



2016 Evolving Health Interview Series

Interview Title: *Caregiving: The New Frontier*

Interviewee: Jody Holtzman, SVP, Strategy & Innovation, AARP

The innovation is really quite extraordinary.

We really haven't seen that yet in the 50 plus space, and now we're starting to. What's interesting is that we're seeing a shift. There's been activity in this space for quite a while, but typically it's been the one-off.

Now what we're starting to see is more of a thematic taking hold, and so-- Silicon Valley, everybody races to be second. After Andreessen Horowitz invested \$20 million in a company called Honor - that was started by Seth Sternberg, who had been at Google - all of a sudden other start-ups are getting cold calls from VCs saying, "So tell us, how are you different from Honor?" The crazy thing is they hadn't a clue what Honor was, but they did know that Marc Andreessen not only had invested \$15 million, but had also asked for a board seat - like he doesn't have enough to do. This is really starting to be a change that we're very happy about.

The models are interesting. In this case, with caregiving, there's a continuum of-- a company like Hometeam in the tri-state area in the Northeast, they're the traditional caregiver agency, but with technology, they've been able to achieve levels of efficiency that all those mom and pop agencies have not, which is really allowed Josh Bruno and that team to grow. At the other end of the continuum is Seth Sternberg and Honor, and their positioning is to be the Uber of caregiving. The use case, the situation, the family challenge that they're trying to address, at least, in terms of their primary press presents is your loved one, your father, your mother, gets discharged from the hospital, they tell you at 11 o'clock, they're discharging them at 2 o'clock, you're freaking out, what do you do now, I need to have somebody. And they will get you a caregiver within two hours, and they will commit to that. That's kind of the Uber of caregiving. In the middle, is a company CareLinx, which is really the online marketplace. And so right now all of these models are still being tested, they're all at a pretty young state.

What's keeping me up at night is that adoption is still relatively small. It's a real challenge. The other dynamic that we've seen is that start-ups that went into the market to pursue a direct-to-consumer model have concluded that that is really too big a hill to climb. And they're now

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shifting to a B-to-B-to-C model. And the economics make perfect sense. The dilemma is that while that makes sense from a build your company standpoint, the absolute scale and size and character of demand of the need is still at the consumer level. And so how to crack that nut for the start-ups but also for the system as a whole, is still a significant challenge.

This is a huge opportunity for start-ups, for investors, for industry. We just did a study, just looking at caregiving alone. Now it's essential to take a holistic view of caregiving. It's not just find a caregiver, it's really about everything enabling somebody to live independently on their own. With help or without. That said, our forecast is that this is almost a \$280 billion revenue opportunity over the next five years. I believe numbers that end in B or T are numbers you should be focused on. There is opportunity here, it's driven by huge unmet need. And somebody is going to make a lot of money. And more importantly the quality of healthcare the quality and scale and amount of-- and the positive side of the health outcomes as a result. Are also going to be tremendous.

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