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

Duration: 2008 - 2009

Core research team: empirica, WRC

Supported by forté 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

- Social care
- Housing / home
- Health care
- Mobility
- Integrated telecare & telehealth
- Ambient Assisted Living (AAL)
- Home health systems/devices
- Smart Homes
- Telecare
- Telehealth
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 ...

- 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)

(Data source: Own calculation based on Eurostat demographic projection)
Estimated end user potential for telecare across EU 27

- 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

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

- 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

(Data source: Own calculation using data from evaluation of the Scottish Telecare Development Programme)
Indicative cost saving potential from telecare (EU27): Reduction of hospitalisation

- 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

(Data source: Own calculation using data from evaluation of the Scottish Telecare Development Programme)
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)
• 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
For further information available at www.ict-ageing.eu:

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