

Sleep expert dreams of rich investor

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HEALTH

LISTED medical diagnostics minnow Compumedics plans to deliver a wake-up call to the two sleep treatment giants — including the home-grown ResMed — with a foray into the \$2 billion-plus global sleep-device market.

To drive this ambitious push, founder, Compumedics chief executive and 64 per cent holder Dr David Burton is willing to cede control to a deep-pocketed investor. "I am prepared for the first time to issue my stock to a strategic partner, so the company can realise its potential of becoming the third major player," Burton says.

For Compumedics, cracking

the sleep treatment sector will be the culmination of a 22-year development journey that began as supplier to the country's first sleep clinic at Melbourne's Epworth Hospital in 1987.

The company is awaiting "imminent" approval from the US Food and Drug Administration and the local Therapeutics Goods Administration to sell SomniLink SPAP, its version of a continuous positive air pressure (CPAP) device. CPAPs are used to treat up to 85 known sleep ailments, from snoring and leg twitchiness to the potentially fatal obstructive sleep apnoea (when a person temporarily stops breathing).

Six months ago Compumedics gained European (CE Mark) approval to sell SomniLink, with its

Italian distributor (and 2.7 per cent shareholder) Medigas pre-ordering 2000 units.

But with a market capitalisation of only \$27 million, Compumedics needs a major investor, most likely alongside a licensing or royalty arrangement with a large-scale distributor. ResMed and Respiroics account for 80 per cent of the sleep-device market, while the NZ and locally listed Fisher & Paykel Health has 11 per cent.

"We need to get some 800-pound gorilla wanting to be the third player in the industry so the duopoly can be addressed," Burton says. He claims the rivals' devices may successfully treat the ailment, but a side-effect of forcing air down the breathing tubes is

that REM (deep-sleep) patterns are further interrupted, causing day-time sleepiness.

SomniLink SPAP still requires a mask and air pressure, but uses a patented system of real-time data to vary the air flow. Burton expects a partnering announcement within six to 12 months, with a US listing also being considered.

Compumedics is already a leading provider of sleep and brain monitoring products, with a 6 per cent share of the global sleep diagnostics market and 28 per cent of the brain research market.

Burton holds no doubt about the potential for further growth in the sleep treatment sector. "There are few people in the modern world who aren't sleep-deprived," he says.



Compumedics chief executive David Burton has no doubt about the potential for growth in the sleep treatment sector