

Aged Care in Australia Beyond 2020

Empowering organisational growth and
agility through software

EPICOR



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Beyond 2020

Throughout the 1990s the popular TV show; Beyond 2000 gave Australian households a sneak peek into what technological innovations may be in store for us in the new millennium. Some predictions felt like a scene straight from science fiction, like The Jetsons or Back to the Future, others felt like a natural evolution of the technology of the day. Either way, there was a collective level of excitement and anticipation for what lied ahead. In a commercial context, the sentiment was that in the new millennium, businesses would embrace innovation and continually leap forward, making the operations of a 1995 business unrecognisable by 2020. In some cases, this has occurred, but in many cases, it has not.

In my experience, there are still a large number of Australian aged care organisations which are severely constrained by their technology. In fact, I would say it is the majority. For these organisations, manual processes and ill-fitting software systems have been the cause of error, missed opportunities, and diminished profitability. Many providers have been able to get by with inadequate and fragmented systems for quite a while, perhaps even longer than they truly expected. I'm sorry to be the bearer of bad news, but that time is up.

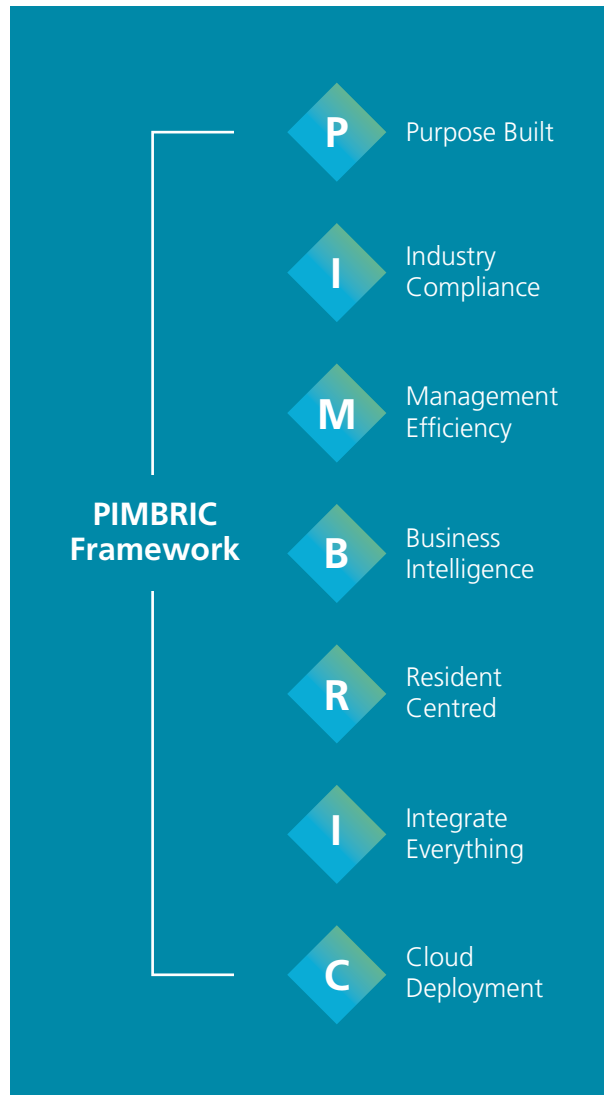


The 2020s will be a transformational decade for Australian aged care. New industry leaders will emerge while those who fail to adapt will fall behind or completely disappear. By 2029 it will have been clear why the leaders of the day succeeded, and why once trusted providers are all but a memory. That is not alarmism; it is evolution. Take a minute to think of household brands which were industry leaders at one point in time since the year 2000, and within ten years were all but out of business. You'll be surprised by how many come to mind.

The Royal Commission, growing market competition, evolving resident preferences, and a changing legislative and funding landscape has collectively fast-tracked change in the industry, which frankly, is well overdue. All good aged care providers want the industry to be renowned for the excellence that so many organisations strive to maintain. However, while such change is positive, it will be challenging, even for those who have already begun to prepare.

Purpose-built, integrated software solutions will be the base requirement for success in the decade ahead. For that reason, we have put together this eBook as a resource for you to evaluate whether your aged care software will be a handbrake on your success or the "flux capacitor" which allows you to speed your way forward.

Our PIMBRIC Framework, as outlined in the diagram, covers seven key criteria you would want to include in your aged care software evaluation process.



We explore and discuss each of these elements in this eBook. I hope you find it useful.

—**Greg O’Loan, Regional Vice President
Epicor ANZ**

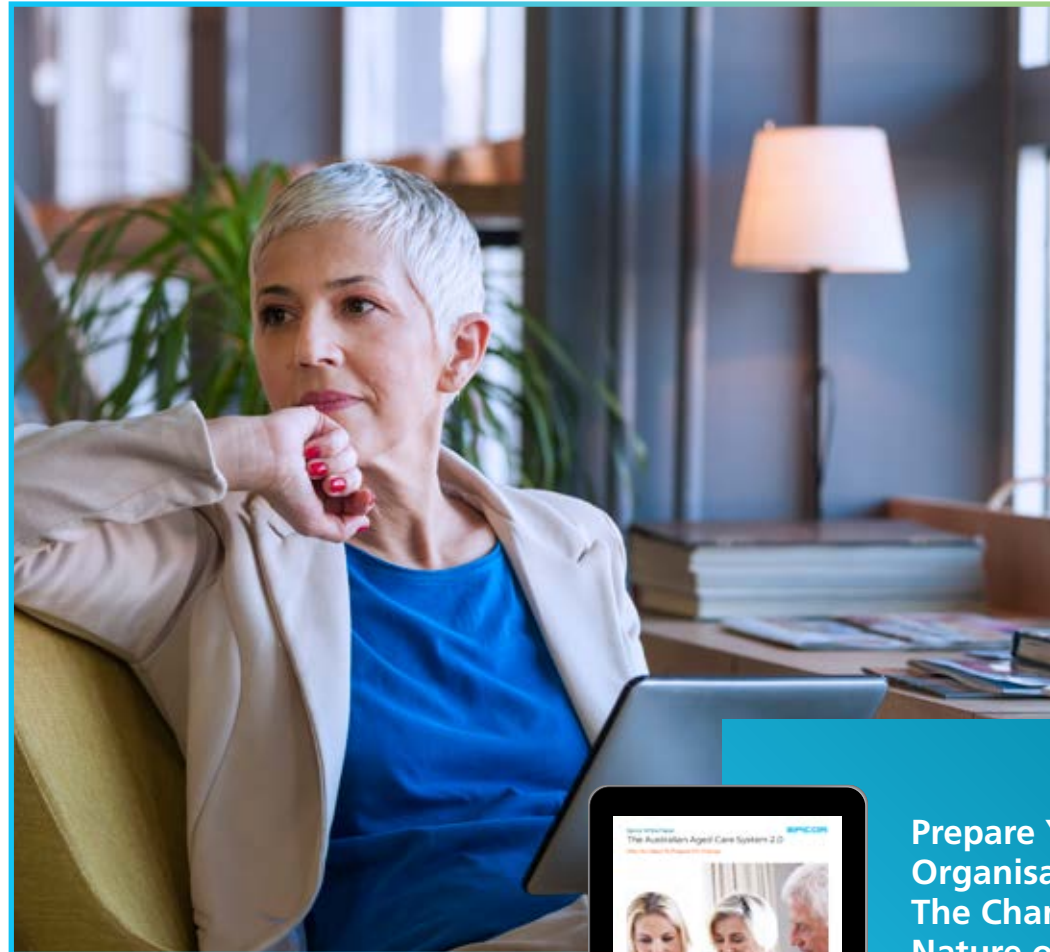


The Era of Aged Care Transformation

As we discussed in our guide; The Australian Aged Care System 2.0: Why You Need To Prepare For Change, the current aged care sector cannot simply be given a cash injection to meet the growing and ageing population of tomorrow. The entire system needs substantial adjustment and the organisations that are resistant to change will face growing financial and competitive pressures.

The 2019 ACFA report on the Funding and Financing of the Aged Care Industry outlines that both residential care and home care providers experienced a significant financial performance decline in 2017-18, with financial pressures continuing into 2018-19¹.

Notably, in the five years following 2012-13, residential care providers average Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) per resident had improved year on year. However, in 2017-18, EBITDA per resident dropped by 24%, and close to half (44%) of residential care providers reported a loss. Things weren't any better for home care providers either as they experienced over a 60% drop in EBITDA per consumer.



Prepare Your Organisation for The Changing Nature of Australian Aged Care.

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There are many internal and external factors which impact the financial performance of aged care providers. A **PEST** Analysis is a commonly used method for analysing the Political, Economic, Socio-Cultural and Technological forces affecting a business. Even at a high-level, one can immediately recognise that aged care organisations have a myriad of external forces in each quadrant of this model. Here's a snapshot of factors to consider.



Regardless of whether an aged care provider is a for-profit business or non-profit organisation, it is imperative to look beyond any budget limitations and change management challenges which can be ever-present in a conservative culture. Business leaders must adopt a dynamic approach and lift any constraints that have previously diminished innovation or restricted the adoption of best practice technology.

Purpose Built

When you invest at the level required to procure and manage an aged care software application, you need to make sure its primary function is to help you be productive. However, many aged care organisations are using applications which were not specifically built for the Australian market or were not purposefully built as a senior living solution. If your software catered for your industry as an afterthought or was not intended for use by aged care organisations, then it is likely you are missing out on crucial functionality necessary for the decade ahead. You don't play tennis with a nine iron, you wouldn't wear a dressing gown to a wedding, and you certainly shouldn't drive a lawnmower to work, so why would you use software for an unintended purpose?

Ask yourself these three questions

1

Does your software automatically process and submit online claiming events to Medicare when you enter relevant records such as client entry, discharge, leave, and oxygen usage?

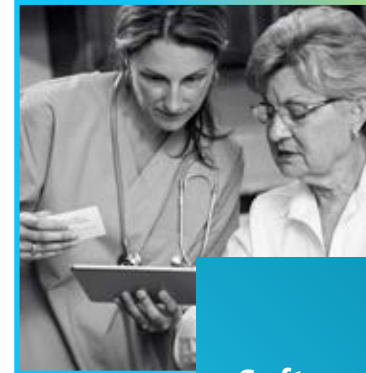
2

Within your software application, can billing be performed for funders such as Medicare, Department of Veterans' Affairs, insurance companies, and other third parties?

3

Does your vendor provide Australian-based customer support and product development? A team of knowledgeable staff who truly understands the gravity of your challenges—a team who can deliver a timely resolution because of their understanding of the local industry?

If you answered 'no' to any or all of the above, then your potential is limited, if for nothing else than inefficiencies alone. Beyond industry compliance, business efficiency, or any other individual factor, your software should support your business to operate at its best, in every way. So, if it is ill-fitting, for any reason, then it will hold you back, so it is time to part ways.



Software should be used for its intended purpose, and developed for its intended audience.



Industry Compliance

Growth, profitability and the delivery of exceptional care requires focus. If you have to undertake a multitude of complex on-going tasks which your competitors do not, then you are already behind the 8-ball, as your capacity to focus will be incomparable to theirs.

Maintaining industry compliance is one such complex task, which, for the most part, can be facilitated by software. Therefore, if your aged care software vendor has a demonstrated commitment to keeping pace with the Australian legislative environment and Medicare's online claiming system, then you have much more time to focus on your core business activities.

Practically, you need a software platform that:

- ▶ Facilitates Medicare claims
- ▶ Allows flexible reporting capabilities
- ▶ Facilitates adapting to varied funding structures
- ▶ Meets the industry's extensive governance and compliance requirements
- ▶ Delivers software updates that cater to legislation changes

The Interim Report of the Royal Commission into Aged Care Quality and Safety makes it clear that while there are no interim recommendations, there is a definitive need for transformational reform which is systemic, not reactive³. One could therefore reasonably expect a suite of legislative changes in the not too distant future. An absence of adequate software support to prepare for and maintain compliance with any such legislative changes will place significant stress and pressure on your operations, consuming considerable time resources, and further straying focus from what you should otherwise be working on.

Compliance isn't optional and close enough isn't good enough.



Management Efficiency

Productivity comes from agility, which is not possible when your software systems do not have a depth of capability across your entire operation. For the decade ahead, your aged care software needs to provide all the functionality required to manage the marketing, administrative, client, procurement, document management, and financial aspects of your business.

Knowledge is power, which is why you likely measure the value of an aged care software platform on its advanced financial reporting. CFOs will want an intuitive interface that allows for simplicity in accessing data from a single account, or range of accounts across a number of business units. From here, you should expect functionality that allows you to drill down all the way to the transactional level.

Flexible billing capabilities for both residential and community care—including recurring, time-based, ad-hoc, third-party, split billing, and drawdowns are a must when you need to be agile. For example, the Epicor® SLS system allows you to allocate different billing schedules (and change/add billing codes within that schedule) to a single client accommodation combination. You can also assign different billing requirements for independent living, aged care, and community care. Billing of basic daily care fees, monthly service fees, rent, deferred management fees, and other charges are facilitated within the same system which automatically calculates subsidies for reimbursement from Medicare.

Mobile time and expense management is another way where you can streamline operations. Such tools allow you to report on time on a daily or weekly basis while allowing staff the flexibility and convenience to upload photos and attachments, such as a taxi receipt. Tracking changes with in-app notifications can be available too.

The potential for improved management efficiency through software is tremendous, with the functionality available today extending well beyond the summary listed here. Suffice to say, when evaluating aged care software, you should expect the application to enable your business to reach its full potential by adding value, not cost.

If any system presents barriers to growth, particularly after a thorough analysis, then it is not the system for you.



Your mantra for the 2020s should be agility. Any tool you can utilise to aid speed, flexibility and effectiveness should be a priority for your business.

Business Intelligence

As the leader of an aged care organisation, you need to be sure that all your departments have access to reliable and timely data that can drive informed business decision making. Having access to enough data is typically not a challenge, as companies today are producing larger amounts of data than ever before. Instead, businesses are now faced with the challenge of operationalising analytics and data management⁴.

Getting access to real-time data needs to be straightforward and visual. In a fast-paced environment, you do not have the time to analyse large quantities of data, so using predictive analytics and dashboarding is essential.

Moreover, actionable and contextual data must be available across the organisation. Such a data-driven culture is only possible when there are no 'data gatekeepers', and instead there is a fundamental understanding that every decision is important, so every decision should be arrived at with the full power of analytics. Only allowing some people to access the necessary insights for effective decision making is counterintuitive, and frankly, is old school thinking.

Imagine only giving some people a computer or a chair. You wouldn't. So, if you aren't already, then it is now time to embrace the philosophy of 'data for all'.



It is too risky to be the organisation that tries to read tea leaves and make haphazard decisions while your competitors make informed, logical choices.



Gartner research highlights that by 2022, the vast majority (90%) of corporate strategies will outline that analytics is an essential competency⁵. As it stands, the level of commercial sophistication has been well and truly raised from where it was even a few short years ago.

As more businesses harness the Internet of Things and technology which provides contextualised insights in real-time, commercial decisions will be increasingly data-driven, not made on instinct and intuition. Therefore, it is too risky to be the organisation that tries to read tea leaves and make haphazard decisions while your competitors make informed, logical choices.

As equally as the positive benefits of business intelligence compound, so too do the negatives. Without the capacity to track the impact of business decisions and iteratively optimise performance over time, the gap between you and your competitors will all but inevitably place you as a distant speck in the rear-view mirror of progress.

To put it bluntly, if your organisation is in the significant minority of companies who do not have analytics capabilities in the years ahead, then you will be unable to compete in what will become a highly sophisticated market.

Business intelligence will also play a role in how effectively your organisation navigates potential business partnerships. For example, in recent years, there has been a significant prevalence of mergers and acquisitions in the Australian aged care industry. If you are considering merging with another aged care organisation, advanced business analytics is of paramount importance.

Assessing risk, opportunities, organisational strengths and weaknesses are all stories told by data. Such stories are not only those you want to read about businesses you are considering merging with, but the stories about your business that you need to prepare to tell a potential partner or purchaser. The absence of data analytics can be the difference between a good deal and a bad deal, or no deal at all.

Resident Centred

As we discussed in our guide; The Importance of Customer Relationship Management in a Changing Australian Aged Care Market, the experience of your residents should be at the centre of everything your organisation does, which means your software should be developed with a view to the entire resident journey.

A 2018 PricewaterhouseCoopers report emphasises that Australia's health and ageing system needs to transfer to a wellness-oriented model, as opposed to one that focuses on illness. Such a system should be built on a foundation of prevention, integration and a focus on outcomes⁶.

The Productivity Commission has also previously recognised that Australia's health system has significant issues to overcome, outlining that it has all but a minimal focus on the patient experience and recommending that the government re-configures the health system to be 'patient-centred'⁷.

Placing the resident at the centre in principle and practice is, therefore, paramount.

The next wave of aged care residents lived through a modern economic transformation that taught them how to be effective consumers, and more importantly that they have the freedom of choice.



Your residents should be at the centre of everything your organisation does, which means your software should be developed with a view to the entire resident journey.



Focusing on Residents in a Changing Aged Care Market.

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This freedom largely exists as a result of substantial property price growth and the receipt of compulsory superannuation; combined factors not enjoyed by previous generations¹. It is therefore likely that consumer expectations for higher standards of residential accommodation can be adequately afforded.

Moreover, a desire to stay at home for longer will be likely too. It is already a trend well established across the last two decades. Research by The Australian Institute of Health and Welfare analysed how people used aged care services. The study integrated data from over 5 million people between July 1997 and June 2014. It was established that over 1,000 different pathways into aged care were taken.

However, 76% had accessed home and community care first³. Therefore, an obvious diversification opportunity for aged care providers is to provide both residential care and home care services, so that you can develop and maintain a relationship with a client who may commence in home care and later transition to residential care. To that end, as your resident's needs will undoubtedly change over time,

it is important to track their requirements and the resultant variations in their client record. Doing so builds a "true story," with one single client record across their whole aged care journey from different rooms, to different location sites, to different types of care and medical needs. Leading aged care software applications enable users to have a high-level view of their residents which can be expanded into granular insights. These granular insights include interactions, care needs, accommodation preferences, order history, emails, phone calls, and other attached documents. This 360-degree view of the resident's profile not only provides a single source of truth for all required information, but it also enables a proactive approach to care needs and effective business decision-making.

Resident demands are increasing, and the higher level of competition by new market entrants and existing providers is emphasising the need for forward-thinking business practices. The aged care providers which succeed in this space will be those who adopt an integrated, technologically progressive CRM system built for the Australian aged care market.

Integrate Everything

Growth, profitability, and efficiency are not synonymous with disconnected solutions. When an organisation is in a position where they have a wide range of disparate systems, the pressure on staff to keep up with information management tasks can be stressful, and prone to human error; ultimately resulting in inaccurate reporting and distorted business decision making.

However, even if you do manage to maintain data integrity across a myriad of disconnected systems, there will be a delay. In a business that continually captures data, it becomes almost impossible to define which points in time are reliable for reporting. This is not how business today is meant to be.

The number of applications used by the average business has been steadily increasing over recent years, to a point now where companies with over 2,000 employees have an average of 129 apps. Close to 10% of businesses have more than 200 apps across their enterprise IT systems⁸. Even if your organisation uses far fewer applications, failing to leverage the benefits of integration is likely to leave you behind in a rapidly evolving marketplace.

Best-in-class aged care software applications can provide your business with a fully functioning, scalable, and end-to-end enterprise resource planning (ERP) software solution. This solution should be the platform by which you grow your business without having to grow your software.

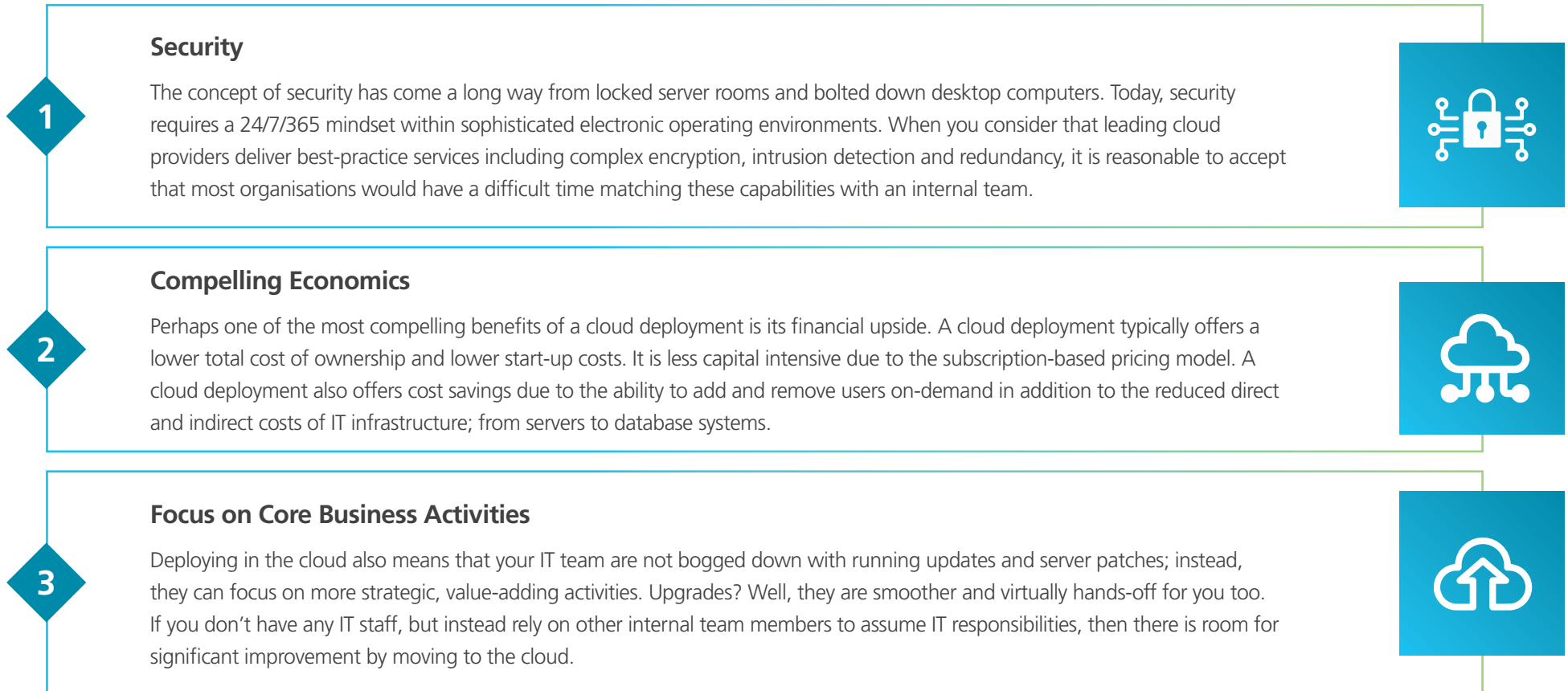
Growth, profitability, and efficiency are not synonymous with disconnected solutions.



Cloud Deployment

Continued advancements in cloud technology and an evolving commercial and consumer landscape mean that now, more than ever, opportunities to pair the right application with the right deployment method are there for those who wish to take them.

Deploying your aged care software in the cloud comes with several key advantages, as briefly summarised below. However, it is important to note that as technology moves at the blink of an eye, the notion of being limited by a mode of deployment doesn't suit the narrative of modern aged care. The Epicor Senior Living Solution (SLS), for example, offers the same solution deployed at a customer's site as it does in the cloud. Therefore, if you opt to deploy in the cloud, the option is there in the future to move to an on-premises model. **Six Key Benefits of a Cloud Deployment:**



4

Efficiency and Scalability

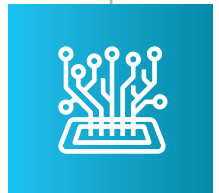
As indicated above, scalability is another key advantage of a cloud deployment, as you can add or remove users to the system on demand, saving you from having to invest in high-end hardware. Cloud-based ERP software also provides reduced deployment times as the necessary infrastructure is already in place. Generally, Epicor is ready to start your implementation within 72 hours of your decision to begin, resulting in a faster time to value.



5

Productivity & Mobility

The modern employee expects the software they use at work to enable them to be as productive as possible. Mobile solutions can empower employees to work virtually anywhere, which delivers tremendous productivity potential. For example, recording data straight into the system rather than handwriting observations reduces time, delays, and human error, key benefits that a cloud solution can provide. Staff can also respond faster to client and internal correspondence as they have access to the system in more instances.



6

Social Responsibility

As a society, how we produce and consume goods is evolving. Moreover, organisations are increasingly focused on how they can minimise their impact on the environment. Adopting a cloud-based software solution as opposed to an on-premise deployment is proving to be one way of making a more environmentally responsible choice. Cloud deployments are typically more energy and carbon-efficient and also remove the need for as many new pieces of hardware to be manufactured and transported through the supply chain.



Deloitte Access Economics report that more than three-quarters (78%) of businesses which adopt cloud technology have experienced productivity improvements. Furthermore, it is estimated that the level of cloud adoption across the last five years has resulted in a \$9.4 billion productivity boost for the

Australian economy⁹. With close to half (45%) of healthcare and social assistance businesses today using cloud services⁹, it is probable that many aged care organisations are already gaining a productivity edge over their counterparts with an on-premise deployment.

As we keep an eye on what technological advancements lie ahead, it is important to note that a cloud deployment offers a platform for leveraging the Internet of Things, Machine Learning and Artificial Intelligence⁹.

Now is the Time

Periods of change reveal the true strength of an organisation. As the Australian aged care industry approaches arguably its biggest ever period of change; you must ensure that you are prepared.

Well prepared businesses not only navigate their way through change, but they also grow and succeed as their vision, systems and leadership instil confidence amongst internal and external stakeholders. Unprepared businesses, on the other hand, are much less likely to make it through to the other side, let alone grow. In challenging times, inadequate processes begin to break down, poor planning is exposed as staff lack direction and resources, and low levels of employee engagement and culture are magnified as staff turnover and performance management issues rapidly increase.

If you feel like you have been wallpapering over cracks with your current software, then now is the time to take action. No longer can you rely on a series of workarounds, handwritten notes and clunky spreadsheets. It is time for your back-end systems to reflect the quality of care you are destined to spread to your broader community.

The 1995 version of you, and perhaps even your organisation, had big expectations for the 2020s. So, take that level of unconstrained passion and make this the year that you deploy the technology that will allow your organisation to reach its potential.



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