Independent & Assisted Living: A key driver for growth in digital health

Alexandre Grutman, Founder Inno-Fuel
AGENDA

Our Background

Silver Economy Context

• Challenges
• Opportunities
  – Zoom on Real Estate & Operations Growth Segment: Assisted & Independent Living
    » The immense opportunity for digital health
    » Interactive Citizen systems/platforms as an enabler
We are a Swiss based association of industry focused entrepreneurs specialized in business deployment.

We combine hands-on business acceleration with strong corporate venturing expertise (IFFS), leveraging our corporate market access & understanding as well as financing expertise & network.

We are very ‘theme-based’ (Digital Health & Silver Economy) with a pragmatic/ opportunistic approach.

**Inno-Fuel Association (IFA)**

- Startup acceleration
- Corporate challenges, priorities & innovation themes
- Sourcing technologies and market access
- Technology & market validation

**Inno-Fuel Financing Solutions (IFFS)**

- Financing Business growth
  - Equity or Lending
- Quality deals through participative financing platform (30k+ members in 4 countries)

**Launched, first deals in prep**
The Context: A. Challenges
THE EUROPEAN AGE PYRAMID & DEPENDENCY RATIO

Old-age dependency ratios
Number of people aged 65 and over
As % of labour force (aged 15-64), forecasts

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Source: European Commission
EU HEALTH SPENDING

Source: Eurostat
HEALTH SPENDING PER AGE GROUP

Figure 12. Per capita health spending by age group as a share of GDP per capita, 2011 (or nearest year)

Ageing has become a top priority for governments – investors – industries as well as consumers!

Source: "Health expenditure and financing: Health expenditure indicators", OECD Health Statistics (database).
THE ELDERLY & FAMILY PERSPECTIVE

Top 10 Concerns That Seniors Face

1. Food
2. Mobility
3. House
4. Care
5. Health
6. Social
7. Safety
8. Leisure
9. Support
10. +

Signs Your Loved One May Need Assisted Living

1. Senses, mobility, cognitive, tools, home care, transportation
DIGITAL HEALTH CHALLENGES

- Fragmentation (health system - stakeholders - geographic/political)
- No Patient centricity
- Heavy Regulation
- Interoperability Clinical Ecosystem
- HCP participation (CH-EU)
- Political willingness

High potential for change in the context of Elderly Care
The Context: B. Opportunities
THE SILVER ECONOMY (I)

Baseline forecast by 2025: total Silver Economy consumption will grow by 5% yearly to €5.7 trillion

Europe is ageing. By 2060, one in three Europeans will be over 65.

Today: The ratio of working people to the ‘inactive’ others is shifting from 4 to 1 today to 2 to 1 by 2060.

2060: Costs for care are rising sharply. If we don’t change our systems for health and social care, we will not have the money and the people to guarantee a good and healthy life for all.

If we reinvent our systems for health and social care, innovative new ICT-products and services can help us deliver better and cheaper care for all.

Electronic Health Record

General Practitioner monitors online progress

Social Services activate regular visits of carer and social worker

@SilverEcoEU

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THE SILVER ECONOMY (II)

**Baseline forecast by 2025:** total Silver Economy consumption will grow by 5% yearly to €5.7 trillion

- **Active and healthy ageing** offers also great opportunities.
  - If we are prepared to change our systems for health and social care, we can benefit from those.

- **Today Europeans over 65** have a spending capacity of over €3,000 billion.

- **Ageing in good health** allows us to:
  - **Travel**
  - **Learn new things**
  - **Work for more years**
  - **Prepare our homes for living independently for the many years to come**

Europe has what it takes to benefit from these new opportunities:

- A solid R&D base in European industry
- A host of SMEs & start-ups are now developing
- New ICT products such as care robotics
- Health mobile applications that assist with tracking
- Big pharma companies are developing integrated therapeutic solutions
- The Silver economy offers new highly skilled tech jobs
- but also the opportunity for low qualified population to reskill
SHIFT IN REAL ESTATE INDUSTRY

Emerging Trends in Real Estate: Europe 2017

Emerging Trends in Real Estate® Europe is a joint survey by PwC and the Urban Land Institute. Now in its fourteenth edition it provides an outlook on real estate throughout Europe for 2017 and beyond.

“The real estate industry will engage in socio-demographic changes much more - healthcare, leisure, housing as opposed to retail, offices, industrial.”

Real Estate, European insurer

SHIFT IN REAL ESTATE INDUSTRY

IN COMBINATION WITH EMERGING SERVICE PROVIDER SEGMENT

But there is acknowledgement, too, that the long-term benefits must be balanced with operational risk in sectors such as student housing. “Investors forget at their peril that they need good asset management procedures in place to get the return,” says an investment banker. “It is not an asset class you can just sit on.”

Another global investor warns: “Undoubtedly we will see an expansion towards alternative property investments. Investors have to be careful because there’s a propensity to underestimate operational risk but fall in love with the yield.”

For a growing number of fund and asset managers canvassed by Emerging Trends Europe, however, alternatives represent a risk worth taking. “Investors have just got to get their minds around real estate becoming a more operational asset rather than just as a lease,” says one. “They need to back managers who can cope with the operational aspects of real estate.”

Source: Emerging Trends Europe survey 2017
Note: Respondents could choose more than one category, so percentages do not add up to 100.
FACTS ABOUT HEALTH CARE REAL ESTATE

- The care landscape has changed
- Uncertainties on different levels
- Building standards are complex
- Expertise is fundamental
- In search for alternative funding

Source: Lindbergh Group
SENIOR LIVING: DIFFERENT TYPES

Source: Lindbergh Group
# FEATURES OF SENIOR LIVING

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<tr>
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<th>Service flat - Assisted living Independent living</th>
<th>Care and nursing home</th>
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<td>m²</td>
<td>60-100m²</td>
<td>22-30m²</td>
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<td>Compartments</td>
<td>Living, kitchen, storage, bathroom, 1-2 bedrooms</td>
<td>1 bedroom with bathroom</td>
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<td>Own furniture</td>
<td>Yes personalized flat</td>
<td>No standard room</td>
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<td>Services</td>
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<td>Habitants</td>
<td>&gt; 55 year</td>
<td>Care-needed</td>
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<td>Independance habitants</td>
<td>100 %</td>
<td>Minimal</td>
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<td>Avg duration of stay</td>
<td>&gt; 8 years</td>
<td>&lt; 2 years</td>
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<td>Staff Need</td>
<td>Limited</td>
<td>Very Extensive</td>
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<td>Need for Capital</td>
<td>Buildings</td>
<td>Buildings &amp; staff</td>
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<td>Licence to operate</td>
<td>Sometimes</td>
<td>Yes</td>
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### Source: Lindbergh Group

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EUROPE – UPCOMING MARKET

= Clear evolution (Consolidation & Focus)
= Bigger players but also small new players
= Investment volume increases:
  = Focus on senior housing

European care home investment: becoming part of the mainstream

Source: Lindbergh Group
MARKET CONTEXT

Health Care Real Estate = Characterized by ‘artificial scarcity’

- Limited # granted recognitions (licence)
  Elderly care homes

- But .... there is a free market
  Assisted Living - Service Flat - Independent Living

Source: Lindbergh Group
CARE OPERATORS

Evolution in the private operators segment

- From Fragmentation...
  - small, local
  - lack of transparency

- To Consolidation
  - expansion private operators (scale enlargement)
  - input of financial knowhow (transparency)
  - foreign operators

Source: Lindbergh Group
OPERATOR VS REAL ESTATE

REAL ESTATE
- Construction & Asset Management LT
- Development of the building
- Financing

CARE
- Asset Management ST
- Operation of care activities
- Payment Rent

- The risks of both Care and Real Estate are different
- Wanted by Private investors and institutions
- The operator can focus on the Care Services
- Management and maintenance of a building need other expertise
- Now becomes common practice in the Care Sector
- Gives opportunities in transactions of the Real Estate in the long term
- Separation of costs of both activities: Care and Real Estate

Better to separate the ‘Care’ from ‘Real Estate’ (financial and legal)

Source: Lindbergh Group

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A NEW MARKET SEGMENT ALLOWING DIGITAL HEALTH TO FLOURISH

Elderly/Family
- Customized RE / Infra & Services (need based)
- Independence
- Family & Friends Involvement
- Return on savings
- Access to Housing & Services

Food
- Mobility
- House Care
- Health
- Social
- Safety
- Leisure
- Support

Affordable Housing & Services entirely adapted to senior independent living

New Financing techniques & participative financing

Real Estate Investor
- LT Yield
- RE Segmentation
- Customized tenant needs
- Low Risk (Operations)

Occupancy
- Customized RE / Infra
- Limited LT CAPEX
- Affordable Top Service delivery
- Productivity & Efficiency
- Family & Friends Engagement
- Technology Integration

AL/IL Operator

Government
- Pension Fund return
- Less (LT) Care Expenditure
- Financing Gvt led Care

Private Industry
- Market Access
‘INTERACTIVE PATIENT/CITIZEN PLATFORMS’ AS A KEY ENABLER
‘INTERACTIVE PATIENT/CITIZEN PLATFORMS’ AS A KEY ENABLER

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INNO-FUEL FINANCING SOLUTIONS
ACCELERATING & FINANCING DIGITAL HEALTH INNOVATION AND ASSISTED LIVING

An **Online Participative Financing** Platform for:

1) **Assisted/Independent Living Real Estate European Projects** with a European Operations design expert

- **Low Risk**
- **Hard Assets**
- **Short Term (2-3 yrs)**
- **High Return**

2) **Assisted/Independent Living Technology Start-Ups**

- **Higher Risk**
- **Soft Assets**
- **Mid Term (4-5 yrs)**
- **High Multiple Target**

‘Powered’ by a leading European Crowd Financing Platform

Launched, first projects...coming soon...
THANK YOU

Alexandre Grutman, Founder Inno-Fuel

@Inno_fuel