

Acquisition, Investment, and Recognizing Opportunity in the Sleep Diagnostics Field are all part of the Plan at Nihon Kohden

Interview with Mark Rizk, Business Unit Manager for Sleep Products at Nihon Kohden (NK) and V.P. of Sales and Marketing for Neurotronics, Foothill Ranch, Calif.

As manufacturers of patient monitoring, sleep assessment, neurology, and cardiology instrumentation, NK believes that focused investments are necessary in 2009. Despite difficult economic conditions, prudent companies such as NK are preparing for inevitable demand while also keeping a close eye on costs. We asked Mark about their recent acquisition of Gainesville, Fla.-based Neurotronics, and their plans for the future.

What was the thinking behind the recent acquisition of Neurotronics?

Nihon Kohden and Neurotronics have had an exclusive distribution relationship for Neurotronics' Polysmith software over the past 10 years. That relationship has been mutually beneficial to a great degree. We had been a main customer of Neurotronics since we sell a significant amount of their sleep products. The symbiosis that we enjoyed was really due to the high quality of hardware—in terms of amplifiers, sensors, pulse oximeters, and cap one end tidal CO₂ (from NK) and dedicated sleep diagnostic engineering resources from Neurotronics.

We have a strong core competence in those areas where we were working with Neurotronics—a corporation completely established as a sleep development engineering firm. The mix of our two core competences really allowed us to be successful in the sleep diagnostic market. We eventually came to a critical juncture, where we needed to make some decisions about acquiring Neurotronics—thus allowing us to give better value to our customers. This better value shows in many different areas, one of which is our ability to provide seamless technical and clinical support to our customers. We also look forward to developing our sleep products in a more congruent manner to help us bring products to market faster and more efficiently.

The acquisition was finalized on Dec 31, 2008. Neurotronics will remain intact, but it is now a wholly owned subsidiary of NK. NK has a strong global distribution network of wholly owned subsidiaries. These will provide us a great conduit to the sleep diagnostic global market.

What is Nihon Kohden's investment strategy for Sleep in 2009 and beyond?

We have quite a few projects developing for our sleep product portfolio. We are investing in more ways to more accurately monitor end tidal CO₂ in sleep studies, and in new uses for information that can be acquired from end tidal CO₂ as it relates to not just the diagnostics tests, but also to therapeutic tests.

We look forward to investing and investigating all uses for home sleep testing as it relates to OSA in ways that will expand the reach of sleep disorder facilities. We are breaking new ground in this area, and hope to make new announcements before the end of 2009.

Have there been any new changes to the Polysmith software or the Polysuite Advanced Database?

We have incorporated all the AASM (American Academy of Sleep Medicine) guidelines that were required to be in place

last summer. We are continuing to add features into our database software that will allow more useful data queries. It will also be easier to add outside information to the database in the form of attachments—and in the form of customizable database fields—making this product more useful in the clinical and research environments.

We are working on the next version of the Polysmith DMS. New Polysmith features will essentially allow additional flexibility where it is needed. We also are developing ways to more efficiently and usefully harness the expansive data that is stored in the Polysmith DMS database.

One of your goals is to make NK systems a primary choice for sleep laboratories. If a sleep lab wanted to trial NK's sleep diagnostic systems, what could they expect?

A sleep lab can try out our software for free. We have free demonstration licenses that will allow them to work with the software. They can use it for scoring, and the software is compatible with EDF files, so you can use the demo version to score even your own sleep lab files. One way you can do it is by contacting NK and downloading the software, which is something we allow to qualified prospective customers. We also offer a Polysmith primer, which is a CD that we can send out with instructions for scoring data. Sample data and reports are on the disk. This is a nice way for people to have documentation on training, as well as introducing people to NK software in an easy way that will work on any system with a CD drive. That is one alternative to having a sales rep come out and demo the system.

NK is readying the Nomad Home Sleep Testing device for launch this year. What can you tell us about it?

NK offers a complete line of sleep testing devices from type I through type III, with a type IV device coming soon. In addition to the Nomad, we offer Type II Track-it devices, one of which is the Sleepwalker, which is our type II device offered at a competitive price. It's a nice device with blue tooth interface, high quality signals, body position monitoring, pressure transducer, and a host of other features.

As for the type II marketplace, it is not clear where it is going to go because of the cost of doing a test versus the reimbursement—but we certainly offer those solutions to customers if they decide to use them. Type III would be our Nomad device, which is a new technology developed by Neurotronics, and is now an NK offering due to the acquisition. It was developed as a type III with AASM guidelines incorporated in terms of the parameters that are recorded. One of the exclusive features is the ability to allow technicians to monitor the quality of the test that is being done at a patient's home via cellular technology. This is a nice thing so that users of the product can feel good that the home test is going to come back successful.

The Nomad will be released this year (510K pending), and we have information available on the product if people have questions about the device, its price, and its capabilities. It does meet the type III definition of HST, but also has capabilities beyond those minimum specifications for type III devices.