



Technology Startups Target In-Home Care Market for Elderly

By Lizette Chapman

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Olga Mos was living with her extended family until last year when the 93-year-old found bathing, dressing and cooking too tough to handle solo. Her daughter-in-law Rhoda Wilkinson Domingo looked at assisted living homes. She didn't like what she saw.

"It was just sad," Domingo said. "Everyone was clean and taken care of, but they looked very dull and withdrawn. They didn't want to talk. It was really depressing."

Decades of medical breakthroughs have improved the quality and length of life, but technology has done little to help people like Domingo care for older relatives. Several startups aim to ease the burden of these families by using technology to automate caregiver-family matches, post customer feedback, create schedules and make payments more convenient.

Honor Technology Inc., one of those startups, announced a \$42 million capital infusion led by New York-based venture firm Thrive Capital with participation from 8VC and Syno Capital. Honor, which in the past year began competing directly against traditional home-health agencies in San Francisco and Los Angeles, plans to use the funding to expand into new markets and continue improving its technology. The two-year-old startup previously raised \$20 million from investors including Andreessen Horowitz.

In-home care is now dominated by brick-and-mortar agencies. The National Association of Area Agencies on Aging Inc. has more than 600 member agencies listed in its elder-care locator and none is a technology startup, according to Chief Executive Officer Sandy Markwood.

Some companies, like Care.com Inc. and startup CareLinx Inc., are online marketplaces that seek to match customers with care providers based on online profiles. Although marketplaces perform basic background checks, they leave training and education to the care professionals and reviews, scheduling and payments to customers. Others, like Honor and HomeHero Inc., employ caregivers and work directly with customers.

Creating Stability

Honor CEO Seth Sternberg declined to say how many customers Honor has served or how many care professionals it employs. During the past year his startup has focused on other metrics: the retention rate of home care professionals it hires -- 83 percent have been with Honor for three months or longer -- and its technical efficiency.

“Any new company says they are a tech company,” Sternberg said. “You have to look at who and what’s behind it.” Sternberg previously worked as a product management director at Google after it acquired Meebo Inc., a social media platform he co-founded.

The key to Honor, he said, is including human insights into the algorithms underpinning operations. Some things are obvious, like ensuring only professionals with experience caring for people with dementia get those assignments. Other things were learned by Honor employees through experience and transmitted to its engineers over time.

Sternberg said Honor has committed significant resources to building a logistics program that determines which professional to schedule for which clients based on location, traffic patterns, hours requested and skills required. Consistency of care and familiarity with routines are essential for seniors, especially those with cognitive problems, according to Markwood.

The trust factor and intimate nature of the job also means that finding the right person trumps finding a person “right now,” Markwood added.

Finding Help

Once Domingo realized her mother-in-law needed more help, she and her husband, both in their 70s and still working as immigration attorneys in San Francisco, bought a home for the three of them in the Bay Area suburb of Concord, changed their work schedules and began searching for a daytime caregiver for Mos.

Domingo vetted several agencies online, interviewed coordinators and ended up employing a handful of caregivers over several months. But they weren’t a good fit culturally -- a few hadn’t mastered English well enough to speak with Mos -- couldn’t cook and weren’t always responsible, she said.

Ultimately, Domingo used Honor and found a handful of caregivers who take turns helping her mother-in-law. She said having reliable help has reduced the stress level at home and “saved” her and her husband’s relationship with Mos.

Sternberg said hiring and retaining care professionals is his top priority. Technology is second, although by automating processes he can charge customers roughly 10 percent less than traditional agencies, he said.

In-home care doesn’t come cheap. Hiring a professional for 40 hours a week at \$25 hour runs \$52,000 a year. Add weekends and the costs increase to \$72,800 a year. And like nursing homes, which have a national average starting cost of \$82,125 a year and increases in price as clients need more services, assisted daily living tasks aren’t covered by Medicare.

Although venture investors are always ready to back tech startups attacking billion dollar markets, they have been slow to warm to in-home elder care despite some big statistics.

Elderly Population

The number of people ages 65 and older hit 46.2 million in 2014 -- and will reach 82.3 million by 2040 and 98.2 million by 2060, according the U.S. Census Bureau. And 90 percent of those seniors want to remain in their homes as long as possible, according to the most recent survey by the AARP.

A few venture investors have placed some bets on the home-care startups. HomeHero has raised \$23 million from Tencent Holdings, TechStars, Social Capital and others. CareLinx has raised about \$5 million from investors including Generator Ventures and StartUp Health.

Care.com, which raised more than \$157 million from Groupon backers New Enterprise Associates, IVP and others before going public in 2014, attracted Alphabet's attention in June. The company's growth fund, Google Capital, invested \$46 million in its first ever equity stake in a public company.

Improving Care

Honor board member and early investor Marc Andreessen said home elderly care is "a very fragmented, low-tech market."

"It's the kind of work that just hasn't been respected culturally and that's wrong," he said, adding that Honor aims to 'up-level' the experience for caregivers and customers.

While the physical part of the care job will remain largely unchanged, Honor is overhauling the back-office functions so it doesn't require employees, said Kareem Zaki, who invested on behalf of Thrive Capital and will join Honor's board.

"Technology can squeeze out the inefficiencies and give that margin back to the worker and the customer," he said.

Markwood, of the national association of aging agencies, said a combination of technology and a personal touch is needed.

"People all look online, but then they call because they want to talk it through with a person," she said. "It's mom and dad after all."