

ECG and EKG Medical Diagnostic Devices that integrate Wi-Fi Technology, Long Battery Life, Touch Displays and connectivity to EHRs



Dr. Justin L. Mortara
CEO
Mortara Instrument

CEOCFO: Dr. Mortara, what is the focus for Mortara Instrument today?

Dr. Mortara: Mortara Instrument's focus is non-invasive, diagnostic medical equipment devices. Specifically, we make ECG or EKG devices. These are devices that measure the electrical activity of the heart. By putting electrodes on the chest, we measure what the heart is doing either as it beats when a patient is at rest on an examination table or while they are exercising on a treadmill. We even measure the heart while patients go about their everyday lives – going up and down stairs, getting up, eating breakfast and going to work. Though we manufacture a variety of devices, the common technology they all share is the ECG (electrocardiograph).

CEOCFO: What is it about a Mortara's ECG products that set it apart from others? Is there much competition?

Dr. Mortara: There is certainly competition; it is a very competitive field. We set our devices apart from others with a spirit of innovation, and the innovation manifests itself in a couple different ways. Principally, we understand our users very well and embrace new technologies that emerge through various evolutions of consumer technology. We listen to our customers and have addressed their needs by integrating Wi-Fi technology, long battery life and touch displays. We set ourselves apart by anticipating the needs of patients and clinicians and by understanding the integral importance of medical devices around the world. We also stress connectivity to EHRs, or electronic health records. A very important part of any diagnostic procedure today is the ability for the procedure to be viewed in the context of everything else related to the patient; connectivity to EHRs helps accomplish that. Finally, we innovate by addressing general needs that we see in a hospital or in a carrier area. One of these general needs that we see is an intense focus on hygiene. Hospital-acquired infections are a very serious challenge for health care providers, so we have innovated the physical form of our products and invested significantly to make our ECGs simple and easy to clean. Although it sounds mundane, it is really important in this world where staph infections, MRSA and all sorts of other infections are resistant to antibiotics and are present throughout hospitals.

CEOCFO: Are hospitals buying directly from you or are they going through a purchasing group? How do they get to understand the different quality level of what you offer? How do you get the message out?

Dr. Mortara: Mortara is a global business, so the approach depends on the location we are talking about. Let's talk about the US since that is where we are based. In the United States, we sell to hospitals through a direct sales force that calls on those hospitals or hospital integrated delivery networks. These hospitals may or may not be members of group purchasing organizations. If they are, they have contracted pricing for our products, or they may be independent, in which case we offer the products directly and not through a GPO. In the physician office and clinical part of our US business, we have a field organization that supports third-party distributors who call on those customers. In the US, we have two models, one in which we are direct and one in which we are supporting distribution to reach the primary care physicians and clinics outside the hospital.

CEOCFO: If you come up with something new, does the Mortara name guarantee that people will at least listen?

Dr. Mortara: I think we have demonstrated a very strong commitment to the field of diagnostic cardiology. We are heard, but it is a competitive space out there, and we take nothing for granted. We are fortunate to have a very professional sales organization that does an extremely good job presenting our product and explaining the advantages and true innovations

behind it. We get an audience, that is for certain, but it really is up to our sales and marketing organization to bring the deal home. The products themselves are excellent, but they do not sell themselves.

CEOCFO: *Would you tell us about the recent partnering with Cerner and your CareAware Waveform Management?*

Dr. Mortara: We have a partnership with Cerner that dates back a number of years to when we first started in the diagnostic cardiology space by enabling Cerner to integrate ECGs into their EMR platform. The recent CareAware announcement is about extending that collaboration to enable the Cerner/CareAware platform to receive not just ECG waveform, but other physiological waveforms from patient monitoring systems into the EMR/CareAware solution that Cerner offers. This is a very exciting step because it is in essence helping to eliminate one of the last pieces of paper that hospitals routinely have to deal with.

CEOCFO: *Are there areas where you would like to see more growth?*

Dr. Mortara: We do well in the US and in much of Europe and the Middle East, and we are doing increasingly well in Asia and the Pacific – particularly, China. We are really looking for opportunities to expand into Japan. It is a very significant market for our products, and we have yet to make serious inroads there.

CEOCFO: *Why is that?*

Dr. Mortara: We are trying to find the right partnership.

“This company is about innovation. We are really looking to have an impact in the world...We want people to understand that Milwaukee is a great place to do that. It is a great place to innovate, it is a great place to have engineers and it is a great place to manufacture.”- Dr. Justin L. Mortara

CEOCFO: *Would you tell us more about your manufacturing side?*

Dr. Mortara: We are unusual in that we manufacture all of our products in Milwaukee. We design products in-house. We have an R&D group in Milwaukee and another in Bologna, Italy that collaborate. These designs are ultimately turned into products and shipped throughout the world. Manufacturing in Milwaukee is exciting for us, and we feel strongly that it is not only a good thing to be close to our manufacturing facilities from a quality standpoint, but it is also, quite honestly, a good thing for the community. We have real jobs that we are offering across a diverse set of skills. It is nice to have not just senior talent design engineers but have entry-level assembly people working as part of the team. It feels good as a CEO to be expanding in that area and offering more jobs across that entire spectrum.

CEOCFO: *How would you respond to people saying manufacturing is not working in the US anymore?*

Dr. Mortara: What we have learned, and I am sure others have as well, is that when we look at the labor that it takes to produce a product, that cost is small compared to the total cost of the product. In our devices, this is because there are a significant number of technological components and a comparatively small amount of labor to assemble the products. The nominal higher cost of manufacturing in the US and more specifically, in Milwaukee, has a comparatively small impact because the labor content is low. Conversely, if you were to talk about a product where most of the cost was associated with assembly or the labor and very little of it was associated with the material itself, it might be a harder case to make. In our case, labor is a relatively small content, thanks to the engineering designs that make our products relatively easy to assemble. We see no benefit to offshoring that labor, as a number of our competitors have.

CEOCFO: *Do you find that when you are dealing with the international marketplace, manufacturing in America is a big plus?*

Dr. Mortara: Absolutely. There is no question that there is still a very positive perception of products manufactured in the USA. I think there is a subset of purchasing people who are not simply looking at the lowest-cost solution, but are looking for the best solution for their facilities or hospitals, and asking themselves which product has the highest quality. It may also matter to them that investing in a company like Mortara supports jobs here in the United States.

CEOCFO: *What is Mortara University?*

Dr. Mortara: Mortara University is an online training tool that we use both for our personnel as well as customers. We use it to teach about different aspects of our products, or more generally, to provide users with clinical background to familiarize them with some of the basic physiology of how the heart works or basic mechanisms of how to take an ECG with one of our products.

CEOCFO: *What about the clinical research side of your business?*

Dr. Mortara: That is an interesting side of our business as well. It is largely built around assessing the cardiac safety of new drugs. Back in the day, we heard a lot about certain drugs interacting and having unanticipated side effects, resulting in cardiac arrhythmias that could ultimately result in death. It raised an awareness amongst researchers globally, with the US FDA, that we really needed to do a better job of assessing the cardiac safety profile of any new drug. There were antihistamines that needed to be pulled from the market because researchers discovered that they had a negative cardiac safety profile; they were putting people at risk for a fatal arrhythmia. We have taken a leadership role in innovating and providing our technology to pharmaceutical companies that sponsor clinical trials, in addition to supporting the US FDA with some basic infrastructure so they can receive and review digital ECG data.

CEOCFO: *What is the key to running an organization that has a lot of geography and different moving parts? What have you learned as CEO that enables you to have smoother sailing today?*

Dr. Mortara: As a global business, our leadership team is spread around the world. We have time zone challenges and physical location challenges at times, and just like all businesses today, we are really taking advantage of video conferencing as a way to stay connected. Unfortunately with different time zones, our staff start early in the morning to talk to Europe or stay up late to talk to Asia. Staying connected is something that we as an organization have learned is a very important ingredient to our success. We are very focused on cultivating great talent in the US and in Milwaukee. Ultimately, it is the leadership team who runs the business, it is not just me making all the decisions. I have assembled a strong leadership team that I am proud of. Members of the leadership team continue to grow their individual teams, and it is really making a difference. If there is one thing that I am constantly reminded of, it is the impact of the right person in the right role. The contributions of individual team members make a really big difference, so we spend a lot of time trying to make sure we have the right people doing the right things.

CEOCFO: *What is the takeaway? What should people reading about Mortara remember the most?*

Dr. Mortara: This company is about innovation. We are really looking to have an impact in the world. We are a health care products company, so when we do something well, we are impacting people's lives by helping caregivers do a better job and perform their jobs more easily. That spirit of innovation is driven by our commitment to making the world a better place. We want people to understand that Milwaukee is a great place to do that. It is a great place to innovate, it is a great place to have engineers, and it is a great place to manufacture. Despite the headlines, I believe we have a very skilled workforce in the US and in Milwaukee. We have good talent here. Could we always use more? Absolutely! But Milwaukee is a great place to have a company and we are very proud to be here and expanding here.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



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