

# Pet projects

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**A Kiwi vet is leading the way in the commercialisation of technological innovations.**

**I**f you had tapped **Steve Merchant** MInstD on the shoulder when he was ten years old and asked him what he wanted to be when he grew up, he would have said “vet”.

And while he filled that ambition early, graduating with a Bachelor in Veterinary Science at just 22, he also spawned a range of successful, highly-innovative animal care businesses including a pet supply online retailer, a veterinary nurse training centre, and Pet Doctors, New Zealand’s first veterinary clinic conglomerate.

At 25, he bought his first veterinary clinic in South Auckland, purchasing the neighbouring practice soon after.

“I’ve always had an interest in the vet business as well as the profession,” he says. “I relished the opportunity of being able to do what I wanted while having the freedom of being a business owner.”

Merchant has a special flair for detecting or anticipating a need in the industry and successfully catering to it. Prior to establishing Pet Doctors, he addressed the problem of succession planning for vets.

“As in many professions, baby boomers struggled to sell their businesses as they retired. So, we decided to create a succession planning process and establish standards of care, offer subject and business experts, and let the vets be vets.”

Establishing that business offered an interesting lesson in governance.



“We had more and more vets wanting to join, but had to be careful as that could get very messy from a governance and operational perspective. We bought in private equity and arranged a different class of shareholding for all the vets that came on board. We were quite keen to avoid the complexity of too many people sitting around the table.”

#### **TECH SOLUTION**

When the pandemic hit in early 2020, Merchant had been using a New Zealand tech platform, Ambit, and “playing around” with a new idea, a virtual vet nurse, or conversational chatbot, to help busy practices manage clients.

He says there are around 450 veterinary clinics in New Zealand, many of which are small businesses operating with high overheads. The chatbot is designed to be the first point of contact for client enquiries. It can make bookings, order repeat prescriptions, arrange quotes and answer some general pet care questions.

“There is increasing compliance and administration work in vet practices,” Merchant says. “Add a shortage of staff and it seemed to me that a digital assistant would help solve problems and help a business function better.”

And what better time to employ a virtual assistant while vets were trying to self-isolate and provide essential services?

“I thought the pandemic was the perfect storm to create this business. And what nobody really anticipated was the surge in business. People aren’t spending their money on travel, they are spending it on their nearest and dearest, there are one hundred thousand more dog owners in New Zealand than there was a year ago.”

“During covid-19 we gave it free to a few clients because the bots learn as they work. Every conversation they have builds their intelligence, so we got them out there to do some R&D. Chat bots are only as good as the number of people who use them.”

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#### **NEW MARKETS**

Merchant’s chat bot has talked its way into Australia and South Africa, and leads are opening up in Asia and North America, he says “It’s a new business, and we are very mindful of the principles of good governance. How do we get a clear focus on strategy, hold ourselves accountable, and look at risk? The same principles apply.”

Are New Zealanders happy to talk to a bot?

“Demands are shifting and people are less willing to spend ten minutes waiting on the phone. And there are lots of stats coming out – for example over 50% of millennials in Australia would rather talk to a bot than a human.”

He says the 80/20 rule applies to veterinary clinics, whereby 80% of enquiries are repetitive, “and so we can script those and take the pressure off the team”.

“Plus, 40% of these chat bot conversations are happening after hours, so you’ve kept the customer engaged and they are back with you in the morning.”

Now, in addition to the chat bot, he is working on a digital human virtual nurse to have a real-time conversation with vet clients to discuss topics such as nutrition and pet care.

He is also working on another animal-related tech called Talkily, a pet wearable device which analyses actions and behaviours from the dog collar and helps identify a range of medical and psychological conditions.

“It’s like a Fitbit for dogs.”

Eventually, the data from both the Talkily device and Virtual Vet Nurse might connect with a vet’s practice management system.

“So that’s quite a tight supportive unit. Anything can be integrated these days.”

#### **FOUR PILLARS FIT ALL SIZES**

Merchant started out in governance at the New Zealand Veterinary Association, where

he was on the board for 11 years, including as serving as president.

He says IoD's Four Pillars of Governance Best Practice – determining purpose, an effective governance culture, holding to account and effective compliance – can be applied to any business venture, large or small.

“If you take the adage, you should spend time working on your business and not in your business, and connect with some independent people that can hold you to account, that's really the genesis of business,” Merchant says.

“I am passionate about things that can make a difference, things that are growing and exciting and looking at creating solutions for problems. What excites me is trying to balance risk with growth and potential and strategy.”

He says the ultimate sustainable success of any business depends on effective governance, “which needs to be fit for purpose and the life stage of the business”.

“Directors can be effective by being curious and challenging as required, but also by being aligned and supportive of the board in their strategy and decisions.”

Furthermore, director accountability has increased with even more compliance issues to be aware of, such as reporting climate impacts. “There is no excuse to not be aware of legislative developments or not ask the appropriate questions of the board or management team.”

In addition to his own business activities, Steve currently sits on three very diverse boards. He is a director at MAS, a membership-based insurance and investment company with a philanthropic focus, which direct profits to health inequalities in society. He is on the board of the SPCA where both his interest in animal welfare and governance experience are utilised. And he is a director at 95bFM radio.

“I enjoy the diversity of different directorships, especially in high growth,

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value-add New Zealand companies that make a difference.”

Merchant says it is much easier to be a director in an organisation that aligns with your values

“Strategic and environmental scanning should always look to disruption and the threats and opportunities from social trends. The steadily increasing importance of animal welfare and the environment to society should be of no surprise to any director and form part of the strategic development of any organisation.”

#### **NEW ZEALAND IS LEADING THE WAY**

When it comes to technology, merchant says New Zealand has huge potential.

“The platforms that we are using, like Ambit and Uneeq, are world leaders in this space.”

The challenges, he says, are providing a solution that's relevant, translating tech into a product that's needed, and making it accessible to the market.

“We have the technology, we just need to apply it to a problem that exists, or is predicted to exist. The problem is when you come up with a tech solution that's fantastic, but doesn't have a business case around it.”

He is fascinated by how fast digital tech evolves and improves.

“Even with chat bots, six months is like a whole generation. I've heard people say, I talked to a chat bot a year ago and it was no good. Well, I say try it out again.

“It's like a new frontier really. And New Zealand has the chance to put itself on the world stage with this. It's fully exportable, it's pandemic-proof, you don't need offices or trade shows, it's a very exciting field.

“Even inside our veterinary sector, when it comes the deployment of digital technologies New Zealand is ahead of the game, many people wouldn't know that.” **BQ**