

## Building a business case for telecare

### Your ten critical steps

Telecare has become a high profile business area, because there are great expectations that it will enable a new and improved approach to delivering health and social care, at the same time as containing burgeoning costs of care delivery. This means innovative projects for all those concerned with providing care, which will need serious investment. There needs to be a strategy for telecare, so that individual projects can benefit from a coordinated central framework. Raising the funds requires a good business case to be made, but telecare brings up some uncommon issues for consideration.

#### 1. Know your current situation

A clearly articulated analysis of the current situation is the basis for the new plan. How many clients do you serve, with what conditions at what operational costs? Which are the most costly? What investment has been made in current equipment and how long will it last? What new demands and targets are to be faced? If you don't already, establish customer satisfaction surveys, to identify what services need to be improved. Make sure the views are practical by involving operational staff in the preparation work.

#### 2. Project future demands over your planning horizon

Telecare is seen as a route to being able to manage the growth in the population of older and disabled people. Choose the duration of your business plan, and project how your populations will change over that period, from national and local statistics and knowledge. New client conditions that need to be serviced should be added.

#### 3. Identify your collaborations

This is where some innovative management thinking should come in. If you do not provide a support and preventive service for some client conditions, what are the implications for other services that have to pick up the pieces when something goes seriously wrong? This is why it is important to take a global view and collaborate, focusing on client needs, rather than the parochial interests of just one party. So choose the collaborators you need carefully, and engage them in the planning process. A comprehensive telecare service will need doctors, clinicians, nurses, social care practitioners, technology suppliers, a care monitoring service, maintenance engineers, emergency services, meals-on-wheels... Each party needs to contribute, and see its own financial benefit, if collaboration is going to work, so service agreements need to be established with each.

#### 4. Forecast benefits

The objective benefit measures provide the strongest business case, and do need to be assessed in financial terms, as the basic yardstick of measurement. This is why understanding the current situation is important. Comparison between the current costs and resources to service each need, with expectations of those for the new approach, should be made. Costs that will continue to be incurred should be removed from the equation. While most of the cost benefits will be in saving operational costs, it should also be possible to generate capital cost savings as well. The big opportunity for providing new incomes to support the service needs to be explored.

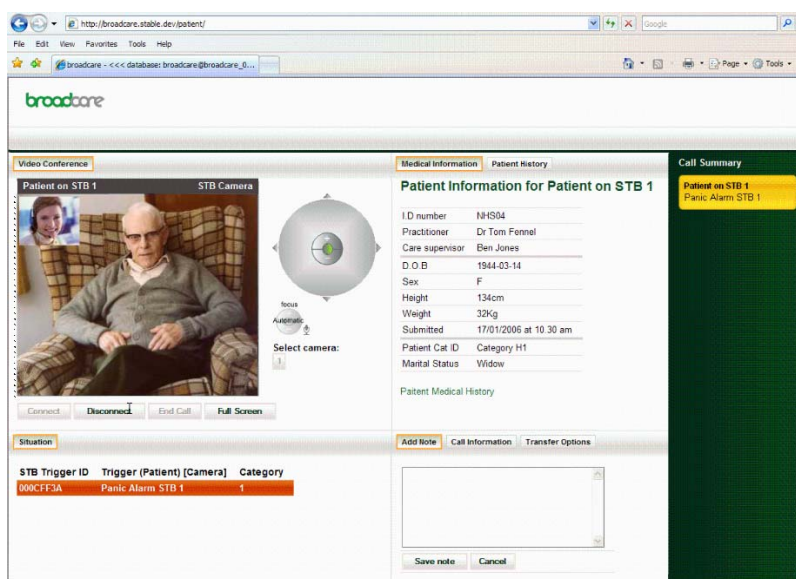
#### 5. Choose your options

Any good business plan must look at alternatives, including what the outcome is of not making any big changes, against the future demand projections. Telecare suppliers are currently very fragmented and often proprietary in their offerings, but if you are going to be collaborative, then you need to see that they are, too. You will probably want to select a small combination of suppliers to cover all your needs, and may choose to use a technology service provider to coordinate. Two or three options should quickly become obvious choices, on which to base detailed analysis.

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### 6. Explore the flexibility of each option

Flexibility of the products to be assessed is important to ensure they will support all your requirements over the plan period. Flexibility determines reusability, and there may well be many projects that can be brought in to the telecare strategy at low incremental costs if the chosen solution is flexible enough. Projects such as providing a care monitoring service for an independent hospice, or providing a new service for depressives could be great opportunities for developing the service.



This can create a difficulty in making the business case, because accountants generally look for a benefit from a single project, and do not see the full picture. The danger is that they will load the first project with all the start-up costs of the strategy and make it seem not viable. They might choose simpler solution, leading down a cul-de-sac, requiring replacement and reworking when the next project is started. Phasing the projects within the strategy to bring quick wins to the front can help to mitigate this problem.

### 7. Analyse costs

Costs will need to be developed for each planned project over the planning horizon. They should consider not only procurement costs of any new technology, but also the costs of deployment, on-going operations, maintenance, staffing, and supporting services from your collaborators. Capital costs and operational costs need to be assessed separately, so you can decide whether to buy, lease or rent, depending on the way you expect your budgets to work best.

### 8. Determine risks

All new strategies projects involve risk, and a business plan is not complete without an assessment of them. Acceptability of the new approach to clients, as well as care providers and care management centres needs to be assessed, and concerns mitigated. Products and suppliers also need to be assessed for their ability to deliver to agreements. References can help, but can be remote, and the reality is that the personal chemistry between you and all your collaborators is what will make for successful telecare delivery. Minimise risk by conducting controlled and measured pilots, developing projects on a step by step basis and reviewing results.

### 9. Return on Investment

Projects within the strategy should be mapped out on a spreadsheet, with the costs and expected benefits for each project spread out time-wise (probably monthly) over the complete plan. The RoI is a time measure, which is the time it will take before the cumulative benefits start to exceed the cumulative costs. The spreadsheet model will be very helpful for manipulating the details to work out the best options.

### 10. The living business plan

In all business activity, change is inevitable, and your initial business plan is unlikely to survive without change over your planning horizon. The plan should not just be used to raise the original budgets, but enable you quickly to understand the impact of any change in circumstances on your strategy, and adjust it to capitalise on new opportunities, or reduce adverse impacts. The effort you have put in to preparing your initial business plan justifies keeping it current.