Sopha Medical and Summit Nuclear renew past ties with plan to merge

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Nuclear medicine competitors Sopha Medical and Summit Nuclear served notice last week that 1994’s wild mergers and acquisitions ride didn't end with the Radiological Society of North America meeting. The two firms closed the year with a bang by announcing that they've reached an agreement to merge their firms into a single nuclear medicine company.

Sopha, of Buc, France, and Summit, of Twinsburg, OH, announced their plan to join forces on Dec. 19. Under the agreement, the majority interest in the new company will be held by a combination of Sopha parent CEA-Industrie and a group of French investors led by investment bank Credit Lyonnais. The largest single shareholder in the new company will be Summit World Trade, the parent of Summit Nuclear.

Appointed chairman and CEO of the new venture is Andre Debionne, general manager of Innolion, a venture capital arm of Credit Lyonnais. Debionne headed Sopha’s U.S. subsidiary, Sopha Medical Systems, in 1988 and ’89. SMS president Colin McNaught will serve as chairman of the new company’s North American operations. Randall Sommerdyke, president of Summit Nuclear, will be president of the new firm in North America, reporting to McNaught.

Details on the rest of the new company’s corporate structure are sketchy. CEA-I and Summit World Trade have not yet announced the name of the new vendor, nor where it will be headquartered. Manufacturing of Sopha products will continue in France, with Summit products produced in the U.S. and France. Integration of the firms will begin immediately, although the transaction won't be completed until early 1995.

The agreement reprises a relationship between the companies in the late 1980s, when Summit gave Sopha an entree to the U.S. market by providing sales and marketing for the company's products (SCAN 12/26/90). The relationship was phased out in 1990 as Sopha built a direct sales force. Both companies are innovators: Sopha was the first vendor to introduce a variable-angle dual-head camera, while Summit was the first to market with a digital camera. Despite their history of innovation, Sopha and Summit individually have been unable in the past several years to crack the upper tier of nuclear medicine vendors. Merging should put them on a more competitive footing with firms like ADAC, Siemens, GE and Picker. Sopha/Summit's combined worldwide market share stands at about 20%, with global sales of $100 million, according to the companies.

One example of future collaboration is digital detectors. Summit debuted its FX series of second-generation digital cameras this year (SCAN 11/23/94), while at the RSNA meeting Sopha unveiled digital technology that is retrofittable to its systems in the field (see story, page 2). Both technologies will continue to be offered by the combined company, according to Lonnie Mixon, director of sales support at Sopha. The Sopha/Summit company will also continue to offer and support all products in each firm's line.

The Sopha/Summit merger is a fitting denouement to a recurring story in 1994: the consolidation of single-modality firms into stronger combinations, either through mergers or acquisitions. The moves are predictable, given the long slump in purchasing activity across all modalities. Forming alliances offers some protection from the economic vagaries that can batter single-modality firms, and many industry experts believe consolidation will continue through 1995.

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