts, etc. The Vietnam factory, which was established as a satellite factory of the Aomori facility, also produces EndoTherapy devices and related products.

Meanwhile, with the aim of further expansion of the medical business, a redevelopment is being undertaken aimed at introducing a robust production system to increase capacity, boost efficiency, and adopt BCP* measures at the main production facilities in Japan (Aizu, Shirakawa, and Aomori).

* Business continuity planning

Lowering Distribution Costs and Supporting the Environment through Production in Consuming Regions

As a part of this global trilateral approach to manufacturing, Olympus is promoting the manufacture of goods within the regions they are to be sold. Olympus' consolidated net sales in the medical business breaks down as follows: approximately 80% of net sales are overseas and approximately 20% are within Japan. However, currently, approximately 70% of production takes place in Japan, while only 30% is performed overseas. Through better matching of the areas consuming and the areas producing, not only are there great advantages in distribution lead times and costs, but also carbon dioxide (CO2) emissions during distribution will decrease.

The U.S. is the number one consuming nation of medical equipment. Effective use of Gyrus manufacturing locations in the U.S. would increase the production of surgical equipment that is sold in the U.S. and surrounding countries. Efficient use of the Vietnam factory would be further expansion of its production of devices for Asia and Europe.