

A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance and Management from NOVA – School of Business and Economics

**Consulting Project for José de Mello Saúde:
Analysis and Revision of the Business Model of Serviços de Apoio Domiciliário CUF**

Consulting Lab carried out under the supervision of: Professor Constança Monteiro Casquinho

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Consulting Labs

OVERVIEW

The Consulting Lab has the objective of preparing students for the working environment by giving them the possibility of conducting a real-world consulting project. In this case, the group was asked to analyze and redefine the business model of the business unit “Serviços de Apoio Domiciliário CUF”, with the aim of providing recommendations to reverse the current situation.

During approximately 4 months, the team gathered at Hospital CUF Infante Santo where it worked alongside the client, with whom it created a relationship based on trust and constant commitment, having always in mind the process of syndication. It is believed that not only the team added value to the company, but also that the opportunity of working in such project helped the students develop their hard and soft skills.

OBJECTIVES

- To apply theoretical concepts learned throughout the master program to a real-life project
- To understand the client’s needs and overcome expectations by adding real value to the company and create meaningful impact
- To develop and improve soft skills such as teamwork, syndication, presentation skills and problem solving, which will be useful during the students’ professional life
- To adapt to the company’s culture and learn how to respond to unplanned events and situations

ADVISORS



JOSÉ DE MELLO · SAÚDE

Company Advisors:

Rui Diniz (Vice-President of José de Mello Saúde)
 Catarina Gouveia (Administrator of Hospital CUF Infante Santo)
 Filipe Loureiro (Administrator of Hospital CUF Infante Santo)
 José Coelho (Nursing Director of Hospital Cuf Infante Santo)
 Nuno Espanha (Strategic Planning Manager of José de Mello Saúde)
 Sónia Fernandes (Technical Director of Serviços de Apoio Domiciliário CUF)



Nova SBE Advisor:

Professor Constança Monteiro Casquinho

TEAM

Team Members:

Ana Correia
 Ana Raquel Franco
 António Cova
 Bernardo Ferreira de Lima



Msc. in Management and Finance

Executive Summary (1/3) – Context

About José de Mello Saúde



José de Mello Saúde is a subsidiary of José de Mello Group and it is the largest private operator of healthcare in Portugal and an example of clinical excellence with more than 70 years of experience and know-how. The company has a strong presence across the country, managing a network of healthcare facilities including one institute, seven clinics and seven private hospitals named CUF, and finally two private-public hospitals in Braga and Vila Franca de Xira.

The year of 2016 was a strong year for JMS in terms of operational and financial performance, with operating income reaching a total of 586 million euros, which resulted in an increase of 4,7% from the previous year. From this amount of operating income, 371 million euros were generated by CUF units. With respect to medical appointments, 2,2 million appointments were provided and about 86 thousand patients operated, in 2016.

The consolidated investment for 2016 totaled an amount of 42,1 million euros that was divided between recurring investments and expansion projects, in which the construction of the new Hospital CUF Tejo is included, as well as the expansion of the facilities from Hospital CUF Descobertas.

About the Project



In 2002, José de Mello Group acquired a company called Domus Care which offered home care services, but only in 2011 was this company incorporated in José de Mello Saúde subsidiary. In 2016, Domus Care moved and integrated CUF Infante Santo and changed its name to Serviços de Apoio Domiciliário CUF.

In terms of performance and growth, the business has reached revenues higher than 2 million euros before 2012. However, since 2012, it has been experiencing struggles in acquiring new clients, retaining the existing ones and its revenues have been decreasing at an unsustainable rhythm.

With the objective of inverting this situation, José de Mello Saúde asked the team to study the current business model of Serviços de Apoio Domiciliário CUF and to provide recommendations on how to improve the business' operational and financial results. The focus of the project was in the area of Great Lisbon, since it is the region that presents a higher representativeness in terms of operations and revenues.

Executive Summary (2/3) – Main Challenges

From the internal and external diagnosis, together with the interviews conducted, it was possible to identify the main challenges and opportunities of SADCUF, which were divided into six main groups: Service Offer, HR, Pricing, Organization, Communication and Technology. In specific, it was verified a high concentration of the revenue in a very low number of clients - the top 10 represents 55% of the total revenue - where the majority of clients are in-between 76 and 95 years old, increasing the uncontrolled risk of losing clients due to natural causes and, consequently, revenue. On the other hand, it is expected that the percentage of Portuguese population over 65 years old will increase 24% between 2016 and 2030, leading to an increase of geriatric care needs. Currently, it is estimated that SADCUF captures 2,8% of the current market's potential.

<p>Service Offer</p>	<ul style="list-style-type: none"> ▪ The current service offer is not clear in the clients' perspective, since they find it difficult to understand what each service consists on ▪ The clients find it useful to have psychology services, however they are not offered yet by SADCUF ▪ The current service fails to differentiate itself from other alternatives in the market ▪ Given that SADCUF's patients have a high education level, they are demanding cognitive stimulating activities ▪ There is the opportunity of creating a Home Hospitalization Unit, which would allow JMS to increase the rotation of the hospital units' beds ▪ There is also an opportunity for implement remote monitoring services as a complement to home care services, which would allow patients to have a more convenient experience, and avoid possible infections during hospital visits
<p>Human Resources</p>	<ul style="list-style-type: none"> ▪ The context of SADCUF makes it hard to attract and retain human capital, mostly due to the low remuneration and fiscal issues, leading to difficulties in maintaining a constant pool of service providers and in answering clients' needs, namely those in the hospital units ▪ There is a geographic mismatch between clients and service providers, which hinders the teams' allocation and involves greater costs of transportation for the service providers
<p>Pricing</p>	<ul style="list-style-type: none"> ▪ The prices of SADCUF are the highest in the market, however the clients do not find it differentiating from its competitors in order to be willing to pay more for it ▪ The difference in the prices is specially high in the non-clinical services ▪ There is an opportunity to establish agreements with insurers, both for SADCUF and for potential services leveraged by the development of a Home Hospitalization Unit
<p>Organization</p>	<ul style="list-style-type: none"> ▪ The hospital units are not referencing SADCUF to patients, due to the lack of a structured referral process, which prevents SADCUF from benefiting from synergies with hospital units and from attracting potential new clients who already have a relationship with the brand CUF
<p>Communication</p>	<ul style="list-style-type: none"> ▪ The number of clients has been decreasing, as SADCUF is not being able to retain them nor attracting new ones ▪ Currently, there is low investment in promoting SADCUF's services and its value proposition fails to be widely communicated ▪ Since the prevalence of heart diseases has been increasing among younger generations, SADCUF's communication should adapt accordingly, by not focusing solely on older/geriatric segments ▪ There is not a structured process for SADCUF's referral within the hospital units CUF
<p>Technology*</p>	<ul style="list-style-type: none"> ▪ Currently, the technology systems used by the back-office are outdated, leading to schedule management issues, as well as efficiency problems ▪ There is the opportunity to automatize the process of requiring the services and make it more accessible and convenient to clients, by taking advantage of the current technological environment

*Due to time constraints, the team could not finish the analysis of the Technology Challenge, whose preliminar analysis is depicted in the Medium and Long-Term sub-chapter

Executive Summary (3/3) – Recommendations

The final recommendations were focused on facing the main challenges and exploring the opportunities presented previously, as well as on quick-wins initiatives which are easy to implement and create great impact on the business performance. As these recommendations leverage the business' performance, they also serve as basis for more structural and long-term initiatives that only make sense to be implemented if SADCUF is steady and with growth prospects.

Area of Impact	Objective	Recommendations and Initiatives
Service Offer	<ul style="list-style-type: none"> ▪ Redefinition of the services offered 	<ul style="list-style-type: none"> ▪ Reorganization of the way services are offered and communicated to customers ▪ Include services of Psychology, Pediatrics and Cognitive Stimulation Activities
Human Resources	<ul style="list-style-type: none"> ▪ Increase the stability of the pool of service providers by enhancing their recruitment and retention, which facilitates the schedule management process, done by the back-office 	<ul style="list-style-type: none"> ▪ Offering employment contracts to 13 best HCAs (identified by the Technical Director) ▪ Increase the gross compensation/hour of HCAs as independent contractors, and decrease it for nurses and therapists ▪ Recruit HCAs directly to Domus Vida ▪ Provide incentives according to performance evaluation ▪ Provide HCAs under employment contract hospital experience to face absences in HUs and decrease the risk of having service providers not allocated to any client
Pricing	<ul style="list-style-type: none"> ▪ Increase the focus on the offer of clinical services instead of non-clinical services (HCA's services) ▪ Attract more clients, by the creating service packages 	<ul style="list-style-type: none"> ▪ Keep the same prices for HCA's services and doctor's appointments ▪ Decrease the price for nursing and therapy services ▪ Offering service packages with associated discounts
Organization	<ul style="list-style-type: none"> ▪ Take advantage of the synergies between SADCUF and HUs in order to integrate this service in the holistic experience CUF, benefiting from the opportunity of capturing these patients at the upstream 	<ul style="list-style-type: none"> ▪ Restructuring the operational team (hire a new element) in order to enhance customer acquisition in Hospital Units CUF ▪ Implement a structured referral process in the Hospital Units
Communication	<ul style="list-style-type: none"> ▪ Define SADCUF's identity and image, as well as the way service providers present themselves ▪ Improve the effectiveness of both external and internal communication ▪ Enhance the relationship between SADCUF and the patients/clients 	<ul style="list-style-type: none"> ▪ Creation of CDCUF brand ▪ Provide gowns and training workshops for HCAs, in order to differentiate their activities and move away from basic healthcare to a more complete offer ▪ Strength the communication strategy by investing in external and internal promotion vehicles ▪ Invest in customer retention mechanisms

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List of Abbreviations, Acronyms, Initials and Definitions

- **CCAL** = Clínica CUF Almada
- **Collaborators** = Service Providers under Employment Contract
- **External Pool of service providers** = Service providers who work for SADCUF or/and other entities
- **FTE** = Full Time Equivalent (40 working hours/week)
- **HCA** = Healthcare Assistant
- **HCC** = Hospital CUF Cascais
- **HCD** = Hospital CUF Descobertas
- **HCIS** = Hospital CUF Infante Santo
- **HCTV** = Hospital CUF Torres Vedras
- **HU** = Hospital Unit
- **IC** = Independent Contractor
- **Internal Pool of service providers** = collaborators from CUF Hospital Units and Clinics who also provide services within SADCUF
- **JMS** = José de Mello Saúde
- **RV** = *Recibos Verdes*
- **SADCUF** = Serviços de Apoio Domiciliário CUF
- **Service providers** = People who belong to SADCUF's team, being both independent contractors and under employment contract (Doctors, Nurses, Therapists, HCAs)
- **VAT** = Value Added Tax

Agenda

A. Methodology

B. Diagnosis

C. Analysis of the Identified Challenges and Possible Solutions

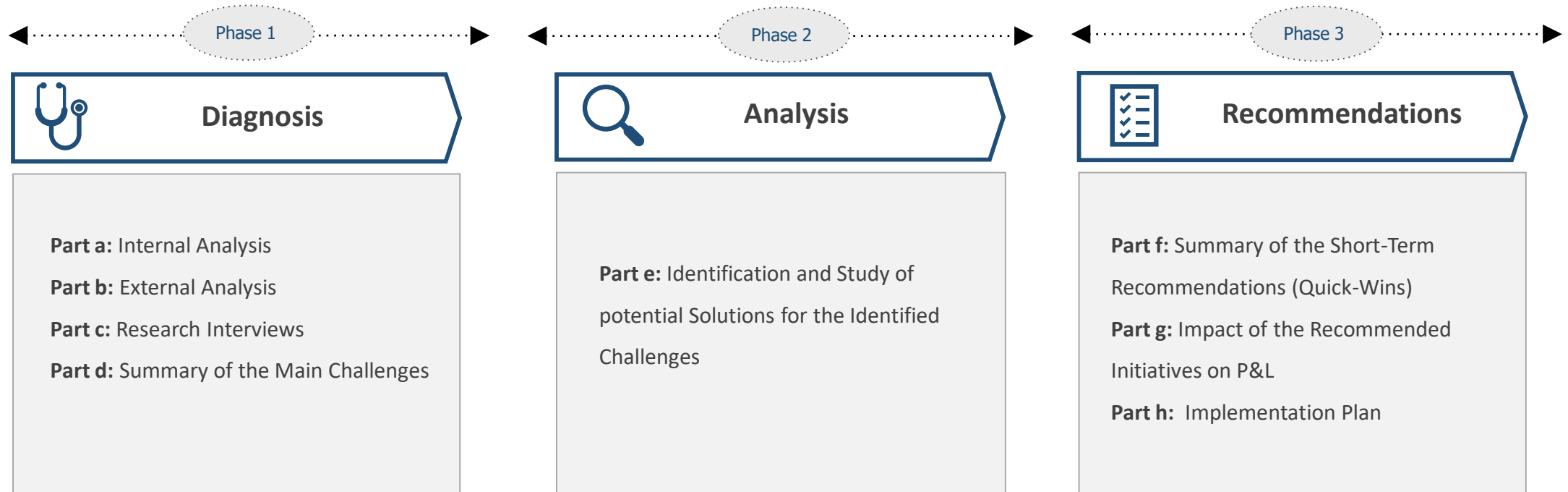
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Methodology (1/5)

The project was divided into three main phases: Diagnosis, Analysis and Recommendations. These were individually developed during the period of three months, while bringing the client on board at each step



Throughout the project, the team put special emphasis on the process of syndication, with the aim of bringing the client on board regarding what was being done and also to make sure that expectations were being met. Therefore, weekly meetings were scheduled and three committees were involved: Operational Committee, Control Committee and Validation Committee.

Methodology (2/5) – Diagnosis Phase

For a proper diagnosis and start of the project, this phase was divided into three parts which aimed to provide a better comprehension regarding the company, its external context and main pain points and opportunities, in the perspective of stakeholders and experts



Objective

Part a: In order to provide suitable and sustainable recommendations at the end of the project, one must start by knowing and understanding how the company works and its current business model, being this the objective of the internal analysis.

Part b: Study the Home Care Market, understand the competitive landscape both at national and international level, as well as future trends and identify best practices.

Part c: Understand the current challenges faced by SADCUF and potential opportunities to leverage the business.

Part d: Identify the main challenges, which will be the basis for the development of recommendations.



Activities & Methodology

Part a: In order to collect all the necessary information to make a proper diagnosis of SADCUF's business model and current situation, the team met with the Technical Director Sónia Fernandes, the Nursing Director José Coelho and the allocated Project Manager Nuno España, so it could frame the big picture and request data access, which was later meticulously analyzed. Since this business model is highly dependent of its human capital, the team also approached the Juridical Director of JMS to understand the contractual model and related legal issues.

Part b: To conduct the external analysis, the team divided the process into three main steps: estimation of the Lisbon current market size (since it is SADCUF's main scope of action), national benchmark analysis and international benchmark analysis. In order to estimate the market size, the team met with Professor Pedro Pita Barros, expert in Health Economics, who helped defining the methodology to correctly quantify the Home Care Market in Lisbon. Regarding the national benchmark, the team identified the main players in this sector and conducted an extensive analysis, which included online research (to request financial information) and field research (contacted companies to request services and respective budgets). In what regards the international market, the information was obtained through online research.

Part c: The research interviews were conducted to three different groups of people who were either directly involved with this business or industry experts/collaborators of JMS. This activity helped the team understanding strengths, weaknesses, challenges and opportunities in both clients' and providers' perspective, and to assess experts/collaborators' opinions about the current positioning SADCUF in the market. These interviews were done face-to-face or via phone call.

Part d: Compilation of the main ideas taken from the Internal and External Analysis and combination with the insights from the interviews. Summarize the main challenges.



Deliverables

Presentation document with the study of internal and external analysis and the main insights of the interviews, that culminated in the highlight of the main challenges.

Methodology (3/5) – Analysis Phase

Once the main challenges and opportunities were summarized, the next step was to deepen the analysis of each challenge/pain point and to find a way to solve it or to convert it into an opportunity



Objective

Part e: The main goal of this phase was to find the best possible and feasible solutions to overcome the challenges previously defined in the Diagnosis phase and leverage the performance of SADCUF



Activities & Methodology

Part e: After knowing which challenges SADCUF currently faces, the team together with the Nursing Director José Coelho, Technical Director Sónia Fernandes and the Strategic Planning Manager Nuno Espanha participated in a brainstorm session aiming at gathering several ideas that could possibly invert the downgraded situation of Serviços de Apoio Domiciliário CUF and take the business to the next level. After this session with the Operational Committee, a “Metaplan” technique was used to make the group discussion more productive and effective. The team proceeded to organize the main ideas in a matrix with the variables “Organic Growth”, “Inorganic Growth”, “Quick-Wins” and “Structural Initiatives”.

In order to assure that the ideas discussed in the brainstorm session were aligned with the client’s expectations/needs and to bring it on board, they were also presented to the Control and Validation Committees. In these meetings the initiatives were discussed and prioritized.

After having decided which initiatives to begin with, some hypothesis were tested in order to reach the most suitable and sustainable solution for each challenge. In some cases, the contribution from the Technological, Marketing, HR and Commercial Departments was required, with the aim of better understand the impacts of the ideas discussed in terms of costs, potential synergies and feasibility.

The final step was to assess future costs and potential incremental revenues, according to the assumptions defined by the team and validated by the client, followed by the definition of suitable metrics for JMS assess the impact of the initiatives’ implementation.



Deliverables

Presentation document containing the detailed initiatives developed and analyzed, with the associated costs, revenues and metrics for further control and follow-up.

Methodology (4/5) – Recommendation Phase

The third and last phase of this project consisted on reaching the final list of recommendations for the revision of SADCUF's business model, as well as to measure their impact on SADCUF's P&L and to define a realistic implementation plan



Objective

Part f: The objective of phase f was to provide useful recommendations for the revision of the current business model, which can be used by the client as a starting point to counteract the negative evolution of SADCUF's economics.

Part g: The summary of the recommendations must be followed by their impact on P&L, with the objective of understanding whether the proposed measures bring financial and operational benefits for JMS.

Part h: The objective is to provide JMS an implementation plan in order to give them a perspective regarding the time needed to put these initiatives in place.



Activities & Methodology

Part f: To come up with the final list of recommendations, the team discussed and validated the initiatives developed in the previous phase, and respective impacts with both Operational, Control and Validation Committees. During this phase, there was an iteration process until reaching the final list of recommendations, to be presented during the final Steering Committee.

Part g: After calculating the expected individual impact of each initiative discussed, the team computed the total impact of all the recommendations provided on SADCUF's P&L and assessed the EBITDA margin expected to be achieved by JMS.

Part h: The final phase of this project was to create a detailed implementation plan, with the goal of providing specific guidelines to JMS. This action plan involved some discussions between the team, the Project Manager Nuno España and the Technical Director of SADCUF, in order to have a perspective of the feasibility of the initiatives recommended, since the implementation plan is intended to make it easy to JMS visualize what steps should be taken and the respective timings, as well as the necessary resources to carry on the action plan.



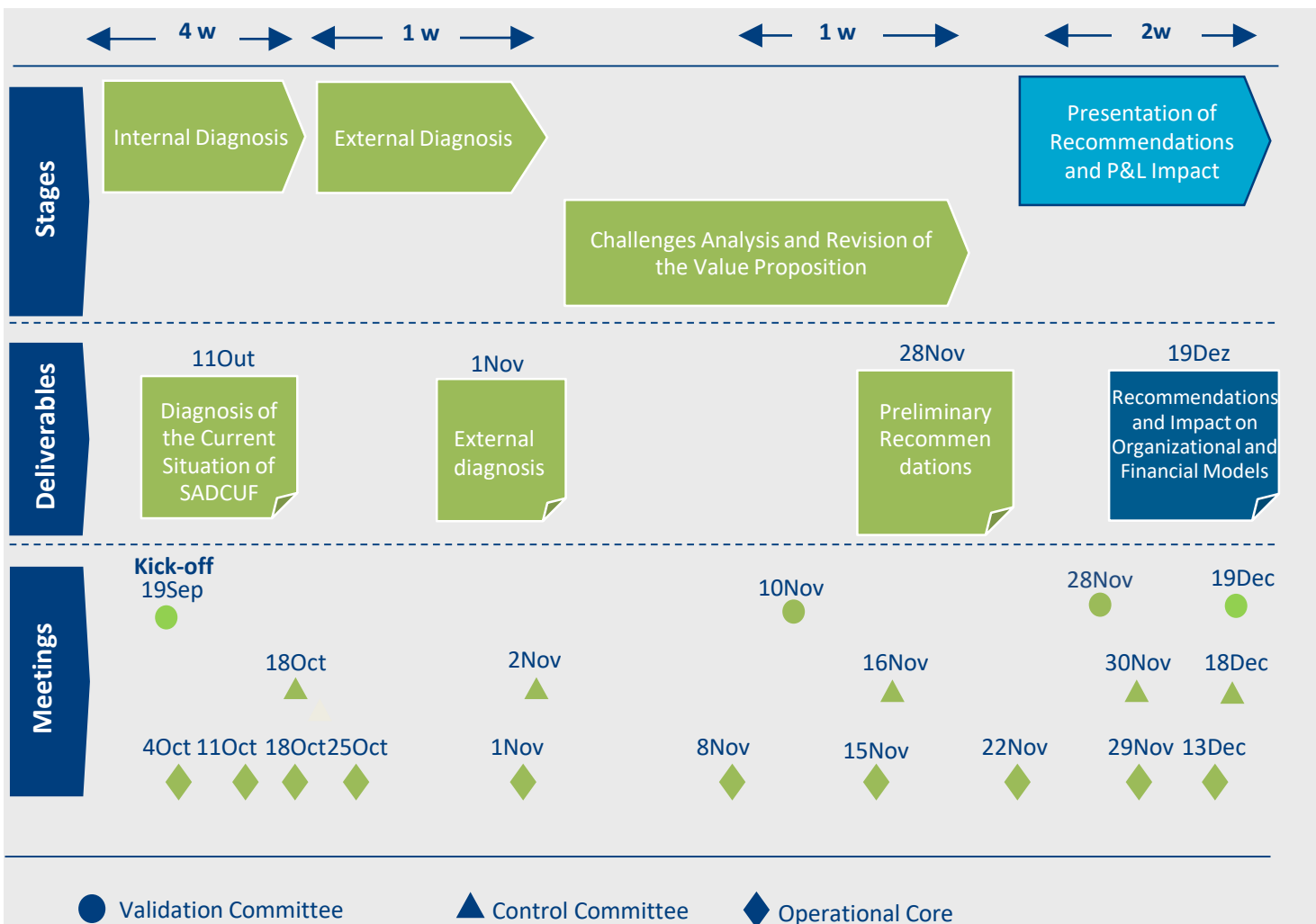
Deliverables

Presentation document which includes Implementation and Action Plan, as well as the revised P&L regarding the quick-wins initiatives.

Methodology (5/5) – Project’s Calendar and Working Team

To guarantee the success of this project and to accomplish what was proposed by the team, it was mandatory to structure the action plan and to define the timings for relevant deliverables and meetings, at the beginning

Project’s Calendar



Working team for reflection about the potential growth and value creation in Serviços de Apoio Domiciliário CUF

Functions

Validation Committee

- Rui Diniz
- Prof. Constança Casquinho

- Validation of the different frontlines of work
- Meetings at the end of each Phase

Control Committee

- Filipe Loureiro
- Catarina Gouveia

- Control of the different frontlines of work
- Punctual support of resources in the development of the action plan
- Meetings every 15 days for updates and validation of the deliverables

Operational Committee

- José Coelho
- Nuno Espanha
- Sónia Fernandes
- Project’s team

- Responsible for development of the project
- People with high availability for deep involvement in the project, that worked alongside the team
- Weekly meetings, for discussion about progress and coordination of activities

Occasional Support

- Collaborators from different business units of JMS and central services of the Group

- Punctual support of the Operational Core, in specific matters in terms of collecting of information

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Current Service Offer

Serviços de Apoio Domiciliário CUF are present in the big areas of Lisbon and Porto and they aim to provide home care service to those who wish to stay home and benefit from personalized healthcare and support to daily activities



Representativeness in terms of sales



Geriatric Care (seniores with chronic diseases)

- Follow-up on people with neurological diseases such as Alzheimer and Parkinson
- Hygiene and comfort care, meals and mobility support
- Monitor and administration of medicines



Rehabilitation and Convalescence

- Physiotherapy, occupational therapy and speech therapy sessions
- Support in daily activities
- Stroke rehabilitation
- Orthopedic rehabilitation



Palliative Care

- Target to people with severe and progressive disease
- Hygiene and comfort care, nursing care and medical consultation for evaluation and provision of palliative care



Maternal Care

- Educate and clarify parents' doubts
- Follow-up on children's medical situation
- Baby-sitting



Complementary Services

- Clinical Analysis
- Sale and rental of orthopedic materials and equipment
- Oxygen therapy
- Teleassistance

- Before deep in the analysis regarding the portfolio of services offered by SADCUF, it is important to highlight that in this specific case, the user is not the same person as the customer. Looking at current and previous cases, 95% of the times, the client is not the patient. In fact, the client tends to be a relative who hires the service and deals with any issues concerning the patient. Therefore, SADCUF has the challenge to not only provide a unique experience to the users (patient), but also to effectively respond to the customer's (patient's relative) needs. However, for simplification purposes, throughout the report, the terms client and patient will be used interchangeably. The decision process of the client before and after choosing SADCUF can be seen in Appendix 1.

- Regarding the service offer itself, despite having the offer displayed according to the patient's needs and pathology, the sale of the SADCUF's services is not done in this way. In other words, the client does not buy a geriatric care package service, instead it will buy the number of hours needed for a chosen service. Therefore, it is not possible to access if Geriatric Care or Palliative Care are the most sold services. In order to work around this limitation, and to understand which services are the most representative in terms of sales, one had to look at the revenues by provider, that will be presented further in this report, and make the parallelism between the activities done by those providers and the services offered within the 5 major groups presented on the left.

- SADCUF offers 24 hour services during 365 days per year, meaning that it is able to fully address client's needs. Besides having services that are planned in advance, SADCUF also responds to urgent requests (requests asked for a period inferior to 24 hours), whose prices are 20% higher than the normal.

Current Pricing Strategy

The current pricing strategy is created in a way that favours the services of long duration as it brings benefits for both the service provider and the client, who pays less per hour

Pricing Table	Programmed	Urgent
	Price Charged	Price Charged
Medical	Price/Appointment	Price/Appointment
General	100,00 €	120,00 €
Speciality	150,00 €	180,00 €
Therapy	Price/Session	Price/Session
Physiotherapy	50,00 €	60,00 €
Occupational Therapy	50,00 €	60,00 €
Speech Therapy	50,00 €	60,00 €
Podiatry	Price/Hour(+23% VAT)	Price/Hour (+23% VAT)
Podiatry	50,00 €	60,00 €
Nursing	Price/Hour	Price/Hour
General - 1h	40,00 €	48,00 €
General - 2h	25,00 €	30,00 €
General – equal or more than 3h	17,50 €	21,00 €
Speciality 1h	55,00 €	66,00 €
Speciality - 2h	35,00 €	42,00 €
Speciality- equal or more tha 3h	25,00 €	30,00 €
Health Care Assistant	Price/Hour (+6% VAT)	Price/Hour (+6% VAT)
Basic Health Care Serices of 1h	17,50 €	21,00 €
Basic Heath Care Services of 2h	11,50 €	13,80 €
Continuous Health Care Services of 3h	8,60 €	10,32 €
Continuous Health Care Services 4h	7,30 €	8,76 €
Continuous Health Care Services 5h	6,60 €	7,92 €
Continuous Health Care Services superior to 5h	6,50 €	7,80 €
Babysitting - 1h	20,00 €	24,00 €
Babysitting - 2h	13,20 €	15,84 €
Babysitting - 3h	10,00 €	12,00 €
Babysitting - 4h	8,30 €	9,96 €
Babysitting - 5h	7,60 €	9,12 €
Babysitting - superior a 5h	7,00 €	8,40 €
Teleassistance		
Setup	30,00 €	
Monthly fee	19,95 €	
Sale and Rent of Equipments	Price/Hour(+23% VAT)	
HCIS – Wheelchair	2,50 €	
HCIS – Walker	2,50 €	
HCIS – Crutches	2,50 €	

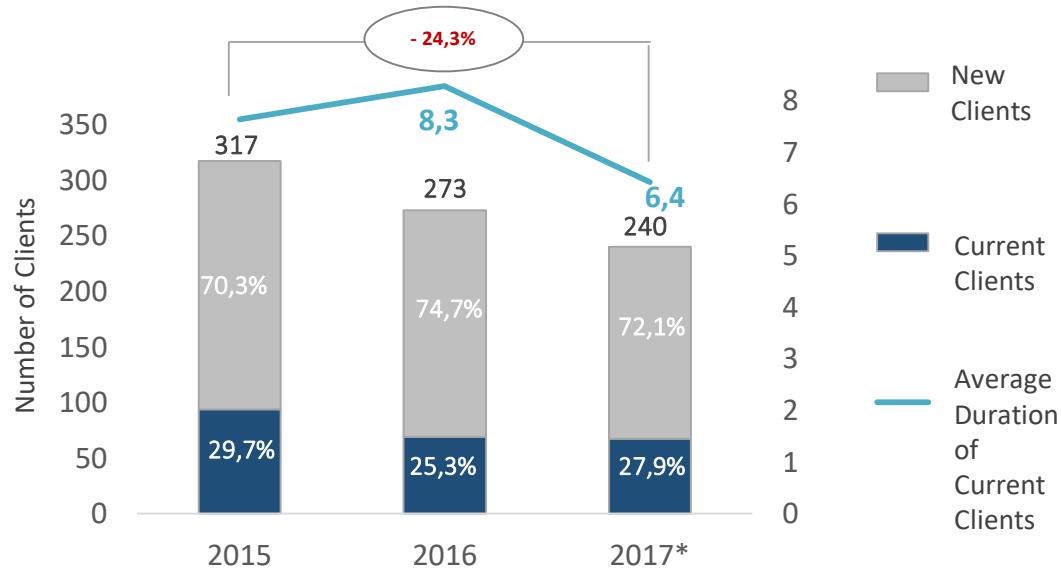
- As said before, the client is charged by the hour, according to the type of service required, except in the cases of therapy sessions and medical consultations, where the price is fixed.
- Looking at the pricing table on the left, one can see that the price per hour is negatively correlated with the duration of the service, for instance, in the case of nursing care, if the nurse is only providing service to the patients for two hours, the price per hour will be 25€, but if the service has the duration of three or more hours, the price per hour will be lower (17,5€). This strategy aims to incentive people to choose service with longer duration as this will save time and money to providers who have to move around between houses. Moreover, in terms of process and operations management, it is easier to manage a client who asks for a service with longer duration.
- From the price charged to the client, on average, 30% goes to JMS and the remaining 70% goes to the service provider.

Clients (1/5)

The number of clients of SADCUF has been decreasing since 2015 and this trend was expected to be followed until the end of 2017, in annualized terms

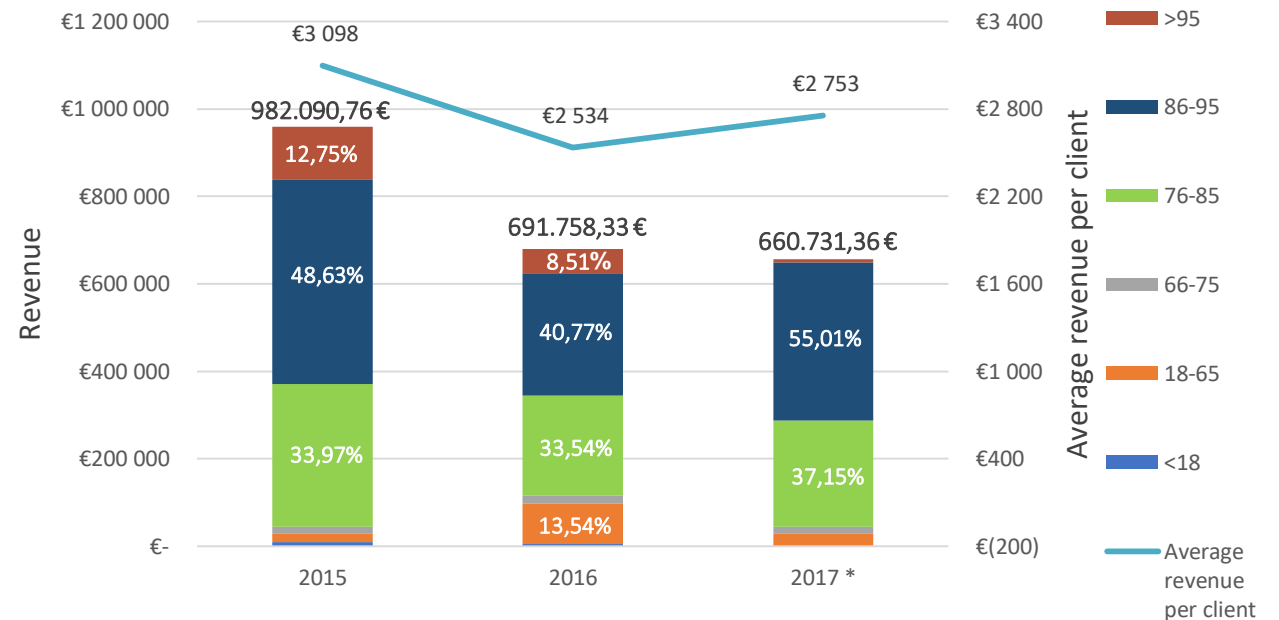
In the graph below it is presented the revenue of SADCUF from 2015 until the present, and its distribution among the different age segments (in the main vertical axis), as well as the yearly average revenue per client (in the secondary vertical axis). This analysis intends to provide an overall look of the revenues and clients' evolution.

Evolution of the total number of clients



- Even though Home Healthcare market is growing, SADCUF has been suffering progressive decrease in demand.
- The decrease in the total number of clients is due to the decrease of existing clients as well as to inability to attract new ones.
- The average length of the services provided to the existing clients dropped from 8,3 to 6,4 months (between 2016 and 2017), while the services of the new clients tended to be punctual (average length of approximately 1 month).
- The current organization of the business leads to a difficult customer relationship management, which hinders their retention.

Distribution of the total revenue per age segments



- Revenues have been declining since at least 2015 (32,7%), as a result of the decrease in the number of customers. From 2016 to 2017, the revenue does not appear to decrease significantly – approximately 690k € to 661k €– as the average revenue per client increased slightly from 2534 € to 2753 €.
- Since 2015, the average revenue per client dropped along with the total revenue – not only the number of clients dropped but also each client consumed less 11,1%, in average.
- The clients with ages in-between 76 and 95 years old are the responsible for the higher fraction of the total revenue – this fraction has been increasing and represents currently 92% in 2017.
- These clients also represent a great risk of loss due to their advanced age and pathologies.

*values of 2017 hard close/annualized (existing clients are the clients transitioned from previous year, therefore this number of clients was not annualized; only new clients were)

** in months

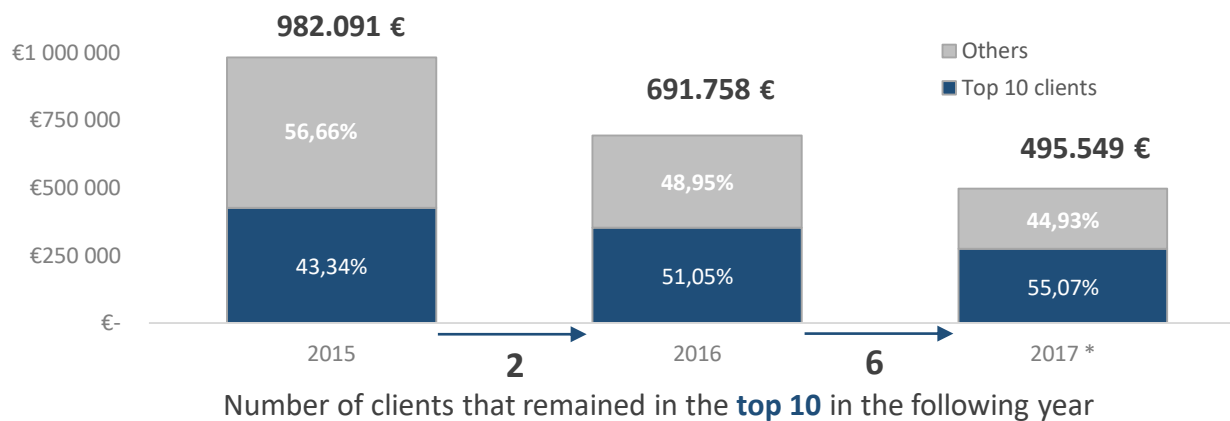
Clients (3/5)

The Top 10 clients of SADCUF represented 55% of the total revenue until September of 2017, meaning that there is a high concentration of revenues in these group, which represents a significant high risk for JMS



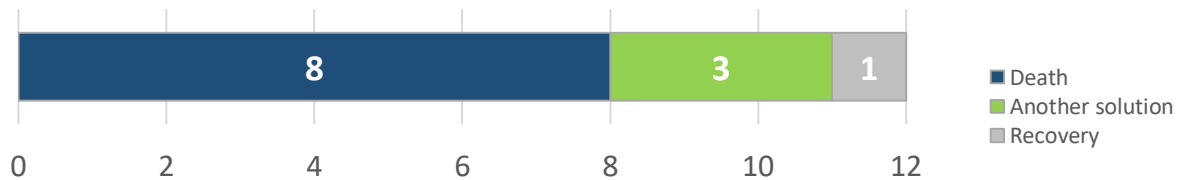
Given that the Top 10 clients contributed the most for the total revenue in the past years, they were the subject of a deeper analysis in order to better understand their influence in the total revenue. Therefore, the team studied the reasons why these clients interrupted SADCUF services, as well as their origin in terms of point of access.

Percentage of total revenue correspondent to the Top 10 clients



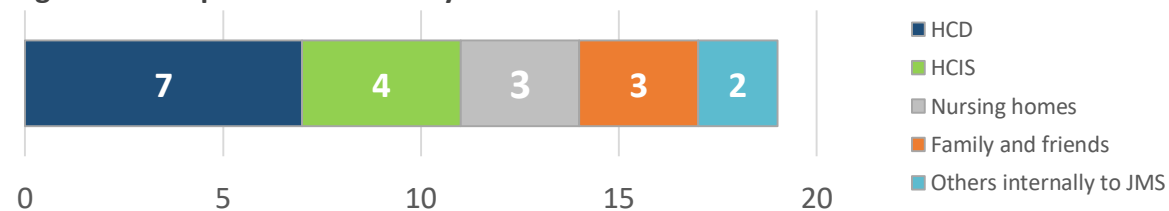
- From 2015 to 2017, the weight of the Top 10 clients for the total revenue increased from 43% to 55% - all of those clients had ages between 76 and 95 years old, excluding 2 of them.
- The loss of a single client of this Top 10 would represent an average drop of more than 5% in the total revenue.
- From 2015 to 2016, 8 clients of the Top 10 left the service. From 2016 to 2017 (annualized), 4 clients of the Top 10 left as well, making a total of 12 exits between the period analyzed (2015-2017).

Reasons of service interruption of the Top 10 clients in the years 2015 - 2017



- According to the graph on the left, 8 out of the 12 clients who abandoned the service, interrupted the service due to death, while 3 clients looked for a cheaper alternative and 1 has recovered.
- The majority of TOP 10 clients receive palliative care from SADCUF, in their terminal phases.

Origin of the Top 10 clients in the years 2015 - 2017



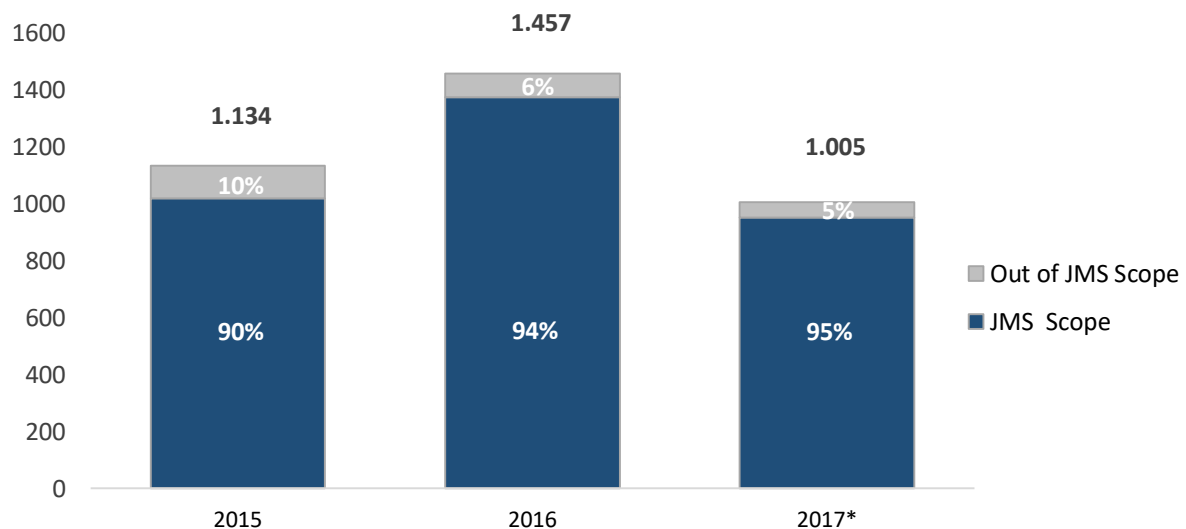
- Regarding its origin, 11 out of 19 clients from the Top 10 were acquired from CUF's Hospitals (HCD and HCIS).
- Despite the yearly revenue drop over the last years, CUF's hospitals continue to be the main point of access to these clients with higher rentability.

*values of 2017 hard close

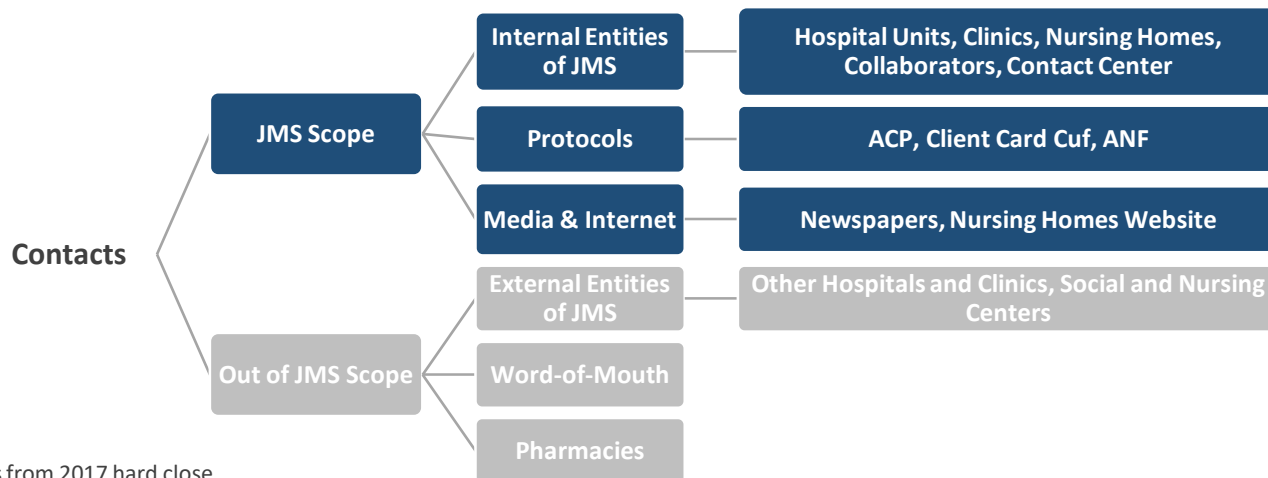
Clients (4/5)

The number of contacts with potential clients has decreased between the years of 2016 and 2017. The majority of contacts conducted and clients gathered between 2015 and 2017, were done through internal entities of JMS

Contacts' sources between 2015 - 2017



Provenance of contacts with potential clients



- In order to understand which mechanisms SADCUF uses to reach potential clients, the team analyzed the contacts' source between the years of 2015 and 2017 (up to September) and concluded that the majority of these contacts was conducted within the scope of JMS.
- The scope of JMS encompasses hospital units and clinics CUF, protocols (ACP, CUF Card and ANF), Nursing Homes, collaborators, contact center, Internet and Media. On the other hand, the remaining contacts conducted out of JMS scope are due to external entities (social and nursing centers, other hospitals and clinics), word-of-mouth and pharmacies.
- Between the years of 2015 and 2016, the number of contacts was increasing, however it decreased from 2016 to 2017, which was linked to the exit of a nurse from SADCUF's team in 2016, who shared commercial tasks with SADCUF's Technical Director. Therefore, there was a decrease in the commercial component between these two years which led to a smaller number of contacts in 2017.
- Nevertheless, the Internal Entities of JMS are the ones responsible for the majority of contacts, as well as for the majority of new clients gathered to SADCUF, in the considered period:

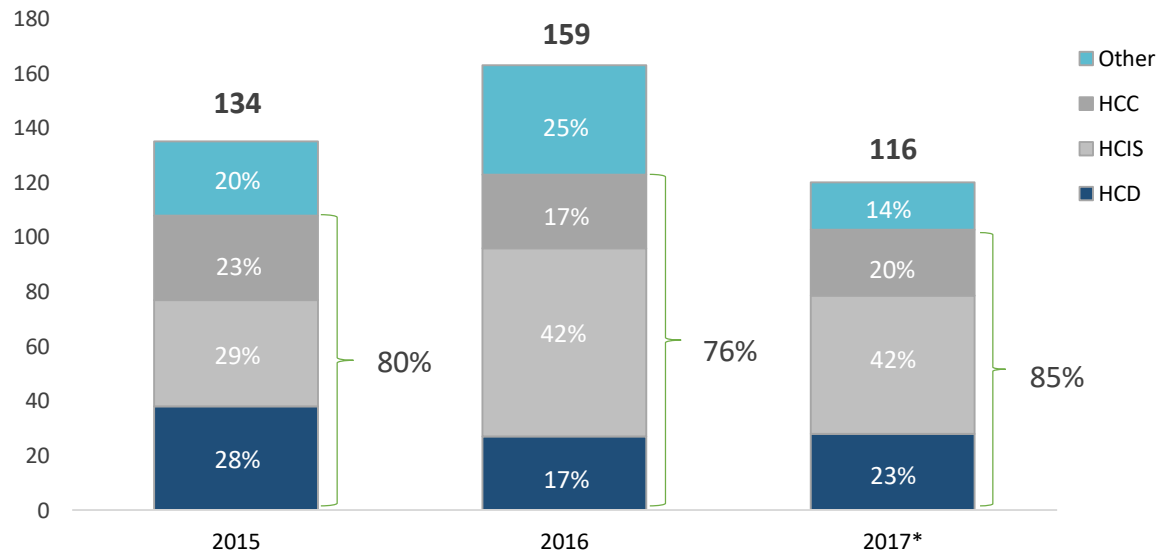
Internal Entities of JMS	2015	2016	2017
Contacts (% of total)	78%	88%	91%
New Clients (% of total)	64%	77%	84%

*Values from 2017 hard close
Source: JMS Internal Data (Appendix 2)

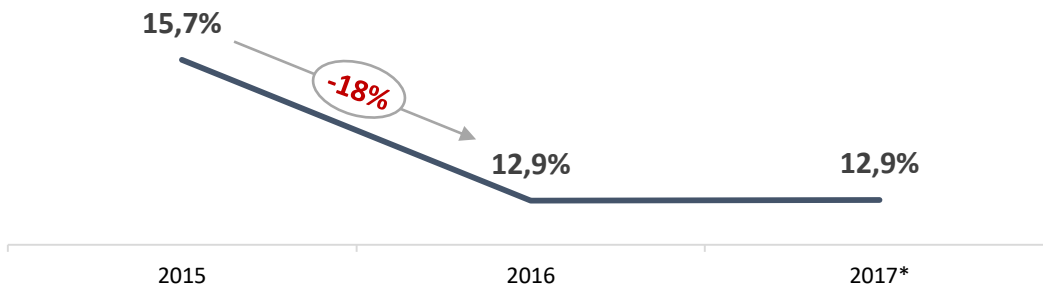
Clients (5/5)

Within the Internal Entities of JMS, the hospital units HCIS, HCD and HCC gathered the majority of clients, which reflects the importance of attracting patients from hospitals to SADCUF services

Provenance of new clients within Internal Entities of JMS (see Appendix 3)



Conversion rate of contacts (in the scope of JMS) into new clients

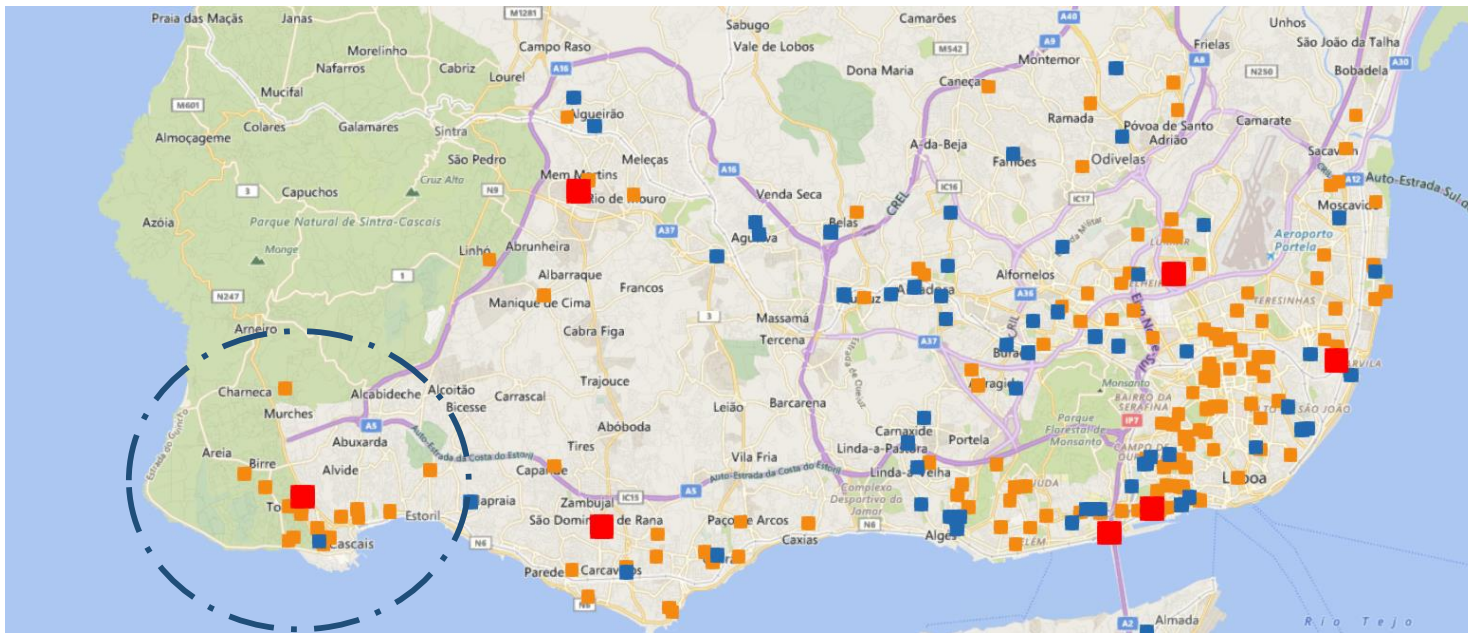


- Within the Internal Entities of JMS, it was important to analyze the hospital units which attract the majority of clients, in order to identify their best practices and apply them in the other HUs, if possible.
- Given this, the team studied the hospital units with more detail and verified that HCIS, HCD and HCC were the ones gathering the majority of new clients to SADCUF.
- From the analysis conducted, it was possible to understand that the operational team, composed by the nurses Ana Almeida (HCD) and Sónia Fernandes (HCIS), is responsible for communicating SADCUF's services in the hospital units HCD and HCIS. However, in the present, there is no capacity in HCIS to make this promotion, because there are not enough service providers to answer all the potential clients that come from this hospital unit. Moreover, in the hospital unit HCD, there is not a structured referral process for SADCUF's services, which prevents SADCUF from acquiring more clients to its service. Therefore, currently, SADCUF's team has not being able to correctly identify the patients with great potential for this service, focusing a lot in the geriatric segment and not paying enough attention to potential younger segments, with increasing prevalence rates of heart diseases. Besides, because they are younger, there is an opportunity of keeping these clients for a longer period, which counteract the risk associated risk with older segments.
- Although the majority of new clients was gathered within the JMS Scope, the conversion rate of contacts into new clients is small (12,9% in 2017) and it has been decreasing since 2015. The main reasons pointed out for this small rate are the high price of this service, the lack of agreements with insurers and other alternatives available in the market which better suit the clients' needs, with lower prices.

Distribution of Clients and Service Providers

There is a geographic mismatch between the location of clients and service providers, which makes it difficult to allocate resources and imposes expensive transportation costs to service providers

Geographic Distribution between Clients and Service Providers (2017)



■ Hospital Units and Clinics CUF ■ Clients ■ Service Providers

- After assessing the provenance of the contacts and clients of SADCUF, and before moving into the chapter regarding the service providers, it was considered relevant to know how clients are geographically located, in comparison to service providers, in order to find possible patterns which could lead to potential improvements in the operational model.
- Regarding the geographic distribution of SADCUF's stakeholders, clients are mainly located in the center of Lisbon, while service providers are placed in the surroundings, which hinders the team's allocation to clients, since many service providers are unwilling to move to different locations, in order to deliver the service. For instance, there is high demand for SADCUF's services in Cascais and surroundings, however there is only one service provider who lives in this area.
- This geographic mismatch brings disadvantages both for the back-office and service providers.
- In one hand, it makes it difficult for the back-office to manage the schedules and to allocate resources in some locations, such as Cascais. On the other hand, it creates high costs for service providers, when they have to go to places very far from their homes, since they are the ones who pay for their transportation.

Current Organizational Structure

The structural organization of SADCUF has been adjusted to the context and evolution of the activities throughout the years, in order to better respond to customers' needs and expectations



The operational headquarter in Lisbon is located in HCIS, where it shares the floor with NOVA Medical School. Only the Technical Director and the two administrative assistants work in there. The Technical Director is the main figure of SADCUF and it counts with the support of four other entities to effectively perform its activities.

Chart of SADCUF Structural Organization

Serviços de Apoio Domiciliário CUF



Responsibilities

- Responsible for all the operational and management functions, such as monitoring the pool of clients and service providers
 - Recruitment process of service providers
 - Management of substitutions or absences
 - Diagnostic assessment of the patient's conditions (from HCIS)
 - Structuring the patients' plans of clients that come from HCIS
 - Elaborate a budget proposal
 - Responsible for allocating the service provider to the client
 - Follow-up of major patients/clients from HCIS
 - Answer to inbound calls (one week per month)
-
- Promote SADCUF in HCD
 - Diagnostic evaluation of the patient's conditions (from HCD)
 - Structuring the plans of clients that come from HCD
 - Elaborate a budget proposal
 - Responsible for allocating the service provider to the client
 - Follow-up of some clients from HCD
 - Answer to inbound calls (one week per month)
-
- Issue of invoices
 - Create, distribute and monitor service providers' schedules
 - Management of substitutions or absences
 - Answer to inbound calls (two weeks per month)
-
- Conversion of invoices from Primavera (software used by SADCUF) to Glintt (software used by the JMS group)
-
- Responsible to provide the services to the patients

Service Providers (1/5)

The pool of service providers includes doctors, HCAs, nurses and therapists who work as independent employees, without any contractual linkage to SADCUF



SADCUF's offer is highly correlated not only to the number of clients and potential demand, but also to the number of service providers that aim to deliver the service. This means that, despite the growing demand, SADCUF may not benefit from it due to the lack of enough service providers on its pool. Therefore, an analysis regarding the outlook and evolution of service providers was done.



Doctors



HCA



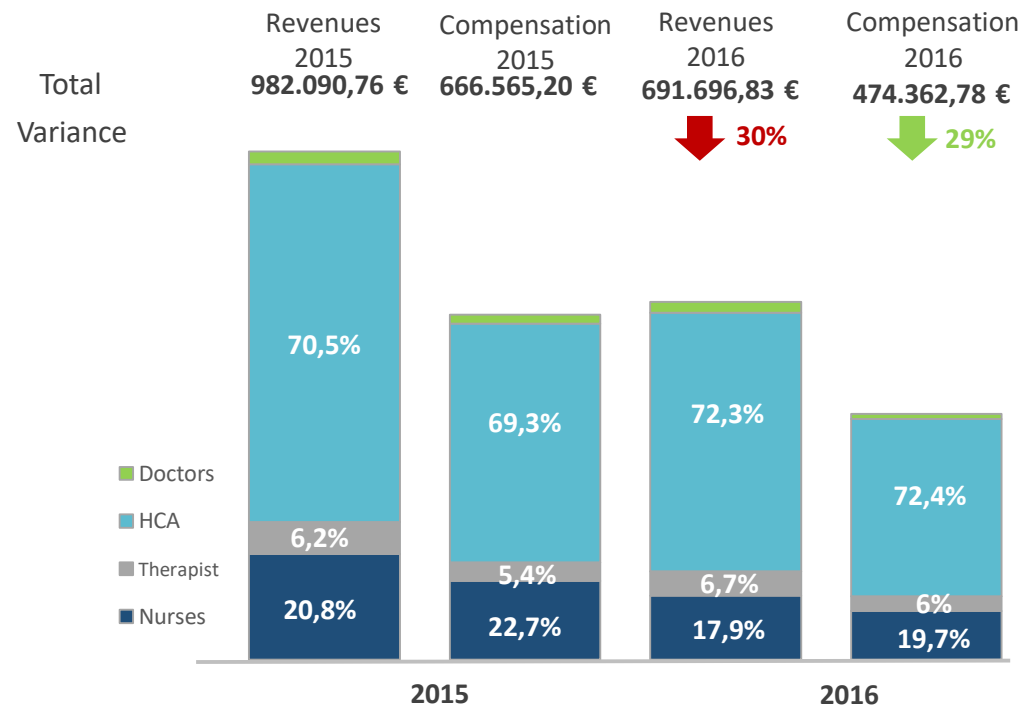
Nurses



Therapists

- SADCUF does not have a steady pool of employees with employment contract, instead it counts with independent contractors who provide services without any linkage to the company. They are paid according to their activity, through *Recibos Verdes*, meaning that they are not subject to the mandatory 40 working hours per week and can decide whether or not to provide a certain service without consequences.
- Currently (sept.2017), the pool of providers is composed by 56 HCA, 1 doctor, 13 nurses and 5 therapists.
- The majority of service providers are external to the CUF hospital units, meaning that they do not work for JMS group (external pool). The ones that are internal, provide this service as a complement to their main activity (internal pool).

Revenues and Compensation by Provider

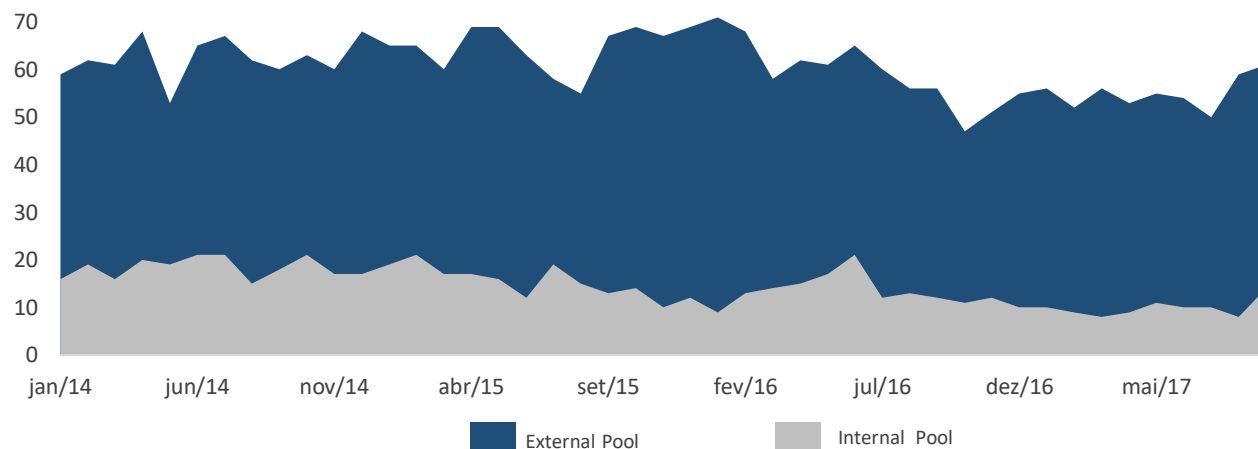


- As seen before, revenues have decreased by 30% between 2015 and 2016 and the compensation paid to service providers has decreased in the same proportion. This happens because the compensation is directly correlated to the activity performed, given that the service providers receive 70% of the price charged to the client.
- Due to this contribution margin of 30% similar to all the providers, SADCUF gains in attracting more clients, independently if the patient needs a doctor or a HCA.
- The majority of services offered by SDCUF are done by HCAs, which are basic healthcare services that include hygiene and comfort activities and, for that reason, they are the ones that contribute the most for revenues, despite being the ones who charge the lowest price, as seen in the pricing table.

Service Providers (2/5)

The variability in the number of service providers available increases the uncertainty in the ability of providing the service and, therefore, in matching supply with demand

Number of Active Service Providers per month



- Since SADCUF does not have any contract with employees, it cannot assure that it will always have service providers available to perform the service. In fact, and looking at the picture above, it is visible how unpredictable the number of available providers per month is. This brings difficulties in terms of matching supply with demand, in the sense that if there is a boost in the demand for home care services, SADCUF might not be able to properly respond to all of them, as it does not have any service provider available or willing to do it. Not only does SADCUF loses revenues and clients, but such uncertainty adds pressure to the back-office operations' management.
- Also by looking at the picture, one can conclude that there are more service providers external to the CUF and JMS universe, meaning that working for SADCUF is more attractive to people who do not work for CUF hospitals. This happens because internal collaborators do not perceive the value created by SADCUF, they are unaware of the existence of such service, or probably because they already have a reliable job and feel that the payment received for working extra hours for SADCUF is not justified.
- Moreover, having an external pool bigger than the internal pool of service providers, brings problems regarding quality control, due to the fact that those service providers might not be aligned with the values and vision of CUF's and JMS's culture.

Turnover rate (Jan/2016 a Set/2017)

$$TR = \frac{\frac{\#of\ entries + \#exits}{2}}{\#total\ providers\ at\ the\ end\ of\ the\ period}$$

2016 (Jan/Sep)		HCAs at the end of the period (Set/2016)
#HCA entry	#HCA exit	
6	27	46

Turnover Rate 2016 (Jan/Sep)	
SADCUF (HCA)	JMS
35,9%	13,32%

- As a complement to the picture on the left, and in order to quantify SADCUF's efforts in recruiting and retaining service providers, a turnover rate for HCAs was estimated. The choice of studying the turnover rate for the HCAs was mainly due to the fact that they represent the greatest fraction of SADCUF's service providers.
- The main conclusion that can be drawn from this analysis is that SADCUF has a weak retention and replacement capacity, which overall can impact the ability to effectively respond to clients and patients' needs.

Service Providers (3/5)

Regarding the payment to the service providers, there are two issues that must be analysed. The burden of ensuring the payment of 23% VAT over HCAs' activities, leads to a decrease of the unit margin of this services by 37%



It was previously seen that the service providers working for SADCUF are considered to be independent contractors and, therefore, they will be paid according to the activities performed during the month through *Recibos Verdes*. Nevertheless, there are two issues that must be considered when paying to providers the respective compensation: 1) the issue of HCA being subject to VAT of 23% and 2) the independent contractors who receive more than 80% of their income from only JMS, have to pay 6,5% over their income to a company called Leak, due to legal restrictions.

In this slide, the first problem regarding the payment of the 23% VAT will be addressed, while the second challenge will be discussed on further slides.

1 HCA are subject to VAT of 23% over their income

HCAs are not considered to be providers of medical services [1]. Therefore, despite their services being subject to a VAT of 6% that is burdened by clients, their activity is also subject to the payment of a 23% VAT, if the annual expectable income is higher than 10.000 € in the previous year [2]. SADCUF ensures the payment of this 23% VAT without charging it to clients, meaning that it will negatively affect the services margin. In fact, it will decrease the margin by 37% as it can be seen by comparing the last two columns in the table below.

HCA	Price	Compensation paid to HCAs		Margin without VAT	Margin with VAT
	Value/hour	Value/hour without VAT	Value/hour with VAT		
Continuous Health Care Services - 3h	8,6	5,3	6,52	3,3	2,08
Continuous Health Care Service - 4h	7,3	4,5	5,54	2,8	1,77
Continuous Health Care Service - 5h	6,6	4,1	5,04	2,5	1,56



Marginal Loss of approximately 37%

In September of 2017, 16 HCA were under this regime, which corresponds to 26% of the total number of HCA.

Service Providers (4/5)

The structure of compensation payment in SADCUF depends on the professional status of the service providers and serves the main purpose of avoiding one additional legal liability

2 Leak (1/2)

The legal liability to avoid is the following: The service providers (independent contractors in this case) with at least 80% of their total income, on a yearly basis, coming from the same private company, have the right by law to reclaim the rights of a contracted employee. In the past, SADCUF have suffered legal consequences as some independent contractors, who had more than 80% of their income coming from this business, issued the company. In the end, SADCUF made a deal with those contractors, paid a fine, and to make sure it would not happen again, developed a payment structure to circumvent this matter. SADCUF started to use Leak, an outsourcing company of service providers, to pay for the independent contractors that could be in the situation of receiving 80% of their income from these services.

As a result, **3 different types of status and payment types were distinguished**, as presented in the table below, with the goal of **not exceeding the limit of 80%**:

Type 1: A service provider that has employee status outside of JMS can receive 100% of his/her compensation from services provided in SADCUF through JMS, as it will never reach more than 80% of his/her income, due to the higher weight of the employee contract, from the other company.

Type 2: A service provider that is an independent contractor receives 70% of his/her compensation from JMS and 30% from Leak, exactly to avoid the legal liability mentioned above

Type 3: A service provider that has an employee status in CUF hospitals receives 100% of his/her compensation for the services provided in SADCUF through Leak, as these people cannot have employee status and work as independent contractors for the same company.

Furthermore, whenever **payments are made through Leak**, it is **charged 6,5%** of the respective payment. **HCA's and Podiatrists have to pay VAT** for the services provided.

Professional status of service provider	Receives through (% of his/her income from services provided within SADCUF)		Leak charges 6,5% of the compensation paid to the service provider	Deductions
	JMS	Leak		
(1) Employee outside of JMS	100%	-	-	Only HCA and Podiatrist deduct VAT of 23%*
(2) Independent contractor	70%	30%	Deduction of 6,5% before VAT	
(3) Employee of CUF hospitals (inside of JMS)	-	100%		

*Only the services provided by Doctors, Nurses and Therapist are considered to be healthcare services, therefore are exempted from VAT

Service Providers (5/5)

It is considerably more attractive for HCA to have an employment contract in CUF hospitals, as their net salary is extremely higher than the net compensation as independent contractor. For JMS, the difference in terms of expense is not very significant

2 Leak (2/2)

Since it has been considerably difficult to capture and retain HCAs in SADCUF, it was analyzed how the payment structure and fiscal burden impacted the final net compensation or salary for these professionals, either for independent contractors or employees at CUF hospitals, with the same monthly gross compensation/salary of 580 euros (the expected new minimum salary in Portugal in 2018). As it can be seen, for a HCA in SADCUF, it results in a **net compensation of 3.233,94€**, while a HCA in a CUF hospital receives a **net salary of 9.153,31€**. For JMS, it spends **8.560,80€** in total in a HCA in SADCUF, and **12.325,01€** in one of CUF hospitals.

For a HCA

HCAs in SADCUF as independent contractors	
Gross compensation	6.960,00 €
Leak (-6,5%)	(135,72) €
Social Security (-29,6% of 70%) [3]	(2.019,99) €
Tax withholding (-25%)	(1.706,07) €
Net compensation	3.233,94 €

HCAs employed in CUF hospitals	
Gross salary	6.960,00 €
Holidays and Christmas subsidies	1.160,00 €
Meal allowance (6,23 €/day) + Bonus (450€)	1.926,51 €
Social Security (11%)	(893,20) €
Tax withholding (0% for minimum salary)	0 €
Net salary	9.153,31 €

For JMS

Gross compensation	6.960,00 €
VAT (23%)	1.600,80 €
Total expense	8.560,80 €



Gross salary	6.840,00 €
Holidays and Christmas subsidies	1.140,00 €
Meal allowance (6,23 €/day)	1.476,51 €
Social Security (23,75%)	1.877,80 €
Insurance of accident in work	200,00 €
Hygiene e Security	100,00 €
Bonus	450 €
Training	50 €
Total Expense	12.325,01 €




- The gross compensation of HCAs in SADCUF depends exclusively on the number of hours of service provided.
- The HCA receive monthly, from JMS, the 23% correspondent to the VAT they have to pay to the state. These payments to the state have to be made every 3 months, which leads to certain problems, once these HCAs quite often spend the money before.

SADCUF uses three different information systems to help in the management of data and activities. These three systems differ from the others used by the other JMS' departments, which creates problems in terms of data organization and linkage

It is important to explain that SADCUF runs their operations by resorting to three distinct information systems, due to the fact that the core system is not able to perform all tasks alone. Moreover, a mismatch between the systems used by SADCUF and the rest of JMS company, undermines the ease of integrating and organizing information.

As the Innovagency software is the core operation system used by the back-office and is the main source of their structural problems, the team analyzed this system in detail to assess the main pain points associated with it.

Systems used by SADCUF	Functions
INNOVAGENCY	<ul style="list-style-type: none"> The main functions are booking services, manage shifts and data storage.
	<ul style="list-style-type: none"> The main function is to issue invoices. This system is required since Innovagency is not capable to generate a detailed invoice.
	<ul style="list-style-type: none"> Store and organize data

Systems used by JMS	Functions
	<ul style="list-style-type: none"> Glint was once considered to be used by SADCUF but, due to integration issues, it was not possible to proceed with it.
	<ul style="list-style-type: none"> On the other hand, SAP, which is a ERP software, is used through several operations within JMS
	

INNOVAGENCY

Working Pillars	Challenges Associated
1 Management and storage of data related with clients and service providers	<ul style="list-style-type: none"> Challenging to filter and access data Problematic management of data
2 Process Invoices	<ul style="list-style-type: none"> The invoice component does not have specific functions to generate detailed invoices and it is incapable of sending them directly to clients Lack of automatization in the processing for clients
3 Manage and organize service providers' profiles and wages	<ul style="list-style-type: none"> Poor integration and linkage with other softwares, namely with Excel
4 Create and Manage Schedules	<ul style="list-style-type: none"> Lack of process automatization and difficulties in schedule management
5 Budget Calculation	<ul style="list-style-type: none"> Inexistence of effective tools for budget calculation

Additional needs identified by the back-offie team

- Automatic schedule management (availability to have an auto-management system)
- Automatic warnings related to schedules sent to clients and service providers
- Generate invoice automatically and requiring one system only
- Option of sending invoice directly to clients
- Intuitive filter tools to access clients' and service providers' information
- Warnings and notifications about clients and payment delays

Evolution of Economics

Although SADCUF is losing business, its EBITDA evolved positively, not only due to a loss of an element from the operational team, but also because the wages vary directly with the operating income

With the goal of having an overview of the current financial situation of SADCUF, the team analyzed its P&L and respective evolution since 2016, in order to obtain relevant insights regarding the evolution of the economics. Furthermore, it was important to assess the “As Is” situation, given that the team will provide recommendations that will impact these financial items.

P&L Evolution from 2016 – 2017 (Jan-Set)

	2016	2017	Variance 2017 (€)	Variance 2017 (%)
Operating Income	577.393,35 €	496.618,77 €	- 80.774,58 €	-13,99%
External Services and other Expenses (ESE)*	17.822,96 €	10.367,09 €	- 7.455,87 €	-41,83%
Wages	405.240,70 €	350.045,39 €	- 55.195,31 €	-13,62%
Expenses with personnel	71.482,25 €	56.939,21 €	- 14.543,04 €	-20,34%
EBITDA	82.282,21 €	79.267,08 €	- 3.015,13 €	-4,32%
EBITDA (%) $(\frac{EBITDA}{Operating\ Income})$	14,35%	15,96%		+11,24%

- From the financial items depicted above, the operating income and wages were the ones to suffer the highest decrease from 2016 to 2017, in absolute values (80.774€ and 55.196€ respectively).
- ESE decreased 41,83% due to a cut of costs associated with a company’s car and a cellphone from the operational team’s element (a nurse) who resigned.
- Expenses with Personnel decreased 20,34% also because of the nurse’s resignation, who had the same functions as the Nurse Sónia Fernandes.
- Knowing that the operating income is directly correlated with wages, the percentual decrease in wages depicted is equal to the percentual decrease of the operating income, meaning that both items will cancel each other in percentual terms. Since the Expenses with Personnel and ESE also decrease in a higher proportion, EBITDA will increase in percentual terms (by 11,24%).

Financial Items’ description

	ESE	Wages	Expenses with Personnel
Description	<ul style="list-style-type: none"> Fuel Rents Vehicle rentings Insurance Other ESE 	<ul style="list-style-type: none"> Doctors Nurses Therapists HCA's 	<ul style="list-style-type: none"> Personnel remuneration Expenses with Social Security Bonuses Meal Allowance Other Personnel Expenses

*The cost’s structure does not consider structural costs, installations and software.

Agenda

A. Methodology

B. Diagnosis

B.1 Internal Analysis

B.2 External Analysis

B.3 Research Interviews

C. Analysis of the Identified Challenges and Possible Solutions

D. Recommendations

E. Individual Reports

F. References

Evolution and Size of the Geriatric Care Market

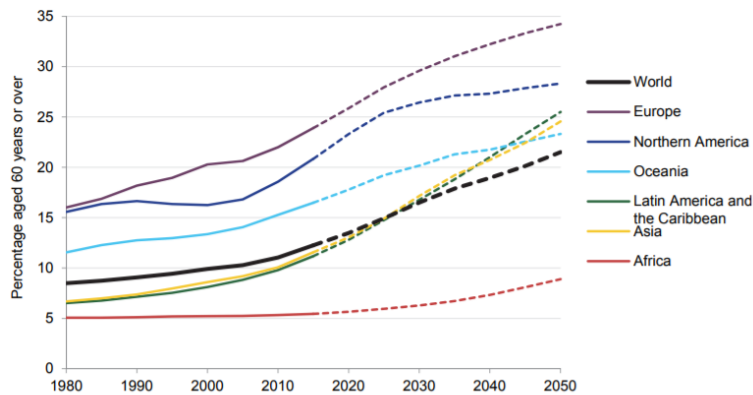
It is expected a progressive and increasing ageing of the population worldwide, along with an increase of the market size for Geriatric Home Care



The geriatric segment is responsible for the greatest part of SADCUF's revenues, meaning that these services are currently highly dependent on the evolution of this segment. For that reason, projections of demographic trends were researched and studied as well as its estimated impact on the market size for Geriatric Home Care globally and potentially in Portugal.

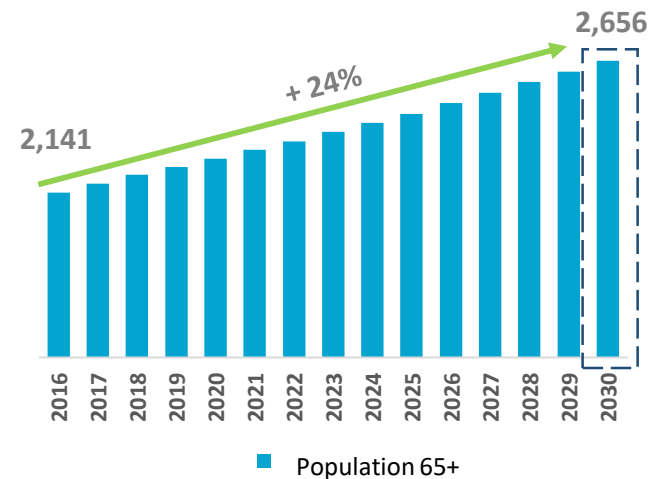
Population over 60 years old 1980-2015 and projection until 2050 (as % of the total)

United Nations (2015) [4]



Projection of the Portuguese population over 65 years old 2016-2030 (in millions)

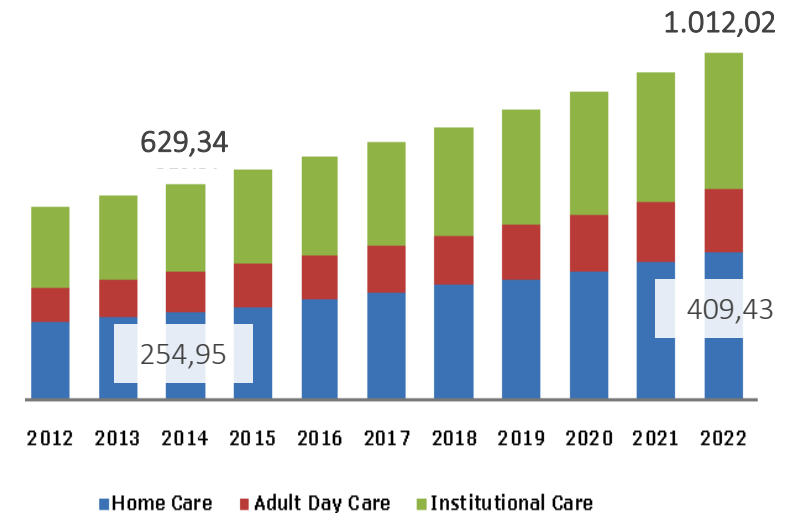
Euromonitor [5]



- It is estimated that the percentage of the Portuguese population over 65 years old will increase 24% between 2016 and 2030.
- In 2030, Portugal will be the third country with the oldest population in the world Expresso, 2015 [6].

Global Market of Geriatric Care 2012-2022 (USD Billion)

Grand View Research (2015) [7]



- It is estimated that the global market of geriatric home care is worth 254,95 billion USD and it will increase at a compound annual growth rate of 6,10% until 2022.

- It is expected that the percentage of global population over 60 years old will increase about 9% between 2015 and 2050.

Dimensions of the Long-Term Healthcare Market in Portugal

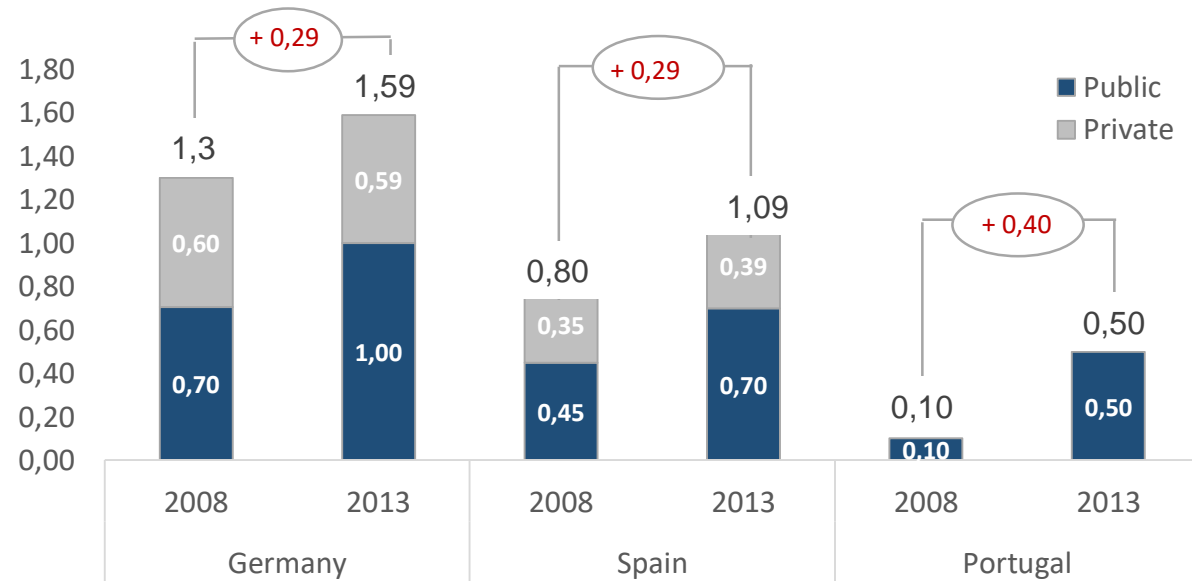
It is expected that the expense in long-term healthcare in Portugal increases, following the market growth of other European countries in this sector



In order to have an idea how the long-term healthcare market has and will evolve in the future, the expenses for Portugal, Germany and Spain were analysed, as the two latter ones were considered reasonable proxies in terms of demography and healthcare system.

Evolution of the expense in Long-Term Healthcare 2008–2013 (% of GDP)

OECD Data (2010) [8] and OECD (2015) [9]



GDP Growth (%) **+16,85%** **-1,17%** **+3,91%**

Average annual growth rate of public expense in Long-term Healthcare, 2008-2013 (%)

OECD 2015) [9]

	Germany	Spain
Home healthcare	3,69%	5,42%
Total	7,28%	9,26%

- About half of the growth verified in the public expense in long-term healthcare in Germany and Spain is due to long-term home healthcare.

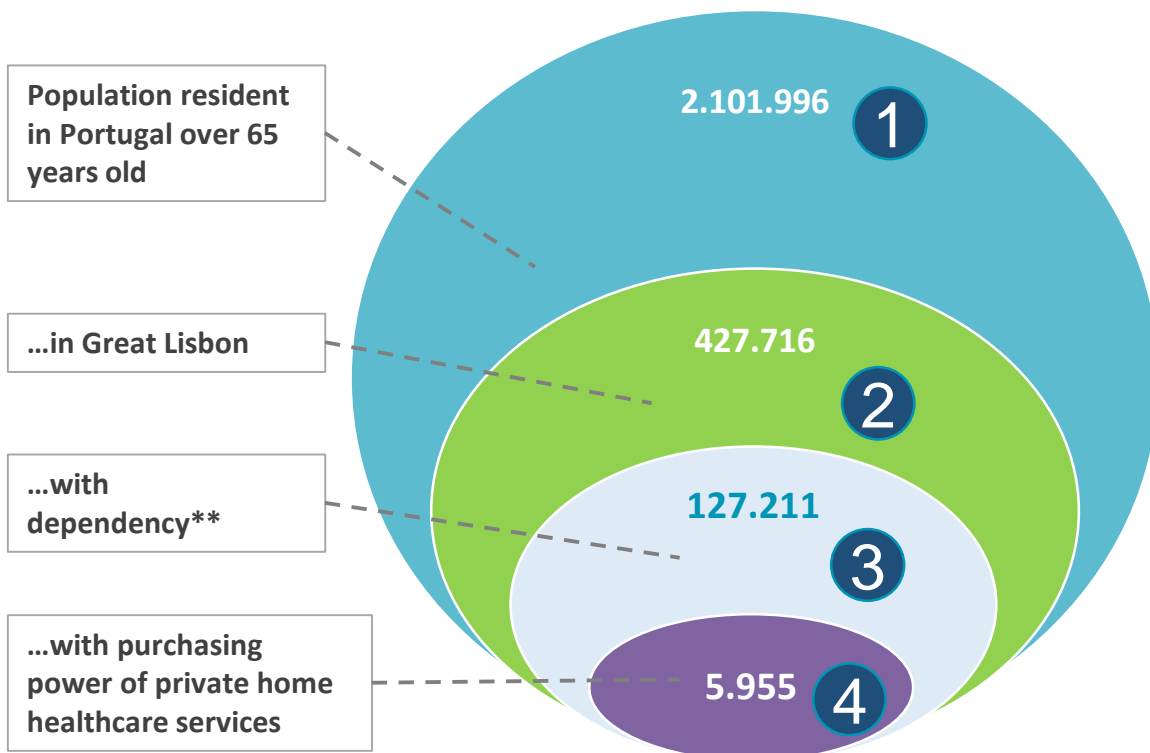
- From 2008 to 2013, it is possible to see an increase in the long-term healthcare in Germany (0,29%), Spain (0,29%) and Portugal (0,40%). Following the projected growth of the percentage of the population over 65 years old in these countries, this expense is also expected to increase.
- The growth rate of the expense in long-term healthcare exceeds the GDP growth in the analyzed countries, which demonstrates the rapid growth of this sector;
- Portugal is considerably behind Germany and Spain in terms of private expense in long-term healthcare, once it presents a residual value.

Dimension of Home Healthcare in Lisbon (1/2)

It is estimated that the number of people in Lisbon in need and with purchasing power for private home healthcare services is about 6.000 in 2016

An estimation of the market size is made in order to gain insight about the market share of SADCUF as well as to shape the future goals in terms of growth. Firstly, the goal was to estimate the amount of SADCUF's target customers. Secondly, it was intended to estimated a market value for the private home healthcare services based on the amount obtained initially. Since the focus of the project is in Great Lisbon, it was only considered the population over 65 years old living in this region. Besides this, considering that not everyone over 65 years old needs these services, a dependency rate** was taken into account to filter those people that need, at least, a certain degree of care. Finally, it was considered the population with purchasing power to request private home healthcare services.

Top-down analysis of Portuguese population



As SADCUF had 273 clients in 2016 out of 5.955 potential ones, it represented a market quota of about 4,6%

Assumptions

- Population resident in Portugal over 65 years old, by age group** (INE 2016) [10]
- Population resident in Great Lisbon over 65 years old, by age group, by municipality** (INE 2016) [10] (Appendix 4)
- Dependency rate of Portuguese population, by age group** (European Commission 2009*) [11] (Appendix 5)
 - [65-69]: 17,0%
 - [70-74]: 22,8%
 - [80-84]: 41,9%
 - [85 +]: 55,6%
- Households with purchasing power of private home healthcare services** (Appendix 6)

Assumptions:

 - Purchasing power of Portuguese families was considered through the households right-tail gross income intervals: Portuguese IRS Model 1+2 (PORDATA 2015) [12]
 - A private household is considered to have purchasing power if its income interval is in-between 50.001 and 100.000, or higher.
 - A household does not have more than one dependent elderly in its family.

*Limitation: People that live in institutions and nursing homes are not covered in this study, therefore the dependency rate can be underestimated.

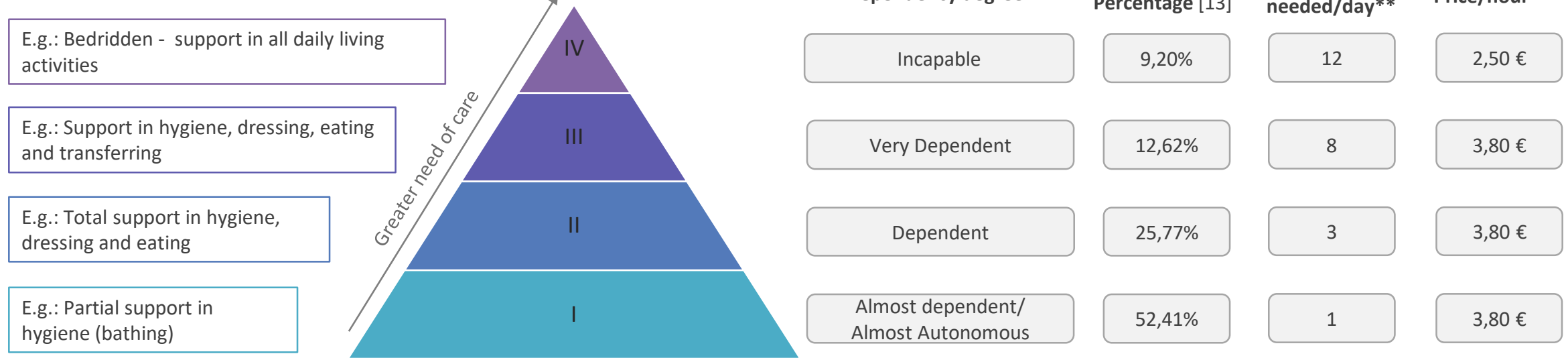
**Dependency according EC 2009: having limitations in performing daily living activities due to health problems, at least within the last 6 months, and that requires supporting services to perform daily living activities in the long-term.

Dimension of Home Healthcare in Lisbon (2/2)

The private home healthcare market in Great Lisbon is estimated to be worth about 25 million Euros

Since different dependency levels will naturally lead to different intensities of care services and consequently revenue, those levels were labeled according to the number of hours needed of care in the following “Need of Care Pyramid”. Using the estimated numbers in the previous slide and distributing them among the pyramid according to the populational percentages, it is possible to make an approximated assessment of the market value using both the average hours needed of care per day and the respective price per hour.

Dependency levels of Portuguese population over 65 years old



Estimations of market size and value

	Market size	Market value
Long-term Healthcare in Lisbon	127.211	528 M €
Private Home Healthcare in Lisbon	5.955	24.7 M €

With an approximated 691.000€ of revenue in 2016, SADCUF captured 2,8% of the Private Home Healthcare market’s potential.

*Categorized according to the ability to perform Daily Living Activities (DLA)

**Attribution of average hours needed of care per day to the different pyramid levels was indicated by Nurse Sónia Fernandes according to her expertise and experience in this sector

***The price considered was based on the invoice requests to the main players of the private home healthcare market

Home Care Service Offer in Portugal (1/9)

Despite being a sector characterized by a high level of informal activity, the supply of home care services goes from the R.N.C.C.I to a more informal option offered by private companies

	R.N.C.C.I (Rede Nacional de Cuidados Continuados Integrados)	IPSS	TECHNOLOGICAL COMAPNIES	HOSPITAL UNITS	RETIREMENT HOME	PRIVATE COMPANIES
Who hires?	E.G.A Health Care Centers' Teams	Patients/Relatives	Patients/Relatives	Patients/Relatives Doctor (Recommendation)	Patients/Relatives	Patients/Relatives
Who finances?	Ministry of Health Ministry of Labour and Social Solidarity Client co-payments	Social Security (it gives an amount to the institution based on the percentage of activity in which the beneficiary is enrolled) Users' Reimbursements (based on the household income) Fundraising	<ul style="list-style-type: none"> Company's Equity Patients/Relatives 	National Health Care System <ul style="list-style-type: none"> Company's Equity Patients/Relatives 	<ul style="list-style-type: none"> Company's Equity Patients/Relatives 	<ul style="list-style-type: none"> Company's Equity Patients/Relatives
Who is the target?	People, who face a situation of dependency, no matter the age. (However, for the past 10 years, the majority of users (85% approximately) are older people)	People in a situation of dependency who need social support	People in a situation of dependency	Patients who still need care but, due to their pathology, may receive it in their homes	People with 65 or more years of age	People in a situation of dependency

Home Care Service Offer in Portugal (2/9)

Both R.N.C.C.I and the services offered by several IPSS are two realities to be considered when talking about home care services, as they appear as potential competitors to the offer of SAD CUF

1 R.N.C.C.I

- The R.N.C.C.I [14-15] is a network of units and teams included in the National Health Plan, that results from the partnership between the Ministry of Health, the Ministry of Labour and Social Solidary and other public and private institutions. Its aim is to develop actions that are closer to people in situations of dependency; invest in the development of long-term care equally across the whole country and create community services that respond to the locals' needs.
- In terms of structure (see appendix 8) the R.N.C.C.I is divided in units and teams, which includes a domiciliary team dedicated to the provision of long-term care, that gave response to 6.264 requests in the year of 2016. The services provided by the Domiciliary team includes services such as nursing care, medical follow-up and physiotherapy; psychosocial support and occupational therapy involving family members and other caregivers; support on daily activities and basic needs.
- The R.N.C.C.I has to be considered as a competitor, not only because provides domiciliary care services, but also due to the fact that the its units are seen as an alternative by the relatives who are unwilling to keep their parents at home.

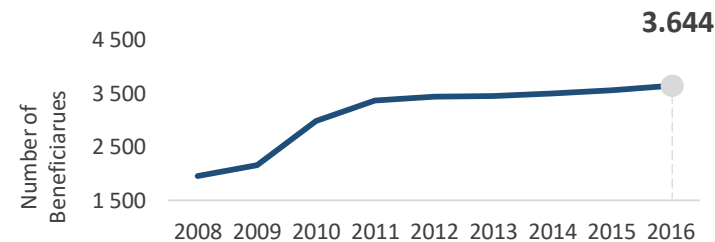
2 IPSS



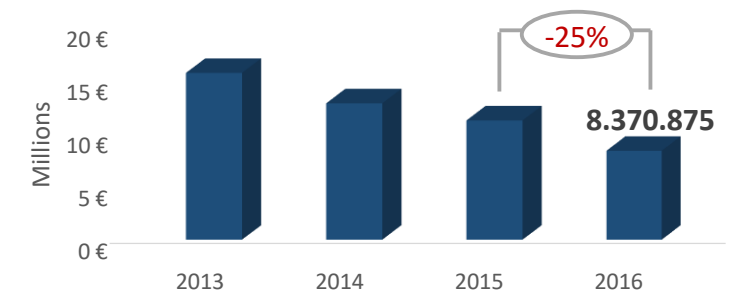
IPSS are private social solidary institutions. In 2015 there were 4.750 IPSS's registered in Portugal. For the purpose of this report, the focus will be on Lisbon's Santa Casa da Misericórdia, due to its recognition and large scope of action, and on Centro Paroquial de São Mamede because it was the first solidary institution to offers Domiciliary Services. [15]

Santa Casa da Misericórdia de Lisboa offers home health care services to senior people who are considered unable of autonomously perform daily activities. The analysis showed that despite the increase of the number of beneficiaries under this service, the revenues decreased 25% from 2015 to 2016, which means that, in average, people have been asking smaller services with a lower price tag. Moreover, the number of institutions under Santa Casa da Misericórdia that perform this services declined from 24 to 11 between 2008 and 2016.

Beneficiaries under the Home Care Services [16]



Revenues from Home Crae Services per year (in millions) [16]



Centro Paroquial de São Mamede

To better understand the reality of IPSS and how can they be an alternative to people who is looking for home care service, the group went to talk to the responsible for the Centro Paroquial de São Mamede. The main conclusions of the conversion where the following:

- The Centro Paroquial de São Mamede offers 3 services: Nursery, Day Care Centre and Home Care Services. It was also said that the Nurse's revenues are used to leverage the provision of the Home Care Services that currently counts with 40 active clients, that is served by a team of 6 elements where 3 of those 6 are fixed.
- They have been losing clients during the past years mainly due to the increase of companies that offer home care services but also because de reduction of the radius of action.

Home Care Service Offer in Portugal (3/9)

Hospital Garcia da Orta and Fundação Champalimaud have been looking at this sector in a different perspective. Their approaches are focused on the creation of a Hospitalization Unit which aims to decrease time patients spend in internment at the hospital

3 Technology Companies

The offer of home care services in Portugal through a digital platform is little. The two major players included in this category are the companies called: MYNURSE and Knok.

MYNURSE is a matching digital platform that works in a similar way to the Uber app, but instead of drivers, the users have the possibility to choose a nurse or another health service provider to perform the required service. . They have been in the market for almost 2 years now and their current offer ranges from therapy and nursing sessions to psychology consults, going from by daily and a palliative care to clinical analysis. The company currently has 1.300 providers enrolled in its system, which is an increase of 271% compared to numbers of 2016. The payment for the service is done face-to-face; the user has the possibility of creating a bundle of diverse services. [17-18]

Knok's target are medical consults, whether through video call or at the patient's house. Like MYNURSE, Knok users have access to the profile of the providers available and can choose accordingly the one that better suits their needs. The company currently has 130 providers in Portugal and Spain. JMS group has bought exclusive user rights over video consults for the next year. [19-20]

(see appendix 9 and 10 for more detailed information regarding the apps' functionalities)

4 Hospital Units

Major Competitor

Regarding Hospital units, the first analysis was target to the major competitors of the JMS (Lusíadas Saúde, Luz Saúde and Trofa Saúde). The results of the research showed that neither **Luz Saúde** nor **Trofa Saúde** offered any type of domiciliary service. **Lusíadas Hospital** competes at a more clinical level by offering nursing visits at the patients' houses in Lisbon and in Albufeira.

Other Hospital Units

(1) **Hospital Garcia da Orta**, is investing in the development of a Home Hospitalization Unit. The project started in 2015 and since then it has answered to over 600 patients requests at their home. The goal is not only to decrease the time patients stay at the hospital, which consequently will mitigate the patients' risk of getting infections, but also to free beds that can be used by other patients, thus increasing revenues. In 2016, the team was composed by 9 nurses, 4 doctors, 1 pharmaceutical, 1 social assistant and 1 dietitian. The average cost is 600 € to 700 € per patients, which is lower than the costs to a comparable service request at the Hospital. Usually, the patient is signalled at the E.R. and after that it shall be submitted to an evaluation done by the doctor, nurse and social assistant. [21-23]

(2) **Fundação Champalimaud**, similar to HGO is investing in Home Hospitalization Unit which targets oncological patients. Moreover, the Foundation has also another project called Hospital do Futuro, where it is developing and testing a robot that will be at the patients home with the objective of monitoring, in real time, the conditions and state of health of the patient. The robot will include features such as videocall, supply of medicine managed at distance and a system to alert and message the patient regarding health, medicines, among others. [24]

(3) **Cruz Vermelha Portuguesa** is a strong competitor when it comes to teleassistance, being the reference provider of this type of service since 2009, when it was created. The Hospital also as a special unit that provides home care service to seniores and people with dependency across 26 locations.

5 Retirement Home

Retirement Homes are seen as an indirect competitor. People, in a first stage of the decision, tend to consider whether to keep their relatives at home or move them to a residence, which is exactly why they are only indirect competitors.

JMS has its own residences called **Domus Vida** [25] that are located in Junqueira and Parede. The offer goes from shared bedrooms to individual ones. During the research it was found that 7 HCA were being hired from Comfort Keepers, which is a competitor of SADCUF (mentioned further in the report).

Despite not offering any domiciliary service, Luz Saúde is investing in premium residences in Lisbon and Carnaxide – **Casas da Cidade Residências Sénior** [26]. The concept is different from the other residences, since in Casas da Cidade, people rent their own apartment (with an added admission fee) instead of living in a bedroom, while benefiting from the same perks and services offered in any other residence. There are 172 apartments available in Lisbon and prices range from 1.024 € to 3.470€ per month. Finally, **Residências Montepio** [27] are present in Lisbon, Cascais, Montijo, Porto, Gaia and Coimbra . They also offer domiciliary services and teleassistance.

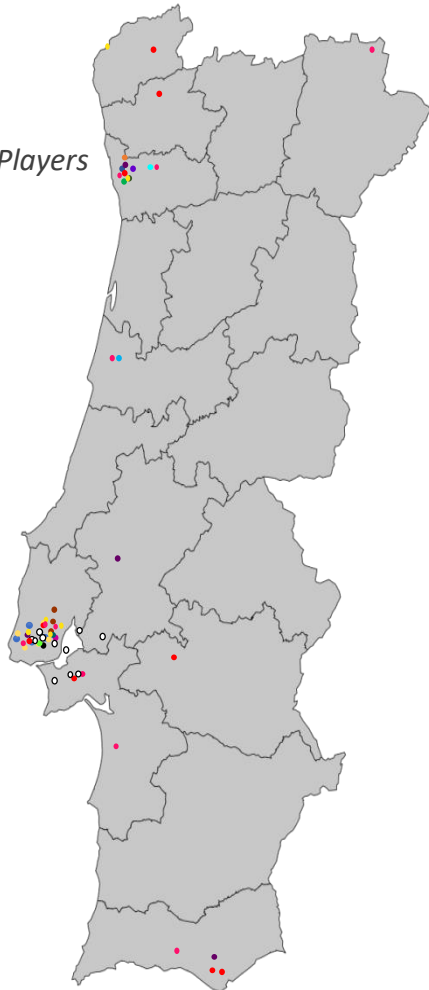
Home Care Service Offer in Portugal (4/9)

There is a great concentration of competitors in the Lisbon area; according to the research made, all the competitors offer nursing care regarding clinical services and the majority of them offer hygiene and comfort services regarding non-clinical services

6 Private Companies

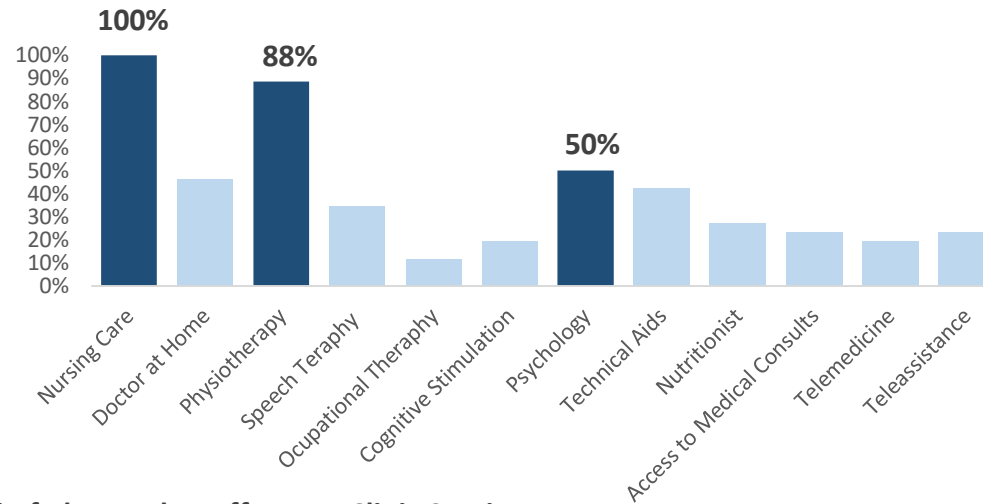
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National Players

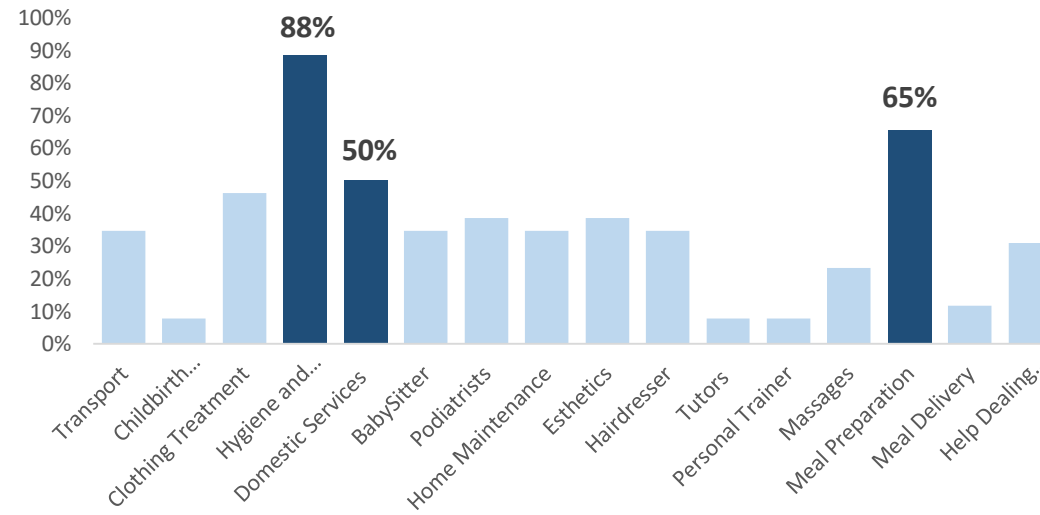


Distribution of 23 out of the 26 players, including Cruz Vermelha (Appendix 11)

% of Players that Offer Clinic Services



% of Players that offer Non-Clinic Services



- Private Companies [28-52] are considered to be the major competitors of SADCUF, since they offer a similar portfolio of services and have the potential to capture a significant market share.
- The first part of the analysis looks at the 26 players around Portugal in order to get a general overview of the industry context. In the following slides, the analysis will be narrowed down to the major competitors identified, among the 26. The list of 26 players was chosen by the client.
- There is a clear evidence of a concentration in the area of Lisbon, with few companies running operations in Porto and in the South of Portugal.
- Among the offered services by these players, the most common clinical services are nursing care, with all players offering this service, physiotherapy sessions and psychology consultations, which is not currently offered by SADCUF.
- Throughout the analysis it became notorious that the majority of the companies focused their activities on non-clinical services. Hygiene and comfort, as well as domestic services (e.g.: cleaning and meal preparation), were the non-clinical services offered most players.

Home Care Service Offer in Portugal (5/9)

Among the 16 competitors out of the 26, the SADCUF is the sixth player with the highest revenue and the sixth with the highest EBITDA/Revenue ratio

Ordem Decrescente Faturação 2016

Companies	#Years	Revenues		EBITDA		EBITDA/Revenues 2016 (%)
		2016	Change relative to 2015(%)	2016	Change relative to 2015 (%)	
Ecco Salva	10	4.213.239,10 €	15,41%	767.205,24 €	290,27%	18,21%
Comfort Keepers	10	1.578.659,85 €	-40,40%	16.480,36 €	44,54%	1,04%
Pluriapoio	11	847.083,19 €	33,73%	126.608,72 €	302,43%	14,95%
Anjos da Noite	33	759.120,69 €	-2,29%	88.649,30 €	16,01%	11,68%
Sem Idade	13	691.919,54 €	-52,40%	39.639,43 €	-66,54%	5,73%
CD CUF	15	691.758,33 €	- 29,56%	91.093,75 €	13,87%	13,17%
Puro Cuidado	3	529.671,33 €	265,49%	62.840,46 €	1082,18%	11,86%
Interdomicílio	5	361.698,00 €	30,07%	48.293,00 €	234,79%	13,35%
Better Life	9	304.794,84 €	6,66%	12.774,06 €	-52,40%	4,19%
Domicare	8	295.786,18 €	18,48%	23.711,16 €	963,92%	8,02%
Positividade	3	216.895,84 €	214,15%	16.767,63 €	40,70%	7,73%
Cuidado Maior	2	171.203,16 €	480,84%	17.312,32 €	-199,25%	10,11%
Companhia Feliz	15	138.766,59 €	-12,48%	- 10.562,03 €	279,07%	-7,61%
Consolar	5	96.866,78 €	10,00%	17.766,30 €	131,52%	18,34%
Human Neing	2	91.249,14 €	-	16.205,37 €	-	17,76%
Homecare	2	90.995,34 €	65,42%	2.283,64 €	-71,26%	2,51%

















To team decided to go a step further and complement the external analysis by adding and study the players' financial information to better understand the sector's current outlook. Given it is a very particular sector and several companies are too informal, most of them do not have displayed their financial information publicly, which forced the team to pay to acquire the information (which was limited) to an official website. Due to budget constraint, the group had to restrict its analysis to 15 players out of the 26 previously analyzed. The companies were chosen according to, first, their geographic operation positioning (in Lisbon); secondly if, according to the Technical Director's experience and knowledge about the market, seemed to be major competitors; and thirdly, companies that the group found interesting and with potential throughout their research.

Main conclusions:

- The total revenues from the analyzed companies totalize an amount of 11.079.707,90 € in 2016, which means that the SADCUF capture 6,2% of this value
- The changes from 2015 to 2016 in terms of revenues indicate the instability in the sector of home care services
- SADCUF are the 6th company with higher revenues and the 6th with a higher ratio EBITDA/Revenues (%EBITDA)
- SADCUF is the third company with the biggest decrease in terms of revenues (-29,56%)

Home Care Service Offer in Portugal (6/9)

What distinguishes Ecco-Salva is the fact that it obtains much of its revenues through the provision of medical services, national coverage of quality, agreements with entities of reference and offer access to discount network

Company	Revenue 2016	Years	Scope of Action	Big Areas of Action	Business Model	Main Agreements
 ECCO-SALVA Medical Services, Lda.	4.213.239,10 € (6,09x more than SADCUF)	10	National reach	Home Care Service Work Medicine Diagnostic Exams	Limited Liability Company	
 Comfort Keepers.	1.578.659,85 € (2,28x more than SADCUF)	10	Açores; Alentejo; Algarve; Amadora; Cascais; Coimbra; Gondomar; Lisbon; Loures; Maia; Madeira; Matosinhos; Odivelas; Oeiras; Porto; Sintra; Trás-os-Montes; Vila Nova de Gaia	Home Care Services Nursing Care Educ. Serv. for Young Parents B2B Offer	Franchising	
 PLURIAPOIO Apoio Domiciliário DOSOB · DOENTES · CONVALESCENTES	847.083,19 € (1,22x more than SADCUF)	10	Lisbon	Geriatric and Convalescence Care Sale and Rent of Equipments	Limited Liability Company	
 Anjos da Noite	759.120,69 € (1,10x more than SADCUF)	33	National reach	Medical and Nursing Care Transportation Services Telephone Counselling	Franchising	
 SEM IDADE APOIO DOMICILIÁRIO	641.914,54 € (similar to SADCUF)	11	Lisbon	Clinical Services Therapy Esthetics Home Maintenance	Limited Liability Company	
 PURO CUIDADO Apoio Domiciliário	524.914,54 € (77% of SADCUF's Revenues)	3	Lisbon	Home Care Service Basic Care	Limited Liability Company	
 inter domicilio uma chamada, um mundo de serviços	361.695,00 € (52% of SADCUF's Revenue)	5	Lisbon; Odivelas; Loures; Oeiras; Porto; Baixo Minho	Home Care Services Domestic Services Home Maintenance Services Other Services	Franchising	
 Better Life Serviços de Apoio Domiciliário	304.479,84 € (44% of SADCUF's REvenues)	9	Lisbon, Oeiras, Cascais, Sintra, Amadora, Odivelas, Loures, Almada, Barreiro, Montijo e Seixa	Home Care Service Diagnostic Evaluation Rent of Geriatric Equipment	Franchising	

- The top positions of our Top 8 are occupied by players with age over 10 years, which, ideally, culminates in a larger base of customers and experience/know-how. Nevertheless, there are evidences of new companies with less than 10 years showing up and acquiring relevant market share, which means that there is still room to market consolidation.
- Most of the companies with more than 5 years have its activities spread across several regions, which shows that well established firms tend to expand their business outside Lisbon. On the other hand, many players in Portugal were able to pursue that expansion due to the franchising strategy, as it is the case of Comfort Keepers and Anjos da Noite.
- All the companies studied have agreements with other entities, including insurance companies. Those agreements are mainly discounts of 10%-20% offered in the case someone wants to subscribe to home care service.

Home Care Service Offer in Portugal (7/9)

To have a term of comparison in terms of the prices charged by SADCUF and by the rest of the market, a budget proposal was required to some competitors as well as to the SADCUF

With the purpose of having a better notion of the prices other players in the market offers, we conducted an experiment where we required a service that could respond to a set of specific needs. This request-test was built with the help of Nurse Sónia Fernandes, which had the objective of taking a grasp of how CUF's peers would respond and price a service that is considered to be commonly requested. The sample was chosen by the client.

Conditions of Proposal of Domiciliary Support



Request Description:

- Urgent Need
- Mother with 70 years old
- First stage of Alzheimer
- Living in the area of Telheiras

Needs:

- Daily Hygiene
- Food and nutrition management and support
- Medication management and support

Sample

- Positividade
- Cuidado Maior
- Human Being
- HomeCare
- Better Life (in Top 8)
- Puro Cuidado (in Top 8)
- Companhia Feliz
- Interdomicilio (in Top 8)
- PluriApoio (doesn't provide budget prior to 1st meeting)
- Cruz Vermelha (without present capacity)
- Confort Keepers (did not answer)
- Home Instead (did not answer)

Other Questions

- "The providers allocated will be the same through the service or there will be a rotation of providers?"
- "If there is a provider that misses a shift, do you have capability to replace?"
- "What is the type of profile do your providers have?"
- "It was referred to me that this kind of companies must have some sorted of license. Do you have one?"

1st Scenario HCA

24 hours/day, 7 days/week A

Only the nights
(from 21h to 9h) B

2nd Scenario Nurses

24 hours/day, 7 days/week C

Only the nights
(from 21h to 9h) D

Home Care Service Offer in Portugal (8/9)

From the requested budgets, one could understand that CDCUF has its prices deviated from the rest of the sample (representation of the market), founding itself well above other players

1 Scenario 1

A

24 hours/day, 7 days/week

Competitors	Hourly Average Price	Monthly Price
Positividade	2,53 €	1.850,00 €
Cuidado Maior	2,53 €	1.850,00 €
Human Being	2,54 €	1.830,77 €
Homecare	2,54 €	1.850,00 €
Better Life	2,53 €	1.850,00 €
Puro Cuidado	2,32 €	1.700,00 €
Companhia Feliz	2,45 €	1.790,00 €
Interdomicílio	2,58 €	1.889,28 €
CUF	6,88 €	5.032,50 €

B

21h to 9h

Competitors	Hourly Average Price	Monthly Price
Positividade	3,50 €	1.281,00 €
Cuidado Maior	3,96 €	1.450,00 €
Human Being	3,84 €	1.382,77 €
Homecare	3,85 €	1.400,00 €
Better Life	4,07 €	1.490,00 €
Puro Cuidado	3,56 €	1.281,00 €
Companhia Feliz	3,42 €	1.250,00 €
Interdomicílio	4,33 €	1.586,00 €
CUF	6,88 €	2.516,25 €

- The monthly price presented by CUF is 2,66 times bigger than the second highest value presented by the sample (representation of the market), which belongs to Interdomicílio, and it is 2,76 times bigger than the average price (excluding CUF's)
- The average price of this request in this scenario is 1.826,26€ (excluding CUF's)

- The monthly price presented by CUF is 1,59 times bigger than the second highest price presented by the sample, which is presented, once again, by Interdomicílio, and it is 1,81 times bigger than the average price (excluding CUF's).
- The average price of this request in this scenario is 1.390,10€ (excluding CUF's)

- One can observe the budget presented by CUF for the same request made to the market (sample) is much higher
- We can observe some sort of convergence on the request for "Nights" - right side – which may come for the decreased opportunity to take advantage of "economies of scale" by the competitor due to a severe decreased of hours requested
- It can be conclude that for the competitors to have at least 1€ of hourly margin, the hourly values paid to its providers must be around 1,5€ in the first option (24/7) and about 2,5€ in the second option (21h to 9h)
- We conducted a questionnaire to our providers, and we conclude that CUF's competitor may resort to informal ways of payment, given this values are too low to be accepted

Home Care Service Offer in Portugal (9/9)

When it comes to a more clinic request (nurses as providers) CUF now faces less competition due to a lack of capacity by its competitors. It is also observable that in a clinic request that its prices may compete better with the second highest

2 Scenario 2

C

24 hours/day, 7 days/week

Competidores	Valor Médio Hora	Valor Mensal
Positividade	3,08 €	2 250,00 €
Cuidado Maior	3,42 €	2 500,00 €
Human Being	10,79 €	7 900,00 €
Interdomicílio	6,68 €	4 892,00 €
CUF	17,50 €	12 810,00 €

- The monthly price presented by CUF is 1,62 times bigger than the second highest value presented by the sample (representation of the market), Human Being, and it is 2,92 times bigger than the average price (excluding CUF's).
- The average price of this request in this scenario is 4.385,50€ (excluding CUF's).

D

21h to 9h

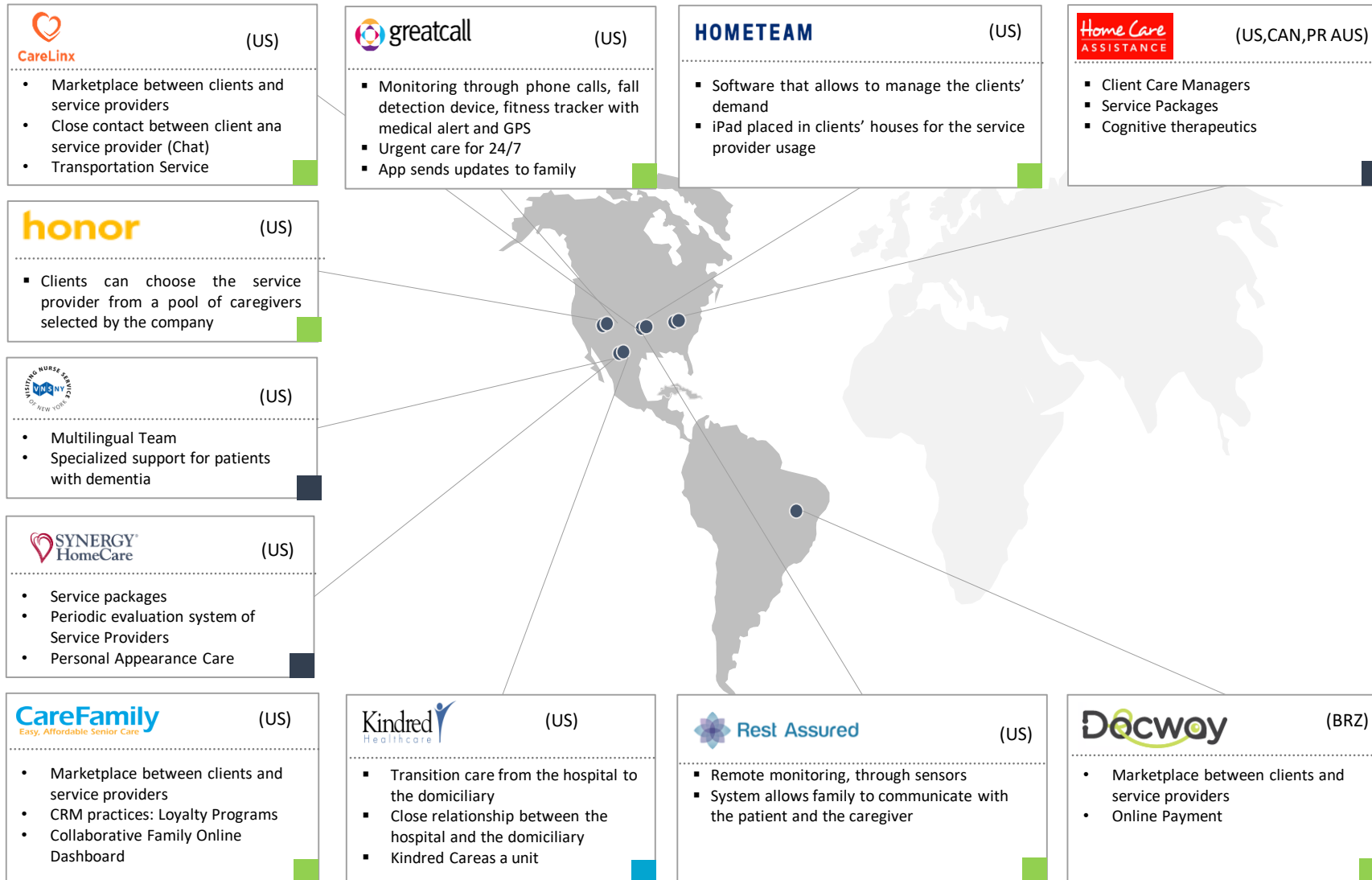
Competidores	Valor Médio Hora	Valor Mensal
Positividade	4,38 €	1 600,00 €
Cuidado Maior	5,46 €	2 000,00 €
Human Being	11,51 €	4 212,00 €
Interdomicílio	6,78 €	2 480,00 €
CUF	17,50 €	6 405,00 €

- The monthly price presented by CUF is 1,52 times bigger than the second highest value presented by the sample (representation of the market), Human Being, and it is 2,49 times bigger than the average price (excluding CUF's).
- The average price of this request in this scenario is 2.573,00€ (excluding CUF's).

- CUF continues to present a more expensive budget that any other players.
- The answers to this second scenario request were fewer due to a lack of capacity from the competitors.
- Some are believed to offer not nurses, but geriatric specialists as it does Positividade.
- We believe Human Being and Interdomicílio are the only ones to offer Nurses.
- As in the previous Scenario, we believe that CUF's competitors may resort to informal ways of payment, given this values are too low to be accepted by nurses.
- According to the results of a questionnaire we conducted to several nurses in the Hospital, the minimum hourly pay should be 10€.

International Benchmark (1/2)

A sample of 20 international players in the long-term care market was analysed, which revealed that the majority of the differentiated elements found belongs to technological companies



After analysing the Portuguese Home Care Market, was also important for the team to have an overview of the international players [54-63] of the Home Care Market and their respective best practices, as well as differential elements that could be used to improve the SADCUF.

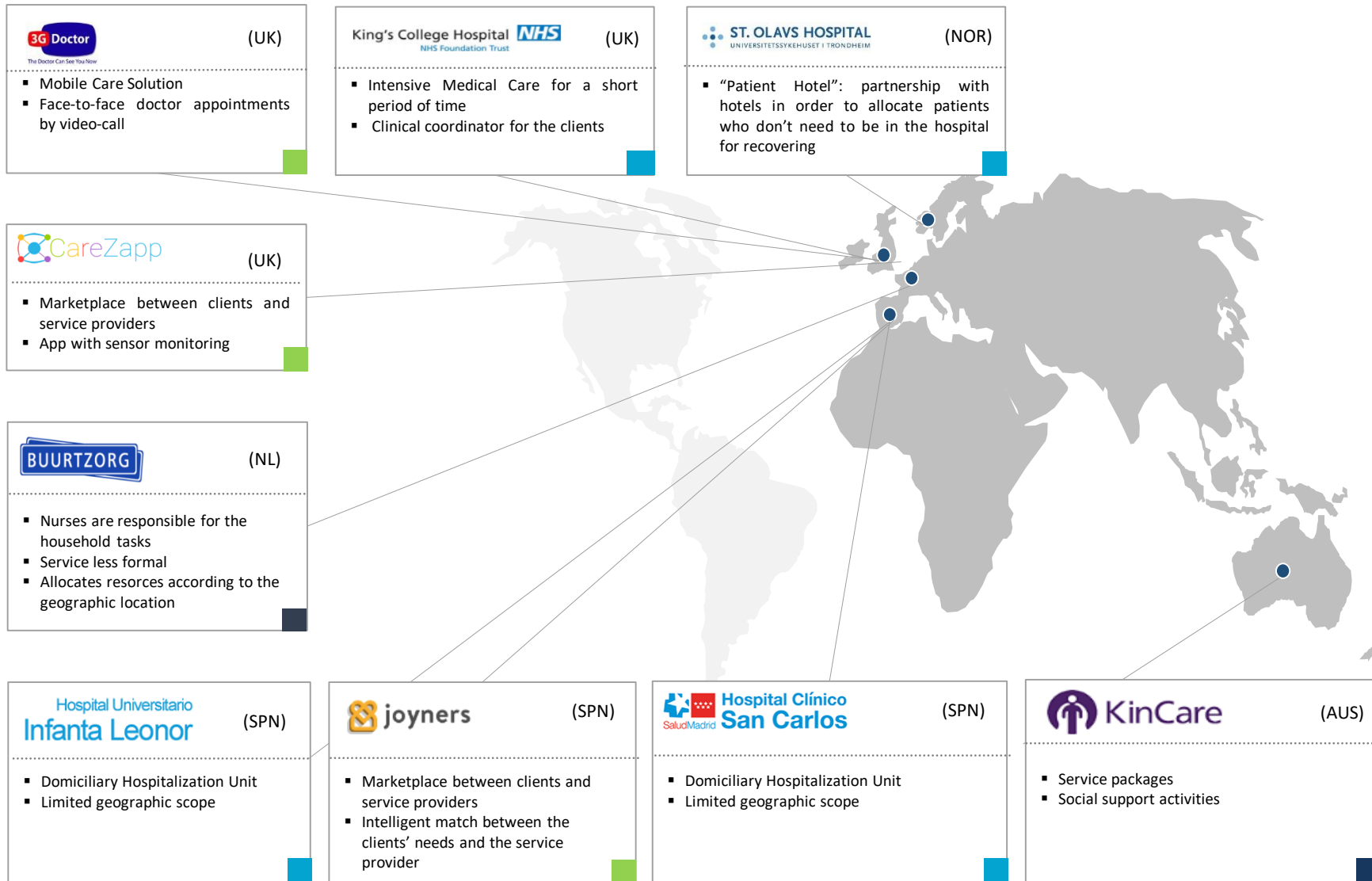
Regarding the American Market of Long-Term Care, there are several examples of technological players, such as online marketplaces, which makes the bridge between the offer and the demand in one platform. The team also verified examples of remote monitoring sensors and softwares.

The Specialized Companies have also differentiated elements, such as specialized support for patients with dementia, service packages and client care managers.

The depicted Hospital offers a homogeneous service, from the hospital to the patients' house, through a transactional team.

International Benchmark (2/2)

A sample of 20 international players in the long-term care market was analysed, which revealed that the majority of the differentiated elements found belonged to technological



- Regarding the European Market of Long-Term Care [64-72], there are several examples of technological players, such as online marketplaces, which links the offer and the demand in a single platform, examples of remote monitoring sensors and video-call doctor appointments.
- The depicted European Specialized Company optimizes the distance between the client and the service provider (through an APP) and offers a nursing service together with housekeeping services.
- The European Hospitals encompass intensive medical care for a short period, domiciliary hospitalization and patient hotels.
- In what regards Australia, KinCare offers different packages and engage the clients in social support activities.

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B. Diagnosis

B.1 Internal Analysis

B.2 External Analysis

B.3 Research Interviews

C. Analysis of the Identified Challenges and Possible Solutions

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Research Interviews (1/4)

In order to better understand the context and to find the main pain points of the SADCUF for both the clients and the service providers, the team conducted qualitative interviews to industry experts, managers, service providers and clients

After conducting the internal and external analysis of the SADCUF, the team conducted qualitative interviews in order to better understand the SADCUF's scope of action, its context and market trends.

Firstly, and aiming to understand the Portuguese market and the main trends in the long-term care market, the team interviewed Professor Pedro Pita Barros, who has shared relevant insights and helped the team estimating the market size of home care market in Lisbon. Afterwards, the team approached company's managers, such as the directors of the hospital units HCC, HCDR HCM, HCTV, HCS, HCA, the JMS commercial director, the chief nurses (responsible for the different hospital floors) and other nurses. Furthermore, the team interviewed some service providers and back-office staff in order to understand the existent pain points and the challenges of SADCUF in their perspective as well as possible ideas to mitigate those challenges. Finally, the team interviewed a sample of 10 clients with the goal of identifying the buyer and the user, to understand the most valued features of this service as well as the clients' pain points.

Industry Experts/Managers

- Professor Pita Barros (Economist)
- Professor Nadim Habib (Economist)
- Cristina Serra (Diretor of HCC and HCDR)
- Francisco Gorjão (Diretor of HCM and HCTV)
- Marta Martins (Diretor of HCS and HCA)
- Madalena Correia Neves (Commercial Director)
- Maria Ana Barbosa (External Referral)
- Isabel Aragoa (Chief Nurse HCIS)
- Anabela Costa (Chief Nurse HCD)
- Ana Ameida e Sousa (SADCUF HCD)
- Glória Ribeiro (Assistant to the Chief Nurse HCD)
- Mário Vaz (Nurse of the hospital admission department HCC)

SADCUF Team

- 5 HCAs
- 2 Nurses
- 1 Doctor
- Back-Office

Clients

- 6 Active Clients
 - 4 Clients with Long-Term Service
 - 2 Active Clients with Sporadic Services
- 4 Inactive Clients
 - 2 Clients who have chosen other alternative
 - 2 Clients who have recovered

Research Interviews (2/4)

Regarding the Industry Experts and Managers' opinion, there is a growth opportunity for SADCUF, however it should overcome the challenges related with HR recruitment, competition, internal and external communication

Industry Experts/Managers

Professor Pedro Pita Barros

- There is an opportunity for the home care businesses, since the elderly population is growing and there will be higher prevalence of chronic diseases
- Given that in the future the clients of the SADCUF will have higher degrees of education, they will demand activities which stimulates the cognitive capabilities

Professor Nadim Habib

- The service pricing should be easily understandable by the clients
- There is an opportunity to make agreements with insurance companies
- SADCUF should invest on the relationship with the client, since clients truly value the relationship with their caregivers

HU Directors, Commercial Director and Responsible for External Referral

- The home care market is growing and although there is high demand for home care services, SADCUF is not able to fulfill the existing demand
- Currently, SADCUF lacks a structured follow-up process for its clients
- The prices of SADCUF are very high when compared to the market
- It should be negotiated potential agreements with insurance companies in order to make it possible to clients requisite the service with lower prices
- There is an opportunity of coordination with hospital units

Chief-Nurses and Nurses

- The price of SADCUF is extremely high and the clients opt for other alternatives
- It is difficult to recruit skilled service providers, specially because the remuneration offered is low
- There is not enough external nor internal promotion of SADCUF, and the hospital units lack a process for hospital discharge, making it difficult to refer SADCUF in due time
- The lack of agreements with insurance companies hinders SADCUF from attracting more clients

Research Interviews (3/4)

The main issues pointed out by SADCUF's team were the difficulties of the back-office to define the schedules and comply with sudden changes

Service Providers



HCA's

- The HCAs argue that they have low compensations, which incentives the caregivers to look for other job opportunities
- Many times the HCA's do not have enough time to go from one client's house to the next client's house, which makes it difficult for them to be punctual and there are often also unexpected changes in the schedule plan
- SADCUF has higher prices than the other competitors in the market, and some clients look for cheaper options

Nurses and Doctor

- The nurses recognize the lack of internal and external communication, which prevents the SADCUF from attracting more clients
- There is a great opportunity to introduce agreements with insurance companies
- The CUF brand is not leveraging SADCUF

Back-Office

- It is very difficult to recruit human resources, specially HCA for SADCUF's team, because the conditions are not attractive
- The pool of service providers is reduced, making it difficult to fulfill all the existing demand
- Currently, there is an inefficient schedule management, which makes it difficult for the back-office to comply with unexpected changes

Research Interviews (4/4)

Regarding the Clients' opinion, SADCUF price is very high, therefore it is expected to offer a differentiated service from the competitors. Nevertheless, the majority of clients state that SADCUF is a trustworthy and structured service

Clients



Active Clients

- The high turnover of service providers leads clients to repeat themselves continuously in terms of home and patient guidelines
- The clients would like to have more opportunities to give feedback regarding the service and the service providers
- It is suggested to provide training to the caregivers in order to start doing other kind of activities, such as outdoor activities (e.g: walks, shopping visits)
- The service price is considered very high, however the service provides security to the family
- Most clients prefer having their relatives at home and the patients also prefer to stay at their own home
- It is suggested to SADCUF to offer psychology services
- The clients find it difficult to understand what each service involves, having to ask for help (of nurse Sónia) to decide the best service that fits the patient needs
- It is suggested that the caregivers become more proactive in notifying possible health issues with the patient

Inactive Clients

- The price is considered too high comparing with other available alternatives in the market, therefore SADCUF is expected to offer a differentiated service, which it does not
- There is not a big difference between the perceived quality of SADCUF and its competitors, however this service gives them more security since SADCUF is better organized and it is integrated in a big private healthcare group
- More than companionship, the clients look for service providers who engage in stimulating activities with the patients
- Sometimes having many service providers hinders the relationship between the caregiver and the client, however it is necessary to have multiple caregivers to ensure a quality service
- The CUF brand gives security to the family of the patients, as well as the client manager Sónia who take the responsibility if anything goes wrong
- There was always back-up plan when there were absences, assured by the client manager

Identification of Challenges and Opportunities

The challenges were divided into six main groups, which reflect the areas of the current business model that will be further analysed and to which the team will provide recommendations

From the internal and external analysis, together with the interviews conducted, it was possible to identify the main challenges of SADCUF, which were divided into six main groups: Services Offer, Pricing, Human Resources, Organization and Technology. Afterwards, each main challenge will be analysed with detail, and recommendations will be provided in order to face those challenges.

<h2>Service Offer</h2>	<ul style="list-style-type: none"> ▪ The current service offer is not clear in the clients' perspective, since they find it difficult to understand what each service consists on ▪ The clients find it useful to have psychology services, however they are not offered yet by SADCUF ▪ The current service fails to differentiate itself from other alternatives in the market ▪ Given that SADCUF's patients have a high education level, they are demanding cognitive stimulating activities ▪ There is the opportunity of creating a Home Hospitalization Unit, which would allow JMS to increase the rotation of the hospital units' beds ▪ There is also an opportunity for implement remote monitoring services as a complement to home care services, which would allow patients to have a more convenient experience, and avoid possible infections during hospital visits
<h2>Human Resources</h2>	<ul style="list-style-type: none"> ▪ The context of SADCUF makes it hard to attract and retain human capital, mostly due to the low remuneration and fiscal issues, leading to difficulties in maintaining a constant pool of service providers and in answering clients' needs, namely those in the hospital units ▪ There is a geographic mismatch between clients and service providers, which hinders the teams' allocation and involves greater costs of transportation for the service providers
<h2>Pricing</h2>	<ul style="list-style-type: none"> ▪ The prices of SADCUF are the highest in the market, however the clients do not find it differentiating from its competitors in order to be willing to pay more for it ▪ The difference in the prices is specially high in the non-clinical services ▪ There is an opportunity to establish agreements with insurers, both for SADCUF and for potencial services leveraged by the development of a Home Hospitalization Unit
<h2>Organization</h2>	<ul style="list-style-type: none"> ▪ The hospital units are not referencing SADCUF to patients, due to the lack of a structured referral process, which prevents SADCUF from benefiting from synergies with hospital units and from attracting potential new clients who already have a relationship with the brand CUF
<h2>Communication</h2>	<ul style="list-style-type: none"> ▪ The number of clients has been decreasing, as SADCUF is not being able to retain them nor attracting new ones ▪ Currently, there is low investement in promoting SADCUF's services and its value proposition fails to be widely communicated ▪ Since the prevalence of heart diseases has been increasing among younger generations, SADCUF's communication should adapt accordingly, by not focusing solely on older/geriatric segments ▪ There is not a structured process for SADCUF's referral within the hospital units CUF
<h2>Technology*</h2>	<ul style="list-style-type: none"> ▪ Currently, the technology systems used by the back-office are outdated, leading to schedule management issues, as well as efficiency problems ▪ There is the opportunity to automatize the process of requiring the services and make it more accessible and convenient to clients, by taking advantage of the current technological environment

*Due to time constraints, the team could not finish the analysis of the Technology Challenge, whose preliminar analysis is depicted in the Medium and Long-Term sub-chapter

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C.1.2 Human Resources

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C.1.4 Organization

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Service Offer (1/2)

With the goal of shifting to a more clinic scope, SADCUF should include Psychology, Pediatrics and Cognitive Stimulation Activities to their Service Offer, eliminate Maternal and Child Care and rearrange the Service Offer

Current Services Offer

Geriatric Care

- Hygiene and Comfort
- Meal and Mobility Support
- Nursing Care
- Education to the Elderly and Family

Rehabilitation and Convalescence

- Physical Therapy
- Occupational Therapy
- Speech Therapy
- Daily Activities Support

Hospice Care

- Hygiene and Comfort
- Nursing Care
- Medical Consultation

Complementary Services

- Clinical Analysis
- Ambulances
- Sale and Rental of Equipment
- Oxygen Therapy
- Teleassistance

Maternal and Child Care

- Maternal and Child Nursing
- Babysitting
- Medical Consultation

Proposed Changes to the Services Offer



Services Reorganization

- The clients don't know what each service consists on and what kind of care it involves
- It is proposed to communicate the different services together with the respective service providers



Psychology

- According to the qualitative interviews, some clients found it useful to have psychology at home
- Offered by 50% of national players



Pediatrics

- The majority of the Pediatric appointments could have been done at home, avoiding infection risks in the hospital Units
- Provides convenience to parents with less free time



Services for Patients with Dementia

- According with the World Health Organization[73], the prevalence of dementia is increasing worldwide, therefore there will be an increasing demand for services specialized for this need



Cognitive Stimulation Activities

- According to the qualitative interviews, clients are demanding more and more cognitive stimulation activities for their relatives



Maternal and Child Care

- This service is not the core business of SADCUF, since there was a residual demand for it in the past years (approximately 0,01% of the revenues)

- The current service offer of SADCUF is divided into 5 groups which are organized by needs: Geriatric Care, Rehabilitation and Convalescence, Hospice Care, Complementary Services and Maternal and Child Care.
- Across different groups of services, there are repeated therapeutics, which may confuse the potential clients. Moreover, patients and clients cannot easily understand what each Service Category includes and involves, therefore the clients need the help of the nurse Sónia to decide which service better fits their needs.
- Given this, it is proposed to make some changes on the current service offer in order to make it clear to the client what kind of services each group encompasses and ease the final choice of the service.
- Moreover, it is recommended to include clinical services, such as Psychology and Pediatrics, as well as not clinical services, such as Cognitive Stimulation Activities and Services for Patients with dementia.
- Finally, given that it is not its focus, it is recommended to SADCUF to eliminate the Maternal and Child Care from the Services List

Service Offer (2/2)

The current range of service is not grouped in a perceptive way, making it difficult for clients to identify themselves with the needs presented. It is recommended to organize the services not only by need, but also by service provider

After applying the proposed changes to the current services, the team obtained the depicted matrix which includes the services divided by need, together with the respective service providers. The new list of services is now composed by Geriatric Care, Rehabilitation and Convalescence, Hospice Care and Services for patients with Dementia. Furthermore, the service categories Geriatric Care, Rehabilitation and Convalescence and Hospice Care now include Cognitive Estimation Activities.

With the new service's configuration, it is expected that the clients can chose more easily the service which better fits their needs. Moreover, with the new services included, it is expected that SADCUF can better fulfill the needs with increasing expression in the market, namely patients with dementia.

Proposed Service Offered Organization

	Doctors	Nurses	Therapists	Psychologist	Healthcare Assistant	Complementary Services
Geriatric Care*	X	X	X	X	X	X
Rehabilitation and Convalescence*	X	X	X		X	X
Hospice Care*	X	X		X		X
Services for Patients with Dementia	X	X	X		X	X

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Implications of Independent Contractors and Employment Contracts (1/2)

Regarding JMS's perspective, the cost of employee contracts is higher than what is paid to independent contractors. However, employee contracts have a positive impact on the service providers' income, which allows to decrease the turnover rate

It was important for the team to understand what main differences there were between Independent Contractors and Employment Contracts in order to provide possible recommendations to SADCUF regarding the challenge of Human Resources.

Independent Contractors		Employment Contract		
	Advantages	Disadvantages		
Service Provider	<ul style="list-style-type: none"> ▪ <i>Recibos Verdes</i> allow the service providers to work the hours they want, giving them flexibility to manage their daily schedule 	<ul style="list-style-type: none"> ▪ The service providers may not have predictable schedules, which unables them to have a daily routine ▪ The independent contractors do not receive complementary perks, such as meal allowance ▪ Moreover, service providers do not feel part of JMS, which may reflect on the quality of service provided 	<ul style="list-style-type: none"> ▪ The collaborators with contracts receive a higher income in absolute terms and have additional benefits such as subsidies and insurance ▪ Moreover, they have more stability in terms of schedules ▪ These collaborators feel part of the company and are more motivated to perform a better quality service 	<ul style="list-style-type: none"> ▪ One collaborator can work up to 40 hours a week (and 150 extra hours per year), which can impact the final income of the collaborator, who could work unlimited hours previously as an independent worker
	JMS	<ul style="list-style-type: none"> ▪ From JMS's perspective, having independent contractors is beneficial, since SADCUF's team is able to adapt itself and be more flexible during periods with high volatile demand, by hiring or letting independent contractors go ▪ JMS is not obliged to incur in complementary payments such as insurance 	<ul style="list-style-type: none"> ▪ Low retention of the service providers make it difficult to manage the teams' allocation to the clients ▪ JMS is obliged to pay VAT of 29% (Set/2017) to HCAs (who receive more than 10.000€ in the previous year) ▪ Since there is no obligation to provide training to service providers, the service quality is not standardized 	<ul style="list-style-type: none"> ▪ Given that it is mandatory to provide training to collaborators, SADCUF can offer a service with standardized quality ▪ By giving better conditions to its collaborators, JMS can retain its workforce, decreasing the turnover rate and, therefore the recruitment costs ▪ Possibility of placing collaborators who are not allocated to clients, in the hospital units

Implications of Independent Contractors and Employment Contracts (2/2)

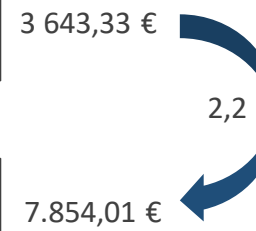
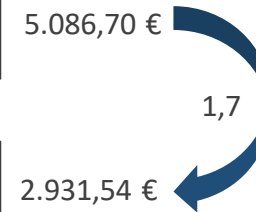
The difference between what JMS pays to IC and to collaborators with contract is very high in the HCAs' case, while the difference reflected in the nurses' income is not so significant, therefore, it would make more sense to offer contract solely to HCAs, if that is the case

HCAs			
HCAs' Perspective	Independent Contractors	Net Income	3.233,94 €
	Employment Contract	Net Income	8.320,64 €
JMS' Perspective	Independent Contractors	Total Cost	8.560,80 €
	Employment Contract	Total Cost	11.492,34 €

See Appendix 13

Nurses			
Nurses' Perspective	Independent Contractors	Net Income	7.150,18 €
	Employment Contract	Net Income	10.793,51 €
JMS' Perspective	Independent Contractors	Total Cost	13.200,00 €
	Employment Contract	Total Cost	21.054,01 €

See Appendix 14



- In order to study the different impacts between having independent contractors and employment contracts for both JMS and service providers, the team compared the values to be received by HCA's and nurses, and compared to the values to be paid by JMS.
- Regarding HCAs, one HCA under contract receives 157% more than a HCA with *Recibos Verdes* (without paying withholding tax). On the other hand, JMS spends 34% more with a contracted HCA than with a HCA with *Recibos Verdes*.
- Regarding nurses, one contracted nurse receives 51% more than one nurse with *Recibos Verdes*. On the other hand, JMS spends 60% more in a contracted nurse than in a nurse with *Recibos Verdes*.
- The difference in the HCA's income is 1,7 times more expressive than the difference in JMS' costs, while in nurses' case, the difference in costs for JMS is 2,2 times greater than the difference in the income for the nurses.
- Therefore, according to this analysis, if JMS was to offer contract to its service providers, it would make more sense to provide them solely to HCAs.

Analysis of Hiring Scenarios (1/6)

Based on a revenue goal of 1M€ and EBITDA of 15%, 4 different scenarios were defined and tested, that are distinguished by the proportion of HCAs with employment contracts and as independent contractors

Given that the existing hiring system was not fulfilling the current SADCUF's needs, a new one is to be recommended. Furthermore, since SADCUF was not competitive among the other players in the Portuguese Market, prices were also reviewed in order to increase its competitiveness. Both subjects were analyzed at the same time, given that this is a mainly labor-cost driven business, and the highest fraction of the selling price goes directly to the service provider. To conduct this analysis, the team defined four different hiring scenarios, which were studied together with their impact on prices. These hiring scenarios were defined for HCAs, as the main source of SADCUF's revenues comes from services involving HCAs and, according to the previous slide, it only makes sense to offer contracts to HCAs.

Transversal Assumptions

- Revenue: 1M€ – target imposed by the client company (current distribution remains equal: 73% from HCA; 19% from Nursing; 6% from Physiotherapy; 2% from Doctors)
- (Costs with personnel + ESE)/Revenue: 9% and EBITDA/Revenue: 15% (both imposed by JMS)
- Currently it is paid VAT to 30% of all HCA services and it is assumed to remain unchanged
- Compensation/hour for independent contractors remains the same for HCAs, Physiotherapists and Doctors

Scenarios	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Current prices
Scenario-specific Assumptions	• All HCAs as independent contractors (As Is)	• All HCAs under employee contract (without meal allowance nor annual bonus)	• Number of HCAs under employee contract* optimized (with minimum meal allowance legally = 4,52€/day) • Rest of HCAs as independent contractors	• Number of HCAs under employee contract* optimized (with meal allowance = 6,23€/day + annual bonus = 450€) • Rest of HCAs as independent contractors • Transportation paid to all service providers: • HCA under contract and as IC – monthly card of 50 Euros • Rest of service providers – round trip of 3,5 Euros	
AAM – Selling price/Hour	5,62 €	6,98 €	6,07 €	6,61 €	6,50 €
AAM – Average weighted cost/Hour (VAT included)	4,28 €	5,31 €	4,62 €	5,02 €	4,28 €
Nurses – Selling price/Hour	10,53 €			11,45 €	17 €
Nurses – Average weighted cost/Hour	8,00 € (imposed by JMS)			8,70 €	11 €
Physiotherapy – Selling price/Session	42,11 €			46,75 €	50 €
Physiotherapy – Cost/Session	32,00 €			35,50 €	32 €
Doctor – Selling price/Appointment	92,15 €			97,00 €	100 €
Doctor – Cost/Appointment	70,00€			73,50 €	70 €

Analysis of Hiring Scenarios (2/6) - Pricing Modelling

To review the hiring system and the prices of the services offered by SADCUF, the team took into consideration the target revenue established by JMS to reach in 2018 and followed a reasoning which is explained through the methodology followed in scenario 3

This slide is meant to explain the calculation method of the reviewed prices, through the detail of Scenario 3, whose methodology is a good proxy for the ones of the other scenarios, as it can be considered as a middle ground scenario of 1 and 2*, involving both HCAs under employment contract/collaborator and independent contractors. Therefore, the reasoning of scenario 3 is similar to the others scenarios, only differing at some assumptions.

	HCA	Nursing	Therapist	Doctor
Revenue goal	730.000,00 €	190.000,00 €	60.000,00 €	20.000,00 €
Cost of 1 employee contract	11.492,34 €			
Total cost of emp. contracts (13)	149.400,42 €			
Revenue from emp. contracts	196.512,72 €			
Hours by emp. contracts	25168			
Average cost/hour of emp. contract	5,94 €			
Revenue needed from IC	533.487,28 €			
Cost of IC	405.588,11 €	144.449,07 €	45.615,50 €	15.205,17 €
Cost of IC before VAT	379.408,90 €	- €	- €	- €
Compensation/hour (or session)	4,00 €	8,00 €	32,00 €	70,00 €
Total cost of HCA	554.988,53 €			
Hours of service of IC (or session)	94852	18056	1425	217
Price/hour of IC	5,62 €	10,53 €	42,11 €	92,15 €
Revenue from IC	533.069,51 €			
Average cost/hour of IC	4,28 €			
Price/hour of emp. contracts	7,81 €			
Average Weighted Price/hour	6,08 €			
Average Weighted Cost/hour	4,62 €			
Real revenue from emp. contracts	152.991,93 €			
Real revenue from IC	576.590,30 €			
Total revenue	729.582,23 €	190.131,09 €	60.027,14 €	20.016,51 €

Rationale behind the HCA calculation:

- The revenue goal (1M€) was taken as a starting point. Then, the number of hours worked by the employees under contract was computed together with the respective costs and revenues. The revenue derived from the collaborators was discounted from the target revenue, obtaining the revenue attributed to IC. Afterwards, the team used this revenue value to compute the total costs assigned to IC, by applying the margin, which served as a basis to find the number of hours worked by independent contractors, through the compensation per hour.

Rationale behind the Nursing, Physiotherapy and Doctor calculation:

- The same as HCA, excluding the inclusion of employment contracts

Calculation Steps Detailed:

- Calculation of the revenue goal per each group of service provider (HCA, nurse, therapist, doctor), using the percentual contributions previously mentioned
- Computation of the cost of the employees under contract (11.492,34€), taking into consideration the conditions present in Appendix 13. Each collaborator works 1936 hours yearly (11 months x 22 days x 8 hours)
- The revenues generated by collaborators are calculated through the application of the margin defined by JMS (9%+15%=24%) on top of the total cost related to employment contracts
- The revenue from the employees under contract was discounted from the target revenue, reaching the revenue value to be generated by the independent IC contractors.
- The cost of IC resulted from applying the same margin as the one used in point 3 to the revenue needed from IC to reach the target. In the HCA's services, the cost of IC was calculated before paying VAT to those HCAs (it is only paid to 30% of all HCAs), to obtain the costs directly related to the hours of service provided
- The number of hours of service provided (sessions in Physiotherapy and appointments for Doctors) were calculated dividing the cost of IC (cost of IC before VAT in HCA services) by the respective compensation/hour or session or appointment
- Then, price/hour was calculated by dividing the revenue by the number of hours of service. In the case of HCA services, the selling price results from a weighted average between the price/hour and hours worked by collaborators and IC
- The weighted average cost/hour of HCA services is also calculated only for control purposes

*The calculations performed for Scenario 1, 2 and 4 can be found in Appendix 15 and 16, respectively. They follow exactly the same reasoning as the model explained here, with just a few initial assumptions differing.

Analysis of Hiring Scenarios (3/6) – Employment Contracts

The optimal number of employment contracts to be offered to HCAs is 13, which was calculated with the aim of making sure every HCA under contract was always providing services

Given that one of the main challenges currently faced by SADCUF was the lack of a stable pool of service providers, in which SADCUF could rely on to fulfill its clients' needs, it is crucial to find ways to attract eligible human capital for the SADCUF's team.

In order to achieve this, the team thought about the possibility of offering employment contracts to the current employees of the pool, who, at the moment, are all working as independent contractors, with the aim of increase stability in the back-office's operations, and consequently improve the teams' allocation process and, consequently, increase the quality of service provided.

However, since the volume of services sold per month is relatively volatile, there are periods in which not all the service providers are needed, therefore and in order to minimize the risk of having HCAs under contract not allocated to any client, the team decided to take a conservative approach when calculating the number of HCAs that should have contract.

To compute the optimal number of contracts to provide to HCAs, the team followed the following reasoning:

- Firstly, the team considered that the best way to estimate the optimal number of contracts was to obtain the number of people who is always allocated to clients during the full year
- The average number of services with durations of [8h-16h], [16h-24h] and 24h was determined, based on data from January to October of 2017 (weekends were not taken into account)
- The number of HCAs necessary to cover these services was also determined (rounded down). Services with less than 8 hours weren't accounted for, since the goal was to assure HCAs worked exactly 8 hours/day.

Duration of services demanded	[8 - 16[hours	[16 - 24[hours	24 hours	Total of FTEs
Required number of FTEs per duration of service	1 FTE/service	2 FTE/service	3 FTE/service	
Number of existing services	6 services	2 service	1 service	
FTEs needed	6 FTEs	4 FTEs	3 FTEs	13

Analysis of Hiring Scenarios (4/6) - Zoom in

From the comparison analysis of the four scenarios with reviewed prices, scenario 3 is the most realistic one in terms of competitive prices and stability for the back-office

Having reviewed the prices, the team proceeded to compare the four different scenarios between themselves and with other alternatives in the market. In order to do that, the basis of comparison was defined as a duration of 12h and 24h for services of HCAs and nursing. This analysis' goal was to find the most realistic scenario and study its competitiveness and impact in the back-office workload.

	Services (HCA)	Reviewed monthly price	Reviewed monthly compensations	Services (Nursing)	Reviewed monthly price	Reviewed monthly compensations
Scenario 1	HCA – 24h	4.102,60 €	3.121,48 €	Nursing – 24h	7.679,60 €	5.840,00 €
	HCA – 12h	2.051,30 €	1.560,74 €			
Scenario 2	HCA – 24h (4,2 FTE's)	5.097,38 €	3.578,84 €			
	HCA – 12h (2,1 FTE's)	2.548,69 €	1.789,42 €			
Scenario 3	HCA – 24h (2 FTE + IC)	4.433,81 €	3.663,01 €	Nursing – 12h	3.839,80 €	2.920,00 €
	HCA – 12h (1 FTE + IC)	2.216,90 €	1.831,50 €			
Scenario 4	HCA – 24h (2 FTE + IC)	4.823,14 €	3.988,45 €	Nursing – 24h	8.358,50 €	6.365,00 €
	HCA – 12h (1 FTE + IC)	2.411,57 €	2.044,23 €	Nursing – 12h	4.179,25 €	3.182,50 €

Comparison Analyses:

- Scenario 1 does allow the best selling price, although it does not bring any change in the hiring system
- Scenario 2 is the opposite extreme of scenario 1, offering the best possible stability to the back-office in terms of service calendar management, however it leads to the highest selling prices, as a result of the higher costs that employment contracts involve. It also bears the highest risk, given that in the periods in which HCAs do not have clients to serve, JMS is incurring in expenses and is not receiving revenues
- Scenario 3 comprises a more reasonable price, both for HCA and Nursing services, and it takes into account 13 HCAs under employment contract, who contributes to increase the stability of the service calendar management, for the back-office
- Scenario 4 shows how the prices skyrocket if JMS would offer additional perks such as transportation, annual bonus or a higher meal allowance to all service providers, indicating that this business does not have a lot of margin to spread value

Summing up, as Scenario 3 is the most realistic one, and it is the one which will be further analyzed.

Analysis of Hiring Scenarios (5/6) - Zoom in of Scenario 3

The reviewed prices for Scenario 3 of HCA services continue to be completely out of market, while the nursing services are just slightly higher than the market, providing room for differentiation

After realising that the scenario 3 was the most realistic one within the four scenarios analysed, the team compared this scenario's reviewed prices with the respective current prices and the average market prices. After the comparison, it was important to predict the impact of the scenario 3 in the back-office's workload, in order to conclude whether this was a feasible solution or not. Given the defined target revenue of 1M€, the price decrease of 6,50€ to 6,07€ will have to be compensated with an increase in the activity volume, namely the increase in the number of hours worked, increasing the difficulty for the back-office in allocating teams and attracting enough service providers to fulfill the new number of hours to be accomplished.

Price Comparison

Services	Current Price (Monthly)	Reviewed Price (Monthly)	Average Market Price (Monthly)	Reviewed Price vs Current Price (%)	Reviewed Price vs Market (%)
HCA – 24h	5.032 €	4.433,81 €	1.850 €	- 11,9 %	139,7 %
HCA – 12h	2.516 €	2.216,90 €	1.250 €	- 11,9 %	76,7 %
Nursing – 24h	12.810 €	7.679,60 €	6.070 €	-40,0 %	26,6 %
Nursing – 12h	6.405 €	3.839,80 €	3.339 €	-40,0 %	15,1 %

- The reviewed prices are always lower than the current prices: the price drop is more significant in the nursing services (-40%) than in the HCA's services (-11,9%)
- The price of HCA – 24h and HCA – 12h are still significantly above the market prices – 138% and 77%, respectively. The HCA's services tend to be less differentiated, meaning there is not a lot of room to differentiate SADCUF from their competitors, not even leveraging the brand recognition as a quality stamp in healthcare, therefore it is highly unlikely to conquer the market with these services.
- The price of Nursing – 24h and Nursing – 12h are just slightly higher than market price – 27% and 15%, respectively. This already allows a possibility to differentiate as the reviewed prices are sufficiently close to the ones in the market and with the CUF brand recognition and/or perceived quality of private healthcare, it is likely that consumers would prefer to pay a moderate premium price for these services.

Number of service hours that HCA, as independent contractors, need to work to meet the Current Annualized Revenue and Target Revenue (in FTEs)

	Current Annualized	Target	Variation (%)
Revenue from HCA services	482.333 €	730.000,00 €	+ 51,3 %
FTEs guaranteed by employee contracts	-	13	-
Needed FTEs from independent contractors	31	44	+ 41,9 %
Total of FTEs	31	57	+ 83,9 %

Since the revenue goal correspondent to the HCA's services increased from 482.333€ to 730.000€, and the price/hour dropped, the volume of service hours sold will increase considerably:

- The total number of service hours of HCA needed to meet the target increases 83,9%, which would increase significantly the workload in the back-office, in terms of service calendar management. Currently, the back-office lacks an effective information system, given that when unpredicted issues arises (every week), such as a service provider cancelling his/her availability in short notice, it is unable to find a quick and automatic solution. Instead, they have to call every independent contractor they have on the pool until one of them confirms his/her availability.
- Even with the FTEs guaranteed by the HCA under employee contracts, the quantity of FTEs of HCA as independent contractors increases 41,9%, leading also to an increase in workload to the back-office, in terms of finding HCAs to provide services, especially when there is no reviewed or additional advantage to the HCA in accepting the job.

Unless more administrative staff is hired to help managing this higher quantity of service hours, or a considerable investment in information systems is made, this model will prove itself unlikely to succeed and to be unsustainable.

Analysis of Hiring Scenarios (6/6) - Acceptance Test of Scenario 3

Most of HCAs reacted positively to the possibility of working under employee contract, while only 2 of the nurses inquired are willing to be paid 8€/hour, with transportation



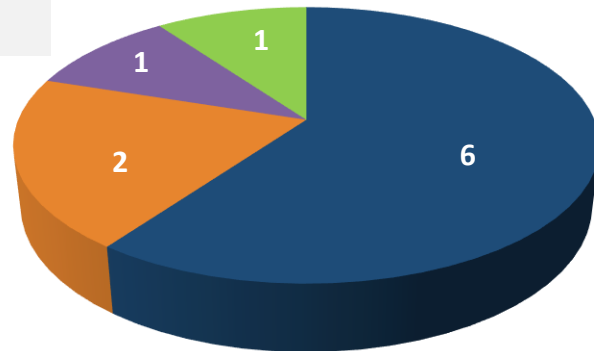
As Scenario 3 involved some changes regarding HCA's and nurses' compensations, some names of current service providers were gathered and then briefly interviewed, in order to test their acceptance to the changes in question.

1 HCAs

Question: Would you be willing to work under contract (with the conditions below) instead of as independent contractor?

Contract conditions:

Working hours: 40 hours/week
Gross salary: 570 €/monthly
Meal allowance: 6,23 €/day

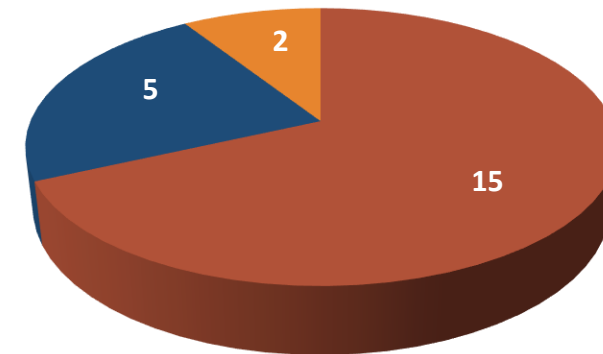


■ Yes ■ Yes, if transport included ■ Yes, if transport and meal allowance included ■ Not

- 60% of the HCAs interviewed prefer to work under employee contract, with no restriction.
- However, 3 out of 9 inquired would accept working under contract in case certain conditions were met.
- All HCAs that answered positively were willing to work overtime, either through extraordinary hours or as independent contractors.

2 Nurses

Question: Would you be willing to provide services in SADCUF with a compensation of 8€/hour?



■ Not at all ■ Maybe, if transport included ■ Yes, if transport included

- 68% of the inquired were reluctant about being paid 8€/hour, saying that the minimum they would be willing to receive was 10€/hour.

Summary of the Analysis of the Hiring Scenarios

Given the issues raised by scenario 3 among services providers, a new version of this scenario was developed in order to make it feasible and accepted by the majority of service providers

Main Conclusions

- Due to the business context and with the current reality, it is more beneficial to hire HCAs under employment contracts, although the same is not verified for nurses, with the goal of stabilizing the working team.
- Even with the reviewed prices, HCA's services are far from being competitive, as its price continues significantly higher than the market, even though efforts were made to decrease it. Furthermore, it does not provide much room for differentiation either.
- From the back-office standpoint, the repercussions of the HCA decreased price and revenue goal that lead to a substantially higher selling volume of these services, are also unsustainable, as the workload involving finding HCAs and managing HCA's services increases significantly without additional advantages to attract HCAs to provide services for SADCUF.
- The reviewed prices of nursing services are much closer to the market. As they are clinical services, they are much easier to be leveraged by the CUF brand and to differentiate themselves. However, according to the acceptance test, the compensation/hour correspondent to the reviewed price was not accepted by the vast majority of inquired nurses.
- There seems to be better prospects to SADCUF to focus in providing clinical services (such as nursing, therapy and medical appointments), where indeed CUF brand can be leveraged and clients are more willing to pay premium prices for the perceived quality. Nevertheless, providing HCA's services should be kept as complementary to healthcare services.
- To sum up, decreasing the prices of HCA's services will not likely bring substantial positive outcomes and it raises serious challenges for the back-office. Regarding the nursing services, the reviewed prices involve a compensation/hour that nurses do not accept.

Next Step – New Scenario

To circumvent the issues raised from Scenario 3, a sub-version of this scenario was created with the following changes:

- It was assumed a new percentual contribution to the revenue from the different services, as a result from the increased focus in providing clinical services:
 - HCA: 58%
 - Nursing: 29%
 - Physiotherapy: 8,5%
 - Doctor: 4,5%

Rather than decreasing the price/hour without additional benefits, the price/hour was kept the same and 2 hypothesis were tested with the goal of making it more manageable for the back-office:

- 1 **Hypothesis 1:** Use the margin to increase the gross compensation/hour of HCAs as independent contractors.
- 2 **Hypothesis 2:** Use the margin to increase the number of employee contracts.

For both hypothesis 1 and 2, the compensation/hour attributed to nurses was increased from 8€ to 10€.

New Scenario

Analysis of New Hiring Scenario (1/3) - Impact of Hypothesis 1 in the Back-Office

The increase of compensation/hour from 4€ to 4,38€ leads to an additional net compensation correspondent (to 1 FTE) of about 350 euros and the number of service hours as independent contractors that back-office has to capture decreases 19% relatively the current scenario

1 Hypothesis 1

Hypothesis 1 – Use the margin to increase the gross compensation/hour of HCAs as independent contractors

Working hours	Current Model	Recommended Model
	Net Compensation	
1	1,86 €	2,04 €
8 (day)	14,88 €	16,32 €
40 (week)	74,40 €	81,60 €
160 (month)	297,60 €	326,40 €
2000 (year)	3.717,18 €	4.070,31 €

Number of service hours that HCAs as independent contractors need to work to meet Current Annualized Revenue and Target Revenue (in FTEs)

	Current annualized	Target	Variation (%)
Revenue from HCA services	482.333 €	580.000 €	+ 9,9 %
FTEs guaranteed by employee contracts	-	13	-
Needed FTEs from independent contractors	31	25	- 19,4 %
Total of FTEs	31	38	+ 22,6 %

If the selling price/hour was to be kept the same, the gross compensation/hour of independent contractors could be increased from 4€ to 4,38€ (+9,5%).

- For a HCA working 2000 hours yearly (corresponding nearly to 1 FTE), he/she would have an additional net compensation of about 350 euros.
- The workload of the back-office should be lower compared to the current scenario:
 - On one hand the total number of FTEs, needed to meet the target and that need to be properly managed, increases 22,6%;
 - On the other hand, the number of working hours needed from HCAs as independent contractors, and whose management consumes the majority of the working hours of the administrative staff, decreases 19%. Moreover, increasing the gross compensation by 0,38€/hour is expected to ease the recruitment of HCAs.

Analysis of New Hiring Scenario (2/3) - Impact of Hypothesis 2 in the Back-Office

The increase of the number of employment contracts from 13 to 19 or 24 leads to a substantial higher stability of calendar management in the back-office, although it also increases the risk of having HCAs not providing services

2 Hypothesis 2

Hypothesis 2 – Use the margin to increase the number of employment contracts for HCAs

Number of employment contracts	Total expense for JMS	Corresponding selling price/hour
1	11.492,34 €	-
13	149.400,42 €	6,07 €
19	218.354,46 €	6,32 €
24	275.816,16 €	6,53 €

Number of service hours that HCAs as independent contractors need to work to meet Current Annualized Revenue and Target Revenue (in FTE's)

	Current annualized	Target (Variation %)		Target (Variation %)	
Number of employment contracts	-	19		24	
Revenue from HCA services	482.333 €	580.000 €	+ 9,9 %	580.000 €	+ 9,9 %
FTEs guaranteed by employment contracts	-	19	-	24	-
Needed FTEs from independent contractors	31	19	- 38,7 %	14	- 58,1 %
Total of FTEs	31	38	+ 22,6 %	38	+ 22,6 %

If the margin was to be used to increase the number of employment contracts for HCAs, SADCUF could go up to 24 contracts.

- Offering 24 employee contracts to HCA would increase significantly the stability in the offered services in terms of back-office calendar management, although it would also increase tremendously the risk of these HCAs under contract not being providing services.
- A middle ground scenario, involving hiring 19 HCAs, that corresponds to a selling price/hour of 6,32€, was also analyzed. It continues to provide greater stability to the back-office, and involves a lower (but still considerable) risk than the previous scenario with 24 contracts

Instead of changing the prices of HCA's services, it is to be recommended to follow Hypothesis 1 - increase the gross compensation/hour of independent contractors from 4€ to 4,38€ - instead of Hypothesis 2, due to the following two reasons:

1. It allows the back-office to recruit more easily HCAs to provide services in SADCUF;
2. It is the hypothesis that carries no additional risk in having non-productive assets.

Analysis of New Hiring Scenario (3/3) - Zoom in

Regarding the New Scenario, the prices of nursing services are 58% and 44% above the market, for 24h and 12h services, respectively, which is justifiable by the higher quality and experience of JMS' professionals, compared to other alternatives

Increasing the compensation/hour of nursing from 8€ to 10€, and keeping the initial transversal assumptions the same, the correspondent selling price will be 13,15€/hour.

Services	Current Price (Monthly)	Scenario 3's Price (Monthly)	New Scenario's Price (Monthly)	Average Market Price	Current Price vs New Scenario's Price (%)	New Scenario's Price vs Market Price (%)
HCA – 24h	5.032 €	4.418,14 €	5.032 €	1.850 €	0 %	172,0 %
HCA – 12h	2.516 €	2.209,07 €	2.516 €	1.250 €	0 %	101,3 %
Nursing – 24h	12.810 €	7.679,60 €	9.599,50 €	6.070 €	- 25,1 %	58,2 %
Nursing – 12h	6.405 €	3.839,80 €	4.799,75 €	3.339 €	- 25,1 %	43,8 %

Types of nursing services in SADCUF	Current price	Reviewed price*	Total hours**	percentual contribution to the total revenue of nursing**
1 hour	40 €	30 €	637	42,04 %
2 hours	25 €	18,75 €	178	7,29 %
More than 3 hours	17,5 €	13,15 €	1901	58,90 %

*To calculate the reviewed price for 1 and 2 hours of nursing, it was used the same percentage drop from the current to the reviewed price for more than 3 hours.

**Data from January to November of 2017

- The New Scenario's price of Nursing for 12h and 24h is 58% and 44% above the market, respectively. This difference of prices can be quite big for very long duration services, but it is still justifiable with the SADCUF pool of nurses, which have a quality stamp and experience in CUF hospitals and clinics.
- Furthermore, and specially for short duration services, either of 1 or 2 hours, where Nurses go to clients' homes to change complex bandages, administrate intravenous medicine, aspiration of secretions and more, SADCUF becomes more accessible to a wider range of people. According to the table aside, these type of short duration services have currently a considerable contribution to the revenue. With the price drop in question, along with other initiatives approached in future parts of this document, nursing services could grow significantly, and even more if it is kept in mind the lack of credible options who do not have the reputation of the brand CUF, in the market.
- An acceptance test of new compensation/hour of nurses is still to be made and it should focus primarily in nurses of CUF hospitals and clinics other than HCIS and HCD, since in these hospital units, salaries of the professionals are the highest among JMS' employees.

Hiring Model

SADCUF should offer employee contracts to 13 HCAs in order to guarantee a stable management process of the service calendar and increase the gross compensation/hour for HCAs as independent contractors from 4€ to 4,38€/hour

According to the study conducted and explained in the Human Resources Chapter, the final changes to the pricing of SADCUF are depicted below:

Current Model

Service providers in SADCUF work as independent contractors:

MEDICAL	Compensation/Appointment
General and Familiar	70,00 €
THERAPY	Compensation/Session
Physiotherapy	32,00 €
NURSING	Compensation/Hour
General - 1h	25,00 €
General - 2h	15,50 €
General – equal or more than 3h	11,00 €
HEALTH CARE ASSISTANT	Compensation/Hour (+VAT)
Service of 1h	11,00 €
Service of 2h	7,30 €
Service of 3h	5,30 €
Service of 4h	4,50 €
Service of 5h	4,10 €
Service longer than 5h	4,00 €

Other conditions:

- No payment of transportation included
- SADCUF pay VAT to the HCA working as independent contractors

Recommended Model

Offer employee contracts to 13 HCAs, with the following conditions:

Monthly Gross Salary	580€		
Meal allowance	4,52€/dia	Hygiene e Security	100€
Insurance of accident in work	200€	Training	50€

The rest of service providers in SADCUF continue to work as independent contractors:

MEDICAL	Compensation/Appointment
General and Familiar	70,00 €
THERAPY	Compensation/Session
Physiotherapy	26,60 € *
NURSING	Compensation/Hour
General - 1h	22,73 €
General - 2h	14,09 €
General – equal or more than 3h	10,00 €
HEALTH CARE ASSISTANT	Compensation/Hour (+VAT)
Service of 1h	12,05 €
Service of 2h	7,99 €
Service of 3h	5,80 €
Service of 4h	4,93 €
Service of 5h	4,49 €
Service longer than 5h	4,38 €

Human Resources - Current and Expected

To meet the target of 1M€, the SADCUF's team composed mainly by independent contractors, should increase by 14,5 FTEs in total

Given the current HR structure and the previous proposed changes, the expected outlook of SADCUF's team is presented below, according to the goals that were set. Given that it was suggested to offer employment contract to 13 HCAs, which represents a higher risk to JMS than having all HCAs as independent contractors, the team followed a conservative approach and developed a contingency plan in order to mitigate the risk of having contracted employees without any client allocated to them, which is depicted in the following slide.

Current and Expected composition of SADCUF's HR team in order to meet the target (in FTEs)

Collaborator/Service provider	2017 (1)			2018			Total Variation
	Contract	Independent Contractors	Total 2017	Contract	Independent Contractors	Total 2018	
Technical Director	1	-	1	1	-	1	0
Operational Team's new Element	-	-	0	1	-	1	+ 1
Nursing Coordenator in HCD	-	1	1	-	1	1	0
Administrative staff	2	-	2	2	-	2	0
HCAs	-	31	31	13	25	38	+ 7
Nurses	-	1,5	1,5	-	6,8	6,8	+ 5,3
Physiotherapists	-	0,3	0,3	-	1,3	1,3	+ 1
Doctors	-	0,05	0,05	-	0,25	0,25	+ 0,2
Total	3	33,85	36,85	17	34,35	51,35	+ 14,5

(1) Data correspondent to the period in-between January and November 2017, annualized

Contingency Plan for Contracted HCAs not allocated to Clients

In order to mitigate the risk of having contracted employees without clients allocated to them, it was developed a contingency plan which involves integrating HCAs in the hospital units CUF, to face the existing absenteeism, or to replace HCAs as independent contractors

Proposed Model

Option 1

Replace HCAs as independent contractors with contracted HCAs

- It allows increasing the productivity of human resources, benefiting from a resource with a fixed cost

Option 2

Integration of contracted HCAs in the admission sector of the hospital units HCIS, HCD and HCC

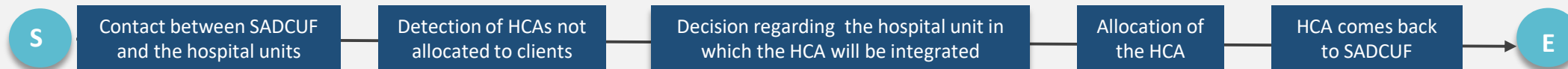
1) Functions:

- Equal responsibilities to HCAs in the hospital environment
- Gather information from nurses to verify the existence of potential clients for SADCUF
- Promote a close relationship with patients and their families

2) Mandatory training:

- Welcoming day (1 day)
- Basic healthcare (2 days)
- Risk management, ethics, infection control, mobilization and transfers (2 days)
- Normal Integration period in the hospital (in surplus) – from 2 weeks to 2 months

3) The Process



4) Distribution of hours lost due to absenteeism in the Hospital Units CUF (1)

Hospital Unit	Part-time (HCAs)	Full-time (HCAs)	Total (HCAs)	Absenteeism Rate (2)	Number of hours lost due to absenteeism, per year (3)	Number of FTEs (HCA) absent in the Hospital Units (4)	Number of contracted HCAs in SADCUF (suggested)	Number of Collaborators eligible to be shared with the Hospital Units CUF
HCD	3	244	247	6,8%	22.366	16,8	13	7
HCIS	3	207	210	4,8%	18.628	10,1		4
HCC	7	67	74	3,4%	4.650	2,5		2
Total						24		13

- The total amount of hours lost due to absenteeism corresponded to 24 FTEs in the Hospital Units HCD, HCIS and HCC, per year
- In an extreme scenario where the 13 contracted HCAs are not allocated to clients, their allocation in these hospital units could mitigate 46% of the absence hours

(1) Data for October 2017 | (2) The absenteeism rate for HCAs was assumed equal to the consolidated absenteeism rate for all the employees (HCA, nurses, therapists and doctors) per hospital unit | (3) The absenteeism rate is calculated through the number of working hours in absence divided by the maximum potential of hours worked, in one year (working hours = number of employees * 8 hours*21 days * 11 months) | (3) One FTE corresponds to 1.848 hours per year

Human Resources Recruitment

Aiming at attracting more service providers for SADCUF, it is suggested to implement a structured recruitment process for nurses, to use offline and online communication strategies to promote JMS' vacancies and to consider different recruitment sources

		Current Model	Proposed Model												
SADCUF	Nurses	<ul style="list-style-type: none"> The HR recruitment is made through informal conversations between the nurse Sónia Fernandes and other nurses of the hospital unit HCIS The word-of-mouth from the current service providers also contributes for the spread of potential job vacancies 	<ul style="list-style-type: none"> In order to be able to recruit more nurses to SADCUF, JMS should implement a structured recruitment process as part of the existing recruitment process in Carnaxide 												
	HCA's	<ul style="list-style-type: none"> The job vacancies are posted on JMS' website 	<ul style="list-style-type: none"> It is recommended to raise the gross salary (already mentioned in the Pricing Section) 												
Domus Vida (Parede)	HCA's	<ul style="list-style-type: none"> Currently, there are 7 HCA's (FTE) working at the nursing home Domus Vida of Parede, through <i>Recibos Verdes</i>, contracted to Comfort Keepers, which is one of the main competitors of SADCUF. JMS pays 1.040€/FTE/month to Comfort Keepers, which gives a compensation of 670€/month + meal allowance for the service provider 	<ul style="list-style-type: none"> It is suggested to gradually substitute the 7 FTE's contracted to Comfort Keepers with service providers from SADCUF through <i>Recibos Verdes</i> <table border="1"> <tr> <td>Proposed compensation to FTE with <i>Recibos Verdes</i></td> <td>700 €</td> </tr> <tr> <td>Variable Compensation (up to 100 €)</td> <td>100 €</td> </tr> <tr> <td>Total Expense with each Service Provider to JMS</td> <td>800 €</td> </tr> <tr> <td>Fixed Costs Contribution (9%)</td> <td>72 €</td> </tr> <tr> <td>EBITDA Margin (15%)</td> <td>120 €</td> </tr> <tr> <td>Total Earnings for SADCUF (Cost to Domus Vida)</td> <td>992 €</td> </tr> </table> <ul style="list-style-type: none"> Consider HCC as a potential recruitment source 	Proposed compensation to FTE with <i>Recibos Verdes</i>	700 €	Variable Compensation (up to 100 €)	100 €	Total Expense with each Service Provider to JMS	800 €	Fixed Costs Contribution (9%)	72 €	EBITDA Margin (15%)	120 €	Total Earnings for SADCUF (Cost to Domus Vida)	992 €
Proposed compensation to FTE with <i>Recibos Verdes</i>	700 €														
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Total Earnings for SADCUF (Cost to Domus Vida)	992 €														

- Given that in Cascais there is high demand for HCA's services and there is only one HCA resident there, it is recommended to implement an offline communication strategy, namely posting job vacancies in Cascais newspaper, in order to enhance HCA's recruitment in this area
- Besides offline communication, SADCUF should bet on online communication, in order to better communicate their vacancies, namely on Facebook page, Net Empregos and SapoEmprego, which have a great reach and are free.
- Moreover, other sources of Human Resources should be considered, such as Apoio à Vida and Cruz Vermelha

Retention and Evaluation of Human Resources

In order to reward the service providers who distinguish themselves from the others and to motivate them to improve their performance, one can implement a structured process of retention and evaluation

From the Internal and External Analysis, and Research Interviews, it was possible to understand that, currently, one of the main issues faced by SADCUF is the lack of a stable pool of service providers, which makes it difficult for the back-office to create and manage monthly schedules. This variability of the pool of service providers is mainly due to the lack of retention mechanisms for service providers, such as relevant incentives valued by them.





Moreover, many clients pointed out that it could be useful to provide feedback more frequently, in order to be shared to the service providers and, consequently, to improve the service delivered and clients' satisfaction levels.

	Current Model	Proposed Model
Retention of HR	<ul style="list-style-type: none"> Currently, the nurses Ana Almeida and Sónia Fernandes (from the operational team) receive respectively, commissions of 0,5% and 1% of the revenues that come from their respective clients, which encourages them to gather and retain clients. However, there is not a retention policy for service providers of SADCUF, which prevents SADCUF from retain its human capital. The high variability of the pool of service providers leads to higher costs in recruitment. Moreover, given that this business is highly based on human relations, it is very difficult for clients to create a relation based on trust with the service providers, since the team is highly variable. 	<ul style="list-style-type: none"> It is proposed to maintain the commissions attributed to the nurses Ana Almeida and Sónia Fernandes, given that they contribute to motivate them to continuously attracting and retaining heir clients. It is also recommended to provide a commission to the new element* of the operational team (nurse) of 0,5% of the revenues that come from the clients that will be followed by him/her. Given that HCAs' services represent the major part of SADCUF's business volume, it is proposed to increase the gross income of HCAs from 4€/hour to 4,38€/hour, given that it is expected to make it easier to retain HCAs in SADCUF's Team. (Subject to test) Give an award of 4 medical consultations per year (or the correspondent value in money or Fnac check) to the 5 HCAs and 5 nurses (with <i>Recibos Verdes</i>) with the best evaluations given by the clients.
Evaluation of HR	<ul style="list-style-type: none"> Currently, there isn't a structured process of evaluation for service providers, since feedback is received through informal contact with the clients. 	<ul style="list-style-type: none"> It is recommended to implement a structured process of evaluation for service providers as well as satisfaction surveys regarding the service provided, through e-mail or phone call: <ul style="list-style-type: none"> For one-off services: after the service ending For long-term services: every month

* The Restructuring of the Operational Team is an initiative which will be detailed ahead

Summary of Human Resources Initiatives (1/3)

SADCUF should increase the compensation/hour of HCAs to ease their recruitment and retention, and decrease the compensation of Nurses and Physiotherapists in order to decrease prices and, consequently increase the sales volume




Initiative	Rationale	Costs and Investments	Revenues	Metrics
 <p>Offer Employment Contract to 13 HCAs See Appendix 17 for further details</p>	<ul style="list-style-type: none"> Increase stability in the back-office regarding the management process of the service calendar Provide better training to HCAs under employment contract, leading to an increase in the perception of quality of the service provided 	OPEX: 41.879,55 €	- €	<ul style="list-style-type: none"> Number of HCAs under employee contract in March
 <p>Increase Compensation/hour of HCAs 4€ to 4,38€</p>	<ul style="list-style-type: none"> It is expected that the compensation/hour increase will ease the recruitment and retention of HCAs, and consequently increase the stability of the calendar management of these services 	OPEX: + 24.978,63 € *	- €	<ul style="list-style-type: none"> Turnover rate of HCAs
 <p>Decrease Compensation/hour of Nurses from 11€ to 10€</p>	<ul style="list-style-type: none"> It is predicted that decreasing the selling prices of Nursing will contribute to the increase the selling volume of these services 	OPEX: - 4.877,35 € *	-** €	<ul style="list-style-type: none"> Number of hours of Nursing services provided in addition to the ones provided in the year of 2017 Turnover rate of Nurses
 <p>Decrease Compensation/session Physiotherapists from 32€ to 26,6€</p>	<ul style="list-style-type: none"> It is predicted that decreasing the selling prices of Physiotherapists will contribute to increase the selling volume of these services 	OPEX: - 3.234,11 €	-** €	<ul style="list-style-type: none"> Number of Physiotherapy sessions provided in addition to the ones provided in the year of 2017 Turnover rate of Physiotherapists

*since the compensation/hour differs with the duration of the services, an average weighted compensation/hour was calculated in Appendix 18

**the increase of sales volume is expected to have a positive effect in the revenues' value, however in order to assess the correct impact, it is necessary to perform a test and respective analysis





Summary of Human Resources Initiatives (2/3)

SADCUF may benefit from allocating service providers in the place of the 7 FTE's contracted to Comfort Keepers. Moreover, it is necessary to find new sources of recruitment to face the lack of service providers

Initiative	Rationale	Costs and Investments	Revenues	Metrics
 Recruitment of Service Providers for SADCUF	<ul style="list-style-type: none"> It is predicted that a structured recruitment process will allow attracting a greater number of nurses for SADCUF 	- €	- €	<ul style="list-style-type: none"> Number of nurses recruited for SADCUF
	<ul style="list-style-type: none"> The increase in the gross income of the healthcare assistants is expected to contribute to a more effective recruitment of human capital for SADCUF's team 	(considered in the hiring model and restructuring of the operational team)	- €	<ul style="list-style-type: none"> Number of HCAs recruited in Cascais Number of hours worked by HCAs
 Recruitment of Healthcare Assistants for Domus Vida	<ul style="list-style-type: none"> There is an opportunity for SADCUF benefiting from the allocation of HCAs in Domus Vida The nursing home Domus Vida will also benefit, since the cost per FTE will be lower 	OPEX: 73.248 € See Appendix 19	83.328 € See Appendix 19	<ul style="list-style-type: none"> Number of FTEs recruited for Domus Vida from Parede Turnover rate Number of HCAs who comply with the schedule defined
 Communication of Vacancies for SADCUF's service providers and Domus Vida	<ul style="list-style-type: none"> In Cascais, the demand for HCA's services is high, hence the offline communication of HCA's vacancies may increase the capability of SADCUF to fulfill the demand in this location, by attracting more HCAs to its service 	OPEX: 9.100 € See Appendix 19	- €	<ul style="list-style-type: none"> Number of HCAs recruited in Cascais Turnover rate
	<ul style="list-style-type: none"> The online communication (Facebook, Net <i>Empregos</i> and <i>SapoEmprego</i>) will contribute to a greater reach without incurring in costs, leading to a more effective recruitment of service providers 	- €	- €	<ul style="list-style-type: none"> Number of service providers who answer the job advertisement and stay in SADCUF
	<ul style="list-style-type: none"> By considering alternative recruitment sources, it will be more likely for SADCUF to attract service providers 	- €	- €	<ul style="list-style-type: none"> Number of service providers recruited from the alternative sources mentioned

Summary of Human Resources Initiatives (3/3)

In order to enhance the retention of service providers and increase the perceived quality of its service, SADCUF should introduce a structured process of performance evaluation. Moreover, SADCUF can benefit from the contingency plan for the contracted HCAs

Initiative	Rationale	Costs and Investment	Revenues	Metrics
 HR Retention Mechanisms	<ul style="list-style-type: none"> The increase of the HCA's gross income is expected to contribute to a greater retention of the human capital of SADCUF 	(considered in recruitment of HR)	- €	<ul style="list-style-type: none"> Turnover Rate
	<ul style="list-style-type: none"> The awards attributed to the 5 HCAs and nurses with the best performance evaluation are expected to increase the motivation of the service providers and also the quality of the service offered 	OPEX: 1.280 € See Appendix 20	- €	<ul style="list-style-type: none"> Turnover Rate Clients' satisfaction levels
	<ul style="list-style-type: none"> It is predicted that attributing a comission (0,5%) to the new member of the operational team will motivate the nurse to attract more clients and and retain them 	(considered in restructuring the operational team)	- €	<ul style="list-style-type: none"> Number of new clients Number of clients that remained in the service
 HR Evaluation	<ul style="list-style-type: none"> It is predicted that a structured and periodic evaluation/feedback system will lead to a better quality service with higher customer satisfaction levels 	- €	- €	<ul style="list-style-type: none"> Average grade of the service providers' evaluation Clients' satisfaction levels
 Replacement of HCAs with Recibos Verdes	<ul style="list-style-type: none"> Since contracting HCAs is riskier than having them through <i>Recibos Verdes</i>, it is important to define the activities that these collaborators should do in case they are not allocated to any client. This way, contracted HCAs, when not allocated to clients, may replace HCAs with <i>Recibos Verdes</i>, or fulfill daily absences, contributing to better answer to the existing demand. 	- €	- €	<ul style="list-style-type: none"> Number of services programmed and urgent services which are not fulfilled by SADCUF
 Integration of contracted HCAs in hospital units	<ul style="list-style-type: none"> The Hospital Units HCD, HCIS and HCC have, respectively, absenteeism rates of 6,8%, 4,8% and 3,4%. Therefore, the possibility of integrating contracted HCAs in these hospital Units is an opportunity to overcome absenteeism and also to increase productivity. 	OTE: 9.266,84 € See Appendix 21	- €	<ul style="list-style-type: none"> Number of absences filled with contingency HCAs

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Price Change Proposal

SADCUF is recommended to keep the prices of HCA's services and medical appointments, and to decrease the prices of nursing and physiotherapy services

Having finished the analysis regarding Human Resources Challenges, where the Hiring Scenarios together with corresponding Pricing were studied, the team summed up the main associated changes on the prices. See Final Model in Appendix 22.

Price Change Proposal

	Service Provider	Current Model	Recommended Model	Variation (%)
Price/hour	HCA	6,50 €	6,50 €	0%
	Nurse	17,5 €	13,00 € (1)	-25%
Price/session	Physiotherapist	50 €	35,00 € (2)	-30%
Price/appointment	Doctor	100 €	100 € (3)	0%

- (1) The price was rounded down (from 13,15€) only for selling purposes.
- (2) According to the Hiring Scenarios' Analysis, it was suggested to review the price for Physiotherapy to 42,11€, however the team together with JMS noticed that this price meant a compensation/hour much higher than the compensation/hour for nursing services. Given the higher levels of responsibility and education involved in nursing services, this difference seemed rather unfair to the nurses and besides, physiotherapists were indeed being slightly overpaid. Therefore, during a meeting with JMS, it was agreed to set the price of physiotherapy/session at 35€. To compute the new value of the compensation/session for these professional, the transversal assumptions of the hiring scenarios were used. The final value of physiotherapists' compensation/session was then changed from 32€ to 26,6€.
- (3) Prices of medical appointments are suggested remain unchanged, as it was inferred that clients have much lower sensibility to the price of these services, because according to internal data, 80% of the medical appointments in 2017 were requested with an emergency character.

	Current prices	Recommended prices		
MEDICAL	Selling price/Appointment			
General and Familiar	100,00 €	100,00 €		
THERAPY	Selling price/Session			
Physiotherapy	50,00 €	35,00 €		
NURSING	Selling price/Hour			
General – 1h	40,00 €	30,00 €		
General – 2h	25,00 €	19,00 €		
General – equal or more than 3h	17,50 €	13,00 €		
HEALTH CARE ASSISTANT	Selling price/Hour (+6% VAT)			
Service of 1h	17,50 €	17,50 €		
Service of 2h	11,50 €	11,50 €		
Service of 3h	8,60 €	8,60 €		
Service of 4h	7,30 €	7,30 €		
Service of 5h	6,60 €	6,60 €		
Service longer than 5h	6,50 €	6,50 €		
HCA Services	1h - 30 days	525,00 €	525,00 €	
	2h - 30 days	690,00 €	690,00 €	
	3h - 30 days	774,00 €	774,00 €	
	5h - 30 days	990,00 €	990,00 €	
	12h - 30 days	2.340,00 €	2.340,00 €	
Nursing Services	1h - 30 days	1.200,00 €	900,00 €	-25%
	2h - 30 days	1.500,00 €	1.125,00 €	-25%
	5h - 30 days	2.625,00 €	1.968,75 €	-25%
	12h - 30 days	6.300,00 €	4.725,80 €	-25%

- After applying final adjustments in the prices of services offered, the team compared the final prices recommended with the current ones, in the table depicted.
- The prices are recommended to continue increasing as the service's duration decreases, given that service providers tend not to accept services that involve moving to a client's house just to provide 1 or 2 hours of service, due to transportation costs.
- However, in clients' perspective, it is easier to see a fixed price/hour in order to predict the quantity of money to be paid for a given service.

Service Packages

Given that clients find it difficult to understand the final price to be paid for a given service and that several players in the home care market have implemented packages with fixed prices associated, it is recommended to create service packages for HCA's services, nursing and dementia services

Service Packages of HCA		Monthly Price		Nursing Service Package		Monthly Price					
Basic	<ul style="list-style-type: none"> 1 hour with health assistant everyday* 1 medical appointment per month Visits from client manager: each 2 months 	485 €	Discount 5%	460,75 €	Basic	<ul style="list-style-type: none"> 1 hour of nursing care everyday* 1 medical appointment per month Visits from client manager: each 2 months 	760 €	Discount 5%	722,00 €		
	Intermediary	<ul style="list-style-type: none"> 8 hours with health assistant everyday* 1 medical appointment per month Visits from client manager: once per month 	1.244 €	7,5%		1.150,70 €	Intermediary	<ul style="list-style-type: none"> 8 hours of nursing care everyday* 1 medical appointment per month Visits from client manager: once per month 	2.388 €	7,5%	2.208,90 €
		Premium	<ul style="list-style-type: none"> 24 hours with health assistant everyday* 1 medical appointment per month Visits from client manager: once per week 	3.532 €		10%		3.178,80 €	Premium	<ul style="list-style-type: none"> 24 hours of nursing care everyday* 1 medical appointment per month Visits from client manager: once per week 	6.964 €

(Names of the packages to be defined)

Service Struture	Monthly Price
<ul style="list-style-type: none"> 12 hours with health assistant everyday* 1 hour of nursing care twice a month 1 session of Occupational Therapy per week 2 sessions of Physiotherapy per week 1 medical appointment per month Visits from client manager: once per month 	2.296 € Discount 5% 2.181,20 €

- According to the benchmark analysis realized, many international players offer their services organized in packages (e.g: "Rise and Shine Package", from Synergy), which brings advantages both for the clients and for SADCUF. Moreover, during theinterviews with industry experte, the topic regarding service packages was approached as one effective alternative to attract more clients.
- Firstly, it makes it easier for clients to understand which services they are buying and the corresponding price, giving them a security feeling, since the price they pay per month is constant. The discounts also make it attractive for clients to buy these packages since they are paying less than if they were to pay the same services individually. The greater the package's price the higher the discounts provided, in order to motivate people to buy the "Premium" packages, which would not be considered before.
- SADCUF also benefits, since it keeps the clients who have paid the packages, at least during a month, which allows the back-office to better manage and allocate the teams of service providers as well as receiving up-front.

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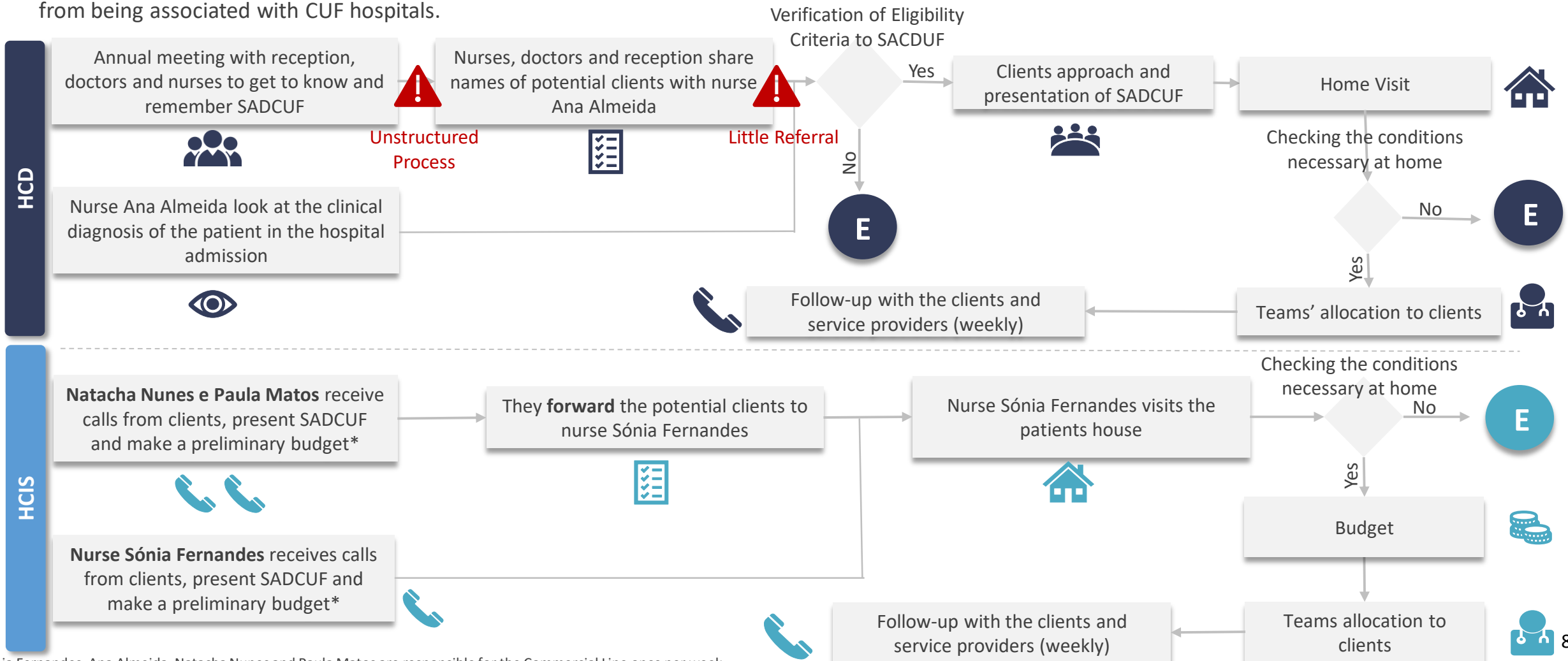
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Restructuring the Operational Team (1/5)

In the present, the operational team has different tasks in HCD and in HCIs. Regarding HCD, although the efforts conducted to attract more clients, the conversion rate is only 4%. In HCIS, there is not a referral process due to the lack of capacity to answer the demand

1 Current Structural Model

Although the potential of attracting new clients from the hospital units is very significant, currently, there is not a structured process of referral and acquisition in the hospital units. Therefore, the team investigated the process “As Is”, in order to recommend initiatives for SADCUF to maximize synergies from being associated with CUF hospitals.



* Sónia Fernandes, Ana Almeida, Natacha Nunes and Paula Matos are responsible for the Commercial Line once per week

Restructuring the Operational Team (2/5)

It is recommended that SADCUF introduce implements the second scenario, since the introduction of a nurse will allow the follow-up of the client since the first contact in the hospital unit until the service ending, leading to a more personal service

2 Proposed Structural Model

In order to SADCUF benefit from the full potential of attracting clients from the hospital units, the team defined three different scenarios which aimed to restructure the operational team, responsible for attracting clients in CUF hospital units. After studying the advantages and disadvantages of each scenario, the team pointed scenario 3 as the preferred one.

Possible Scenarios			
	Scenario 1 (see Appendix 23)	Scenario 2	Scenario 3 (see Appendix 24)
Detail	<ul style="list-style-type: none"> Introduce one commercial element responsible for attracting clients: <ul style="list-style-type: none"> In the hospital units HCD, HCIS and HCC Commercial line service 	<ul style="list-style-type: none"> Introduce <u>one nurse</u> responsible for the clients' acquisition and clients' management: <ul style="list-style-type: none"> In the hospital units HCC, HCTV and CCAL Commercial line service 	<ul style="list-style-type: none"> Nurse Sónia Fernandes will be also responsible for the clients' acquisition in HCIS and HCC
Advantages	<ul style="list-style-type: none"> Selling Skills makes it easier to constantly seek for new clients and sell SADCUF services to them 	<p>Internal Referral Process</p> <ul style="list-style-type: none"> Ease of communication between the nurse and the clinical team of the hospital units, useful for sharing clinical information about the clients Capabilities to understand the needs of the patients in order to plan the home services 	<ul style="list-style-type: none"> Ease of communication between the nurse and the hospital clinical team, useful for sharing clinical information about the clients Capabilities to understand the needs of the patients in order to plan the home services
Disadvantages	<ul style="list-style-type: none"> The hospital clinical team may not want to work with a commercial element who lacks clinical background The lack of clinical knowledge makes it difficult to make service proposals to the client. Therefore, he/she would have to forward the client to a nurse and there would not be a holistic experience, since the client will contacts with different people 	<ul style="list-style-type: none"> Lack of selling skills to pursuit a "goal-seeking" task, may hinder the motivation of the nurse if results are not met 	<ul style="list-style-type: none"> In the long-term, the nurse Sónia Fernandes may not have enough time to focus both on clients' acquisition and respective follow-up tasks

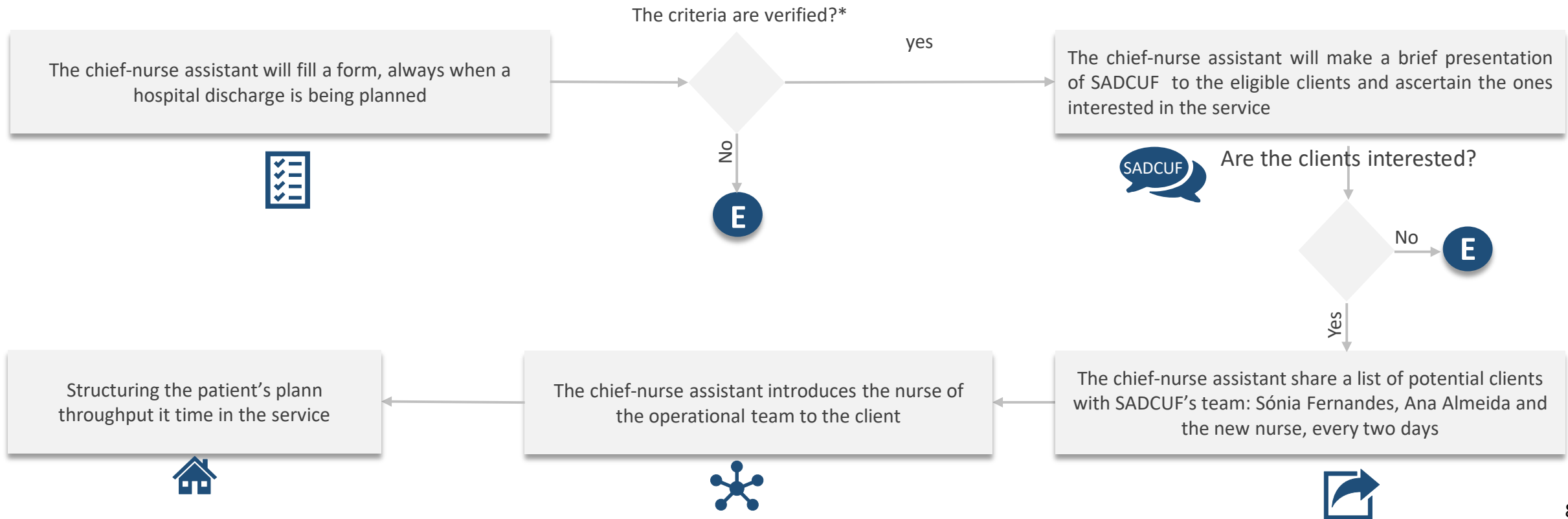
Restructuring the Operational Team (3/5)

It is proposed the implementation of a structured referral process, which comes has a complement for the initiative of restructuring the operational team, which will increase the number of SADCUF's clients

2 Proposed Structural Model – Internal Referral Process

Given that restructuring the Operational Team would not reach its full potential without the contribution of the clinical teams from the hospital units, it is important to bring them aboard in this endeavor, as it is expected that an internal referral process, as a complement to the initiative of SADCUF's team restructuring, will allow SADCUF to better identify the potential clients, increasing the conversion rate of contacts into new clients. Additionally, due to the implementation of this referral process, there will be an increased control in the hospital discharge, which will fight the existent informal market. With the goal to effectively attract clients from the hospital units CUF, as well as benefiting from the associated synergies, the referral activities are recommended to be formally included in the job description of the chief-nurse assistants.

This way, the “CUF Service” will be perceived as more integrated and clients will have a smoother transfer from the hospital Units to SADCUF's services.



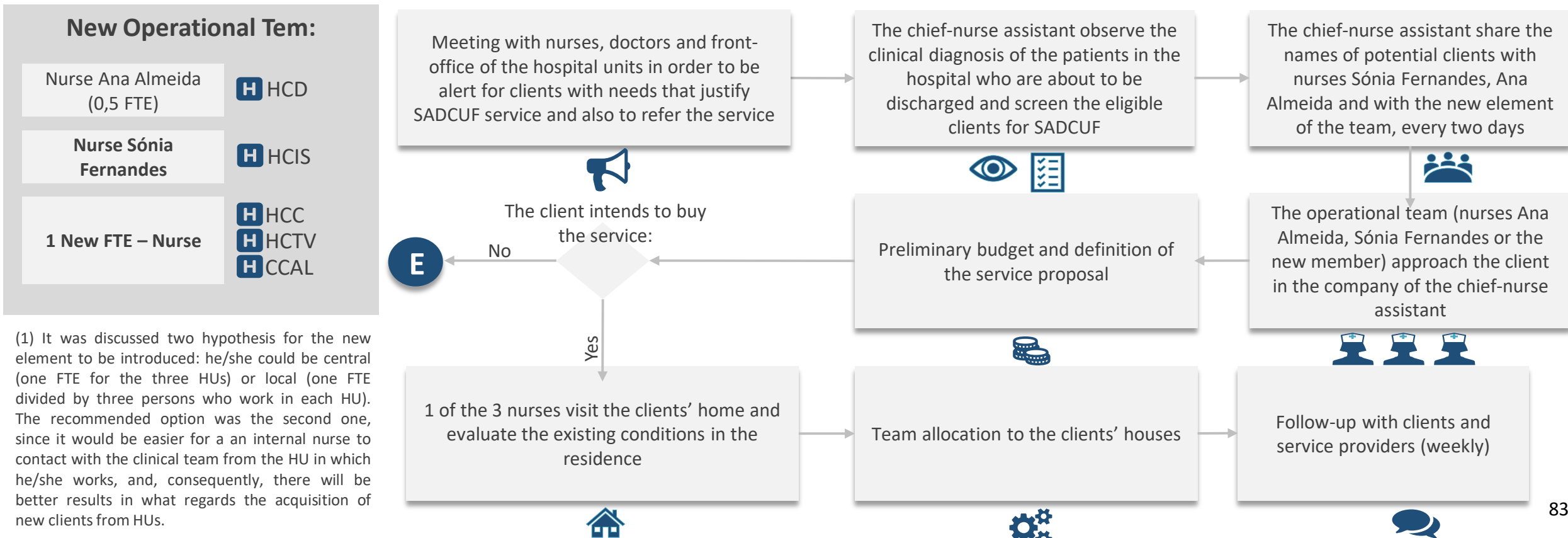
*Criteria (to be defined) for a patient to be considered eligible for the SADCUF

Restructuring the Operational Team (4/5)

With the integration of a nurse in the operational team, together with the implementation of the internal referral process, it is predicted that the conversion rate from contacts to new clients in the hospital units will increase


2 Proposed Structural Model

In order to the initiative of Restructuring the Operational Team have results, it is necessary that a well-structured referral process is implemented, as mentioned before. Therefore, putting together the referral process and the adapted operational process, the team obtained the final proposed process to be implemented by SADCUF (presented below), which is expected to allow SADCUF reaching the full potential of the synergies with hospital units CUF. The new element (1) introduced in this process will be responsible for the clients' acquisition in the Hospital Units HCC, HCTV and CCAL, where, currently, there is not a structured referral process. Therefore, it is expected that there will be a significant increase in the number of clients attracted to SADCUF and, consequently, positive impact in its revenues.



Restructuring the Operational Team (5/5)

Restructuring the operational team and implementing a referral process in the hospital units, as a complement, will impact the OPEX in 347.792,25 € and the revenues in 451.433,60 €

Initiative	Rationale	Cost and Investments	Revenues	Metrics
 <p>Integration of a new member in the operational team and Referral Process</p>	<ul style="list-style-type: none"> The introduction of a new member in the operational team, with similar functions to nurses Ana Almeida and Sónia Fernandes, together with the internal referral process, will contribute to the increase of the conversion rate from contacts to new clients and it will lead to an increase in the number of clients of SADCUF. It will also contribute to create a holistic experience for the clients 	<p>OPEX: 347.792,25 €</p> <p>See Appendix 25</p>	<p>451.433,60 €</p>	<ul style="list-style-type: none"> Number of contacts Number of new clients gathered Number of clients who have left the service

Assumptions (See Appendix 25)

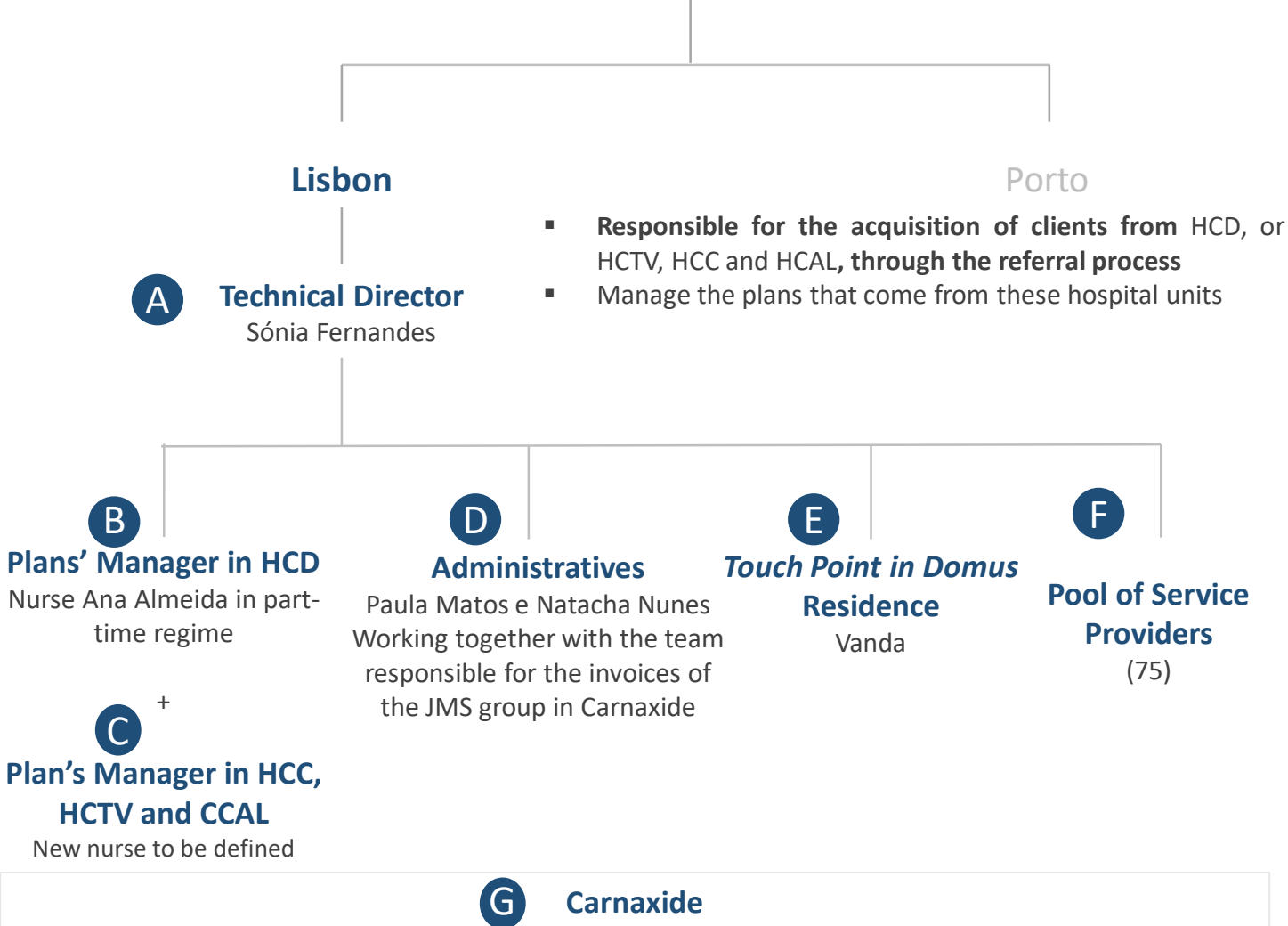
- OPEX:**
- Although the commissions attributed to the nurses are kept equal in percentage, the increased number of clients will raise their absolute value
 - A new element was introduced in the operational team, which corresponds to a yearly incremental expense of 32.000 € for JMS (salary + car)
 - A commission of 0,5% was attributed to the new element over the revenues that come from his/her clients
 - The expected increase in the number of clients is due to the increased number of contacts (in HCTV, HCC and CCAL) and the increase of the conversion rate
 - The number of clients has risen, consequently the number of hours worked increased as well as the operational cost associated
- Revenues:**
- The increase in the number of clients will contribute to an greater of number of hours worked, which is reflected in an increase in the revenues

Organizational Structure Proposal

It is recommended to rearrange the structure of SADCUF's team and to centralize some of the administrative services in Carnaxide, in order to allow the integration of SADCUF into the JMS universe

With the changes suggested to Operational Team, SADCUF will have a new organizational structure, depicted bellow.

Serviços de Apoio Domiciliário CUF



Responsibilities

- Responsible for all the operational and management functions, such as monitoring the pool of clients and service providers
 - Recruitment process of service providers
 - Management of substitutions or absences
 - Diagnostic assessment of the patient's conditions (from HCIS)
 - Structuring the patients' plans of clients that come from HCIS
 - Elaborate a budget proposal
 - Responsible for allocating the service provider to the client
 - Answer to inbound calls (one week per month)
 - Follow-up of every client from HCIS
 - Responsible for the acquisition of clients from HCIS, through the referral process
-
- Promote SADCUF in HCD | HCC, HCTV and CCAL
 - Diagnostic evaluation of patient's conditions HCD | HCC, HCTV, CCAL
 - Structuring the plans of clients that come from HCD | HCC, HCTV, CCAL
 - Elaborate a budget proposal
 - Responsible for allocating the service provider to the client
 - Follow-up of some clients from HCD | HCC, HCTV, CCAL
 - Answer to inbound calls (one week per month)
-
- Issue of invoices
 - Create, distribute and monitor service providers' schedules
 - Management of substitutions or absences
 - Answer to inbound calls (two weeks per month)
-
- Conversion of invoices from Primavera (software used by SADCUF) to Glintt (software used by the JMS group)
-
- Responsible to provide the services to the patients
-
- Invoice issuing
 - Communicating Strategy
 - Recruitment

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The identity of the SADCUF is not well define and, despite changing its name to SADCUF in 2016, the service was not been able to unlink yet from its previous name of Domus Care, which does not transmits the clear idea of what the services provides

1 Rebranding

The first challenge related to communication is the undefined brand identity of the services, as people still addresses to it by its previous name (Domus Care). Moreover, based on the results from the interviews to the clients, there is not a differential element that justifies the premium price, which leads many clients to abandon the service and prevents new ones to come in.

According to the American Marketing Association, a brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Regarding the current name Serviços de Apoio Domiciliário CUF, it is believed that the name should be changed to Cuidados Domiciliários CUF, based on the rationale that the word “cuidado” promotes a deeper emotional connection with the client than the word “service”, passing the idea that the SADCUF despite offering a quality service, also cares about the well-being of their patients and clients. Since the investment in communication is low and people still do not recognize the name SADCUF, changing the service name to CDCUF would not bring negative consequences nor difficulties in terms of implementation. The brand elements, communication programs and the way providers present themselves will affect the brand image and how the brand is perceived. Therefore, it is of extreme importance not only to deliver the right message through those channels but also to ensure that there is consistence and coherence across all. Due to time constraints, in this report the brand elements such as the logo and the slogan of the new SADCUF brand will not be studied. Instead the focus will rely on the communication strategy and the staff. Costs regarding this initiative are also being studied by the marketing department, but a value has not been disclosed yet.

Brand Identity

What do we want the brand to be?

- SADCUF must be a reference when it comes to home care services, with special focus on providing clinical services

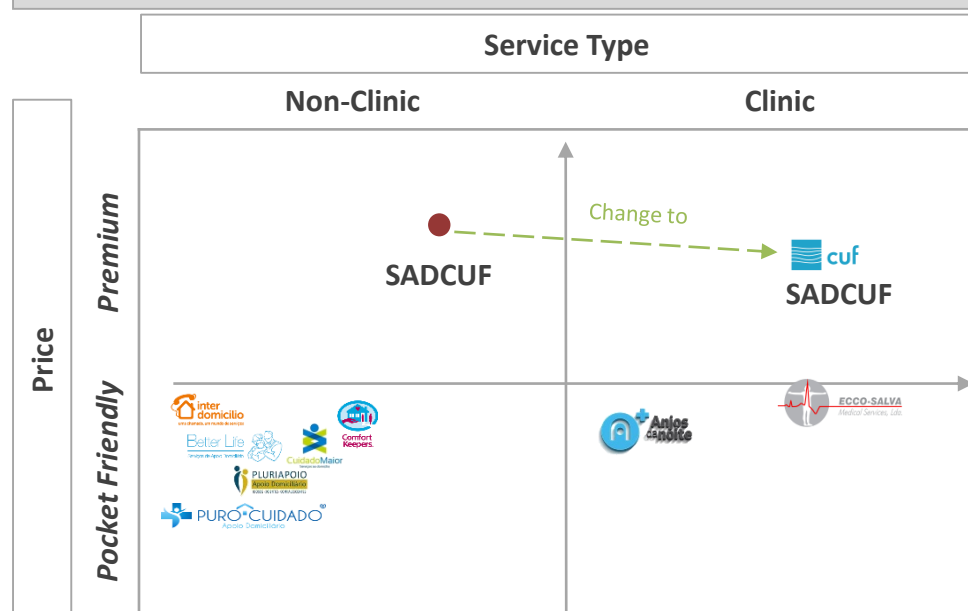
What does it represent?

- Comfort
- Convenience
- Safety
- Trust

What makes the brand unique

- Quality of the service with CUF certificate that inspires trust to clients who will experience an unique and personalized experience
- Network with the CUF Hospitals

Brand Positioning



In terms of positioning, and to take advantage of being a CUF service, the focus should shift from non-clinical services to more clinical services of high quality to justified, to some extent, the premium price. This way the new service will be able to differentiate while being competitive and targeting a specific niche of customers.

Communication (2/6)

The provision of SADCUF services greatly depends on how providers and employees present themselves and interact with the customer. Since these services are characterized as premium, this factor becomes even more important

2 Staffs' Image and Performance

The perceived quality of the new SADCUF brand is highly dependent on how the providers present themselves and how they perform their activities. This is specially important in the case of premium brands that must match high quality services with a flawless and unique experience in order to create value to customers. Therefore, not only there is the need to invest on how service providers look, in order to standardize their appearance like it is done in luxury hotels, but also to provide them general guidelines on how to deal with the patients and the clients. Those guidelines must be aligned with the values and the culture of the CUF hospitals and JMS group. The objectives of the two presented measures are not meant to generate revenue directly, but instead to leverage the premium image of the brand which afterwards will contribute to increase loyalty of current clients and acquisition of others, translating in a boost of revenues.

Media Channel

Description

Costs and Investments

Revenues

 Invest in how HCA present themselves

- 60 uniforms with the new CDCUF logo, created by JMS's marketing team, will be ordered. This number accounts for additional HCAs to be recruited, and as uniforms are not perishable goods, they can be saved for future occasions. After contacting five suppliers, the best proposal came from a company called Profit as it can be seen in the table on the right.

Budget	Company	Unit price without VAT	Unot price with VAT	Total price with VAT for 60 uniforms
	Fardas e Companhia	12,5 €	15,38 €	922,5 €
	Pro Trabalho	13,35 €	16,42 €	985,23 €
	Fardas e Uniformes	16,5 €	20,30 €	1217,7 €
	Casa das Batas	16,23 €	19,97 €	1198,02 €
	Proft	11,5 €	14,15 €	848,7 €

- €

 Internal Training Sessions

- These sessions aim to instruct service providers specific guidelines regarding on how to approach both the client and the patient, contributing for an uniformization regarding the provision of the service, which will lead to an overall integrated and cohesive end experience.
- They should be carried out at the moment providers join SADCUF with annual follow-ups afterwards.

- €

- €

From the interviews made to CUF clients, it was concluded that there is a mismatch deducted from the price they consider premium, between what they perceive they will receive as a service and what they actually receive. These initiatives are meant to diminish this difference

2 Staff Image and Performance

In the chapter regarding the redefinition of the service offer, life stimulation activities were included since they were perceived as important to develop the autonomy of the patients and, therefore, improve their well-being. This activities would be done by the HCA together with the patient, and so for that reason those providers need to have an initial training. It is believed that the offer of such activities will add value to the patient experience and be appreciated by their relatives.

Media Channel

Description

Costs and Investments

Revenues

Training sessions of Ocupacional Therapy for HCAs

The training will consist in three parts:

- Clarification of fundamental concepts to a good professional performance in geriatrics:
 - Normal and Healthy Aging vs. Pathological Aging
 - Assertive communication
 - How to deal with the person with dementia
 - How to organize / manage the day so that the person has a routine that is balanced and appropriate to their age group and clinical condition
 - Cognitive stimulation: what it is and its importance
- Answering doubts about the day to day of the HCA
- Presentation of some examples of cognitive stimulation exercises and their explanation

This training sessions given to HCAs aim to sensitize and prepare them for the specific needs of each client and practices to be performed in order to provide the best possible service. It will have a total cost of 250 € for the 13 contracted HCA, in this first phase.

- €

Workshops

In a second and more developed stage, the hired HCA will take workshops in order to conduct more stimulating and different activities with the patients. This type of complement to the service already offered will be very much appreciated by the client and will consequently justify the so-called premium price that the interviewed clients complained about when comparing SADCUF's services and prices to its peers.

When such comparison was made, they concluded that the premium price does not match the expectation of a premium service. With this initiative is expected that the difference between the expectation and reality decreases.

Budget	Company	Activity	Time	Price
	Companhia das Agulhas	Tricot	12 h	100 €
	Maria Modista	Costura	24 h	60 €
	Pintar Fácil	Pintura	6 h	60 €
	Teleculinária	Culinária	3 h	55 €

It is intended that each one of the hired HCAs will only do one workshop so they can later do it again with patients. The estimated total cost is 3.575 €.

- €

By developing and executing a marketing communication strategy, SADCUF broadcasts the value that its services deliver to consumers. The goal is to optimize consumer engagement, which includes the cognitive, emotional investment they made in positively interacting with the brand

3 Communication Strategy

Another challenge regards the promotion of the services that currently seems not to be a priority. The investment in communicating the value proposition of SADCUF has been almost inexistent and the referral process with the hospital units is not structured in the best way possible to leverage synergies between those units and SADCUF. Finally, there is also an internal communication problem, in the sense that this business unit has not been receiving the attention needed by executive and superior entities within JMS group. Furthermore, many JMS and CUF's employees are unaware of the existence of such services. Marketing Communications translates SADCUF's value proposition into a compelling narrative that can establish, or modify a brand image in consumers' minds. These brand narratives can be delivered through channels such as advertising, sales promotions, public relations, digital marketing, personal selling and other promotional vehicles. In order to ensure an effective implementation of the communication strategy, the 6M model of marketing communications was followed, since it helps designing strategies which will optimize consumer engagement. [74]

Within the framework, special focus will be given to the Media, Measurement and Money elements, which will be described in the following slides of the report. Since currently not only SADCUF has problems communicating their value proposition to the market, but also faces some internal communication problems as previously stated, measures to solve this issue will also be analyzed. Furthermore, calculations used to estimate and quantify the impact of each media channel can be seen in the respective appendices.

Strategic Intent

Mission	The end goal of the marketing communication strategy is to influence people to buy SADCUF services. However, before that, the priority is to make consumers aware of the service's existence and persuade that it is the best solution for their needs.
Market	Defining the market target is essential in any business. In the case of SADCUF, the audience for the communication strategy is people whose relative is in a dependent situation and can not perform daily activities autonomously. Since it is a premium service, the audience would be narrowed down to people who have a steady income base and can afford the payment of such services.

Strategic Execution

Message	The message and story delivered by SADCUF is essential to leverage customers' engagement. The emphasis should be in the idea that now people can receive CUF's quality services at the comfort of their home, extending their experience within the company ecosystem.
Media	The message will be deliver through the use of media/promotion vehicles which aims in one hand to passively expose consumers to the service and on the other to make SADCUF available to consumers when they are ready to make contact. The detail of the media vehicles used will be presented in the two next slides.

Strategic Impact

Money	Regarding budget constraints, the JMS did not impose any in specific, although some business sense was applied. The expenses estimations for each element of the marketing strategy is defined in the next slides, with more detailed in the appendices.
Measurement	Each promotional vehicle has its own metrics used to measure effectiveness, which will be further individually detailed in order to assess how deeply the message has spread and its impact.





Communication (5/6)

In this initial phase, the promotion of the value proposition of the new SADCUF brand comes from investing in digital marketing channels and social media

Media Channel	Description	Costs and Investments	Revenues	Metrics
 Digital Advertising (Google AdWords)	<ul style="list-style-type: none"> As the objective for this initial phases passes a lot by creating awareness and promoting the image of the new brand SADCUF, investment in digital advertising is relevant, as nowadays, people are more likely to search through a search engine for a service they need. Moreover, the use Google AdWords gives SADCUF the opportunity to flexibly manage their budget and delineate a strategy that will better suit their interests. 	<p>OPEX 96.354,00 €</p> <p>See Appendix 26</p>		<ul style="list-style-type: none"> Reach # clicks Click Through Rate Keywords quality score
 Website	<ul style="list-style-type: none"> The investment on Google AdWords only makes sense if it steers potential customers to an website. Currently SADCUF does not have any website of its own, which can be a barrier to people's awareness regarding the offer of its services. By creating a website, a new touch point will be added to the customer experience, where it will be able not only to interact and dialogue with SADCUF but also to know more about the service itself and share information. Throughout the project, some key characteristics were highlighted as essential to be present in this new website, such as: the need of having an user friendly appearance; it must be compatible with the mobile format; it must have a feature that allows the automatic calculus of the budget for the service; a chat box; an area for recruitment and another where people can give feedback and talk about their experiences with the services. The costs presented on the right were based on an estimation done by the technology department of JMS for a website with the mentioned features. 	<p>OTE 7.000,00 € (one time cost)</p> <p>See Appendix 26</p>	<p>134.467,3. €</p> <p>See Appendix 26</p>	<ul style="list-style-type: none"> Open rates Time spent on the website Churn rate # of clicks until get to the desired information # of budget requests
 Facebook Page	<ul style="list-style-type: none"> Due to the importance of social media in today's life, having a Facebook page for the SADCUF is another way of promoting and divulgate the service offer, and also leverage the level of interaction and engagement with the customer. Opportunity of synergies with CUF's Facebook page that can help in the advertising of the new SADCUF page and therefore reach a broader number of customer who, in theory, value and like the CUF brand. 	<p>OPEX 10.601,25€</p> <p>See Appendix 26</p>	<p>15.280,38 €</p> <p>See Appendix 26</p>	<ul style="list-style-type: none"> Page views Reach # of likes # of interactions in posts

Communication (6/6)

Internal communication mechanisms are also important in order to better integrate SADCUF into the JMS universe and align objectives and expectations that create value to both parts

Media Channel	Description	Costs and Investments	Revenues	Metrics
 +Vida Magazine	<ul style="list-style-type: none"> +Vida is an online magazine published by the JMS group that intends to provide information regarding the group and ongoing projects. Therefore, it would be another way of promoting SADCUF with the advantage of being free of costs. 	- €	- €	
 Referral Process	<ul style="list-style-type: none"> The reinforcement and definition of a structured and effective procedure implemented in the referral process will leverage the synergies between SADCUF and the hospital unit, which will potentially result in the acquisition of more patients who attend the hospital. Besides the strategic objective of attracting more patients/clients, having the teams of each hospital floor involved in the process will create awareness for the service among CUF's employees. 	(considered in the restructuring the operational team)	(considered in the restructuring the operational team)	<ul style="list-style-type: none"> # of contacts # of new customers # of customers that left the service
 Updates during the Quarterly Forum	<ul style="list-style-type: none"> This initiative is different from all the previous ones, as it is not meant to target the market nor attracting more customers. Instead, it aims to promote the integration of the business unit into the JMS universe, through quarterly updates during the JMS Forum where the evolution and challenges faced by SADCUF should be presented and discussed with executive members. The alignment of expectations is beneficial to the group as a whole and for SADCUF alone. 	- €	- €	
 Monthly Newsletter	<ul style="list-style-type: none"> One alternative to divulgate the services and attract CUF collaborators (for recruitment purposes) is to promote the service via the monthly newsletter sent to all JMS employees. This would be a good solution to capture providers who already understand company's culture and will be aligned with their values, delivering a good experience to the end customer. 	- €	- €	


Customer Retention Mechanisms


Besides focusing on offering a quality service, there must be, at the same time, an investment in creating an emotional relationship with the client and patient, since emotionally connected customers are more valuable than satisfied ones

One of the problems highlighted during the diagnosis phase was the poor capacity of SADCUF in retaining existing customers, many of which left due to reasons concerning the high unjustifiable price charged. The measures previously presented aimed to create awareness and acquire more clients. Although capturing new clients is important, the process of acquisition can be expensive and not deliver the intended results. Companies objective must be to create long and lasting relationships with customers, by appealing to their emotional connection with the brand and service itself, turning them, ideally, into valuable customers. Based on that objective and in order to invert SADCUF situation when it comes to retention of clients and increased perceived value of the service, the following initiatives are proposed.



Periodic Reports

Report November of 2017 

 **Name:** António Lima
Client Manager: Sónia Fernandes
Overall Evaluation of the Report: ●

Evolution and Patients Overall Conditions

Nursing Team: Mr. Lima's condition is stable and he is responding well to treatments. The recent wound is healing as expected and free of infection risk. The treatment should last for more two weeks.

Objectives for the Next Steps

In terms of next steps, the objective is to keep improving the autonomy level of Mr. Lima and continue the treatment of the wound.

Contacts: domicilioscuf.Lisbon@jmellosaude.pt
Phone: 213 934 110

- As previously stated, the customer and the user are, in most of the situations, different people. Therefore, in order to include the user in the whole process and experience, reports regarding the patients evolution and activities performed during the week, for instance, would be sent to the relatives of the patients, if they were interested. This activity should be performed by the Client Manager who would receive information from all the providers allocated to that patient. Optimally this process should be done through a digital platform.



Special Attentions

- Make the service approach more personalized and unique to the client/patient with the perspective of adding value and more accurately bridging individual needs.
- Minor attentions positively impact the perception of service quality, increase retention, promote loyalty and foster the emergence of clients who advocate and recommend this service, which is crucial in this sector.
- Clients and patients should always be addressed by their names and when they first enroll in the service, a welcome message should be sent by the allocated client manager, explaining the mission of SADCUF and the next steps.
- To celebrate important dates such as patients' anniversaries or condolences to the relatives of an old patient, flowers together with a postcard should be sent.



Give Voice to the Clients

- By creating a questionnaire where the clients and patients evaluate their level of satisfaction with the service and where they can provide recommendations and give feedback, is a win-win situation for both the client and patient, and to SADCUF.
- The objective is to leverage the concept of learning relationships, where the client teach the company about their preferences and needs. This way, the SADCUF can better understand what is expected in terms of service provision and offer to clients and patients exactly what they want, creating a competitive advantage due to the increase of clients' shifting costs.
- The questionnaire should be sent by email and the data collected must be stored and organized for further analysis.

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C.1 Short-Term

C.2 Medium and Long-Term

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Medium and Long-Term Initiatives – Information Systems

Half of the hypothesis involving the improvement of the Information Systems were studied, but the analysis of the rest of them need to be finished, in order to choose the best available option, among all possibilities. The IT department of JMS will conclude this analysis

In order to solve the back-office's problems and answer their needs, several hypothesis were taken into consideration. While two of them are based on taking advantage of the system already existing inside JMS Group, other three possible solutions are based on finding an external solution to JMS: either use a solution already available in the market, adapt one to SADCUF's needs, or build one from scratch. Several meetings took place with different Enterprise Resource Planning companies with the objective of finding the best solution, however the team could not reach a conclusion about the path to follow, as it did not have enough time to conclude this analysis.

		Proposal	Timings	Costs and Investment
Hypothesis	SADCUF's Systems	Review of the Innovagency solution	1 month	10.763 €
		Glintt's solution for operational support	2 months	26.937 €
		Solution available in the market	Information unavailable	N/A
	External Systems	Adapt an existing solution	Information unavailable	N/A
		Build a solution from scratch	Information unavailable	N/A
		Develop a web application from scratch that enables effective management of information and operations related to SADCUF. According to Ynnovation, this is the answer SADCUF needs to solve all problems related to back office	6 months to develop	37.500 €

Medium and Long-Term Initiatives – Others (1/2)

Medium and long-term initiatives involve a greater complexity and structural changes in SADCUF, and they can potentially boost the growth of the home care business

Despite of the greater focus was made on short-term initiatives, that could be implemented and cause impact relatively quickly, other initiatives for the medium and long-term were pointed out. These initiatives involve a greater complexity and structural changes in SADCUF and could potentially enhance the growth of the home care business. Although these initiatives are believed to be the path that SADCUF should pursue on the long-term, they should be deeply analyzed and developed (as further steps). The medium and long-term initiatives were focused on the objective of keeping SADCUF a complementary service to CUF hospitals.

Initiative	Description	Advantages
<p>Home Hospitalization Unit</p>	<ul style="list-style-type: none"> ▪ To shorten the period of time that the patient stays admitted in the hospital, the Home Hospitalization Unit aims at providing the same type of services that the patient would have at the hospital, at home. ▪ Some public hospitals are already following this trend, which is believed to be the future path for healthcare, particularly for a country with an increasing population over 65 years old that are filling up the hospitals for long-term care. ▪ It would be necessary to create a Home Hospitalization Team, responsible for making daily rounds at the homes of certain CUF's clients, as it is currently done at Garcia da Horta Hospital 	<p>For CUF's Hospitals:</p> <ul style="list-style-type: none"> ▪ Beds are emptied for situations of greater severity or clinical instability ▪ Creates an additional revenue stream <p>For CUF's customers:</p> <ul style="list-style-type: none"> ▪ Decrease risks of infection to the patient ▪ Patients prefer to stay at home whenever possible - patients' acceptance of Garcia da Orta to this model has been "excellent"
<p>Commercial Agreements with Home Care Insurance Companies</p>	<ul style="list-style-type: none"> ▪ The Home Hospitalization Unit can be highly leveraged by potential agreements with Insurance Companies, since in the final part of the hospitalization admission, the client's insurer would pay the CUF's home care daily rates that are much lower than the daily rates in CUF Hospitals. This could be clinically feasible in the sense that in several hospitalization final phases, the patients are being more supervised than actually treated. This supervision could be done at home. ▪ For instance, a clinical package could be created for certain orthopedic surgeries: the final part of the hospitalization of clients recovering from surgeries could be done at home, and the insurer would continue to pay for the care (or part of them) 	<p>For CUF Hospitals:</p> <ul style="list-style-type: none"> ▪ Increase incremental revenues, derived from emptying beds to new revenue streams: <ul style="list-style-type: none"> ▪ Revenue stream 1: CUF client at home that emptied bed ▪ Revenue stream 2: New CUF client in hospital in vacant bed <p>For insurers:</p> <ul style="list-style-type: none"> ▪ Decrease their clients' daily hospitalization costs, due to lower daily rates

Medium and Long-Term Initiatives – Others (2/2)

The development of an App aims not only to improve customers' experience, but also to address back-office management issues, allowing them to operate more efficiently as intermediary between client and service provider

Initiative	Description	Advantages
Development and Integration of Monitoring Services	<ul style="list-style-type: none">▪ Telemonitoring will serve as a support to Home Hospitalization Unit, allowing the clinical team of the hospital to supervise remotely the patient.▪ It will involve several devices, such as the oximeter, thermometer, sphygmomanometer and pedometer / physical activity monitor.▪ The patient (or family relative) enters the values obtained on a tablet, and the information is sent to the clinical team (training on the use of the devices is necessary).	<ul style="list-style-type: none">▪ The monitoring services aim to increase the quality of life of the patients, as they may prevent unnecessary travel to the hospital and possible infections
App Development	<ul style="list-style-type: none">▪ This initiative came into consideration due to being a special request by the client. It was asked to study how a digital platform could respond to the demand in this market and how could it link the client, provider and back-office in a way the patient's information and requests would be perfectly followed-up. In the appendix 27, one can grasp a glimpse of the functionalities the team recommend, from where these ideas may have come from (tech companies and international companies), who will they support and what are their objectives.▪ This mobile application would respond mainly to services of shorter duration. The app involves a match between supply and demand for services of this duration, in order to respond to requests more quickly and shorten unnecessary processes for those who want specific services. Whenever there are requests for longer duration made by the application, an alert should appear in the back-office's system so that the nurse manager makes a personalized service and plan.▪ In the clinical context, this app will serve as a support to the care providers, so that there is a greater connection and follow-up between the clinical record of the patient in the Hospital and in the Domicile.▪ The objectives are: (1) to increase customer convenience and improve overall customer experience without missing the personal relationship which is a key success factor in this sector; (2) contribute with features that facilitate the service of the provider, improving it and making it more efficient ; (3) facilitate management and back-office logistics component.	<ul style="list-style-type: none">▪ Faster customer response▪ Reducing customer bureaucracies▪ Increased collection of customers with specific needs▪ Technological response▪ Better patient follow-up between hospital and home

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Summary of Recommendations

The development of the following 5 areas of impact has the objective of addressing most of the previously identified challenges, in order to enable future growth of SADCUF



Shaping
powerful
minds

Area of Impact	Objective	Recommendations and Initiatives	OTE	Costs	Revenues
Service Offer	<ul style="list-style-type: none"> Redefinition of the offered services 	<ol style="list-style-type: none"> Reorganization of the offered services Include Psychology, Pediatrics and Cognitive Stimulation Activities 	- €	- €	- €
Human Resources	<ul style="list-style-type: none"> Increase stability in the management of base shifts Ease the recruitment of service providers Increase human resources' retention 	<ol style="list-style-type: none"> Offering employee contracts to 13 HCAs Increase the gross compensation/hour of HCA as independent contractors, and decrease it for nurses and therapists Recruit HCAs directly to Domus Vida Communication of vacancies for SADCUF's service providers Giving incentives according to performance evaluation Provide HCAs under employment contract hospital experience to face absences in HUs 	<ol style="list-style-type: none"> - € - € - € - € - € 9.266,40€ 	<ol style="list-style-type: none"> 41.879,55€ 16.866,67€ 73.248€ 9.100€ 1.280€ - € 	<ol style="list-style-type: none"> - € - € 83.328€ - € - € - €
Pricing	<ul style="list-style-type: none"> Increase focus on offering clinical services instead of non-clinical services (HCA services) Increase the number of clients 	<ol style="list-style-type: none"> Keep the same prices for HCA's services and Doctor's appointments Decrease the price for Nursing and Therapy services Offering services packages with discounts to stimulate sales 	- €	-€	- €
Organization	<ul style="list-style-type: none"> Acquiring clients at the upstream (HUs) 	<ol style="list-style-type: none"> Restructuring of the operational team; hire another element to enhance clients acquisition 	- €	347.792,25 €	451.433,60 €
Communication	<ul style="list-style-type: none"> Define CDCUF's identity and its image Improve its external communication 	<ol style="list-style-type: none"> Creation of CDCUF brand Provide uniforms to the service providers Occupational Therapy training for HCA under employment contract Workshops for HCA under employment contract Investment in communication (e.g.: AdWords, website) Facebook webpage Client Retention Mechanisms (e.g.: birthday celebrations) 	<ol style="list-style-type: none"> Und* 848,70€ - € - € 7.000€ - € - € 	<ol style="list-style-type: none"> - € - € 250 € 3.575 € 96.354 € 10.601,25€ 2.777,50 € 	<ol style="list-style-type: none"> - € - € - € - € 134.467,31€ 15.280,38€ - €

*Undefined – Still to be defined by the Marketing Department

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Impact on P&L (1/2)

The sum of the initiatives is expected to bring a net value of 70.622,19 € in the year of 2018, leading to an increase of 78% in terms of EBITDA when compared to the annualized value of 2017

Incremental impact of the initiatives in 2018

Areas of Impact	OPE	OPEX	Revenues
Service Offer	-	-	-
Human Resources	9.266,40 €	142.374,22 €	83.328,00 €
Pricing	-	-	-
Organization		347.792,25 €	451.433,60 €
Communication	7.848,70 €	113.057,74 €	149.747,68 €
Technology	-	-	-
Total	17.115,10 €	603.224,21 €	684.509,28 €

Impact on P&L

	2017*	2018	Variation
Revenues	662.158,36 €	1.346.667,64 €	+ 103 %
ESE	13.822,79 €	38.368,29 €	+ 178 %
Wages	466.727,19 €	893.312,24 €	+ 91 %
Costs with Personnel	75.918,95 €	228.012,61 €	+ 200 %
EBITDA	105.689,43 €	186.974,50 €	+ 77 %
One Time Expense (OTE)**	- €	17.115,10 €	-

- In order to calculate the impact on P&L of the recommended initiatives and for simplification purposes, it was assumed that SADCUF would keep the revenue and cost structure of 2017 in the year of 2018. Then, it was estimated how the initiatives would impact the P&L in incremental terms.
- ▪ From the proposed initiatives, those that have a financial impact are within the areas of Human Resources, Organization and Communication
- In the year of 2018, the proposed initiatives are estimated to:
 - Generate 684.509 € of revenue on top of the revenues of 2017
 - Increase costs (OTE and OPEX) of 620.339 € on top of the costs of 2017
- In terms of impact on P&L, the recommended initiatives increase all of the accounts more than 100%, except on Wages
- ▪ According to the estimations made, the proposed initiatives point to a revenue value higher than the proposed target of €1M, as requested by the client
- Regarding EBITDA, it can be observed a increase of 77% when compared to the annualized value of 2017
- EBITDA in 2018 is estimated to represent 14% of the Revenues

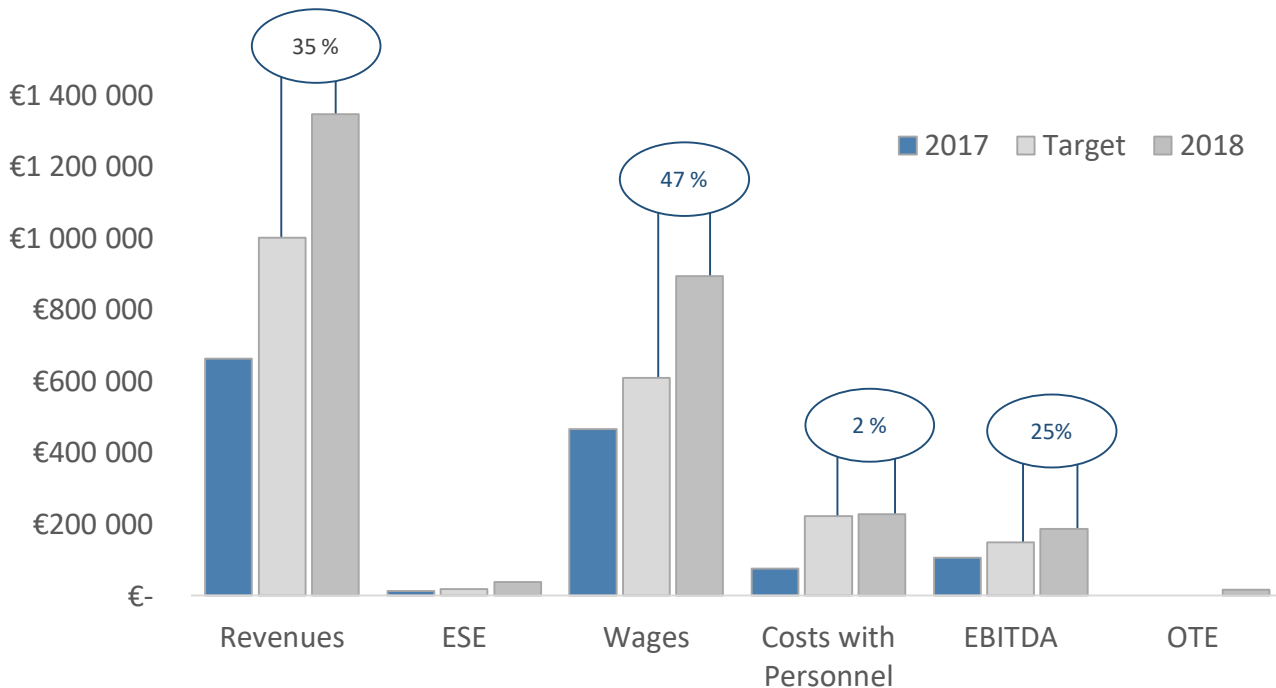
*Values of 2017 hard close/annualized from September onwards

**Requested by the client not to be included to calculation of EBITDA

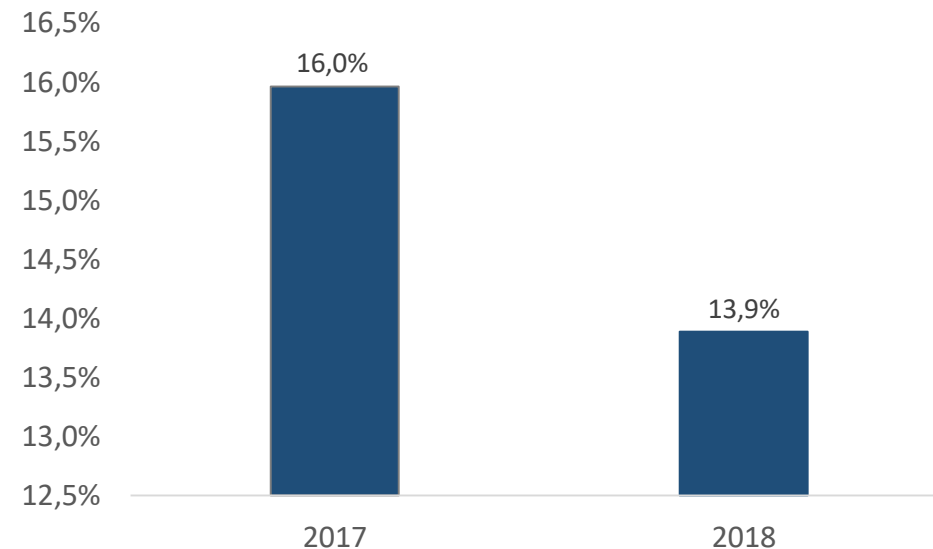
Impact on P&L (2/2)

The recommended initiatives are estimated to make SADCUF reach around 1,35M€ of revenue and a ratio of EBITDA over Revenue of nearly 14%

Evolution of P&L



% EBITDA



- As requested by the client, the target revenue should point to 1M€, while keeping the EBITDA around 15%. According to the estimations made, the proposed initiatives will have a margin of error of about 347k €.
- Regarding Wages, the difference of 47% from the target is explained by the incremental service requests anticipated to come from the estimated new clients, since more service requests implies more providers to supply it.
- Regarding EBITDA, it is estimated to reach 188k €, which is 38k € above the target of 150k € (15% of €1M).

- % EBITDA is predicted to be 13,9%, which is 1% below the target of 15%. However, as mentioned before, EBITDA in absolute value is above the target, which satisfies JMS' requirements, defined in the beginning of the project.
- Although it is observable an increase in both Revenues and Wages (both approximately directly related due to the labor-cost business), it is the substantial increase of Expenses on Services and other Expenses (+178%) and Costs with Personnel (+200%) that made % EBITDA of 2018 decrease to 14% when comparing to the one of 2017.

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Implementation Plan

Overall the recommended initiatives are predicted to be implemented over a maximum period of 6 months. However, changes to the predefine schedule might occur



The picture below illustrates the summarized implementation plan for the macro initiatives, which was defined and discussed together with JMS's team allocated to the project. In Appendix 29, one can see in further detail the action plan of each initiative and the person/department responsible for its implementation.

Areas of Impact	Initiative	Jan				Feb				Mar				Apr				May				Jun				Jul			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Service Offer	Include consultations of psychology, pediatrics, cognitive stimulation activities and services for patients with dementia																												
Human Resources	Redefine the hiring model																												
	Apply and develop recruitment initiatives																												
	Apply and develop retention and evaluation processes																												
	Implementation of the contingency plan																												
Pricing	Define the names for the service packages and conduct an acceptance test																												
Organization	Implement the referral process																												
	Restructure the operational team																												
Communication	Creation of the CDCUF brand																												
	Improvement of service providers' image and performance																												
	Development of the website																												
	Development of the Facebook page																												
	Implementation of clients' retention Initiatives																												

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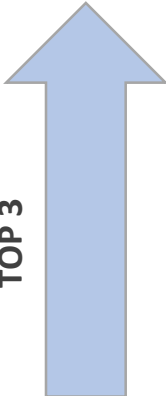
D. Recommendations

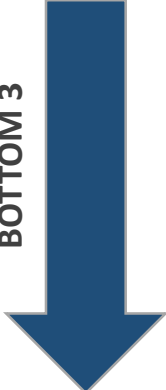
E. Individual Reports

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Belbin's Results and Key Learnings – Ana Correia

1 Belbin's Results Analysis

- 
- **Team Worker:** I enjoy working with others and I am a very collaborative, communicative person who like to share her ideas but I am also capable of listening to other, and help the team reach the end objective.
 - **Operational:** I like to work methodically and efficiently, being that one of my contributions regard the ability of putting to practice the team's ideas
 - **President:** I believe that the success of the project highly depends on how it is structured and how clear the objectives are to all the team members. Therefore, I always aim to clarify the objectives of the project for each stage and define the agenda and the division of work.

- 
- **Finisher:** Despite never having thought myself as a person who pays a lot of attention to detail, the truth is that during this project I felt that this characteristic suited me very well.
 - **Prospector:** Although I consider myself an extrovert person and good at improvising, I am not the most creative person and sometime I have difficulties in coming up with original ideas.
 - **Strategist:** I find it difficult to give form and coherence to the groups' ideas and put them in effect by defining strategic objective.

2 Key Learning

Being part of the Consulting Labs was an objective that I had defined since I found out that this Field Lab allowed students to work with companies for a development of a real consulting project. The experience overcome expectations and during this semester I was exposed to a diverse set of situations that truly contributed for the development of my soft skills, as well as for a deeper understanding of the health industry to which I was unfamiliar with. Team work, problem solving and resilience were the three main skills which in my opinion were developed the most and the ones that I believe will be useful and recognized in my future professional life.

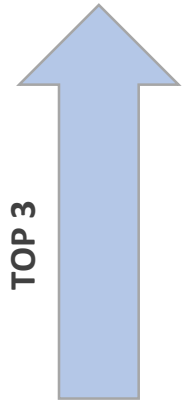
The need to adapt and the weekly presentations contributed a lot for the improvement of my communication and presentation skills, as I learn how to assertively pass the right message and go straight to the point, while engaging the client through the all process. In the end, presentations become very normal and the nerves that were previously felt, disappeared. Moreover, it was a rewarding opportunity to work with the JMS team who besides the know-how, showed an amazing commitment to us and to the project, enriching our overall experience and by passing some of their experience and knowledge to us.

Overall, in the end, the three key learning I took from this experience were:

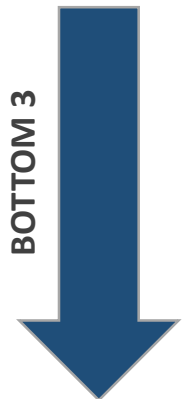
1. Prioritize tasks and structure your thinking in order to focus on what it is important and have the story line clear to you and to other who are going to listen or read your presentation.
2. Sell your idea with passion to the client and syndicate in order to ensure that both the team and the client are on the same page regarding the project's evolution and deliverables
3. Resilience pays-off, in the sense that when the solution was not clear at the beginning and the project seemed to go no where, the team never gave up and was always persistent in find the best and optimal solution for the problem. In the end, the felling that I get after deliver a good result compensates all the worked that needed to be done.

Belbin's Results and Key Learnings – Ana Raquel Franco

1 Belbin's Results Analysis



- **Monitor** – I can relate with this role since I am usually concerned about the advancements of the team regarding the project and the results that are being achieved, in order to meet the deadlines established.
- **Team Worker** – I consider myself a person who values team work and believes that it is necessary to take advantage of every team member's contribution to attain better results. Moreover, I truly enjoy participate in groups discussions and learn from them.
- **Prospector** - I find it interesting to obtain information and perspectives from diverse external sources in order to enrich the team work, as much as possible.



- **President** – Sometimes I find it difficult to establish deadlines, given that I usually define too demanding goals, which are difficult to be attained.
- **Intellectual** – Although finding it essential to challenge the “As Is” situation, I prefer to follow a structured plan in order not to lose the final goal.
- **Finisher** – Although considering myself hard worker, I find it difficult to finalize some tasks, since I usually find details that could be improved, even if they are not crucial for the final work. However, I consider that this experience with JMS allowed me to be more focused on the essential topics and to better prioritize tasks.

2 Key Learning

During the past 4 months, I had the opportunity to be part of a diversified team of consultants who gathered in order to solve a challenging project for JMS, namely for SADCUF' services.

This consulting project was essential for me to understand, in practical terms, the meaning of a consulting project and what it involved, since the moment we contact with the client for the first time until the very last delivery.

During this period, we had the opportunity to contact, on a daily basis, with JMS, which enabled me to understand the way one must approach the client, in order to clearly assess its main goals and to answer to its needs. In fact, I learned that it is mandatory to define an effective, feasible and structured action plan, if we want to be able to deliver what we committed to the client. Moreover, since the client was represented by a diverse group of people, we had to understand the different needs of each stakeholder and to accommodate them, as much as possible. Given this, I understood the importance of managing expectations and always bringing the client on board.

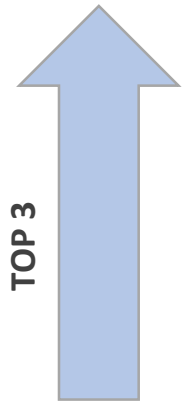
Secondly, in order to follow the defined plan, the team could not lose focus on the final goal (which was sometimes difficult) since SADCUF had a very complex context and we wanted to solve every single pain point, which was obviously impossible. Therefore, this challenge enabled me to recognize the importance of time management and prioritization.

Thirdly, working with a team composed with diversified backgrounds and ways of thinking was very challenging, however it showed me the importance of taking advantage of the positive contributions of each individual, and made it easier for me to provide and receive feedback. Finally, the fact that we had often to present the findings to the client, also helped me to better cope with stress and improve my soft skills.

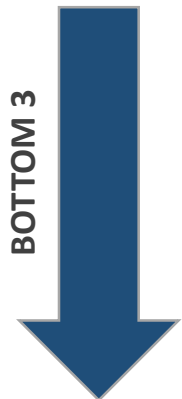
Given this, I can truly say that this was a remarkable experience which enabled me to grow both in personal and professional terms.

Belbin's Results and Key Learnings – António Cova

1 Belbin's Results Analysis



- **Operational** – I am indeed more into practical discussions rather than abstract ones. Generally, I need clear and precise goals in order to be able to work efficiently
- **Strategist** – I constantly make sure whatever the team and I do is contributing to reach the goal at hand
- **Monitor** – I am able to let my emotions aside and evaluate objectively ideas, as well as constantly giving feedback to the group in a constructive way



- **Team worker** – Sometimes I get too serious with a task at hand so I am not the most enthusiastic team member, but I do help my colleagues whenever necessary
- **Finisher** – since I worry mostly with the accomplishment of the goal and the thought process in general, I tend not to worry that much about minor errors or omissions
- **Prospector** – I am not good at improvising, rather the opposite. Although I am sociable and enthusiastic, I tend to have a more serious personality while working

2 Key Learning

For me this Consulting Lab experience was truly enriching on different levels. On one hand, I got to work on a real consulting project in a real client, having to deal with their high expectations and demands daily, that ended up pushing the teams' limits. On the other hand, while working in a team, it was very challenging to solve such a complex problem together, having to discuss each others' point of views and reach consensus on a regular basis. I have no doubt this experience will prove itself extremely helpful in my future consulting career. Below it is possible to see some skills I personally developed:

Communication skills – every day I had to present or explain certain arguments or ideas, either in formal meetings or in conversations with team members and different stakeholders of the company;

Team-work under pressure – with progress meetings held weekly, the team was constantly under pressure to meet deadlines and achieve the proposed goals, having to deal with different working methods and personalities from my colleagues;

Problem solving – at the beginning the team had to structure the complex problem at hand into smaller component parts in order to be able to solve each of them. I developed this skills tremendously since I had to constantly do this during the project;

Time management – with a lot of time constraints, I learned how to constantly prioritize tasks and organize them into my daily schedule as well as to work efficiently;

Client relationship management – after dealing with managers from different levels of hierarchy within the client company, I learned how to build a collaborative relationship with the client while keeping the expectations for the project aligned from both parts;

Resilience – with the high standards imposed by the client company, sometimes the team found itself in tough situations, having to manage how to turn it around

Belbin's Results and Key Learnings – Bernardo Ferreira de Lima

1 Belbin's Results Analysis

TOP 3

- **Strategist:** I identify myself with this role, specially in what regards giving form and coherence to the group's ideas and put them in effect through strategic objectives. It is important to me that team as a whole as the same goal, because is only with a common goal it can work for it in the best way possible.
- **President:** I really think that it is key to clarify objectives and define the business agenda by establishing priorities. It mostly requires coordination skills, which I have been developing from young age as a rugby player.
- **Team worker:** I have been developing this skill ever since I start playing rugby; it is a team sport in which team work is the only way of achieving a goal and that is our most important value. And I feel important to maintain as the most important thing in every group I work with.

BOTTOM 3

- **Finisher:** Don't pay attention to the smallest of details unless I focus my full energy into it. However, when in low levels of perfectionism, I usually trust a lot in the other group members work without going into detail.
- **Intellectual:** I consider myself more of practical and objective person. Even though I consider many options in for the decision process making, if an idea suits me well, I usually will not go after new ideas unless is extremely necessary.
- **Operational:** i hardly think of me as a not methodical and efficient. It may take some time to reach a method to a certain line of work, but it has been always important to me to define one and put into practice in order to be the most efficient person possible with the objective of reducing unnecessary work and time waste.

2 Key Learning

Personally, the importance of this project was linked not only with the need of applying my work methods and what I've learned throughout my masters but also to strengthen my soft and hard skills. For this reasons and because I wanted to have a consultancy experience, I chose Management Consulting Labs as my project for the thesis.

The MCL, gave me a lot of knowledge about the professional world and gave me the opportunity to experience a real consulting project with a real client, exceeding my expectations in every context.

Moreover, I was able to learn how to work in a team in a working environment for a long period of time on a daily basis and improve my ability of dealing with the others' feedback.

Working with JMS and its team was surely a positive experience. The interactions with different Group collaborators was essential to understand the way a Institution works and balances itself; the help it was give to our team was very important and gave us an excellent support to a very good and structured work. For that, I want to leave a special thanks to our client.

The key aspects learned during the project:

- **Problem Solving:** Having the problem solving mindset is not evident. During the project it was essential for me develop this skill, along with problem structuring and planning. Face the problems with a more analytical and critical way is critical. Had the opportunity to apply my Excel skills into the real world and develop my Power Point skills . Also developed some Management concepts with my Management colleagues (given it was a more Management oriented consultancy project); at the same time, I stimulated my creativity to assemble solutions for different type of problems;
- **Communication Skills:** Having appointed weekly meetings and presentations plus the three Steering Meetings with the Administrator, gave me the possibility to improve the communication skills exponentially, which I really think that can make a difference in my future professional life.
- **Research and Analytical skills:** in such a specific market, it is very difficult to gather information and comprehend which is useful and which is not. During the project, I improved my research skills, what to focus on and what not, how to analyze and work the information out in a way that could help on the decision making process

Agenda

A. Methodology

B. Diagnosis

C. Analysis of the Identified Challenges and Possible Solutions

D. Recommendations

E. Individual Reports

F. References

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