



Aging in Place Technology Watch

Extending Your Knowledge and Reach

The Amazon Effect on Products and Services -- Should Senior Living Care?

AMAZON IS MOVING INTO THE SERVICE SEGMENTS

2017 moves by Amazon reveal patterns – about the firm and the customer. Amazon has made several moves in past months that may seem interesting but to senior living executives, may not seem directly connected to their industry. During these months, Amazon has acquired grocer Whole Foods, an entirely new service, inventory management, and distribution business – and providing them with access to a well-to-do shopper – and data about that shopper’s behavior.¹

Shaking up the brick-and-mortar retailer industry. The net result of Amazon’s disruptive moves in retail has forced its brick-and-mortar competitors to ramp up their investment in technology and put retailers on the defensive. Consider Walmart, where the retailer’ has directed one-third of the business’ capital spending to online initiatives.’ It worked – with the firm anticipating a 40% growth in online sales within the next year and announcing plans to add 1000 online grocery locations.² Target is redesigning its online site to take on Amazon with online ordering and pickup.³ At the other end of the buying spectrum, Nordstrom, which had already redesigned its online environment, is being mentioned as Amazon’s next acquisition target.⁴

What would the Amazon effect have on a senior living company? Amazon is breaking down the walls between online and offline retail and pressuring others to do the same, an Amazon-aware senior living community could streamline the access and flow of goods across senior living communities and from inside communities to access outside services – like transportation, online purchases of clothing, supplies, and food. On the other hand, the disconnected senior living community is forced to rely on its own supply and service management, forcing staff and residents to do the same. WiFi access (and well-placed devices) could enable families inside or from home to access to home care vetted marketplace to help find supplemental care, access Lyft or Uber services to find rides outside regular transportation time windows, and buy movies or TV shows that individual residents or families want to see.

TO REMAIN RELEVANT, KNOW AND SERVE THE CUSTOMER

The next generation of senior living requires Amazon skills – focus on infrastructure. Of course, that means having an easily-found and compelling online presence. But beyond that, it means ramping up investment in infrastructure in senior living communities – at a minimum, ‘WiFi everywhere’ needs to be a top senior living objective – so that prospects, residents, families, and staff can bring their own devices and easily connect and benefit from the growing role that ‘voice first’ technologies will play in improving quality of life.⁵



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Understand the customer – current and future. Learning and absorbing as much data about the customer (both buying families and residents) as feasible, sharing that customer knowledge (data) across senior living communities, tuning the services offered to exactly match the needs and profiles of customers now and as they age into requiring different services. And as Amazon has, expanding services beyond the walls of any particular building to non-customers -- residents of the nearby communities and partners.

Devices – or information about the user of devices? Beyond their 80 million Prime customers (free shipping), streaming video and music businesses, entrance into cloud hosting, device creation and new vertical sales segments with the Echo Voice First technology, Amazon last week launched its initiative to hire 50,000 people for its various fulfillment hubs.⁶ In recent months, they introduced the Echo Look – ostensibly to help clothes shoppers – but again, more data is now available about the shopper's preferences. And striding directly into the older adult technology market, they launched the Echo Show, adding screen visual engagement to their existing Voice First offerings – and enabling adult children to 'drop in' on their aging parents.⁷ Will these be the primary user interface for new move-ins? Or Google? Or a partnership forged by proactive senior management to help residents choose and gain benefit.

WHO MOVES IN AND WHAT DO THEY NEED?

Knowing the customer: life expectancy past age 65 will offer another 20+ years. This may be a surprise to those who read the well-publicized decline in life expectancy from birth.⁸ But the reality: for women who live to 65, they can expect on average to live to be 88.8. For men, that number is 86.6. And these averages are inclusive of those with chronic diseases. That life expectancy means a post-retirement set of experiences that will vary over time, be accompanied by significant physical and economic changes, That means, the Amazon effect requires data-supported profiles of the demographics, analytics and interpretation to map demography to service offerings and marketing strategies.

For senior living, unprecedented longevity may defer move-ins.

Given that just as senior living organizations are seeing residents live well past their so-called life expectancy, the profile of residents has changed significantly in the last decade. Today, the average age of residents in assisted living is now 87 – and many residents are far older. In fact, financial planners are beginning to point out the possibility that women have a 25% chance of living to age 96, and men of living to age 93.⁹ Considering those life expectancy odds, no wonder seniors may be cautious about moving in too soon – but they could still benefit from a virtual approach to providing services to those who reside in the community.¹⁰

But for some, senior living is the right place, right time. Today, it is no surprise that 46% of women aged 75+ are living alone. As couples age, children move out, families become dispersed, and the couples themselves may divorce or separate or one spouse becomes ill or dies. Those left behind can be daunted by their large empty homes in



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isolated suburbs and become fearful about driving, especially at night, leaving older adults feeling like prisoners in their own homes.

Changing residents require changing care and services. The senior living sector is facing numerous simultaneous trends in addition to the growing demand for memory care. The organizations are facing a shortage of available workers that plagues the home care industry, typically recruiting from the same populations, mostly women. While the private duty home care industry has higher average turnover (61% in 2015) than assisted living for the same job category (36%), in both cases continuous recruiting and rapid on-boarding have become critical skills for assisted living management. And residents in assisted living typically need assistance with multiple activities of daily living (ADLs).¹¹

What do prospective residents want and need as they age? Not surprisingly, residents in senior living communities want and expect to have as much of a quality of life as they could obtain when they lived independently – and sometimes they hope for an even higher quality, including:

- **A sense of community – being a part of a group.** One of the major advantages of senior living communities is the ability to form relationships with other residents and staff, staving off the isolation and loneliness that so impacts quality of life. In addition, residents need to maintain the ability to connect and remain in touch with relatives, families and friends from their earlier lives. Social activities are key, but also enabling technology access helps link in the outside world.
- **Safety and security.** In comparison to prior living arrangements, one of the big benefits of senior living communities is enabling residents to feel safe and secure – and for their families to know that they are. The basics are taken for granted – locking doors at night, ensuring that all residents are accounted for, and appropriate procedures when a fall occurs, for fire safety, or weather-related events. And individuals change in their requirements over time – perhaps more independent at move-in, but requiring more safety technology over time. [See **Figure 1**]
- **Smart support for health and wellness needs.** Residents in senior living communities expect to be able to see their doctors or be visited by relevant specialists. Families expect that medications will be appropriately handled and distributed and families and health professionals notified of any changes.
- **A chance to learn something new each day.** Senior living communities try to engage older adults in activities they might enjoy, including socials, but also hands-on creative activities (like painting or music) as well as lectures, book clubs and keeping abreast of current events.



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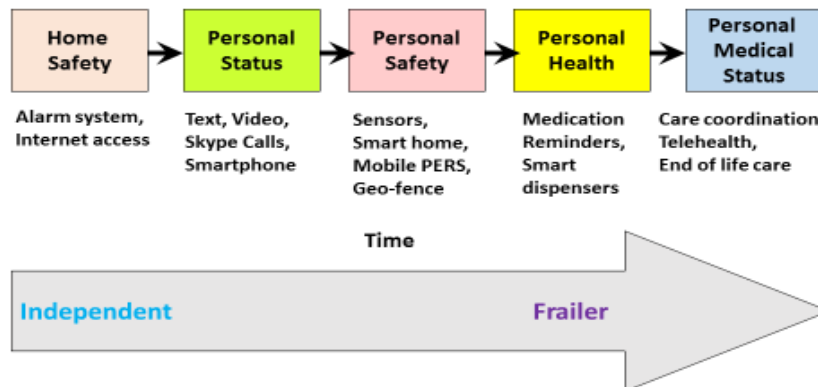


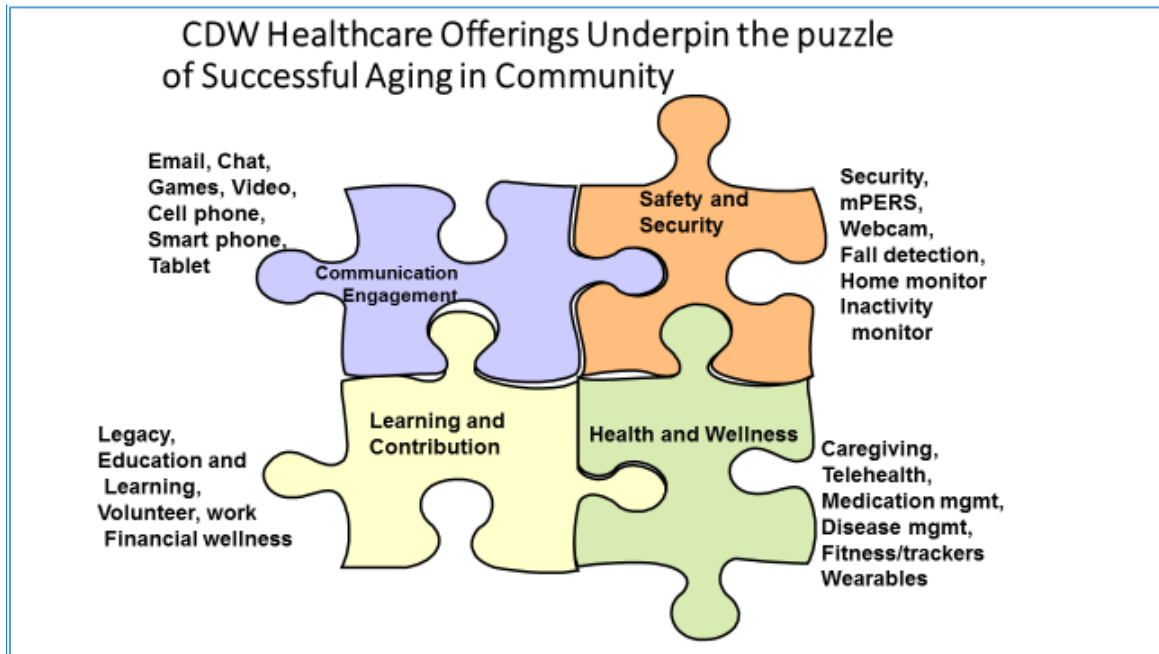
Figure 1 Changes in Status Require Different Solutions



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CDW Healthcare/Senior care Offerings Boost Quality of Life



[GB1]

Figure 2 CDW and Technology Offerings Help Boost Quality of Life

Technology offerings need a dose of Amazon thinking in 2018

The proprietary nature of Senior Living technology deployments, especially with the mandates for Electronic Health Records (HER) has been stressful for the industry.¹² Amazon has disrupted the technology universe – with a new form factor, access to an endless stream of voice enabled services, and in June, 2017, will deliver Amazon Show^[GB2], a table-top screen that has all of the Alexa voice features plus the ability to see the participants in the conversation. This offering may significantly limit the opportunity for senior tablets as the Amazon platform is more widely deployed (in one of its many form factors). Expect that Google and Apple will have similarly extensible platforms with a growing library of Voice First Interfaces.

	Traditional Senior Living Tech Approach	Amazon Style Senior Tech Approach
Architecture	Proprietary devices	Hardware agnostic
User Interface	Touch, Type	Voice First
Upgrades	Onsite	Cloud-based
Add-on Services	Depends on Integration	Announced

[GB3]



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- ¹ <https://www.forbes.com/sites/gregpetro/2017/08/02/amazons-acquisition-of-whole-foods-is-about-two-things-data-and-product/#2292e395a808>
 - ² <https://www.bloomberg.com/news/articles/2017-10-10/wal-mart-expects-online-sales-to-grow-40-as-it-chases-amazon>
 - ³ <https://www.fastcodesign.com/90103087/how-target-is-redesigning-to-take-on-amazon>
 - ⁴ <https://www.inc.com/zoe-henry/amazon-acquired-whole-foods-nordstrom-may-be-next.html>
 - ⁵ <https://www.cnbc.com/2017/08/09/how-alexas-best-skill-could-be-as-a-home-health-care-assistant.html>
 - ⁶ <http://fortune.com/2017/08/02/amazon-jobs-day-hiring-50000/>
 - ⁷ <https://www.theseniorlist.com/2017/05/aging-place-technology-amazon-echo-show/>
 - ⁸ https://www.nytimes.com/2016/12/08/health/life-expectancy-us-declines.html?_r=0
 - ⁹ <https://www.nytimes.com/2017/02/18/your-money/retiring-longevity-planning-social-security.html>
 - ¹⁰ <https://www.iadvanceseniorcare.com/news-item/ccrc-launch-virtual-senior-living-membership-program>
 - ¹¹ <http://www.assistedliving.com/assisted-living-resident-facts-profiles/>
 - ¹² <https://www.ageinplacetech.com/page/what-long-term-care-providers-want-technology>