



# CEOCFO

## Interviews & News!

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**Liberator Medical Holdings Inc. is “for me, a culmination of 25 years of building businesses in this booming business sector,” says founder and CEO, Mark Libratoro**



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**Mark A. Libratoro**  
President and Founder

### BIO:

As founder of Liberty Medical Supply, Inc., in 1989, Mark Libratoro originated a business model which drove that Company on to become the nation's largest direct-to-consumer diabetic supplier with sales in 2002 over \$250 million. He served as Liberty's President from start-up to over 900 employees. In one year,

sales grew from 11 million annually to over 48 million; the following year, they shot to over 80 million (65% growth) with a run rate of approximately 100 million.

Although Mr Libratoro sold this business to PolyMedica Corporation, (PLMD) in 1996, he continued to serve as President of Liberty Medical and Vice President of PolyMedica. In 1999, his entrepreneurial appetite led him to leave PolyMedica and start Liberator Medical Supply, Inc. Prior to founding Liberator Medical Supply, Inc., the April 1998 issue of Response Magazine voted Mr. Libratoro one of the top 25 most innovative direct TV advertisers of the year.

### Company Profile:

Liberator Medical Holdings, Inc.'s subsidiary, Liberator Medical Supply, Inc. established the Liberator brand as a leading national direct-to-consumer provider of quality medical supplies to Medicare-eligible seniors. As an Exemplary Provider Accredited by The Compliance Team, the Company's unique combination of marketing, industry expertise and customer service has demonstrated success over a broad spectrum of chronic conditions. Liberator is recognized for offering a simple, reliable way to purchase medical supplies needed on a regular, ongoing, repeat-order basis, with the convenience of direct billing to Medicare and private insurance. Approximately 75% of its revenue comes from supplying

products to meet the rapidly growing requirements of general medical supplies, personal mobility aids, diabetes, urological, ostomy and mastectomy patients. Liberator communicates with patients and their doctors on a regular basis regarding prescriptions and supplies. Customers may purchase by phone, mail or internet, with repeat orders confirmed with the customer and shipped when needed.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFOinterviews.com**

**CEOCFO:** Mr. Libratoro, what was your vision when you founded Liberator Medical?

**Mr. Libratoro:** “For me, the vision for Liberator was, and is, to replicate my success in building my former company, Liberty Medical Supply, which we eventually sold to PolyMedica and which recently sold to Medco for \$1.5 Billion. The vision was, and is, to use the same business model we created to drive Liberty's success, to drive Liberator to even greater success. We created a business plan that created a brand giant, it was our invention, and we're re-inventing it now to meet the even greater growth opportunities of today's booming medical supplies market. The model is proving itself yet again to succeed— even beyond our expectations—in reaching consumers with life-long medical supply needs through our advertising and developing long-term incomes from continued relationship marketing and servicing of the needs of those consumers.”

**CEOCFO:** Where are you in the process?

**“We increased our September advertising budget in response to the excellent results in August, and regard this success as the beginning of an important growth phase for Liberator.”**

**- Mark A. Libratoro**

**Mr. Librator:** "We are quite advanced; we are in our seventh year and we are in the process of growing all our divisions at a very rapid pace now through our national advertising on TV, cable and direct TV. Another focus has been on developing infrastructure. Through means, methods and processes, our infrastructure has capabilities to handle multiple vertical lines of new product offerings we've developed for new market sectors, as well as greatly expanded product lines for our original market, diabetes, a segment we have now reentered with the competitive edge of experience, expertise and seasoned understanding of the patient population."

**CEO CFO:** Please tell us about the industry in general.

**Mr. Librator:** "The medical supply industry has evolved from what used to be a mom and pop store business to a very sophisticated supply chain management where we are providing consumers with products that are very specific to today's needs and that reflect the advances to today's ever-changing technology. For instance, diabetics now prefer to check their blood glucose with a new generation of meters. That's just one instance that's typical of the very specific technical needs that now require a level of expertise in the industry that had not existed in earlier years."

**CEO CFO:** Do you deal primarily with Medicare patients?

**Mr. Librator:** "There is a virtually inexhaustible supply of people turning 65 and going on Medicare right now, what with the baby boomers ageing and that sort of thing. We hope to expand in the future to handle the needs of other groups of patients as well, but right now our focus is to work diligently to service that group."

**CEO CFO:** Is there a trend toward people using home delivery as opposed to purchasing locally?

**Mr. Librator:** "Absolutely. The trend toward people using services like ours for their medical supplies is easy to understand because it makes life so easy for the consumer. We not only provide supplies,

we provide the billing services, obtain the prescriptions from the doctors, handle the shipping and make it virtually painless for them to receive supplies on a regular basis. We also always remind them to reorder in time to ensure they get their shipments, as they need them, which is the kind of home service that they need. As they get older, those kinds of services get more and more valuable to these patient populations. They may suffer loss of eyesight, hearing, and other sensory perceptions that make it more difficult to drive or get around, even to local stores. Therefore, home delivery is in high demand as our population ages. We are seeing more and more people in their nineties who are quite cognizant and able to live at home, but they may not drive, so they need their supplies delivered to them."

**CEO CFO:** Why should people choose Liberator?

**"...based on the response rate of our current advertising, we expect to exceed the sales dollars to advertising dollars ratio that was initially achieved at Liberty Medical Supply, Inc. for their fiscal year 1998, when they nearly quadrupled sales over the prior year..."**

**- Mark A. Librator**

**Mr. Librator:** "Liberator is, for me, a culmination of 25 years of experience building businesses in this booming business sector, where I have learned both the combination of customer needs and customer issues, as well as developing an in-depth expertise of the supply side and delivery of products. Other companies that have done this have really taken more of a strictly business-like approach to this, whereas we take our level of customer service to a higher standard –and consider it an absolutely key component of our business. Also, in addition to unrivalled experience in the industry, we have a tremendous amount of experience in everything we do, from mobility products to urological, mastectomy, ostomy and diabetic. We have a broad range of services and we are seeing that more and more of our customers have a multitude of problems, not just one problem. Because they have a multitude of problems, they need a company that has a wider

range of service than just one specific channel."

**CEO CFO:** How do you motivate your people to provide the high level, sensitive care for your customers?

**Mr. Librator:** "We will screen sometimes 75 applicants or more to fill one position. We are very careful to find people that are extremely bright and talented but also have the gentle kind nature that we need in order to project what we want to project across the phone to our customers, and sometimes the only way they meet anybody is over the phone. We also have incentives for all of our people in terms of customer service, retention, as well as closing the initial deal or contact. In addition, we spend a great deal of time on cultivating their understanding of the sensitivity involved with the needs of the elderly. Our company culture is such that we rapidly recognize anybody who runs against the grain of excellence in customer service and sensitivity that we require in order for us to do business the way we do it."

**CEO CFO:** How do you get new business?

**Mr. Librator:** "We primarily attract new customers by advertising on national television. We do print ads and we have a great delivery by word-of-mouth. Our primary vehicle is national TV advertising. Our most recent national advertising efforts yielded better-than-expected results. We increased our September advertising budget in response to the excellent results in August, and regard this success as the beginning of an important growth phase for Liberator. In fact, based on the response rate of our current advertising, we expect to exceed the sales dollars to advertising dollars ratio that was initially achieved at Liberty Medical Supply, Inc. for their fiscal year 1998, when they nearly quadrupled sales over the prior year, which has not been achieved by Liberty since."

**CEO CFO:** Are there products you are not currently offering that you would like to add?

**Mr. Librator:** "We are constantly searching for new innovative products.

One of our models is that we service our customers by providing the latest and most innovative technology to meet their medical supply needs. We are constantly researching and evaluating new products with new features or benefits for consideration for our customers. They reflect the latest technologies being developed all over the world, particularly in China, Korea, Japan and Taiwan. Many of these new products have additional features and benefits. It would take years for some of these products to become known unless somebody like us ran ads that inform the public of their availability. That's an important aspect of our business that we can expand upon indefinitely."

**CEOCFO:** Do most of your customers use you for all of their needs?

**Mr. Libratore:** "A considerable number of our customers have or develop multiple conditions and we provide for their varied and growing needs with more than one product type. Through our advertising we constantly attract new customers on a steady basis, so what evolves is an essential core of long-term customers providing that annuity-like income. We screen all our customers for multiple product line needs."

**CEOCFO:** Do you get customers often from other companies or is it primarily people that are new to ordering supplies this way?

**Mr. Libratore:** "We found that through our advertising that customers recognize the level of care and concern we have even over the phone and they tell other customers, and that converts many who might be using competitive suppliers to switch to us because they can identify better with our staff. Lately, we are experiencing a number of companies coming to us with customer bases that they want us to handle or take over for various reasons. I enjoy a good reputation in the

industry, as someone who can be trusted to take good care of customers. As a result, people who have heard of me and our company have approached us on many occasions. Even as we speak, there is a large group that has nursing home presence that is working with us in terms of handling the needs of the patients who are permanently in nursing homes."

**CEOCFO:** Is this an area of growth that you are going to pursue?

**Mr. Libratore:** "We always welcome and entertain any kind of business propositions from any related companies that may have synergies with the kind of delivery systems we have in place."

**CEOCFO:** What is your financial picture?

**Mr. Libratore:** "We are a little shy of break-even at this point. We expect to eclipse that sometime in the next quarter and become profitable by the end of the year and show considerable growth and

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**- Mark A. Libratore**

have profitability into the second or third quarter in the upcoming year. Having said that, we are dependent on our advertising and as a public company and these forward-looking statements must be considered with the usual disclaimers required by law. Our base of business now is 3.5 to \$4 million, but that is growing extremely rapidly and I think our finances will tell the story better than anything now as we go forward."

**CEOCFO:** Is most of the business by phone, and do you see a pick up with the internet?

**Mr. Libratore:** "We do work in the internet, but like a lot of companies with big national brand names, we feel the

engine that still drives customers to our website is television. In our case, it just keeps proving itself our best source. We have also been working with a number of companies on developing our website and increasing the proliferation of that through various means in order to maximize our web power. We do get quite a few inquiries from the web but it is not our primary focus. To be competitive today is to understand the world of "New Media" marketing, so we will all have to be there in one form or another and it is inevitable that it is going to be our primary source of business."

**CEOCFO:** In closing, what are your comments on your Company's current operations, assets and competitive advantages?

**Mr. Libratore:** We are in a large 25,000 square foot facility with another 12,000 square foot facility that serves as a retail store and repair facility. Our management staff is probably the best in the industry.

We have many senior level and staff level employees who have experienced growth in excess of \$100 million in sales. These individual are seasoned, experienced, and on-board working here now, not as consultants, but full time. This amounts to a fantastic talent pool of managers who are capable of training scores of people to facilitate rapid growth in this business. Our executive offices and fulfillment capabilities exceed current capacity. Our advertising results so far are not reflected by our past financials but we are doing very well. People might not be aware of this unless they were here listening to our staff taking all the incoming calls on the phones and enrolling all these new customers. However, take my word for it; it is really going well. It is an almost electric atmosphere we are in now."



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