

Ottobock

This is an old revision of this page, as edited by 2a00:6020:b406:e600:c8a7:6523:f928:bc61 (talk) at 22:28, 12 November 2021 (This section reads like it's more about the owner than the company. It goes into great detail about individual events from a relatively short section of the company's history. Also questionable NPOV). The present address (URL) is a permanent link to this revision, which may differ significantly from the current revision.

Ottobock is a German prosthetics company situated in Duderstadt with 49 local stations all around the world. It has been responsible for several innovations in prosthetics, including the *C-Leg*, a computerized knee joint that adaptively varies its passive resistance to suit the patient's different walking gaits, and the *Michelangelo Hand*, a fully articulated robotic hand prosthesis. In 2017, the company bought *Bebionic*, the high technology robotic hand, from the *Steeper*, US company that developed prosthesis, and has become the most high-tech company in upper extremities. Ottobock has been a partner to the *Paralympic Games* since 1988, and an international worldwide partner to the *International Paralympic Committee* since 2005. In 2016, the partnership was extended until the end of 2020.

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History

Ottobock was founded in Berlin as Orthopädische Industrie GmbH in 1919 by its namesake prosthetist, Otto Bock. It was created in response to the large number of injured veterans from World War I. Prostheses handmade by craftsmen could not keep up with demand. Bock's idea was to create components through industrial processes that could be supplied to prosthetists. This marked the beginning of a new industry. The political situation in post-war Berlin was unstable, and soon after the company was founded, it moved to *Königsee* in Thuringia. Over the following two decades, the company expanded to employ over 600 people.^[1]

After World War II, Königsee lay within the Russian-occupied East Germany. The company property and assets there were *expropriated* in 1948. However, Max and Maria Näder, Bock's son-in-law and daughter, had established an office in Duderstadt in Lower Saxony, initially as a sales office for the zones of Germany occupied by the Western powers. In 1947, Max Näder became the managing director of the newly formed Otto Bock Orthopädische Industrie KG. Otto Bock died in 1953.^[1]

The company has been responsible for several innovations in prosthetics. As wood was in short supply in the early post-war years, it pioneered the use of *polyurethane* to manufacture prosthetics.^[1] Otto Bock Kunststoff was founded in 1953 to produce plastic prosthetics. By 2016, it employed 423 people and anticipated revenues of €127 million.^{[1][2]} Ottobock developed the pyramid adapter, a highly adjustable linkage for prosthetic parts. In 1997, it introduced the *C-Leg*, a computerized knee that adaptively varies its passive resistance to suit the patients' different walking gaits. It was the world's first fully microprocessor-controlled leg prosthesis system, and transformed the company into a vendor of highly complex mobility systems. The *C-Leg* was followed by the *Michelangelo Hand*, a fully articulated robotic hand prosthesis, and the mechatronic *C-Brace* orthotronic mobility system.^{[3][4]} Ottobock developed the waterproof Genium X3 knee in cooperation with the *United States Department of Defense* to allow amputee soldiers to return to duty.^[5]

In 1958, a US-based corporate headquarters was established in *Minneapolis, Minnesota* under the name Ottobock. In March 2014, the company announced it would relocate its North American headquarters to *Austin, Texas*.^[6] The logistics facility relocated to *Louisville, Kentucky*, and manufacturing moved to *Salt Lake City, Utah*.^{[7][8]} The US company was its first foreign branch. By 2016, it had branches in 45 different countries.^[1] Sycor was established as a wholly owned subsidiary in 1998. By 2015, it had 520 employees, and annual revenues of €66.7 million.^[9]

Professor Hans Georg Näder became head of the company in 1990. In 1992, after the *Fall of the Berlin Wall* and the subsequent *German reunification*, the Näder family re-purchased the land in Königsee that had been expropriated in 1948, and established a new wheelchair manufacturing facility and logistics centre there.^[1] A medical science centre (German: *Science Center Medizintechnik*) was built by the company in Berlin in 2009 to celebrate 90 years since its foundation.^[10] Max Näder died that year at the age of 94.^[1] By 2015, with a work force of 6,300 and annual sales of €771 million, the company was valued at €2.5 billion.^[11] In February 2017 Ottobock acquired *BeBionic*.^{[12][13]} In June 2017, *EQT* purchased a 20% stake in Ottobock.^[14]

Controversies

Nader's Mismanagement concerns ahead of Otto Bock planned initial public offering

Nader has publicly stated that he intends to float Otto Bock via an initial public offering currently scheduled for 2022.^[15] He first publicly announced his intention to take Otto Bock public in 2015 when he was CEO and President of the company.^[16] Since 2016, however, Otto Bock's financial performance has been characterised as a "debacle" by media outlets. According to *Manager Magazin*, Otto Bock's consolidated 2016 financial report stated that the company's earnings declined and net debt rose by "more than a third to 647 million euros" while investments fell from "124 million euros in 2014 to 85 million euros" in 2016. In 2017, Nader sold a 20% stake in Otto Bock's medical technology business to *EQT Partners* "to replenish the tight budgets."^[17]

Oliver Scheel, who was appointed as the first Otto Bock CEO from outside the Nader family in January 2018,^[18] was dismissed from his post only ten months later following a reported dispute with Nader and clash of managerial styles. *Manager Magazin* stated that Scheel's exit was a "severe blow" economically to Otto Bock after the company's financial performance improved considerably under his leadership.^[19]

Otto Bock HealthCare GmbH

ottobock.	
Type	SE & Co. KGaA
Industry	Orthopaedic
Founded	Berlin, Germany (13 January 1919)
Founder	Otto Bock
Headquarters	Duderstadt, Germany
Area served	More than 49 countries
Key people	Hans Georg Näder
Products	wheelchair, prosthetic, artificial limbs
Revenue	€771 million (2015)
Number of employees	6,300 (2015)
Website	www.ottobock.com (http://www.ottobock.com/)



Science Center Medizintechnik in Berlin

Nader replaced Scheel with then-Otto Bock CFO Phillip Schulte-Noelle, who reportedly had “no experience as a corporate leader” until becoming Otto Bock’s CEO. Jorg Wahlers, who succeeded Schulte-Noelle as CFO in August 2019,^[20] was the “fifth person” to be appointed CFO since 2016; Manager Magazin stated that “as a rule, such high-frequency changes have a deterrent effect on investors”^[15] because “nobody knows who will take” Otto Bock public by 2022.^[19]

Manager Magazin also reported that the group’s financial performance continued to decline through 2018 after Nader took on his role as chairman of the board and dismissed Scheel as CEO. Contrary to Nader publicly stating that it was “the best year in the company’s history”^[21] as he withdrew 40 million euros in dividends, Business Insider reported that Otto Bock posted losses totaling “107 million euros in 2018.” Nader’s equity withdrawals from Otto Bock and its parent company – he has taken out “around half a billion euros” in the past ten years, even in years when the company made losses – have “repeatedly sparked discussions among the advisory board.” While Nader withdrew hundreds of millions of euros, an Otto Bock subsidiary took out a “bank loan of around half a billion euros” in 2017.^[22]

Otto Bock’s equity to total assets ratio has steadily fallen since 2009. While in 2009 that ratio was reportedly 59%,^[23] it has fallen to 15.5% in 2019. A representative from the Protection Association of Capital Investors said that “if the share of equity is getting smaller and smaller, the company will eventually stand on very shaky legs.”^[22]

Nader reportedly used the funds he took out of Otto Bock to finance his personal lifestyle, including purchasing his most recent Pink Gin VI yacht, “expensive works of art,”^[17] and “private jets and prestige projects”^[22] such as the 24,000 square meter former Botzow brewery in Berlin.^[17] In 2014, he purchased a hotel in Rio de Janeiro^[24] and acquired four land plots spanning 22,675 square feet in Brooklyn.^[25]

Regulatory issues and product quality concerns under Nader's leadership

During Nader’s tenure as President and CEO (1990–2017) and subsequently chairman of Otto Bock (2017–present), the group has been the subject of regulatory scrutiny and anti-trust investigations in the US, Russia and Central Europe.

Violation of US anti-competition laws (2017–2019)

In November 2019, the US Federal Trade Commission (FTC) forced Otto Bock to divest all assets that it acquired via its acquisition of industry competitor Freedom Innovations LLC that was initially completed in September 2017. Nader heralded the acquisition, stating that the US market would “benefit from their combined sales power and portfolios.”^[26]

Despite Otto Bock’s initial claim that anti-trust matters had been “clarified,” the FTC ruled that the acquisition violated US anti-competition laws because the deal had “substantially lessened competition” in the prosthetic limb market by giving Otto Bock an 80% market share.^{[27][21]} Following an unsuccessful appeal, Otto Bock complied with the divestment order in 2020.^[28] According to Manager Magazin, Otto Bock was forced to write off Freedom Innovations LLC, contributing to a EUR 78.1 million decrease in the value of Otto Bock’s financial assets.^[21]

Polyurethane foam price fixing (1999–2009)

While Nader was Otto Bock’s CEO and President, Otto Bock Polyurethane Technologies Inc, the group’s US polyurethane foam manufacturing unit, was implicated in an alleged decade-long price fixing conspiracy between January 1999 and 2009 that kept foam prices artificially high.

The incident sparked a class action lawsuit brought by direct foam buyers against Otto Bock Polyurethane and its purported co-conspirators who alleged that the price-fixing conspiracy meant that they “had paid too much for foam as the market was no longer competitive.”^[29] Otto Bock Polyurethane reached an out-of-court settlement in 2012 and was subsequently dismissed as a defendant, while its co-defendants ultimately paid USD 275.5 million to settle the lawsuit in 2015.^[30]

Class-action lawsuit over violations of the Americans with Disabilities Act (2013)

In August 2013, while Nader was Otto Bock President, CEO and sole shareholder, a US class action lawsuit brought by prosthetic limb users accused Otto Bock and other industry competitors of abusing their products’ “prescription” status to keep prices for prosthetic limb repair artificially high in violation of the Americans with Disabilities Act of 1990.

One Otto Bock prostheses user stated that the company denied him the right to fix his prosthetic limb independently after it malfunctioned repeatedly and endangered his safety. Instead, Otto Bock charged an “extortive fee” for its repair service, which was characterised as a discriminatory sales and distribution model.^[31]

Fined by Russian authorities for cartel collusion (2017–2020)

In May 2020, an Otto Bock subsidiary based in Russia was fined by Russian anti-monopoly authorities for suspected cartel collusion which gave Otto Bock and its co-conspirators a monopoly over state tenders for prosthetics.^[32]

Russian anti-monopoly authorities sanctioned Otto Bock Novgorod, its parent company ZAO Yulianna, and two other orthopaedic manufacturers and distributors after finding that the group had coordinated bids via a “single infrastructure” to monopolise access to state tenders conducted by regional government insurance bodies related to orthopaedic equipment procurement between 2017 and 2019 while maintaining an illusion of competition between them. The alleged cartel collusion enabled the group to win contracts worth approximately 168.1 million Russian Roubles.^[33]

Misuse of public health funds in Bosnia and Hercegovina (2016)

In 2016, the Centre for Investigative Reporting,^[34] a Sarajevo-based investigative media outlet, published an investigation that revealed that Otto Bock Adria, the Otto Bock group’s subsidiary in Bosnia Herzegovina, was implicated in a scandal involving the misuse of public health funds.

According to the article, during Nader’s tenure as CEO and President of Otto Bock, regional medical institutions in Bihac, Una Santa canton allegedly coerced prosthetic limb users into buying exclusively Otto Bock-made products between 2010 and 2015. The Agency for Medicinal Products and Medical Devices, a Bosnian regulatory agency, consequently suspended Otto Bock Adria from operating in the canton after finding that it did not have the required operational licenses to manufacture prosthetic limbs in the country.^[35]

Paralympic Games

Ottobock has been a partner to the Paralympic Games since 1988, and an international worldwide partner to the International Paralympic Committee (IPC) since 2005.^[36] The 2016 Paralympic Games in Rio de Janeiro was the 13th games at which it provided technical services.^[37] This involved shipping 18 tonnes (18 long tons; 20 short tons) of equipment, including 250 items classed as hazardous good or dangerous chemicals, and 15,000 spare parts, including 1,100 wheelchair tyres, 70 running blades and 300 prosthetic feet, 300 kilometres (190 mi) from Duderstadt to the port at Bremerhaven, 10,100 kilometres (6,300 mi) by sea to Santos, and then 500 kilometres (310 mi) by road to Rio de Janeiro.^[38] At Seoul in 1988, four Ottobock technicians carried out 350 repairs;^[36] in Rio de Janeiro in 2016, 100 technicians from 29 countries speaking 26 languages carried out 3,361 repairs for 1,162 athletes, including 2,745 repairs to wheelchairs, 438 to prosthetics, and 178 to orthotics.^[38]

By 2016, Ottobock was the IPC’s longest-serving partner. In Rio on 10 September, the IPC’s president, Sir Philip Craven, announced that Ottobock had agreed to extend its world-wide partnership to the end of 2020, encompassing the 2020 Paralympic Games in Tokyo.^[39]



An Ottobock technician repairs a wheelchair at the 2016 Paralympic Games in Rio de Janeiro

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External links

- **Ottobock Healthcare Website** (<http://www.ottobock.com/>)
- **Virginia government paper citing the 1969 invention of the pyramid adapter by Otto Bock** (<http://www.rehab.research.va.gov/meet/Bock.pdf>)

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