GE picks up where Siemens left off in selling Imatron ultrafast CT scanners

June 24, 1998 | GE [1], Vendors [2]
GE is aggressively pursuing cardiac CT applications. Imatron's brief stint without a major corporate marketing partner for its ultrafast CT technology came to an end this month. The South San Francisco, CA, firm announced on June 19 that it has

GE is aggressively pursuing cardiac CT applications

Imatron's brief stint without a major corporate marketing partner for its ultrafast CT technology came to an end this month. The South San Francisco, CA, firm announced on June 19 that it has formed a marketing alliance with GE Medical Systems of Milwaukee to distribute Imatron's C-150 scanner in the U.S. and Canada. GE will take the place of Siemens Medical Systems, which had been Imatron's previous corporate partner until their relationship ended in April.

Under the terms of the new alliance, GE's cardiology sales team will market Imatron's scanners, with Imatron assuming installation and customer service responsibilities. GE will receive a royalty on Imatron scanner sales, although sales contracts generated by GE will be written directly with Imatron. GE will also provide financing for customers buying Imatron systems.

GE sees the relationship as yet another step in the company's aggressive focus on cardiac imaging technology. GE unveiled a dedicated cardiovascular MRI scanner at the American College of Cardiology meeting in March (SCAN 4/1/98), and acquired ultrasound vendor Diasonics Vingmed in April, in part to gain access to that company's System Five echocardiography system (SCAN 4/29/98). Adding Imatron's ultrafast CT technology to its product portfolio improves GE's coverage of the still-evolving market for cardiac CT, according to Vivek Paul, general manager of GE's global CT business.

Imatron's technology is based on the use of electron beams to create X-rays rather than mechanical CT X-ray tubes. As a result, Imatron's scanners are capable of 50 to 100-millisecond scans, much faster than the one-second scan times common on most CT systems. The system's faster scan times make cardiac imaging possible, and clinicians have discovered that Imatron's scanners are capable of detecting calcium deposits in the coronary arteries. These deposits are believed to be precursors to heart attacks.

Due to its ability to detect calcium deposits, Imatron is positioning its CT technology as being able to provide coronary artery scans as a screening tool for people who are asymptomatic for heart disease. A growing number of clinical studies are validating the approach, but Imatron's efforts to get its technology to a broader audience in the U.S. have been hamstrung by the changes in the Siemens relationship and by slower than anticipated growth of its HeartScan imaging subsidiary, which provides coronary artery screening directly to the public. The GE relationship has the potential to jump-start Imatron's efforts, according to Lewis Meyer, president and CEO of Imatron.

The GE/Imatron agreement is not a carbon copy of the relationship that Imatron had with Siemens, however. Meyer characterized the GE agreement as a sales representation deal, whereas the Siemens relationship was a distribution agreement. With GE, Imatron will be able to retain more of its gross profit margins than it did under the Siemens relationship. As the agreement is nonexclusive, Imatron will continue to maintain the dedicated North American sales force that it built following the end of the Siemens relationship. The level of interest Imatron is seeing in the market is so high that it can support the sales forces of two companies, according to Meyer. GE's dedicated cardiology sales force will also have more focus than the Siemens sales organization had, he said.

"We are absolutely overwhelmed with potential prospects, and we need help," he said. "The GE sales organization provides us with that help. Those people will be working hand in hand with the GE cardiology sales force to help them close orders."

The financing component of the relationship is also important, according to Meyer. Imatron scanners are priced at a major premium over conventional CT scanners, with list prices running between $1.6 million and $1.8 million. The ability to arrange financing through GE will help potential buyers overcome this hurdle to acquiring Imatron's technology.
GE picks up where Siemens left off in selling Imatron ultrafast CT scanners

The Siemens deal also included a technology development side, with the companies working together to develop an electron-beam scanner that carried a lower price tag than the system Imatron currently sells. A prototype was built, but Siemens executives have stated that the system still would have sold for a premium over conventional spiral scanners. The German vendor decided not to commercialize the system, due to advances in spiral technology that it believes bring the performance of conventional systems closer to that of electron-beam technology (SCAN 4/29/98). Even as GE announced its agreement with Imatron, the company lifted the wraps on its work-in-progress CT coronary artery calcification (CAC) scoring package, which will enable GE’s premium CT/i scanner to conduct the same type of coronary artery scanning possible with the Imatron system, albeit at a slower speed (SCAN 5/13/98). At first glance the technologies seem competitive. The CAC package and the Imatron scanner will give GE two product offerings in the promising cardiac CT segment, however, according to GE’s Paul. "From a CT perspective, there are really two markets. You need a dedicated scanner for cardiology groups and cardiologists to do this kind of screening," Paul said. "The second is that this is a fast-growing segment, where even radiology departments that have CTs want this capability. We see these two products co-existing. Clearly, they address the same target market, which is cardiology, but the cardiology market is so huge that several products can co-exist."

Disclosures:

Source URL:

Links: