



A true transformation

The aged care sector needs to increase its investment in technology – and take on a digital mindset – if it wants to win over customers and workers, according to Tanarra Capital’s John Wylie.

BY LAUREN BROOMHAM

Aged care providers only invest one-tenth of what other sectors do in technology – but looking to digital solutions now will pay dividends in the future, says the backer behind one of the sector’s leading software providers and one of Australia’s best-known investment bankers and investors.

John Wylie is the Founder and CEO of Tanarra Capital, a diversified alternative assets firm with \$2.6 billion in funds under management across five asset classes.

The firm [took a majority stake in Health Metrics](#) – its first investment in the aged care space – in April 2021 as part of its

private equity portfolio which invests primarily in growing private Australian technology businesses where there is an opportunity to substantially scale the business.

“We are attracted to technology businesses and platforms that help transform industries, and we think there is an enormous opportunity and a need in the retirement and aged care sector for digital transformation,” John said.

“The sector is obviously facing a crisis. The problems identified in the Royal Commission have only become worse since then because of COVID-19 and workforce shortages.

“But we believe that one of the ways that the sector could help itself and transform is through much greater digital investment, and a digital mindset in everything it does.”

Aged care spending one-tenth of other sectors’ tech spend

John notes that their analysis indicates that the aged care sector is only spending around one-tenth on digital technology and technological capabilities relative to other sectors.

“There is a lot of missed opportunity”, he stated. “We think that the opportunity for productivity improvement, workforce satisfaction and additional engagement is immense. One of the biggest of the many opportunities is workforce optimisation married to supply and demand side considerations.”

This will require both the Government and operators to step up and make the investment in this space, the CEO went

on, pointing out that around 20-25% of the sector still relied on paper-based systems.

“There is an opportunity for the Government to uplift technology in the sector by specifically linking taxpayer aged care funding to operators who have certified, modern, secure, digital platforms that make their businesses efficient, whilst providing high quality outcomes for the consumers of their services,” he said.

“It is inexcusable today that there are still substantial numbers of RAC operators that work on paper-based systems.

“So, the Government should put its foot down and say ‘unless you have a basic digital platform and capability, because that’s in the interest of your workforce and customers, you will not be eligible for taxpayer support’.”

“A self-financing investment for the sector”

John estimates that of the \$20 billion in Government funding provided to the sector annually, only a small fraction is spent on technology.



John Wylie



Health Metrics CIO and Founder Steven Strange speaking at the 2022 LEADERS SUMMIT

“It is trivial how much is being spent,” he said. “This is what we call in the financial industry a self-financing investment for the sector. That number will increase by multiples over the years ahead, and will produce a much greater dividend for the sector through productivity improvements, happier consumers and families, as well as a happier workforce.”

This will require a change of mindset for the sector – with a renewed focus on achieving a true transformational change.

“There is no better form of help than self-help. There are obvious problems in the aged care sector right now, the sector does need to improve and provide a better offering for consumers and families and for the workforce, but more of the same is not going to change anything.”

“If the funding for the sector goes up by 5% or 10%, but there is not a change to the way that the sector goes about what it does and thinks about how to do things better from a first principles basis, in three years’ time, we will wind up in exactly the same position. The additional funding will just be

spent on marginal improvements that don’t move the needle.”

Tanarra’s strategy to increase home care business

In line with this need, Tanarra Capital’s strategy for Health Metrics involves upgrading and improving the technology platform including a new artificial intelligence overlay and the development of predictive tools to improve care outcomes.

“Health Metrics has a huge data lake available to it, and it can use that data to not only monitor current patient care, but also develop predictive tools from the history of patient care to provide analytical insights as to better treatment methods for the future, for example, predicting falls, and what sort of medicine regimes are likely to be most effective,” said John.

The group is also looking to expand its home care business in line with the Government’s policy towards care at home.

“In some ways, the need for an effective technology platform is even greater in the

home care sector than it is in residential care because, by its nature, the delivery of services is not transparent as it is in an institutional setting. So having a top-class technology platform for care in the home really matters, not just in terms of efficiency of Government spending, but as an ethical matter.”

Health Metrics to target further acquisitions

Tanarra Capital will also be leading Health Metrics in further acquisitions – in July last year, the group [purchased Uniti Software](#) and its 73 customers – as consolidation increases in the sector.

“There will always be the role for the independent operator, but larger operators with proper technological capabilities should be able to deliver long-term, excellent care at lowest cost, while still looking after their staff and having a properly remunerated and engaged workforce. So the sector will consolidate, along with the technology platforms,” explained John.

“As an investor, we support the companies we invest in to lead that consolidation process. So, we expect that Health Metrics will be making

additional investments in the coming years to emerge as the market leader.”

Looking ahead, John believes technology will be core to aged care operators’ future – and winning back the trust of the consumer and loyalty of the workforce.

“I hope that in 10 years’ time, the aged care sector is a highly regarded sector in Australia that has transformed itself, not just by asking the Government for more money to do more of the same, but also by thinking about, from first principles, how it can fundamentally change to improve its method of operations.”

“Technology is the solution, and if the sector gets it right, it will have recovered its reputation, have a happy and engaged workforce, and have customers and clients that love living in these places and feel well looked after.”

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