Sony-Olympus Alliance Aims For High-Tech Surgery

Yuri Kageyama, AP

Sony's new alliance with scandal-tarnished Olympus will focus on producing endoscopes and other surgical tools packed with the Japanese electronic maker's three-dimensional imaging and super-clear "4K" display technologies. Sony Corp. President Kazuo Hirai said it's not clear when the alliance's first products will become available. He acknowledged that medical equipment requires special regulatory approval that will take longer and be a learning curve for Sony whose expertise is in gadgets and movies.

"This is a challenge in a new sector," Hirai told reporters at the Tokyo Chamber of Commerce in a joint press conference with Olympus Corp. President Hiroyuki Sasa. "There was a lot of talk on whether we could go at it alone." But Sony decided it couldn't and felt that risks could be lowered if the two Japanese companies joined forces in the effort to turn medical equipment into one of the pillars of Sony's sprawling business, Hirai said.

Sony's empire includes consumer electronics, movies, music, games and banking. The company's sheer size and its apparent inability to produce long promised "synergies" among its divisions have often been criticized.

Technology such as 3D and the futuristic displays known as 4K have not yet produced big results in consumer electronics products such as TVs. TV sets with 3D images require viewers to wear special glasses and haven't caught on. Sony has shown a 4K TV image, which is more fine and dazzling than high-definition TV, but it is unclear whether such an expensive product will catch on. The alliance, announced Friday, calls for Sony to invest 50 billion yen ($640 million) to become the top shareholder in Olympus, with an 11 percent stake.

Olympus needs to shore up its finances after covering up massive losses dating back to the 1990s. The scandal surfaced only after its British chief executive Michael Woodford turned whistleblower and raised questions about dubious investments. Woodford was later fired. Hirai said Sony is aiming to control more than 20 percent of the medical-equipment-for-surgery market by 2020, when the sector is expected to grow to 330 billion yen ($4 billion).

The companies are planning also to cooperate in the digital camera area, where they have been rivals. Sasa said cost savings would be likely by sharing parts. Of Sony's 50 billion yen ($640 million) investment, about half will go into developing endoscopes equipped with 3D and 4K technology, Sasa said. Olympus is the world's biggest maker of endoscopes, which are special devices that enter the body to look inside organs and can be used to carry out surgery. Olympus is also known for its

cameras.

Sony needs a turnaround after reporting losses for four straight years as it fell behind in portable music players, flat-panel TVs and smartphones. Sony's red ink for the latest fiscal year through March was the worst in its 66-year history. A report Friday by Barclays in Tokyo said the deal was a big plus for Olympus but not much of a boost for Sony, although it said that using Sony's sensor and digital image technology in the medical sector held great promise.

Sony stock inched down 0.2 percent on Monday. Olympus gained 1.3 percent. Olympus and its three former executives pleaded guilty in a Tokyo court last week on charges of falsifying financial reports, involving elaborate schemes using overseas bank accounts, paper companies and transactions controlled behind-the-scenes — all to keep massive losses off company books.

Source URL (retrieved on *05/19/2013 - 2:28am*):
http://www.ecnmag.com/news/2012/10/sony-olympus-alliance-aims-high-tech-surgery-0?qt-video_of_the_day=0