



Sleep Remedies Association Inc.
INC 9886436
Ground Floor, 173 Pacific Highway
North Sydney NSW 2060
Phone: (02) 9929 0707
Fax: (02) 9922 4801
Mobile: 0416 237667
www.sra.org.au
brk@sra.org.au

31 January 2007

The Sleep Remedies Association – SRA, held their first meeting last December.

We discussed: **Who – Marketing – Group Buying and Finance - Screening**

- **Who** should be able to join the SRA, and agreed that any provider of a proven working solution, such as CPAP and MAS be able to join, whether a chemist, retail shop, wholesaler or manufacturer.
- **Joint buying** was discussed, and by working with a finance company we will offer participating SRA members up to 120 days credit of \$5,000 to \$250,000, with the first 30 days interest free. Additionally we are negotiating with suppliers for better margins for participating SRA members. We will also negotiate better credit card rates, insurances, and other suitable services for group buying
- **Joint marketing** ideas were suggested, such as brochures for chemists and doctors, and the SRA will prepare Press Releases, with the joint buying program contributing to awareness marketing costs.
- **Home screening** was perceived as being good for both clients and sleep labs. Easier initial diagnosis will increase demand for overnight PSGs and then CPAP sales. One of the goals of the SRA may be to overcome resistance to home screening. We discussed examples of CPAP supplier screening growing Sleep Lab clientele.

The greatest benefit of meeting is that suppliers who previously perceived themselves as competitors were able to meet and discuss how to grow their market, with the general consensus being that ignorance was our biggest competitor.

You are invited to join us at our next meeting on Wednesday evening at 6:00 pm, 173 Pacific Highway, North Sydney, NSW 2060

There is ample parking on the Pacific Highway, facing south, and we are close to the trains. We will supply light refreshments. It's OK to come late, as we may be going for a couple of hours.

We will have a presentation on how the joint buying program works, and have invited our main suppliers to attend.

This is an informal meeting, open to those who may have an interest in joining or want to influence the directions of the SRA.

What is the SRA?

We are a group, mostly businesses that sell sleep remedies, mostly CPAP machines & masks.

Please check out www.sra.org.au for more information, then either phone 02 9929 0707 or email brk@sra.org.au, or join at <http://www.sra.org.au/sra/form.php>

Please let us know if you are coming, as space is limited.

A handwritten signature in blue ink, which appears to read 'Bernhard Kirschner'.

Bernhard Kirschner
SRA Founder

Sleep Remedies Association Buying Program.

The program will allow retailers to buy with a better margin, give a month's credit interest free, allow an additional 3 months credit at 1.5% per month, and provide funds for SRA marketing

How it works.

- Each participating Sleep Remedies Association member completes application form for Moneytech Finance Pty Ltd, much like any credit application.
- Upon acceptance the member is given a SmartCard with secure access.
- Members then place orders on suppliers via Moneytech directly from MYOB.
- Goods are shipped direct to the member, who pays within 30 days at no extra cost.
- If Member wants time to pay, they pay interest on outstanding balance over 30 days.

Advantages to participating members.

- Members will gain bigger margins through buying program.
- Member can buy in bigger quantities, again increasing margins.
- 30 days free credit, then \$0.48c per \$1000 per day until paid (approx 17.5% pa).
- Longer credit terms if required, up to 120 days.
- Member has a Credit limit of \$5,000 to \$250,000 depending on the member's needs.

Advantages to Supplier.

- Payment will be received within 48 hours of order less only 2%, dropping to 1.2% with volume.
- An extra 3% will also be deducted from the supplier's payment, used for 2/3 for advertising the program and sleep remedies, and 1/3 for program administration, growing the market.
- The total supplier deduction will then be 5%, with all suppliers contributing equally to marketing.
- Where the supplier has excess funds, they have the option of delaying settlement and earning 7.2% pa on amount due.
- There is no risk of bad debt, or customer extending payment.
- Payment is final, and cannot be cancelled by the buyer.
- There is no need to run credit department if all clients use the program.
- There is no minimum order value set by credit provider, but we believe that the program will be more attractive to suppliers with a minimum order level of \$500, and orders of \$1000+ offered free delivery.
- Possibly one larger retailer can fulfill small orders which can be paid by Visa M/C or even Moneytech at a much smaller margin.
- Orders over \$5,000 attract an extra 5% discount and orders over \$10,000 attract an extra 10% discount by the supplier off RR, encouraging clients to order in larger quantities and to keep more stock on hand.
- Super sellers who are already close to maximum discount are placed on a super seller list and they get extra margin.

Advantage to SRA and Industry

2% of retail value of sales available for marketing, allowing the SRA to produce professional Press Releases, and to pay for marketing.
SRA becomes both an effective marketing force and is able to credibly represent the industry.