

Technology Helps to Bridge Generation Gap

By Marlise Elizabeth Kast

With the September 10th arrival of National Assisted Living Week, senior citizens across California are being honored through the gift of communication. A company, by the name of Family Virtual Visits, has recently introduced technology that provides live video visits for residents of selected senior living facilities in San Diego. Launched in 2005, this specialized Internet service enables senior citizens to stay connected with friends and family through state of the art equipment.

Merritt Widen, CEO of Family Virtual Visits (FVV) indicates that his company spent almost two years developing the customized user-friendly software. “The hard part was to make it easy,” recalls Widen. “The system is now totally automatic and seniors can be connected to family members via a large screen TV without any effort. Any senior who can watch TV can enjoy Virtual Visits with loved ones.”

To utilize the service, each senior community designates a private room where FVV can establish a Virtual Visit Center. This Center consists of a computer, a large screen LCD monitor, a miniDV camera, an echo canceling microphone, special lighting, backdrops and cabinetry. Senior communities pay an initial set up fee and a monthly subscription for the service.

In order to enjoy unlimited virtual visits with senior community residents, participating families pay FVV a monthly fee of \$19.95. The service includes installation of a webcam, orientation and technical support from FVV staff members. This program enables family members to schedule online communication with residents of the senior communities. Among the attractive FVV features are its simplicity and the fact that it is cost free to the senior residents.

The procedure itself is relatively straight forward. As Widen explains, “The Virtual Visits are set up by the offsite family members through our website using proprietary software designed to be extremely easy to use. The senior community is informed of the scheduled visit so that senior residents can be reminded.”

Each scheduled visit is fifteen minutes in length. When it is time for the visit, family members log in and a clock begins to count down. If no subsequent users are scheduled at the senior community, visits can be extended beyond the initial fifteen minute segment.

The Springs in Oceanside is one of three California Assisted Living Facilities utilizing the FVV service. With headquarters based in San Francisco, FVV also provides their service to senior communities in Sunnyvale and Cupertino.

According to Springs Community Relations Director, Maria Tessitore, FVV is a valuable amenity that enhances the lifestyle of senior residents. “We can help stimulate the seniors through activities but we can never take the place of family members. FVV helps to bridge this missing component.”

Initially designed as a tool to connect seniors with distant family members, the service has extended beyond those boundaries. To date, FVV has effectively linked war veterans, Holocaust survivors and alumni. FVV Community Facilitator, Sheila Sommers states, "Some of our clients are connecting with loved one as distant as France and England. They take such personal interest in these online visits that they often prepare for them by dressing up or having their hair done for the camera. It's a delight to see their joy after a virtual visit."

Echoing this sentiment is Wilma Clarke, resident of The Springs. An avid FVV user, she regularly utilizes the service to connect with her family and friends in five states. Her most frequent visits occur with her cousin, Betty Farrell who is based in Brooklyn. "My first virtual visit with Betty was very emotional because we had not seen each other for two years. The last time we had met, I had been very sick and had lost 150 pounds. When Betty could actually see me, she realized that I was healthy again. Family Virtual Visits are so much better than the telephone because the camera cannot hide your expressions."

Wilma's reaction is typical of FVV users. The reception to this service among senior communities has been gratifying. Directors of such communities recognize that FVV can give them a competitive advantage and is valuable in keeping seniors content and thereby, healthier.

Founded by Phil Knudsen, Geoff Meredith and Widen, the concept took almost two years to be developed. Recognizing the potential in technological advancements, the team focused on the senior living industry because of its favorable demographics and its inability to develop solutions internally. Each of the founders could identify with the concept, not only for its financial potential, but also on a personal level. The mothers of all three lived in distant senior communities and the FVV founders realized that thousands of families were grappling with the same concerns that they shared. They saw Virtual Visits as an extraordinary business opportunity and a chance to impact several generations at once.

Implementing their plan was costly, however. After an initial outlay of \$200,000 to organize the business, the founders raised over \$800,000 in equity from family and friends. Additionally, they secured \$560,000 in venture debt. In the current year, they intend to raise another \$1 million from investors.

Despite this initial outlay, the founders are optimistic about the company's future. As Widen explains, "We have the opportunity to dominate a new market segment in a huge industry. Our costs of providing this service are quite low, therefore the margins are potentially high. We have constructed a business model based on some reasonable assumptions. One of these core assumptions is that we sell the company to a major player at the end of 2009 at a multiple of 8.4 times EBIDTA. Though nobody really knows what is going to happen at that time, we will show an extraordinary return to our investors if we can achieve this. In any event, it is our stated goal to provide an exit to our investors by the end of that year."

Based on current commitments, the FVV founders expect to launch their service in approximately twenty other senior communities by the end of October. These would predominantly be located in Northern and Southern California, Pennsylvania, Missouri and Mississippi.

As Winden explains, “We expect to be rolling out throughout California over the next six months, with over 50 planned launches throughout the state by sometime in the first quarter of 2007. Our next planned installation in Southern California is Air Force Village West of Riverside. The Village is a unique community of over 700 residents, all of whom are retired officers from the military. As retired military, almost all are separated from their loved ones. Management of the community feels that FVV will be a very positive step in keeping their residents happy and connected.”

The farsighted vision of the FVV team has given them a monopoly on this open market. With proper funding, they expect to have several hundred communities participating within a year. Of the 60,000 + senior facilities in the United States, FVV anticipates to have as many as 15,000 utilizing their service within five years.

Achievement of these long term goals is dependent on perfecting the FVV model. As Widen describes it, “We are spending the current year refining our procedures, gaining industry awareness and starting pilot programs in large and medium chains. Since the pilot programs are in senior community chains, each of which operates hundreds of facilities, this allows for a geometric rollout in the next two years.”

This projected business expansion is based on the assumption that FVV services will be viewed as a “must have amenity” in senior communities.

For more information visit, www.familyvirtualvisits.com