



Reinventing Royal Philips: Transforming healthcare **together** through innovation

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How does a company stay relevant
for **125 years**?

125 Years of Innovation



1918
Medical
X-ray tube



1919
'Ideezet'
radio tube



1926
Pentode



1932
Sodium
street
lamps



1939
Rotary
heads



1963
Compact
Cassette



1966
Local
oxidation



1971
World's
first home
VCR



1976
NiMH
battery



1981
Compact
Disc



1992
Flat detector
for cathlabs



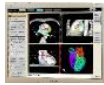
1995
UHP & low
Mercury
TL/CFL



1996
High
resoluti
on MR



2002
Blu-ray



2003
Multi-slice
CT



2004
Ambilight
TV



2006
3D
displays



2008
Lumiramic



2010
Lumea



2010
Fall
Detector



2010
LumiMotion



2011
Digital
Pathology



2011
iCT
Scan



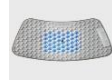
2011
Airfloss



2011
FreeStreet



2012
Hue



2012
BlueTouch
Pain Relief



2013
AlluraClarity



2014
Philips Avent
uGrow Smart
Baby Monitor



2015
Philips personal
health
programs



2015
Lumify



2015
Oncosuite



2015
CareSage

Biggest common denominator during these 125 years:

Improving people's lives through
meaningful innovation



We're aiming to improve the lives of

three billion people

a year by 2025

We strive to make the world healthier and more sustainable through innovation

Times are changing
at an ever accelerating pace...

The Fourth Industrial Revolution

These changes profoundly impact the industries in which we operate...

Consumer & Professional Health(care)



- Digital & big data disrupt the industry
- Shift to value-based healthcare
- New upcoming competition
- Consumers increasingly engaged in health
- Care shifting to lower cost settings and homes


Lighting



- Digital technology disrupts markets
- Commoditization of standard products
- Industry consolidation
- Investment in adjacencies
(eg. energy management consultancy)

Triggering us to reinvent ourselves once more by disrupting ourselves...

Royal Philips



HealthTech

EUR 140+

billion HealthTech opportunity

Philips Lighting



Lighting solutions

EUR 65+ billion

Lighting solutions opportunity

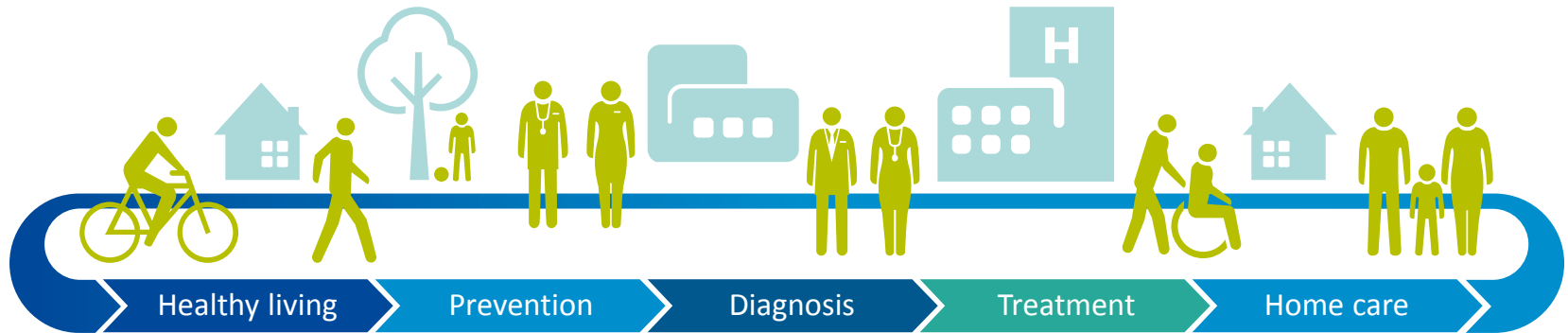
PHILIPS

Royal Philips will continue as a company that is fully focused to provide innovative solutions to address one of societies great challenges:

Providing high quality healthcare to the masses at affordable cost

We target healthcare customer and consumer needs along the health continuum

Health continuum



Moving from hardware and services to integrated solutions



Implications for Philips

Enhance capabilities in long-term strategic partnerships to address customers' needs:

1. Hardware, software and services
2. Consulting, integration and procurement services
3. Integrated solutions

Context

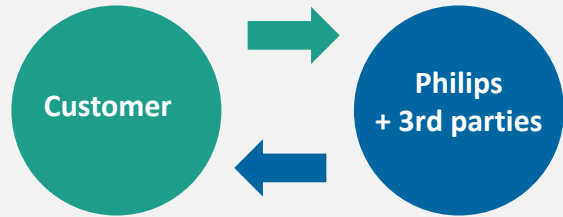
- Lower cost of care to offset lower reimbursement
- High quality of care
- Payer mix shift and consolidation

- System and IT integration to provide total care
- Talent attraction and retention
- Physician engagement
- Change management

Taking a collaborative approach to problem solving

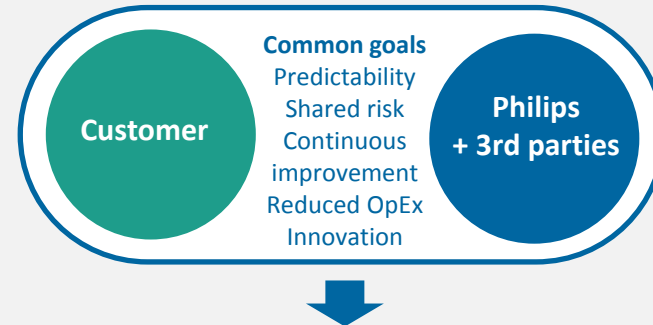
We want to shift from the traditional transactional way of working and business models to more risk-sharing business models, where we have shared accountability with customers to deliver on common goals/outcomes that could include financial, operational and clinical goals

Traditional transactional model
Payments for equipment and services at discounted pricing



Equipment and services delivery with Service Level Agreements

Shared accountability model
Joint focus on partnership goals with shared risk and performance incentives



Joint Commitment to Quality, Efficiency and Cost Metrics =
VALUE FOR PATIENTS

Our customer approach to integrated solutions

Discover

1

We work together with our customers to deeply understand their needs across their environment



Co-create solution

2

We jointly develop solutions with customers to solve complex problems while establishing innovative business models



Drive outcomes

3

We drive continuous improvement in clinical, operational and financial outcomes and share mutual risk for results

A shared commitment to positive change in healthcare

Westchester Medical Center Health Network, Valhalla, New York, US

A long-term partnership with Philips



access the latest technologies



extend care beyond the hospital



improve the patient experience



improve workflows and optimize efficiency



reduce technology spending



focus on care delivery innovation

Teaming up to deliver innovative, more affordable care

Georgia Regents Health System, Georgia, US

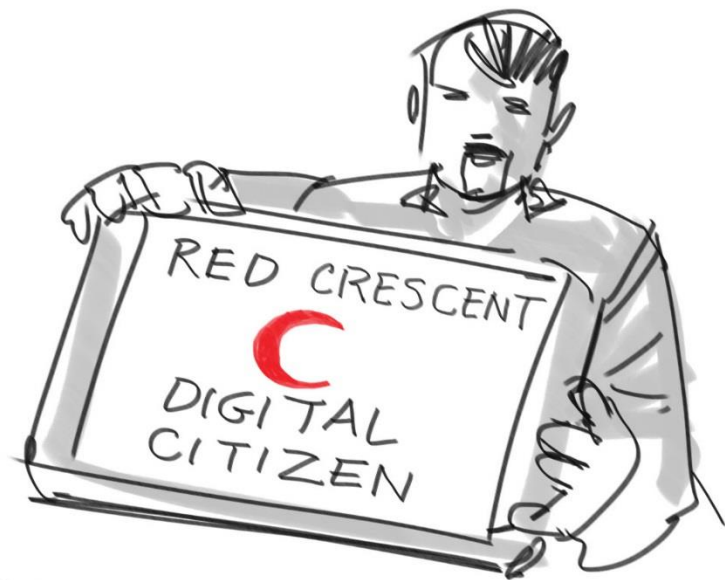
\$7M in market savings vs.
“business as usual” procurement in
the first 18 months¹

Imaging volumes **↑↑↑** by up to **39%**²





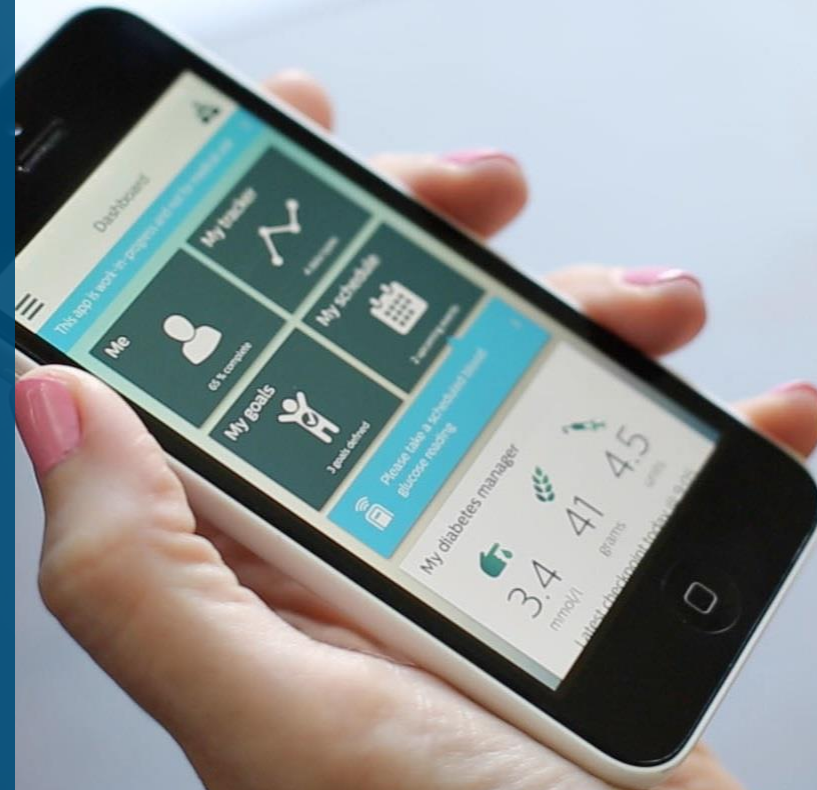
Design co creation



with the Red Cross



Diabetes:
empowering
patients &
engaging the
full care team





Key learnings

Importance of innovation to stay relevant in an ever changing world

The ultimate form of innovation might be to disrupt and reinvent yourself. This takes courage!

Don't only try to react to a changing world: have the ambition to shape and drive the change.

You cannot do this alone...

