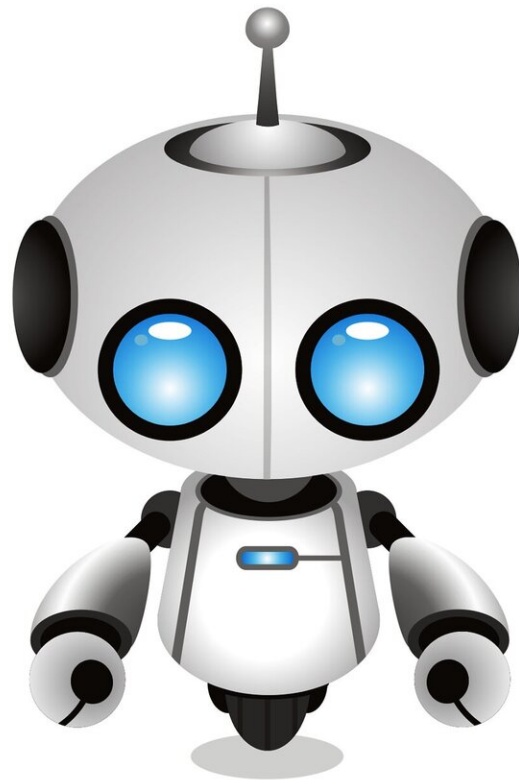


Despite delays, Medtronic remains bullish on its robot system, Hugo

January 13 2022, by Burl Gilyard



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Medtronic CEO Geoff Martha has a simple message for the skeptics: despite some bumps in the road, the robots are coming.

While Hugo might sound like a big, fluffy dog character in an animated movie, it's the name Medtronic has given its surgical robotic [system](#).

"We expect Hugo to deliver double digit millions in sales this [fiscal year](#), with a meaningful step-up next fiscal year," Martha said of the system earlier this week at the JPMorgan Health Care Conference.

Medtronic disappointed investors in November with news that its Hugo rollout was being delayed due to supply chain and manufacturing problems.

"Customer interest is extremely high," Martha said, regarding Hugo.

But it remains unclear when Hugo will be available for use in the U.S., and the company is not offering any forecasts at this point. The current sales are all coming from international markets.

"Our order book continues to fill, we're installing systems into new accounts, surgeons are using the system to perform complex surgeries," Martha said of Hugo, outside the U.S.

Hugo is already being used in Chile, Panama and India. In October, the company received regulatory approval in Europe, where systems are now being delivered. It was recently approved in Australia for urology procedures, and in Canada for both urology and gynecology.

Medtronic is preparing to soon start a clinical trial for urologic use domestically. Medtronic will need to secure separate FDA approvals for

each robotic surgical application. "We expect to have the first surgery in our U.S. trial soon," Martha said.

The latest manufacturing delays boil down to a single component in short supply.

"We experienced a supply constraint on a sub-component of our Hugo robotic-assisted surgery system, which delayed shipments to customers in Europe," said Megan Rosengarten, president of Medtronic's surgical robotics unit.

The company declined to identify the specific component but said that shipments have resumed.

To maintain interest and momentum while awaiting the component, Medtronic sent their European customers surgeon consoles and simulators so they could begin their robotics training before their Hugo machine arrived, Rosengarten said.

The equipment's full name is the Hugo RAS System. RAS stands for robotic-assisted surgery. The "Hugo" name is trademarked.

Medtronic's robotics system has been in use for less than a year. It was first used on a patient seven months ago, performing a robotic prostatectomy at a clinic in Santiago, Chile. About 50% of all robotic-assisted procedures, including those done by Hugo, are in urology or gynecology—though Hugo can also be used for general surgery.

"FY23 will be a big year," said Rosengarten. "Demand is high and we're building a strong list of hospitals that want ... be among the first in the world to use the Hugo system. Surgeons continue to do cases and our order pipeline continues to grow."

Despite analysts' disappointment over Hugo's delayed growth prospects, at least one observer is bullish on the company's overall new product pipeline.

Medtronic "is unfolding the strongest innovation cycle in its history and is at the front-end of major launches that we think are underappreciated given recent setbacks," wrote Shagun Singh, an analyst with RBC Capital Markets, which initiated coverage of Medtronic in December. "These opportunities are potentially transformational and likely to position (Medtronic) to deliver growth above its stated targets."

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