



# Digital Transformation of Long Term Care Products and Solutions

## 5 factors to consider when evaluating trends

When a building is demolished, a brief calm prevails at first. The dynamite booms, a millisecond of total stillness follows, and then, with a mighty groan, the entire structure collapses. For so many observers of the long-term care (LTC) market, a similar moment appears to be at hand. Settled assumptions and decades-old businesses practices are unraveling rapidly in the face of disruptive demographic changes as well as new entrants and ideas.

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Nowhere is this more apparent than in Asia. Deloitte's 2017 Voice of Asia report projects that, by the 2030s, the continent will be home to more than 60% of the total population aged 65 years or older. Working-age populations are declining, both in absolute numbers and as a share of total populations, resulting in rapidly increasing dependency ratios, the International Monetary Fund (IMF) has warned.

A greying Asia will have profound – and growing – consequences for global long-term care markets. Consider that Asia's elders are likely to be both more affluent and more alone than ever before. Globalization and urbanization have transformed close-knit communities of extended families who traditionally performed caregiving roles. Increasingly younger generations have moved away in pursuit of better opportunities in cities, even as birth rates have declined sharply. The result is demographic dilemma: more elders will need assistance to continue to live independently, yet fewer people will be available to perform this work.

A number of startups – and established incumbents – are tapping into this opportunity. Amid the activity, how can insurers distinguish signal from noise? The following factors can make a difference:

**1. Achieve market duality.** Most products and services are designed for the senior – but purchased by caregivers. Successful offerings, however, must win over both groups. Solution Designers should enable and empower seniors, rather than simply monitoring and managing behavior. For example, popular voice-controlled web-based personal assistant technologies can respond to voice commands, creating an emotional connection between the senior and the technology while connecting users to communities, services and loved ones by text and phone.

**2. Sell the solution's benefits, not the buzzwords.** Insurers need the equivalent of the “1000 songs in your pocket” tagline made famous by Apple's breakthrough iPod marketing. Instead, we tend to offer abstractions and business jargon such as AI, ML, or Blockchain. In the end it is the effectiveness and efficiency of the solution that will matter, not the technology itself. Companies that have a deeper understanding of and appreciation for the end-consumer thrive by offering a “sticky” experience, in which the product or service is so affordable and easy-to-use that the customer is disinclined to spend the time and effort to look elsewhere. This is even more important for elderly care where accommodating the aging process presents unique medical hurdles and emotional and financial challenges.

**3. Repurpose existing successful technologies.** Why re-invent a technology when existing systems/ solutions can be repurposed for seniors through applications or additions? A wave of services have been specifically designed to capitalize on the widespread use of applications and web-enabled devices, from ride-share apps such as Uber and Lyft (GoGoGrandparent) to the Amazon Echo (Marvee). Established companies manage distribution and maintenance, while the add-on service translates the experience for elderly users. This approach lowers barriers to entry.

**4. Avoid pilot-itis.** When developing a business-to-business (B2B) model, avoid getting caught up in the

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testing and proof-of-concept phase. Popularly known as “pilot-itis” or “death-by-pilot”, this product development phase involves a never-ending string of pilots with service providers, payers and more. The pursuit of perfection paralyzes the product developer while exploding expenses. To avoid this, smart companies set specific benchmarks at the onset of each pilot and proceed to launch once those terms are met (with a clear path to value).

**5. Use “high tech” to enable “high touch experiences”.** To customize products and services for the senior market, companies must ensure applications are not only functional but fun/engaging and rewarding to use. One company, AgeWell, seeks to address the issue of loneliness. AgeWell pairs mobile and healthy retirees with those who need regular check-ins and care. The service allows seniors to age-in-place, or live independently, by providing necessary emotional support, while the caregivers who provide regular check-ins are financially reimbursed for their visits. Beyond that, the model helps to build relationships that improve the quality of life of the broader community.