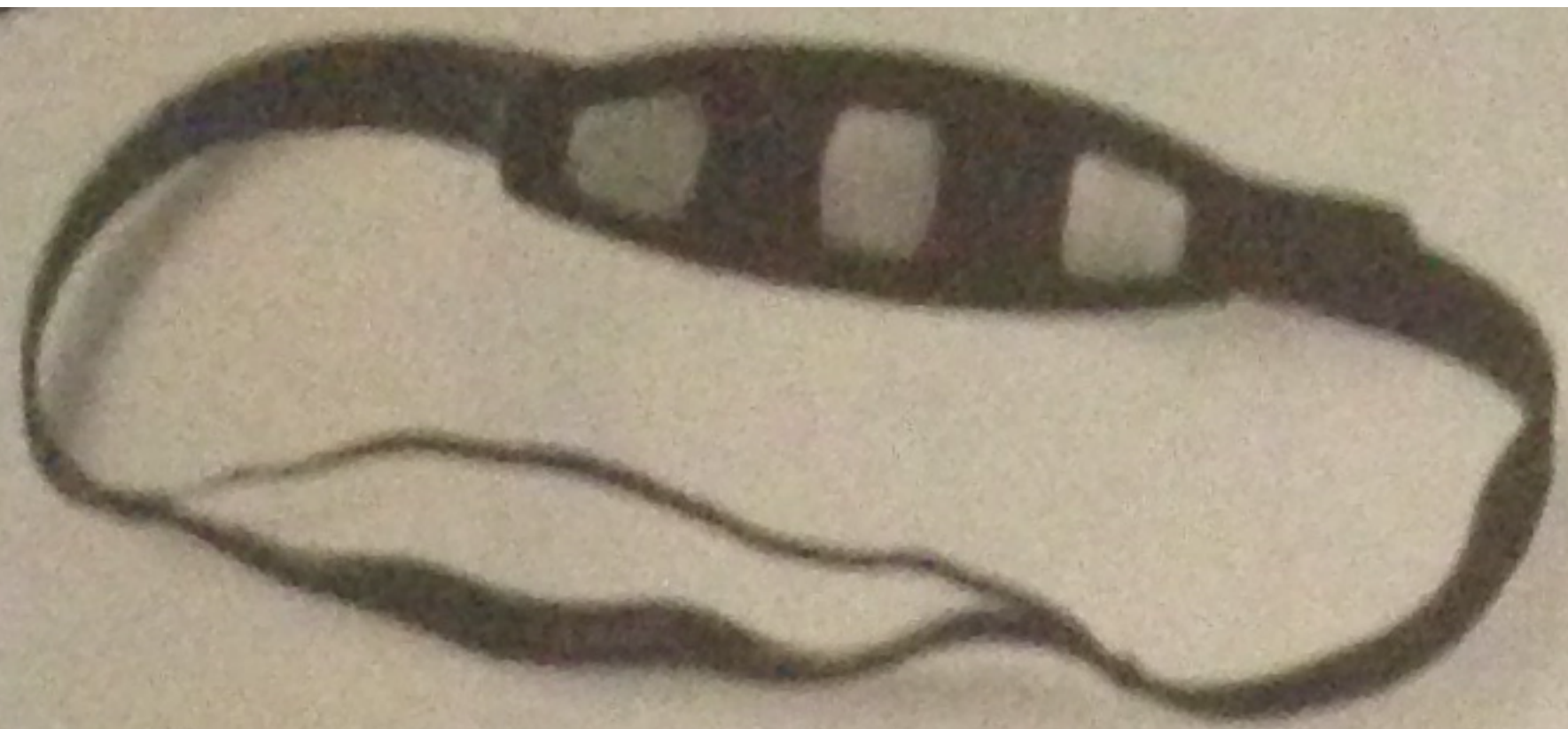




The Zeo Headband, with dry fabric sensor materials shown.



Zeo Receiver/Display Unit

Source: Zeo, with permission.

Using an SD (Secure Digital) memory card within the bedside display, the customer can use his or her personal computer to transfer accumulated sleep data to a personal online account, myZeo.com. The Web site (Exhibit 6.3) has interactive tools for understanding the data. It also provides cause-and-effect information on how and individual lifestyle choices—including exercise, diet, drinking, and stress—affected sleep.

Manufacturing of the physical product was outsourced to an Asian contract manufacturer. The price was eventually set at \$249 for the product alone, and \$349 for the deluxe package, which included the product, a year's supply of headband sensors, and unlimited access to the online 7Step coaching program. Sales would be made directly to customers via the Internet.

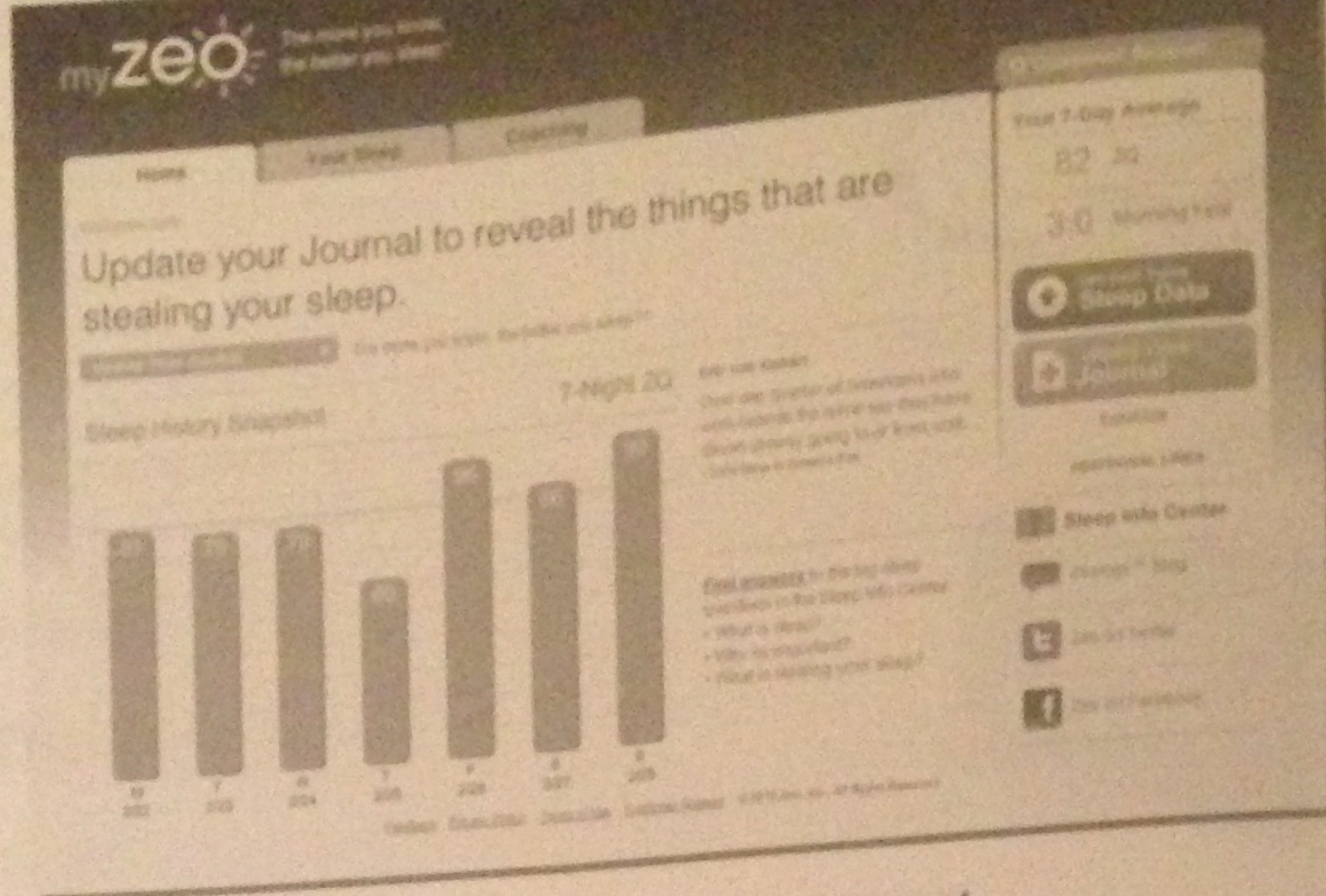
The Launch

As mid-2009 approached, the Zeo crew prepared for the product's official launch. Not having the public company financial resources common to consumer product launches, they needed a high ROI method to gain public exposure. So, working with a Boston-based PR firm, Schneider Associates, they devised an innovative plan to create media buzz. Dozens of reporters were invited to spend the night, courtesy of the company, at a brand-new five-star New York City hotel. Each was given a Zeo device that they would use during the night to record their sleep patterns.

The next morning, the overnight guests were treated to a breakfast in the hotel ballroom, where company personnel were on hand to help them understand their recorded sleep patterns from the previous night. After a brief presentation by Zeo, several scientific experts spoke on

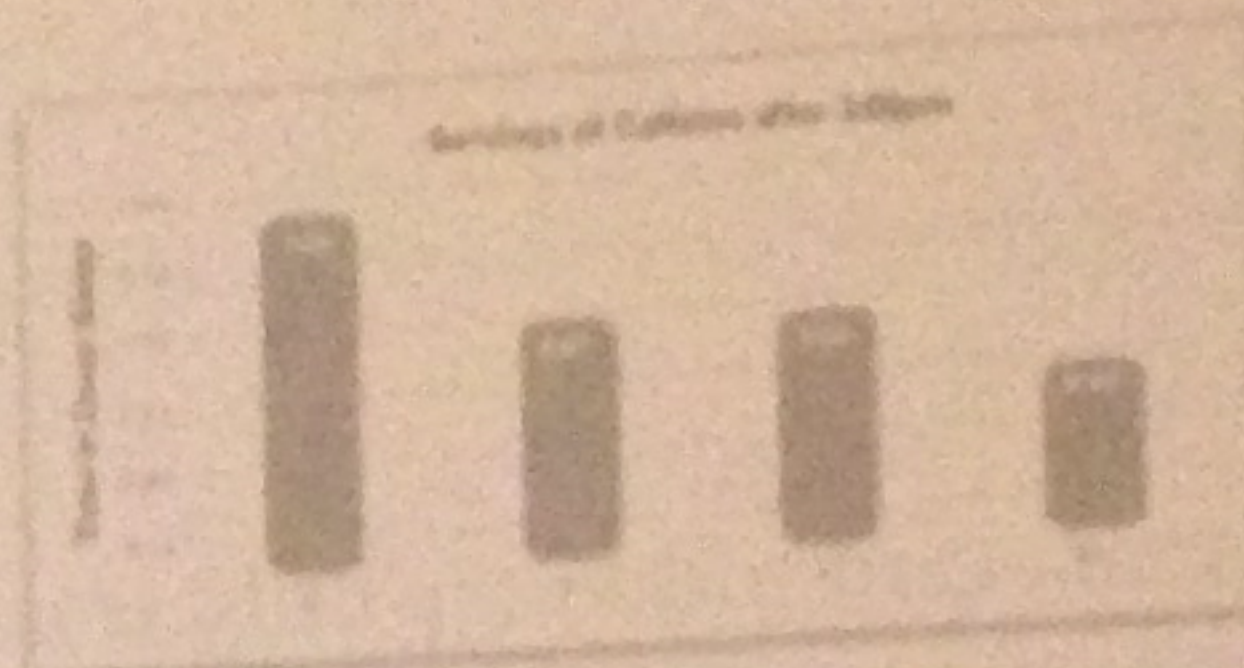
EXHIBIT 6.3

Sleep Tools and Coaching



Find out what's stealing your sleep.

Zeo Personal Sleep Coach will help you understand and minimize the factors that negatively affect sleep, so you can take control of your nights. You can use the visual analytical tools in your personal myZeo.com account to see trends and cause & effect patterns.



Measurements	Your Results	Your Goal	Change
Score	100/100	100/100	0/0
Score 1	Average: 0.99 Range: 0.99 - 1.00	Average: 0.97 Range: 0.97 - 1.00	▲
Score 2	Average: 0.98 Range: 0.98 - 1.00	Average: 0.97 Range: 0.97 - 1.00	≈
Score 3	Average: 0.98 Range: 0.98 - 1.00	Average: 0.97 Range: 0.97 - 1.00	▲

Get personalized coaching.

Sign up for the 7 Step Sleep Fitness™ Program to receive recommendations and actions plans tailored to you and your sleep. Zeo will help you get the most from your sleep, so you can be your best.

Source: Zeo, with permission.

the relationship between sleep and human health. Reporters then moved to “break out” tables where specific sleep-related topics such as sleep and human performance, methods for sleeping better, and so forth, were discussed. At one table, the trainer of the Boston Celtics entertained reporters’ questions about sleep and athletic performance. “The idea,” says Dave, “was to give reporters opportunities to pick up on many different story lines.”

This hotel PR gambit and other launch PR efforts paid huge dividends almost immediately. The first big story about Zeo appeared within days in the *Wall Street Journal*. The *Journal's* health columnist, Melinda Beck, described how Zeo had helped her discover and understand her own sleep problems. "Finding out what's going on in your sleep generally requires spending the night in a professional sleep lab hooked up to lots of wires and monitors," she told millions of readers. "But I've been testing a new home-sleep monitor called the Zeo Personal Sleep Coach that lets people track their sleep patterns nightly in their own bedrooms."⁵⁰ She went on to describe her dismal ZQ score, how it responded negatively to tensions surrounding her column deadlines, and how it improved once she switched to decaffeinated coffee and kicked her dog out of the bedroom. In the article, she interviewed members of the company's advisory board and other Zeo users, who shared their positive experiences with the product, its coaching program, and how changes in daily habits affected their ZQ scores.

For the company, Beck's article could not have been more timely or beneficial. Orders began pouring in. Other positive articles quickly followed in the *New York Times*, *Forbes*, *USA Today*, *Popular Science*, *Woman's Day*, and other national periodicals. Ben and Jason soon found themselves interviewed on Fox TV, and America's primo TV pitchman, Regis Philbin, had himself filmed in bed wearing his Zeo headband and talking about his own sleep problems. More orders came in—at a time when consumer product sales in the United States were in the basement!

Over the next six months, the young company continued to score PR coups. One of the most significant of these occurred on December 14, 2009, at the height of the holiday gift-buying season. The nation's most popular morning TV program, *The Today Show*, watched by over six million Americans, ran four short story segments on Zeo's founders and their new product, with testimonials from a user, a leading sleep medical authority, and the TV network's own doctor/journalist. All praised the product. KaBoom! The sky began raining orders and Google identified Zeo as the most searched topic that day, even ahead of a Tiger Woods scandal story that was making headlines all over the media.

A Changing Company . . . Changing Roles

The product launch and subsequent media buzz marked a watershed for Zeo. The once-obscure little company was now on the map and receiving enormously positive feedback from reviewers. And the cash register was ringing.

Rather than relax, however, employees kept up a punishing pace of work. Says Eric, "With working many nights and weekends, there hasn't been a lot of time for friends and family, or—ironically—for sleep." The only married member of the founding team, Eric consciously tried to optimize the limited time he had available to spend with his spouse by focusing on communication. Jason Donahue echoed his partner's assessment of the work load. "We don't have a problem with absenteeism around here. Our problem is *presentee-ism*—people not going home."

Even before the June 2009 launch, however, Zeo had been changing. New people with deep and specialized experience had come onboard. Subsequent to Dickinson's joining the company, John Shambroom was hired as the initial VP of research, engineering, and operations, but was later asked to focus on the company's scientific and clinical platform as the VP of scientific affairs. Later, others were hired to head up e-commerce, finance and manufacturing, and engineering and product development. And as 2009 drew to a close, the team was searching for a specialist in direct-response TV advertising. "These people had technical skills we needed right away," says Dave Dickinson. "We couldn't wait months and