

Three is Not a Crowd

Integration is the watchword for Embla as the company looks to make its three sleep diagnostic systems more compatible than ever.

Ever since Embla® Systems acquired the Sandman® sleep diagnostic business from Covidien®, industry watchers wondered: Would Embla's REMbrandt, RemLogic,™ and Sandman® consolidate into one? The answer from Embla CEO David Baker is a definitive no.

With about 1,700 customers split between the three products, Baker has no interest in discontinuing any of the three successful PSG software platforms. He knows the change would lead to a huge inconvenience for Embla customers, including fundamental business changes. Instead, Baker has a more customer-oriented solution in mind – one which offers superior options. To make this a reality, Baker asked his engineers to better interface the choices. The added harmony will streamline further development for each platform, and make it easier for customers to move across platforms.

In essence, the software each user has come to know – whether Sandman, REMbrandt, or RemLogic, will continue to look the same – Baker refers to this as the “Front End” or Graphic User Interface (GUI). However, Embla has started down the path of a gradual and transparent “back-end” work – described as parts of the software that do not affect the user interface, but would be welcome improvements to any customer. Sleep Diagnostics and Therapy caught up with David Baker, CEO of Embla® Systems to discuss the company's product strategy and ambitious plans for the future.

WHAT DOES IT MEAN TO ALTER THE BACK-END FUNCTIONS OF YOUR THREE FLAGSHIP DIAGNOSTIC PRODUCTS?

Without impacting the look or feel of any of our PSG software programs, my vision is to harmonize the “Back End” of each product, leaving the “Front End” alone. With one of the largest installed bases in the World, having a single file format, for example, is easier for research, sleep lab consolidation and general compatibility. I also plan to improve the report functionality and create reliable automated analysis modules. Common file formats, improved Reports, better modules and other features can all be accomplished across platforms without impacting what the sleep professional sees when the software is running. All of this will be achieved through elegant integration with our Enterprise® Sleep Business software which will become the core of our product offering.

WILL THIS BACK-END WORK BE DIFFICULT FOR YOUR R&D STAFF?

Our long term strategy will be introduced in a phased approach. The first step will be to bridge the three PSG programs so they interface with our Enterprise® Sleep Business Management software. The second is to achieve harmony among software platforms. I see some companies taking the approach of

discontinuing software and forcing customers to change. While this won't be a trivial amount of work for our staff, we believe it's a better option than expecting our customers to retrain their staff with new software; we are doing the extra work so our customers don't have to.

WHAT CAN CUSTOMERS EXPECT IN THE REALM OF TECH SUPPORT?

While I ran Sandman until about 2003, we focused a huge amount of our efforts on technical support and that didn't change when I joined Embla. While half of our job is providing reliable products, the other half is providing quality customer support to maintain overall customer satisfaction. Making it easier for our customers to be productive is the basis of our company's philosophy– whether that's through technical support or product offerings.

Our Enterprise Business Management software is a significant step forward in helping customers improve their efficiency by automating time-consuming tasks that they would have to do manually – which is a burden on both their time and their budget. We have numerous customers that use Enterprise for the sleep lab that links to the Hospital Information System (HIS) through “HL7”. It is truly satisfying to hear that so many of our customers have experienced significant savings – whether they are a hospital or small and independent. I think we need to continue our focus on providing the tools that allow our customers to be productive and efficient. As happy customers, they are more inclined to continue a relationship with Embla in the future – and refer us to others.

YOU ARE TRANSITIONING COVIDIEN'S SLEEP DIAGNOSTIC BUSINESS INTO THE SMALLER CORPORATE CULTURE OF EMBLA. HOW IS IT GOING? HOW HAVE CUSTOMERS BEEN RESPONDING?

The transition continues to go well. As you know, when I came to Embla many of the employees I had worked with in the Sandman organization came with me. In fact, when we took over the Sandman product line, we already had the chap who had developed much of the Sandman software. We also had several original Sandman software technical support, Quality and Regulatory staff, Sales Managers and Product Managers. In fact, when we finally walked into the Sandman office on the first day of the acquisition, I already had a fairly strong contingent of Sandman staff already with me. With so many of the original staff it was more like coming home than a new acquisition.

HOW HAS YOUR CONSIDERABLE HISTORY WITH SANDMAN HELPED SMOOTH OUT THE WHOLE PROCESS?

I helped start Sandman and ran it for 10 years, so I am familiar with the way that it was structured and how it was run. We

had a lot of inside knowledge, and as a result, the transition has been, from my perspective, extremely smooth. There have been a couple of issues and I have personally been getting involved to solve them – but we have not had many. We also did a good job, I think, communicating. We created a dedicated “transition Web site” full of information that was live the day that we announced the acquisition.

I’ve also traveled constantly since the acquisition, visiting customers to discuss our strategy and the vision of the company going forward. I think it’s comforting for customers accustomed to huge conglomerates to feel they can reach out and get in touch with me very easily. So all in all, it’s gone extremely well.

ANYTHING NEW SLATED FOR INTRODUCTION AT SLEEP 2010?

We have many exciting products in the pipeline – which of course is important – however, I look forward to meeting more customers face to face, share our vision, and bring back the famous Customer Appreciation party for the combined Sandman and Embla customer base. These days, big organizations have been shying away from these types of party, but I think it’s important to say thank you, no strings attached, to show our customers we appreciate their business.

ANY NEW CONCEPTS THAT YOU CAN SHARE WITH OUR READERS AT THIS POINT?

At the moment, we are looking at our cardiopulmonary coupling (CPC) tool, and how it will contribute to the field of sleep. As you might know, this is the technology we licensed exclusively from the Beth Israel Deaconess Medical Center, which is part of the Harvard Medical School. It allows you, with a single channel of ECG, phenotype different types of sleep apnea.

The CPC creates a single image of sleep that allows you to differentiate types of sleep apnea and, just as importantly, the “Quality” of patients sleep. At the moment, this is implemented in RemLogic. We plan to integrate the tool within our other PSG applications as well.

EMBLA ARE NOW ALSO INVOLVED IN DENTAL SLEEP MEDICINE. CAN YOU ELABORATE ABOUT THIS ASPECT OF YOUR BUSINESS?

We are thrilled with the headway our exclusive dental distributor, Sleep Group Solutions, is making in the dental community. They hold informative seminars to educate dentists on the importance of sleep, and how they can partner with their community Sleep Labs to help treat more patients using sleep screening tools like our level III portable device, the Embletta.®

In addition occupational health is a key area of growth for us. Trucking companies, for example, will prove to be a growing market that will benefit from portable sleep testing.

JB Hunt has done a trucking study in which they did a series of home studies with truck drivers using our Embletta. They quickly recognized the benefit of these studies and the significant savings on medical costs, accident insurance savings, increased productivity and, of course, improving the safety of the drivers and the public once they were diagnosed and treated for their sleep disorders.

The more we understand about sleep disorders and their impact on the ability to work, I think the better off we all are. Dental Sleep Medicine is just one example of this and I think it is going to lead to other specialties as more and more people recognize it is a pivotal part of how we understand sleep.

WHAT GIVES YOU OPTIMISM IN 2010?

By all accounts, America seems to be coming out of the recession that we experienced in 2009. We successfully acquired the Sandman diagnostic line, which puts us in the position as the largest company in the world focused solely on sleep diagnostics. We see the awareness of sleep disorders continuing to grow with an increase in sleep related news in publications like USA Today, Wall Street Journal, Time and others.

I am optimistic that awareness will continue to increase, and the number of patients funneled into sleep labs will respectively grow. Over and above that, I feel proud of being part of an organization that helps people manage a serious disorder like sleep Apnea.

WHAT GIVES YOU CONCERN?

I am not 100% sure that the recession is over. I’m not 100% sure that the changes to health plans in the United States are the best solutions. I think time will tell how this will all pan out. However, the US is only part of our Global market since we are balanced with respect to North America, Europe and Asia. We have a large customer base in Europe and Asia, so this balances out whatever shortfalls or hiccups that might happen in North America. Our global partnerships temper my concerns about the United States. I am certainly far more optimistic than I am pessimistic about 2010.

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