



Introducing the Ambient Assisted Living (AAL) Investment Forum

Brussels, 9th May

**Facts and Figures on the AAL Market -
Selected Outcomes of the 'ICT & Ageing Study'**



Content

- Research context & approach
- Indicative market sizing
- Evidence on realizable benefits
- Approaches to accelerate further market development



Research context & approach

Research context

-  Commissioned by the European Commission, Directorate General for Information Society and Media, unit ICT for Inclusion.

- Duration: 2008 - 2009

- Core research team:  

- Supported by  and national correspondents in 16 selected countries:



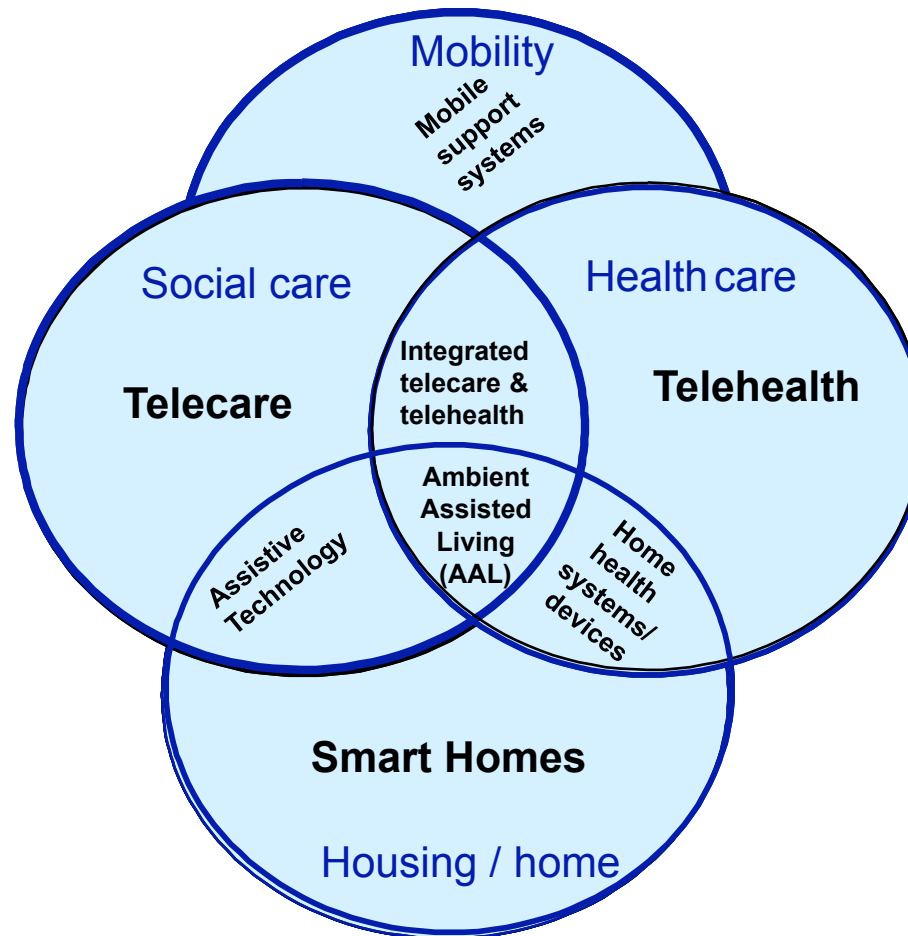
The policy challenge

- Opportunity for a 'win-win-win' outcome:
 - meet the needs of older people in a high quality manner
 - maintain the costs of providing care and support at manageable levels for society
 - open-up new market opportunities for ICT-based products and services
- Speed of deployment has generally been slow in comparison to the potential that has been envisaged

Core contribution of the study

- A systematic appraisal of the reality of the current deployment situation across different national market environments (16 country profiles)
- Identification of drivers and barriers towards further market maturing through an investigation of different deployment sectors that have shown most activity to date
- A comprehensive yet operationally useful synthesis of the ethical dimension
- A set of case examples showing how deployment barriers and ethical issues have yet been addressed in Europe and beyond
- Implications for further policy development and actions at the European level

Mapping of the application space to current deployment sectors



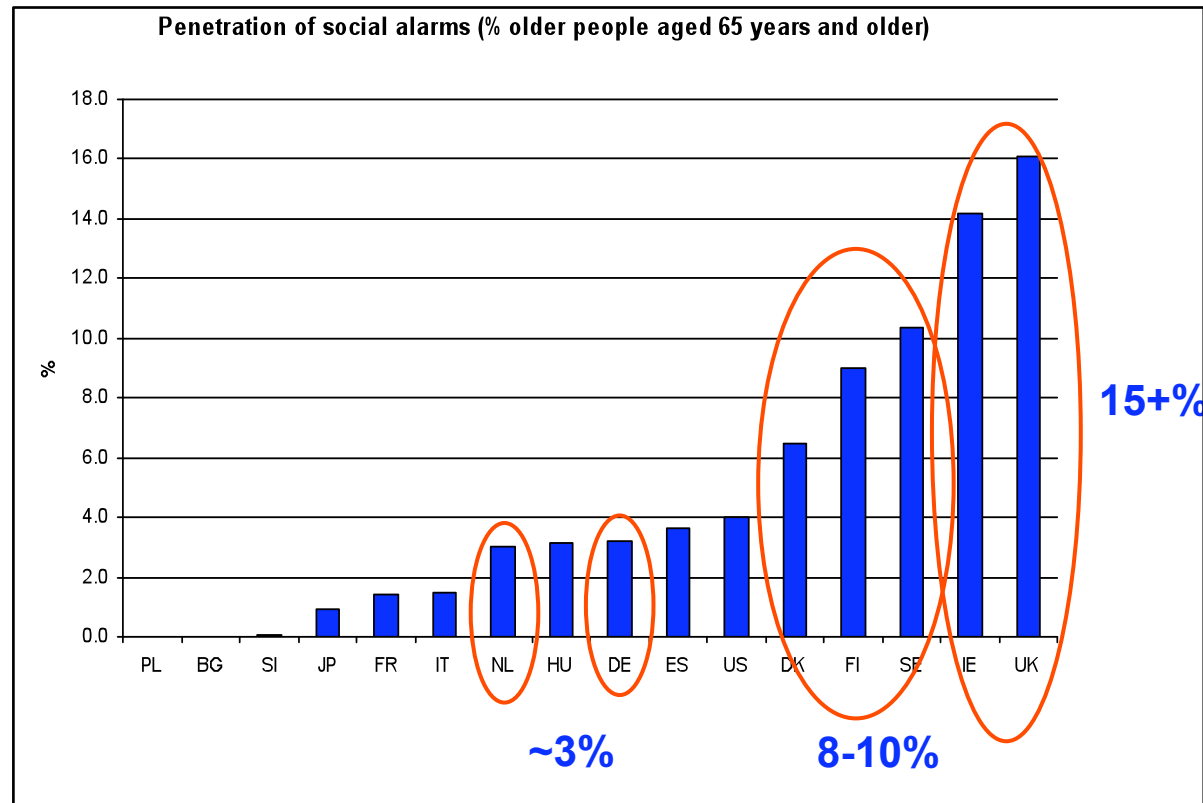
The current deployment situation

- Social alarms (1st generation telecare) mainstreamed in most countries, although considerable diversity in the levels of actual usage
- More advanced telecare (2nd generation telecare) starting to be mainstreamed in some countries (e.g. UK, US, FI, NL, DE), often relying on call/monitoring centre based service models
- Some localized mainstream implementations and/or extensive trials of home telehealth (e.g. US, JP, DE)
- Smart home applications starting to be mainstreamed in very few countries (e.g. NL, FI)
- Absence of integrated/holistic mainstream implementations, affected by the traditional boundaries between established service domains (e.g. social care, health care and housing)



Indicative market sizing

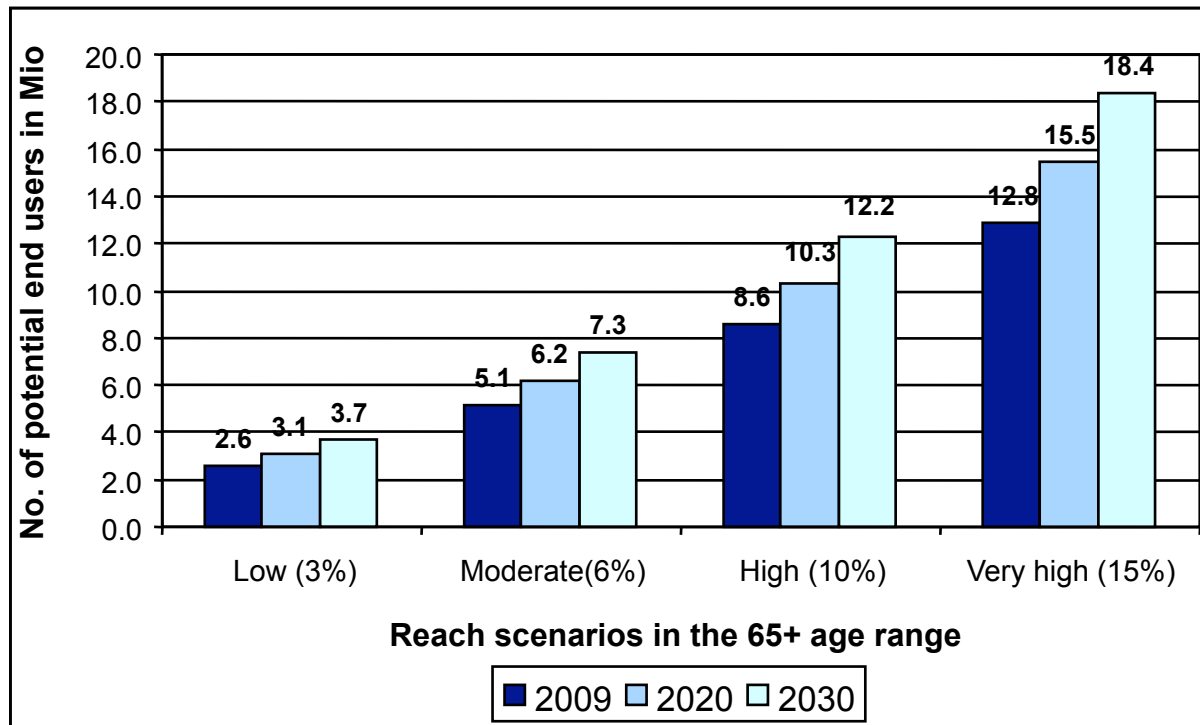
Today's 'market size' varies ...



(Data source: Own calculation based on Eurostat demographic projection)

- Seem to be different saturation points in different countries today
- Linked to differences in perceived value/ need
- 'Business' case linked to who provides the response (formal staff or family)

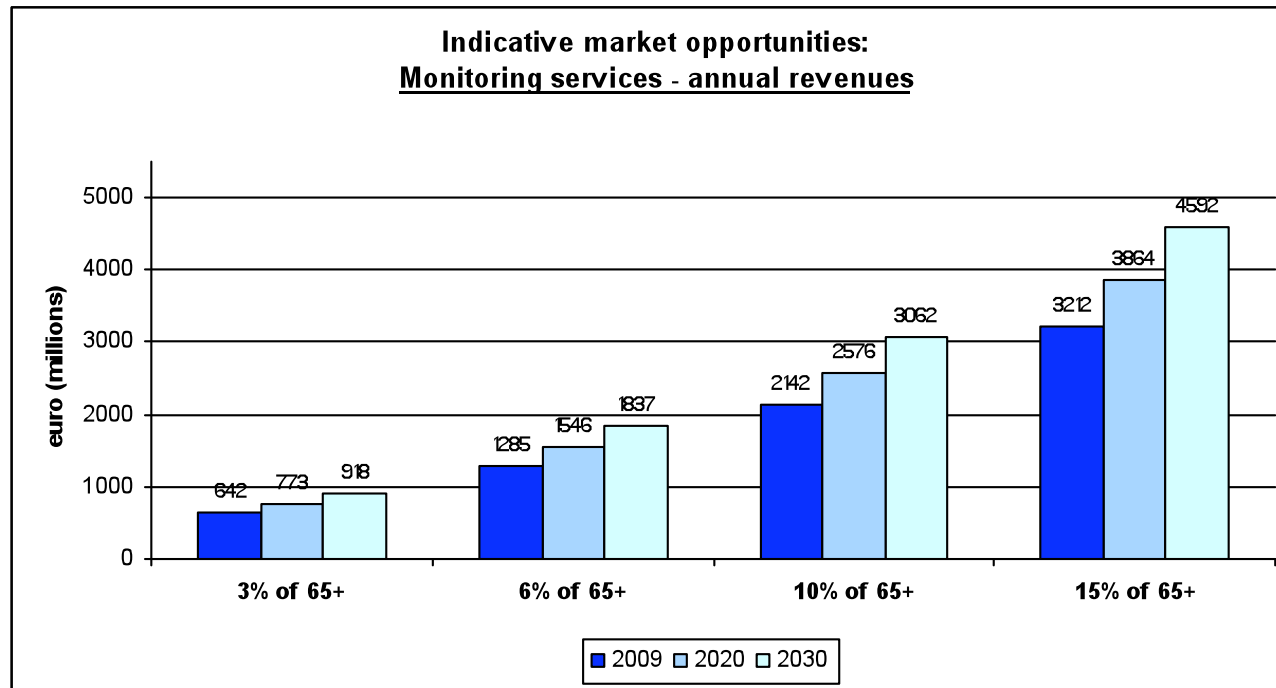
Estimated end user potential for telecare across EU 27



(Data source: Own calculation based on Eurostat demographic projection)

- Market potential is (in principle) enormous
- Variation across countries likely
- 'Contextual' challenges if it is to be realised
- Ethical issues likely to come more to the fore in future

Indicative market potential (EU 27) – Monitoring centre revenues



- A potentially multi-billion annual market can be assumed on the basis of existing charging practices
- Assumption: an average service charge per end user and year of 250 Euro

(Data source: Own calculation based on an average charge per user of 250 euro per annum)

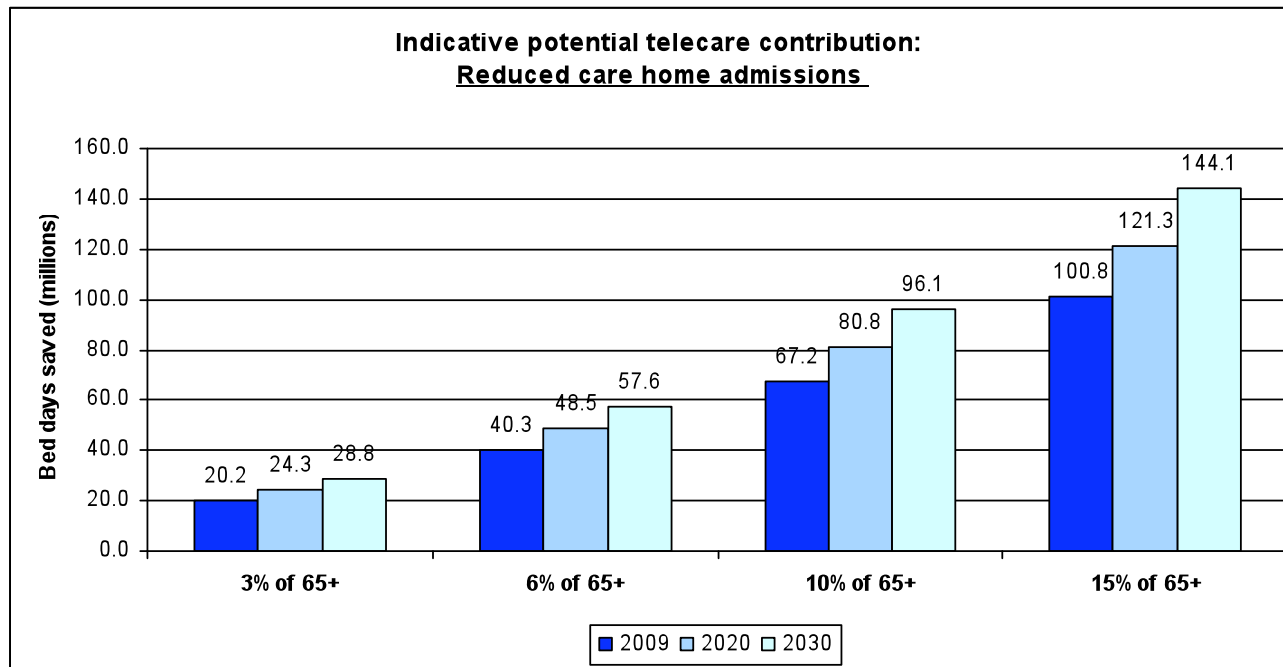


Realisable benefits

Benefits

- Emerging evidence from mainstream implementations, e.g.:
 - Scottish Telecare Programme
 - US Veterans Health Association
 - German health insurers such as Taunus BKK
- Various impact dimensions, e.g.:
 - Client satisfaction / quality of life
 - Delayed care home admission
 - Avoided admission/re-admission to hospital
 - Earlier discharge from hospital

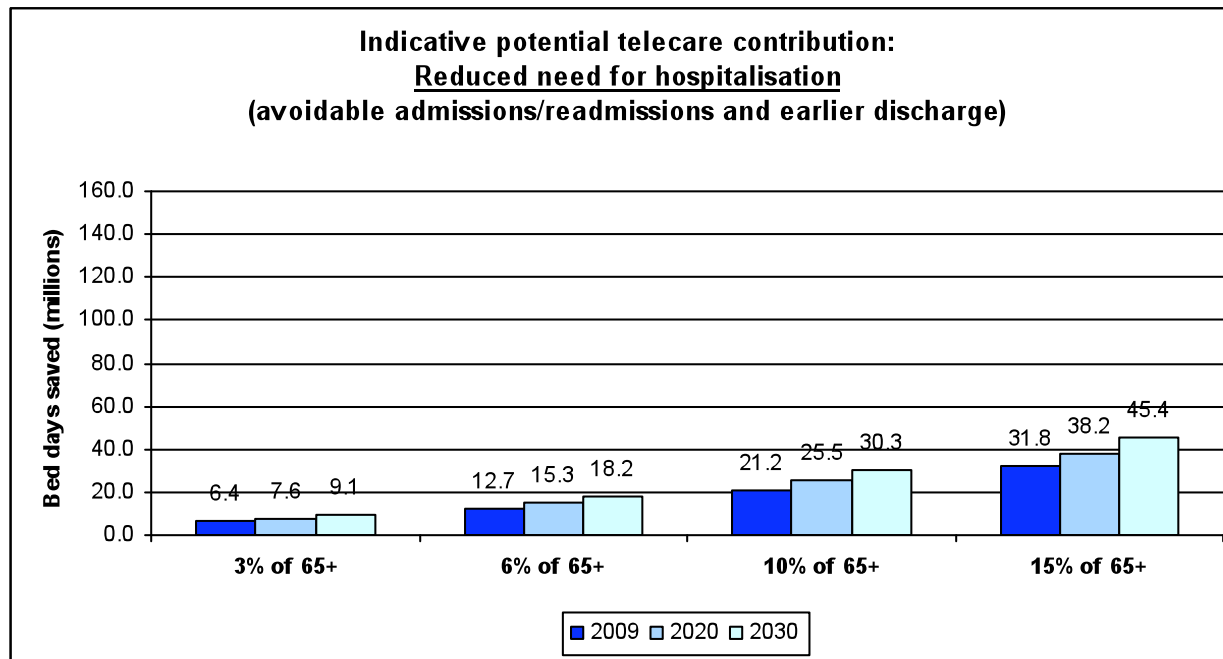
Indicative cost saving potential from telecare (EU 27): Reduced care home admissions



(Data source: Own calculation using data from evaluation of the Scottish Telecare Development Programme)

- Many factors influence the outcomes and there are likely to be substantial variations across countries
- Nevertheless, the potential cost savings are very large, running to billions of euros
- Assumption: On average 7.8 bed days in care homes can be saved per telecare user over a period of one year

Indicative cost saving potential from telecare (EU27): Reduction of hospitalisation



(Data source: Own calculation using data from evaluation of the Scottish Telecare Development Programme)

- The potential cost savings seem also to be large, even if not as large as for care home admissions
- Assumption: On average 2.5 bed days can be served per telecare user over a period of one year through avoided admissions / re-admissions to and earlier discharges from the hospital



Promising approaches to accelerate further market development

Contextual challenges

- Key factors of influence vary across countries and sectors
- Uncertainties about the case for ICT-based solutions (e.g. variability in perceptions about the “value case”, complexities/differences across countries effecting the “economic case”)
- Unconductive reimbursement systems (e.g. lack of incentives for established service providers to introduce new ICT-based solutions)
- Fragmentation of service (e.g. continuing sectoral boundaries such as health care, social care and housing)
- Underdeveloped regulatory regimes (e.g. liability, privacy)
- Professional resistance to change / lack of organizational capacity to innovate
- Underdeveloped ‘consumer culture’ when it comes to independent living (e.g. in relation to products not necessarily requiring an external service provider)

Promising approaches to market development...

- Comprehensive programmes to promote deployment (e.g. UK):
 - Pump-prime funding; Procurement; Awareness, information....
- Conducive reimbursement approaches (e.g. NL):
 - Integrated funding for 'domotics' in supported housing
- Regulatory and policy changes making a more favorable environment (e.g. DE)
 - Integrated care model, insurers allowed reimburse telehealth providers...
- Promoting 'welfare technology' innovation (e.g. FI, DK)
 - Combining market and welfare goals in innovation policy

Further information

For further information available at www.ict-ageing.eu:

- ✓ Final study report
- ✓ Country profiles
- ✓ Compilation report on ethical issues
- ✓ Case studies
- ✓ Workshop report