



# CEO CFO

## Interviews & News!

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### What Sets Sleep Holdings Apart Is Their High Quality Sleep Diagnostic And Therapy Centers Where Patients Are Given Individual And Very Private Treatment In A Luxury Resort Setting



Healthcare  
Sleep Disorders  
(SLHJ-OTC.PK)

Sleep Holdings, Inc.

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Phone: 214-446-9300



**Roy Mers**  
Chief Executive Officer

#### BIO:

#### Chief Executive Officer - Roy Mers

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Mr. Mers, is a Senior executive with proven visionary and analytical leadership skills who has a 30+ year history of spearheading acquisitions from sourcing to successful closing. Mr. Mers has managed operating budgets in excess of \$50,000,000 annually with more that 200 directly reporting employees. He has directed acquisition programs exceeding \$500,000,000.

As a past director of acquisitions for Allegiance Telecom he directed the consolidation of data service providers across the United States. As a former Senior Vice President of the Robert A. McNeil Corporation, he purchased more than \$600,000,000 of investment properties. He is the past President of Summers Securities, Summers Realty and Electronic Transmission Corp.

#### Company Profile:

Sleep Holdings provides innovative solutions to patients suffering from sleep disorders. The Company's goal is to provide the highest standard sleep studies, medical directorship, patient and doctor education, and comprehensive therapy in order to assist patients with an overall improved quality of life.

Sleep Holdings is a healthcare service provider focused on the rapidly growing market of sleep medicine and building a global sleep diagnostic and therapy center network. The Company is seeking out prospective sellers of sleep diagnostic centers in various markets within the United States and is developing relation-

ships necessary to acquire and fully develop sleep diagnostic centers.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEO CFOinterviews.com**

**CEO CFO:** Mr. Mers, what was your vision when you first became involved with Sleep Holdings, and where are you today?

**Mr. Mers:** "What I saw in the sleep industry was a product in terms of sleep diagnostic therapy that was overwhelming in the quality of the testing therapy and that it could change someone's life. You constantly hear and see in this business that someone comes in for sleep diagnostics and sleep therapy and within 48 hours, they are a different person. The benefit of the product is enormous and relatively undiscovered. In addition to that, the businesses out there in sleep diagnostics and sleep therapy are highly fragmented. There is no major player nationally in the industry. It looked like a business that we could consolidate and grow and bring the benefits of consolidation and management to build a very strong diagnostic and therapy business in this medical sector."

**CEO CFO:** Are most sleep centers independent or are they part of hospitals?

**Mr. Mers:** "It varies. A number of hospitals are in this business and the independents are generally referred to as IDTFs (Independent Testing Facilities). We are not trying to compete or go after the hospital business, our product is different."

**CEOFCO:** What does Sleep Holdings provide?

**Mr. Mers:** “We do three things; first we provide the highest quality sleep study available in the market place where we do business. Second, we provide the sleep therapy side of the business. That involves providing the CPAP, the continuous positive air pressure device, and the variations off of that. In addition, we provide continued monitoring of the patient through the continuing of their care and once you are a sleep patient, typically you are on therapy for the rest of your life. The third thing we do is we do some independent contract management where we actually manage hospital sleep labs inside of hospitals.”

**CEOFCO:** What is different about your sleep center?

**Mr. Mers:** “The quality of medicine and diagnostics is extremely high, and we keep that at a very high level. The second and very important thing is that patient experience is quite different with us than most sleep labs. Our environment is very much like a high-end hotel or a spa. Patients are treated as they would be treated in a luxury resort setting. We take care of them; we want that patient’s experience to be absolutely superb. Sleep is a very private thing, and we try to schedule our patients so that they do not see other patients when they come into the facility, they are handled on a very personal nature as opposed to a hospital, which is a clinical environment. Our centers typically are sound protected and we have luxury towels, robes and fittings. It doesn’t feel like you are going into a test of any kind, it is a pleasurable experience.”

**CEOFCO:** How do you attract your clients?

**Mr. Mers:** “Our patients are referred to us by doctors, so we are prescriptive product, where a doctor writes a prescription for us by a sleep study. Based on the results of the sleep study they may or may not write a prescription. Therefore, we do depend on the doctor clientele for refer-

als. We make the doctors aware of what our facilities are like; we actually have them come and visit with us, we have open houses for them to have the opportunity to view and work with us on a professional level.”

**CEOFCO:** Where are you geographically and where would you like to be down the line?

**Mr. Mers:** “Right now, we are really just in the Southwest. My initial plan set for us to start this company based on where Southwest Airlines was in Dallas. We had aspirations for growth in the Mid-western core and in the Southeast.”

**CEOFCO:** Do you find that people are paying more attention to sleep these days?

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**Mr. Mers:** “Sure, a lot more attention. The drug companies run their ads on TV; there is a lot of awareness being built. There has been a demand for sleep diagnostics and sleep therapy, so there is no doubt that people are more aware. To some degree, sleep science has come out of the closet so to speak. Twenty years ago, it was looked on as not pure science, but over the years, the medical community found out that sleep was a very important part of overall health. Recently in the last three or four years cardiologists have determined that sleep reduces heart stress, drops blood pressure, does all sorts of things.”

**CEOFCO:** How do you grow your business; is it through acquisitions, de novo or both?

**Mr. Mers:** “Right now, we are growing primarily through acquisitions, and that is how we will generate top line revenue. As we acquire operations in various cities, we are looking for quality operators that have a good reputation in the local market and want to join us. From that, we will use them as a hub and hook off to do additional beds in their market or surrounding markets in a particular geographic location. We do have de novo opportunities and those will come a bit later in our growth profile. We expect to see some de novo operations taking place in 2008.”

**CEOFCO:** Are there new methods of treating sleep apnea?

**Mr. Mers:** “Science is great but things are always changing. The CPAP (Continuous Positive Air Pressure) device is most common. That has come a long way since it was introduced originally. The original device was a vacuum cleaner blowing in reverse. Today the machines automatically adjust pressure as needed. The machines are completely silent. There are just pressures on inhale and exhale, with smart cards to look at compliance of the patient, and shortly will be network devices where they will be on Wi-Fi and be available directly for real-time monitoring over the internet. The machine side of it continues to expand and that is a physical treatment, which has always been the most effective for any kind of therapy, where you have to push open airways to get additional oxygen into the pulmonary system. In terms of drugs, there are a number of applications out there to help people go to sleep, but the question is the quality of sleep that they get. Some drug therapy doesn’t allow a person to go into full REM sleep, which is the most restorative sleep. Drugs do little to affect airway breathing.”

**CEOFCO:** Are all of the sleep services reimbursable?

**Mr. Mers:** “Most of them are. The majority of the services are CPT coded, so they are reimbursable by insurance. In our centers, we lean toward the fee-for-services business and more toward the private insurance side than we do toward the government side.”

**CEOCFO:** What is the financial picture of the company?

**Mr. Mers:** “We just finished getting another \$2.3 million from investors. Our directions for growth are pretty aggressive. We expect to be something north a hundred bed range in terms of beds within the next twelve months; it is pretty much on plan.”

**CEOCFO:** Why should potential investors be looking at Sleep Holdings?

**Mr. Mers:** “We are here because of growth, because this market is expanding and the overall driving force of what happened to sleep business is really the

ageing population in the United States. As you grow older, people tend not to sleep as well. I often use the analogy that your grandmother when she came to visit you would often be up at three o'clock in the morning walking around awake and there is a reason for that, because as we age sleep patterns change for a variety of reasons. We have this huge swell in baby boomers popping through this growth channel. We have one stat around here that says that 50,000 people here in the United States turn 50 everyday; I do not know if that is true or not but it kind of demonstrates how big that is. Our market for sleep therapy is huge. The overall wellness of the country is important. We have a large number of people who need our services. In addition to the ageing population, we have a nation of obesity, which is absolutely the number one predictor of obstructive sleep apnea, which is the number one diagnosis in the sleep lab. Until we get the obesity problem under

control, that market is not going to go away but will grow. The obesity issues that survive around this country have dramatically affected our business and we think that is positive, and quite good for the overall wellness of the country.”

**CEOCFO:** What should people remember most about Sleep Holdings?

**Mr. Mers:** “Right now, we are the only public company in this business in the United States dedicated solely to sleep and sleep therapy. The quality of service we provide is at the very top of the realm. The patient experience we deliver is unsurpassed in terms of enjoying sleep and having a sleep fest. Our third program that we call On Board for Life, we believe is the only comprehensive problem that actually works with a patient through the entirety of their therapy and that may be for a period of fifteen or twenty years.”



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