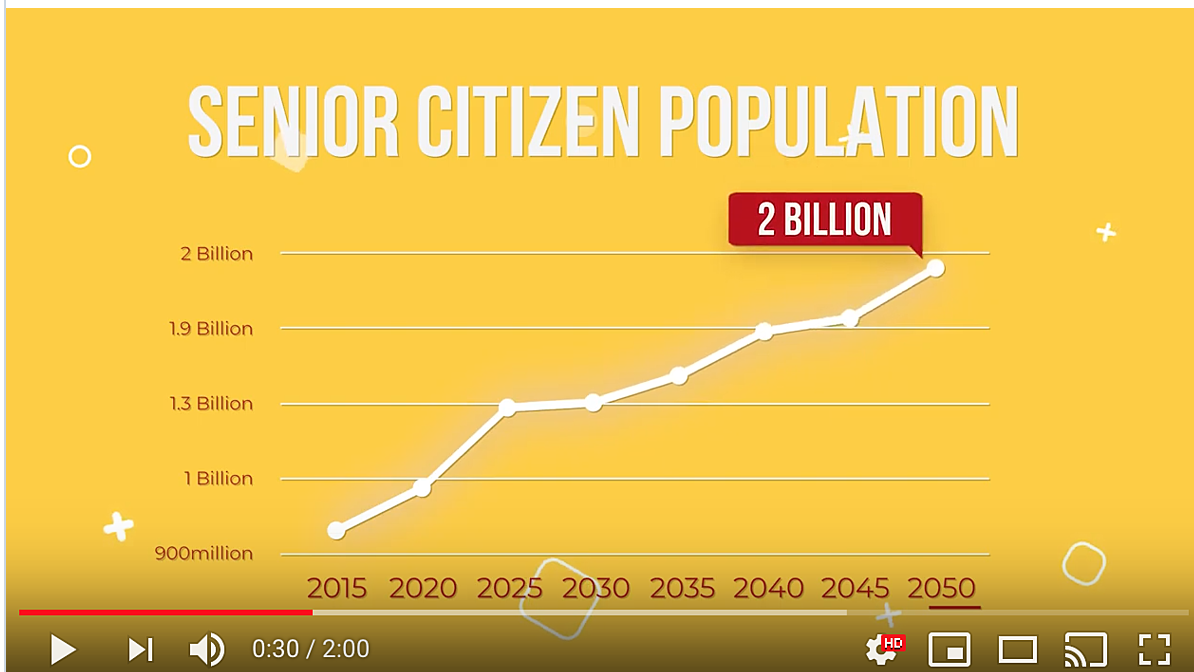




NEWSLETTER

The Booming Business of Looking After Boomers

December 2019



Dear colleagues,

Plenty of people are gearing up to make a—ahem—killing in the senior care business. Is it an opportunity or a mirage?

The World Is Getting Grayer

One of the more interesting types of strategic inflection points are caused by demographic shifts. And by all accounts, we are in for a doozy when it comes to an aging population.

By 2050, the number of people in the world aged 60 or older will be 22 percent of the total global population. And those people may not just go quietly into that good night. As Bank of America analysts have noted, a host of companies are entering the market for “delaying death,” which they estimate could be worth \$600 billion by 2025. Among

the technologies coming together to make a 100-year-life routine are genomics, big data/AI health, future food, robotics, and “moonshot medicine.” With a number of companies ranging from manufacturers to high-tech artificial intelligence analysts expecting to benefit from these new developments, investors are curious about where to place their bets on people living longer, healthier lives.

Will Investors Find Gold in the Silver Boom?

Services for seniors is a huge and growing opportunity. It's anywhere from \$300 billion to \$500 billion in financial opportunity by 2026, as the number of people aged 60 years or older rises from 900 million to 2 billion between 2015 and 2050 (moving from 12 percent to 22 percent of the total global population).

The numbers have attracted investors. Companies such as InnovAge have adopted a for-profit model, with investment from private equity firms. But despite the numbers, in some sectors profits are hard to find.

Those who made investments in skilled nursing facilities have in many cases lost out as a shift to value-based reimbursements, new technologies, and patient preferences have reduced the days people spend in skilled nursing facilities.

Will VC Money Flowing into Healthcare Create an Inflection Point?

A chronic (no pun intended) problem that gets in the way of lowering cost or improving other aspects of healthcare is that the system is fragmented—cost savings in one place don't necessarily benefit other parties. Intermountain Health, for instance, famously lost millions in reimbursements when it improved the quality of care and patient outcomes because patients needed fewer procedures and were generally healthier. Private insurers pocketed the savings.

But what if using advanced technology meant that you could benefit from innovations that reduced cost in the system? Seeing this as an opportunity, billions in investment has gone into startups seeking to improve communication, prevent the onset of diseases, and facilitate the mechanics of interactions within the healthcare system. So-called Insurtech companies such as Clover Health are betting they can operate efficiently enough that the per-patient flat payment they get from Medicaid Advantage will cover both care and profits. The dream is that advanced analytics, better data, and more comprehensive monitoring will bring costs well under their current levels, leaving room for rich profits. So far, the road has been anything but

smooth. Clover has had a bumpy ride and incurred losses, although it recently seems to have overcome the qualms and raised over \$500 to expand.

Despite the investment and interest, an open question remains whether services specifically aimed at seniors will be rich sources of profit in the long run. Part of the difficulty is that making specific predictions about what is likely to happen as people age is well-nigh impossible as technologies change and societal preferences and expectations shift.

[Read more](#)



Late last month, I had the pleasure of attending two stellar events that bring together leading management thinkers. First up was the bi-annual Thinkers50 Gala in London, where I was incredibly honored to make the #5 spot on the [2019 Thinkers50](#) global ranking! This was followed by a trip to Vienna for the Global Peter Drucker Forum, where the theme was "the power of ecosystems." You can read more about my top takeaways from the conference in the blog post below.

Reading List

A curated roundup of interesting articles to get you thinking:

- **Global Peter Drucker Forum Sessions That Made Me Think.** From managing yourself to leaders becoming "gender bilingual," check out some of my favorite "haha" moments from this year's conference. ([Blog](#))
- **How to Think Strategically in 2020.** One of the biggest mistakes leaders make when it comes to digital transformation is applying outdated strategy models and thinking to the new world. In his latest column, Ryan McManus outlines the new rules of the digital revolution. ([Dialogue](#))
- **Why So Many CEOs Don't Realize They've Got a Bad Jobs Problem.** While many top executives think they're doing everything they can for their frontline workers, the data says otherwise. ([HBR](#))

EXCLUSIVE OFFER

Now that the book launch is in the rearview mirror, we're beginning to finalize my 2020 speaking schedule. I have 10 webinar slots remaining—and I want to open them up to you! I'm excited to offer this exclusive deal to you and your teams: **When you purchase 200 copies of [Seeing Around Corners](#), you'll receive a FREE two-hour interactive webinar from me on the topic of your choice.***

If you think this might be valuable to your company and would like to learn more, please contact Missy Pirrera at missy@ritamcgrath.com.

**Offered on a first-come, first-served basis. Webinar date subject to availability.*

Upcoming Events

February 25-27: [Leading the Agile Organization](#) (Columbia Business School)

In this program, you will gain the mindsets vital to leading an agile organization and improve your ability to confidently make hard-to-reverse choices, maneuver through uncertainty, and inspire others to join you in taking risks to grow, innovate, and improve the value delivered to your customers and stakeholders.

March 26-27: [BRITE Conference](#) (New York)

Founded in 2008 to look at the intersection of brands, innovation, and technology, the BRITE conference has become a place where executives, entrepreneurs, academics, and students come together to discuss upcoming trends and innovations in business, technology, and society that are affecting the ways organizations build and maintain strong brands.

May 4-8: [Leading Strategic Growth and Change](#) (Columbia Business School)

Have you ever worried about how to drive new growth or how to make a change initiative successful? In this five-day program, participants will learn how to thrive in rapidly changing and highly uncertain environments, gain insight into a current pressing change initiative within their own organization, and immediately begin to apply the learning to make rapid progress on the issue.

Interested in having Rita speak at your organization or event?

Learn more

In the Press

- The 2019 Porchlight Business Book Awards Longlist ([Porchlight](#))
 - CEOs, HR Directors Must Play Big Role in Skills Gap ([BBJ](#))
 - The 20 Most Influential Business Minds Of 2019 ([BusinessBecause](#))
 - How Management Is Being Transformed: Drucker Forum Insights ([Forbes](#))
 - Most Influential B-School Professors & Thought Leaders ([Poets & Quants](#))
 - How Nike and Adobe Revolutionized Their Business Models ([Big Think](#))
 - Dynamic Markets Need Dynamic Metrics ([Dialogue](#))
 - The Top 10 Business Books of 2019 ([Business Vancouver](#))
 - Mind-Opening Business Books of 2019 ([Forbes](#))
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Where there is uncertainty, there is also opportunity.



Here's to your next advantage! - Rita

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