Business Models for Independent Living

Prof. Dr. Hubert Österle
Vienna, 2009-09-30

Institute of Information Management
University of St. Gallen
1. Business Model Innovation

2. Customer’s Demands

3. Developing the Ecosystem for Independent Living
Services for Elderly People Need to be „Industrialized“

„If existing structures for the care of elderly are kept, the amount of beds needed will **double** until **2050** […]

The **additional costs** of **40 billion** Euros only for the period of ten years will be hardly fundable […]

Instead of that **independent living at home should be strengthened.**“¹

¹ Bertelsmann Stiftung: (Perspectives for for Housing of Elderly ) Perspektiven für das Wohnen im Alter - Handlungsempfehlungen des Beirates "Leben und Wohnen im Alter" der Bertelsmann Stiftung, Bertelsmann Stiftung, 2005
Big Players Enter the Independent Living Market

- Philips takes over Lifeline (2006)
  - Purchasing price: 750 mio. (4.6-times expected annual sales)
  - 500,000 seniors, 3,000 hospitals

- Charterhouse Capital takes over Tunstall (2008)
  - From Bridgepoint
  - Purchasing price: 514 mio. GBP (2.5-times expected annual sales)
  - Customers: 2.5 mio. worldwide

- Ventas takes over senior residencies (2007)
  - From Sunrise Senior Living
  - Purchasing price: 2 billion USD

- Dussmann would like to enlarge ambulant services
  [Berliner Morgenpost, May 2009]
  - Subsidiary Kursana with 9,500 beds in the clinical sector
  - Goal: additional ambulant offerings
Easy Communicator
→ Stay-Connected Service

Intelligent Pillbox
→ Medication Service

Alarm Watch
→ Emergency Service

Wobble Sensor
→ Fall Prevention

GPS-Module
→ Get-home Service?
Expedia Organizes Travel Services

Activities in Chicago

Usable from Wed Sep 30 2009 to Wed Oct 7 2009

Special Deals

Chicago CityPass

CityPass is the ticket to the Windy City's most popular attractions—including the Shedd Aquarium, Chicago Skydeck, Adler Planetarium, and Museum of Science & Industry—at up to 45% savings. With a luxury, nine days to use the tickets and line-skipping privileges, it's perfect for a weekend or a week!

Book now and save 47%—and skip standing in lines!

John Hancock Observatory

Take your next Chicago trip to new heights with a visit to John Hancock Observatory. At 1,000 feet (305 meters), the observatory delivers a full sensory experience.

More information

More information

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Apple Innovated the Business Model of Music

- Audioplayer iPod
- iTunes
- Prices for songs
- Contracts with producers
- Copyright / Digital Rights Management
- Distribution channels
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Services Must Support a Complete Consumer Process
# Service Packages from a Consumer’s Point of View

<table>
<thead>
<tr>
<th>Service Package</th>
<th>Domestic Services</th>
<th>Care Services</th>
<th>Social Services</th>
<th>Mobility Services</th>
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<tr>
<td>Shopping / delivery service</td>
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<td>Room cleaning (without cleaning windows)</td>
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<td>Cleaning windows</td>
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<td>Laundry</td>
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<td>Ironing</td>
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<td>Meal delivery</td>
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<td>Joint cooking</td>
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<td>Pet care</td>
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<td>Gardening / caring for plants</td>
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<td>Caretaker service for small repairs and assistance</td>
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<td>Support in administrative tasks</td>
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<td>Home security service</td>
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<td>Personal emergency response service</td>
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<td>Support in personal hygiene</td>
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<td>Support in dressing and undressing</td>
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<td>Hairdresser service at home</td>
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<td>Cosmetics service at home (incl. manicure, pedicure)</td>
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<td>Support in case of limited mobility at home</td>
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<td>Care at home</td>
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<td>Tips on recreational and social activities, arranged social events</td>
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<td>Tips on voluntary work</td>
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<td>Visiting service</td>
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<td>Accompanied walking</td>
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<td>Attendance at doctor visits and administrative tasks</td>
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<td>Individual transportation</td>
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<td>Car sharing</td>
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<td>Public transportation</td>
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- **200% - 300%**
- **300% - 500%**
- **> 500%**
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The Service Provider´s Dilemma

- Not enough services $\rightarrow$ no consumers
- Not enough consumers $\rightarrow$ no service providers

Alternative Approaches

- One break-through killer-app
- Build an Ecosystem for Independent Living
Every Company Must Find its Role in the Value Chain
Putting the Pieces Together

1. Customer demands
   - Service interests
   - Quality requirements
   - Packages from a user perspective

2. Existing solutions
   - IL solution database
   - Case study collection

3. Market & Competition
   - Market overview
   - Supplier structure

4. Market potential
   - Care & household services
   - Integrated solutions

5. Solution
   - Affected person
   - Relatives
   - Service platform
     - Determination of demand
     - Choice
     - Order
     - Execution
     - Payment

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The IL Network St. Gallen Helps to Organise Ecosystems

- **Goals:**
  - Networking of key players
  - Transfer research to enterprises
  - Joint research projects with the University of St. Gallen

- **Members (excerpt):**
  - Age Stiftung, CH
  - Curena, CH
  - Dussmann Group, DE
  - Alsterdorf Foundation, DE
  - Finanz Informatik, DE
  - Intel, DE
  - KABA, CH
  - Raiffeisen, CH
  - Robert Bosch Healthcare, DE
  - Swiss Red Cross, CH
  - Senior Citizen Union of Northwestern Switzerland, CH (Seniorenverband NW-Schweiz)
Summary

- Reduce the complexity for the consumer

- Management of the Ecosystem has the top priority.

- Independent Living Network at the University of St. Gallen helps to develop and implement sustainable business models.
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