Herald Sun

Aiding flow of information for a delicate subject

JOHN BEVERIDGE HERALD SUN MARCH 25, 2015 9:23PM

National Australia Bank has been John Beveridge's favoured exposure to the banking sector.

WE come into the world incontinent and often leave in the same condition.

Which is why incontinence management company Simavita is confident that its approach of using technology to cut the cost, discomfort and inconvenience of the problem is a winner.

Led by indomitable chief executive Philippa Lewis, Simavita is now on the cusp of commercial success with its SIM (smart incontinent management system) product, which uses digital sensors and wi-fi to alert staff in aged care homes of every incident.

Electronic nappies might seem like digital overkill but with labour making up about 75 per cent of aged care costs and incontinence consumables also a very large cost, this has the makings of a serious business.

It is also a valuable incontinence management tool that can lead to more personalised care, provide valuable information for doctors and regulatory accreditation.

Increasing use of technology is also widely seen as a key to reducing staffing ratios at aged-care facilities, given that the demographic tsunami now starting to arrive is in the early stages and there are already chronic labour shortages.

"There are around eight residents for every worker in most facilities in Australia but the pressure to get that ratio to 1 to 12 or 1 to 15 over time is inevitable,'' Ms Lewis said.

"It is a similar situation to when nurses used to check cardiac patients' heart rate and blood pressure manually.

"There were lots of objections when heart monitors came in but now one nurse can remotely monitor many patients with greater accuracy and better records.''

Simavita is rolling out SIM units across facilities in Australia, Denmark, Sweden, Canada and the US and the success being experienced by early adopters could open the floodgates for new demand.

While SIM has cost around $40 million to develop since 2004, a solid intellectual property position and inevitable cost pressures in aged care make this company a speculative buy.

It seems nothing will rein in bank share prices, even as technology is beginning to apply a disruptive vice to their fat lending margins.

As long as interest rates keep falling, bank share prices just keep heading in the opposite direction on a yield basis.

While peer-to-peer lenders such as SocietyOne and RateSetter plus smaller players like MoneyPlace, Marketlend and ThinCats have gathered most of the attention so far, Perth group Kikka Capital have entered the fray with a small business lending platform using US market leader Kabbage's technology.

Chief executive David Brennan said the aim was to provide working capital to small and medium businesses within seven minutes, using data such as bank accounts, PayPal and other real-time records.

"We'd rather base a loan on what a business turned over the day before than a credit application from four years ago,'' explained Mr Brennan.

With more than half of small businesses financed by personal credit cards, there could be a lot of pent up demand for a poorly served sector.

While the technology banking threat is in its infancy, there has been staggering growth in peer-to-peer and other forms of lending overseas and it would be naive to think it can't happen here.

National Australia Bank has been my favoured exposure to the banking sector but after a solid run up it moves to a hold.

Rising bank shares should prompt investors to rebalance their portfolios regularly.

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