Syneron Chairman Views Branding as Critical to Future of Industry

Editor's Note:
This exclusive interview with Shimon Eckhouse, Ph.D., chairman of Syneron Medical (Irvine, Calif.), is part of a series of articles profiling industry executives that are driving the growth and direction of the expanding medical aesthetic market.

Q: What new technologies do you feel hold the most promise for the growth of our industry over the next five years?

A: I believe that new forms of energy and combination of energies are equally important and represent the greatest promise. I'm particularly encouraged about new forms of energy such as radiofrequency (RF) and ultrasound which will enable us to reach areas of the skin or subdermal areas that could not be reached before. RF is easy to couple to the skin if you use it correctly and it's easy to understand. Despite some of its subtleties, it is the most promising form of energy for deep penetration. At Syneron, we have combined RF with light to create elōs technology which achieves a higher level of selectivity. The best target for RF is collagen and deeper levels of fat and cellulite.

Ultrasound, used primarily for the treatment of fat, can focus energy deep into the body. This is also its biggest risk. Even though ultrasound provides very good geometric focusing, you can still damage an unintended target.

Patient discomfort is not really a problem with either RF or ultrasound, but I do feel that elōs technology is the most attractive combination of energy. I also believe we need to implement feedback and sensing technology enabling physicians and other aesthetic professionals to better adopt treatment to the patient and to his or her specific cosmetic problem. To achieve good results we must reach the right end point and we have to do it without skin damage. There is a wide-range of effective sensing technologies, the main challenge is not developing the sensing technologies, but implementing them properly.

Shimon Eckhouse, Ph.D.
Chairman
Syneron Medical
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Q: How has Syneron achieved such rapid industry leadership as the leading manufacturer of innovative energy-based aesthetic products?

A: We have a very effective research and development (R&D) group as well as swift product introductions. We have also addressed, at least initially, the most popular aesthetic indications. We began in 2001 with skin rejuvenation and hair removal and then we moved into body shaping in 2004 with VelaSmooth. In the middle of 2007, we received clearance from the Food and Drug Administration (FDA) for VelaShape, which is the most advanced non-invasive body shaping product on the market cleared for circumferential reduction. The order in which you introduce products is very important and Syneron is definitely ahead of the curve in the case of cellulite and body shaping. Going forward, the two most exciting areas for our company include broader applications in body shaping and entry into the home-use market.

Q: How has the market responded to VelaShape, and what do you foresee as the future of body shaping technologies for the industry as a whole?

A: Response to the VelaShape has been excellent. We feel this is the first time in the history of aesthetic medicine that patients can expect to see significant change in their body shape in a truly non-invasive manner. We are still in the early stages of fully understanding the potential of VelaShape, but it is not just another alternative treatment – it addresses an extremely bothersome and common problem that until now could only be treated with surgery. Since 1997, I have been involved in attempts to treat cellulite and the VelaShape is the first time I have seen a truly effective device that treats the problem non-invasively.

Q: Products for home-use appear to have great potential. What is your view of these devices and the role they will play in the future of Syneron?

A: These devices will be successful over the long-term only if they can meet the proper safety, cost and ease-of-use profile. We believe that our elōs technology offers the ideal combination of safety, effectiveness and ease-of-use, which has been clearly demonstrated in our professional products. The growth potential for home-use devices is obvious, but we have some concerns with manufacturers trying to bring products to the market prematurely. In a younger industry such as ours, some companies introduce half-baked products which can damage the industry as a whole.

Companies need to take a very consistent approach in order to deliver true value to consumers. We feel very confident about the role that home-use products will play in increasing the value of Syneron. We work closely with Proctor & Gamble (Cincinnati, Ohio), to ensure we bring the best value to consumers.

I believe skin rejuvenation, hair removal and cellulite represent the three largest markets for home-use products, in this order. In my mind, acne is more of a niche application. For the home-use environment, safety and cost are the two most critical issues. Again, we believe elōs technology holds the greatest promise because of its safety profile and cost structure.

Q: What do you envision as the greatest challenges for the aesthetic industry in the coming years?

A: The greatest challenge is our ability to create brands that consumers will understand and value. The branding of products such as BOTOX® from Allergan (Irvine, Calif.) is much more successful than the branding of energy-based devices, even though, in my opinion, aesthetic devices offer much better solutions for consumers, including duration of effect, but due to lack of branding, we do not get full credit for these advantages.

VContour treatment

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Unfortunately, our industry has not been able to bring this "best and most effective solution" to consumers because of the high degree of fragmentation within our segment, premature product introduction and lack of proper professional and consumer education.

Q: Do you anticipate industry consolidation due to oversupply conditions and a slowing of sales growth for many device companies?

A: Our industry is quite fragmented. Consolidation appears to be the most natural thing to occur. Still, in an industry such as ours, which is highly competitive, consolidation is not easily accomplished, therefore even though it makes sense, it still may not happen. We will possibly see some consolidation by the end of 2008, yet it may come out of weakness rather than out of strength. The financial results of the public companies indicate that for some there was a slowdown in sales during the fourth quarter of last year and the first quarter of this year. I don't foresee this slowdown ending in one or two quarters.

In terms of sales growth, much depends on the willingness of consumers to accept new technology. Typically the U.S. and Japan tend to embrace new technology rather easily in spite of their regulatory hurdles. For certain aesthetic indications, France, Spain and Italy, as well as some South American countries, may be much more receptive long before the U.S. and Japan.

Q: Any other comments?

A: Despite the current economic slowdown, there is no doubt that the aesthetic industry will keep on growing. From my perspective, we have only seen the tip of the iceberg. My firm belief is that energy-based devices will play a very critical role going forward.