

**PHILIPS**

[www.philips.com](http://www.philips.com)

# Philips in transformation *and the drive towards Servitization*

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Professional Services & Solution Delivery

September 17, 2020

innovation  you



Philips, a born innovator

For over 128 years,  
we have been  
improving people's  
lives with a steady  
flow of ground-  
breaking innovations

The founding fathers of Philips



Frederik



Gerard



Anton



# Philips has reinvented itself many times

Founded on innovation  
and entrepreneurship



Expanding  
beyond lighting



Global expansion  
post-WWII



Diversified industrial  
conglomerate



Strategic portfolio  
choices sharpening focus



Our journey  
continues...

This is a defining moment for all of us as we forge our future as a focused leader in health technology

**Frans van Houten**  
CEO, Philips





Products come and go...  
Technologies change...

But Philips is still about one thing:  
**Creating meaningful innovation  
that improves people's lives**





Our purpose – to improve people's health and well-being through meaningful innovation.

We aim to improve the lives of **2.5 billion people** per year by 2030\*

\* 2 billion by 2025; 1.64 billion in 2019





Economic realities are driving the need for new approaches in healthcare

**Volume**

**Value**

**Response**

**Prevention**

**Episodic**

**Continuous**

**Limited**

**Accessible**



# Four profound trends are shaping the future of health technology



**Global resource constraints**



**Aging populations and the rise of chronic illnesses**



**Increasing consumer engagement**



**Digitalization**





We are on a journey to transform Philips into a **health technology leader**

Technology

Health technology

Product

Solution

Transaction

Relationship



# Helping our customers address the Quadruple Aim



## **Better health outcomes**

Improving the health of  
individuals and populations



## **Improved patient experience**

Improving the patient  
experience of care (including  
quality and satisfaction)



## **Improved staff experience**

Improving the work life  
of health professionals

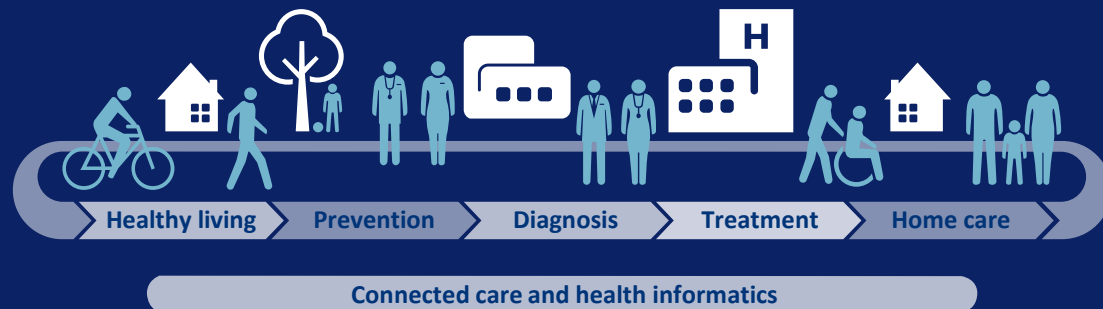


## **Lower cost of care**

Reducing the per capita  
cost of healthcare

# Taking on the healthcare challenge

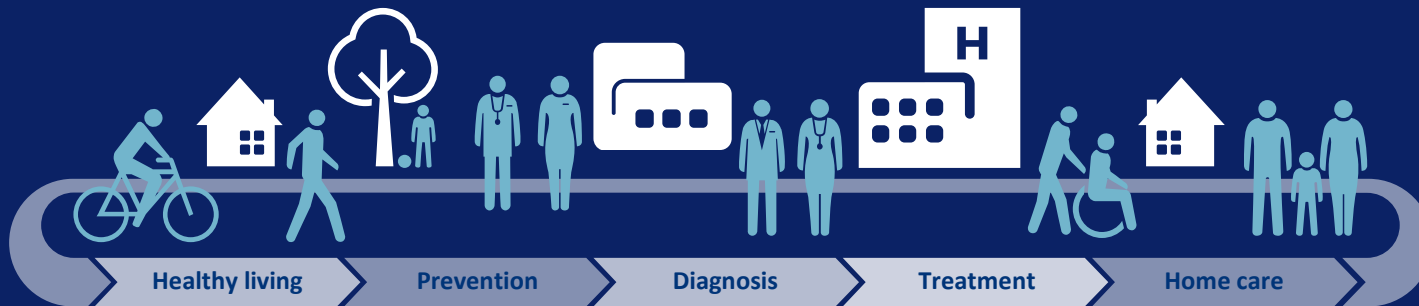
**At Philips, we take a holistic view of people's health journeys,** starting with healthy living and prevention, precision diagnosis and personalized treatment, through to care in the home – where the cycle to healthy living begins again.





# Focused on customer needs

The health continuum is at the center of our strategy

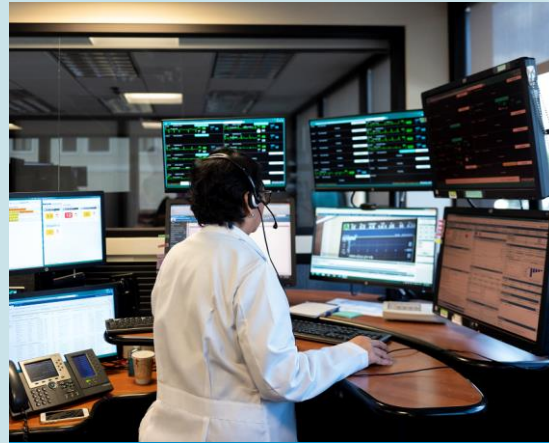


# Operating across the health continuum



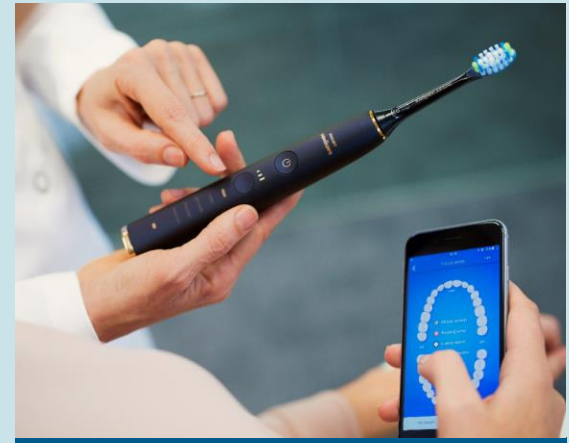
## Diagnosis & Treatment

Focuses on solutions for precision diagnosis, disease pathway selection, and image-guided, minimally invasive treatments



## Connected Care

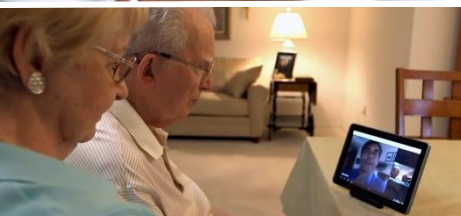
Focuses on patient care solutions, advanced analytics and patient and workflow optimization inside and outside the hospital



## Personal Health

Focuses on healthy living and preventative care





Our solutions –  
driving quality  
of care and  
productivity for  
our customers



# Innovative integrated solutions

Developed to better meet customer needs and capture greater value

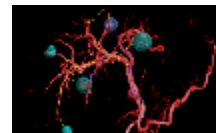
## Image-guided therapy solutions



**Image-guided therapy systems**



**Smart catheters**



**Disease-specific navigation software**



**Cath lab managed, services, consulting**

## Early warning of patient deterioration



**Monitoring**



**Wireless measurement, biosensors**



**IntelliVue Guardian software**



**Integration, services, consulting**

## Total sleep management solutions



**Dream Series therapy devices**



**Care Orchestrator Care Management Platform**



**Patient services**



**DreamMapper patient engagement**

# Our services for better outcomes at lower cost



## Plan and design



“Help me understand what I need to do and why”

Our **planning services** help you achieve your strategic objectives and assist in making decisions that impact your department, hospital or facility.

## Implement and integrate



“Help me and my organization get up and running with something new”

Our portfolio of **implementation services** helps you deploy new technology in a sustainable fashion, with minimum impact.

## Monitor and optimize



“Help me perform over time and continuously improve”

With our **optimization services**, we can help you increase process efficiency and achieve continuous operational improvement.

## Prevent and maintain



“Help me prevent and react when something goes wrong”

Our portfolio of **maintenance services** is dedicated to maximizing your technology uptime.

## Upgrade and secure



“Help me stay current and secure”

Our portfolio of **upgrading services** assures that your technology is always current, secure and up-to-date for your specific situation.



# Winning propositions

>60% of sales from leadership positions<sup>1</sup>

<b>Diagnosis &amp; Treatment</b>	<b>Ultrasound</b> Global leader	<b>Image-guided therapy systems</b> Global leader	<b>Image-guided therapy devices</b> Global leader	<b>Diagnostic imaging</b> Global top 3	<b>High-end radiology and cardiology informatics</b> #1 in North America
<b>Connected Care</b>	<b>Patient monitoring</b> Global leader	<b>ICU telemedicine</b> #1 in North America	<b>Personal emergency response</b> #1 in North America	<b>Respiratory care<sup>2</sup></b> Global leader	<b>Sleep care</b> Global leader
<b>Personal Health</b>	<b>Male grooming</b> Global leader	<b>Oral healthcare</b> Global leader	<b>Mother and child care</b> Global leader	<b>Domestic appliances</b> Air, #1 in China	

<sup>1</sup> Leadership position refers to #1 or #2 position in Philips addressable market.

<sup>2</sup> Based on non-invasive ventilators for the hospital setting



All around the world, we make a difference to people's lives by delivering locally relevant, connected solutions that support healthier lifestyles and those living with chronic disease.





There's always  
a way to **make**  
**life better**

innovation  you



# Professional Services @ Philips

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Personal health

Solutions

Innovation

Philips Business System

## Professional Services @ Philips

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# Philips is becoming a solutions player, adding greater value to customers by delivering outcomes

From installed base with professional services targeted to customer's business towards outcome based services



Improved health outcomes



Improved patient experience



Lower cost of care



Improved staff satisfaction

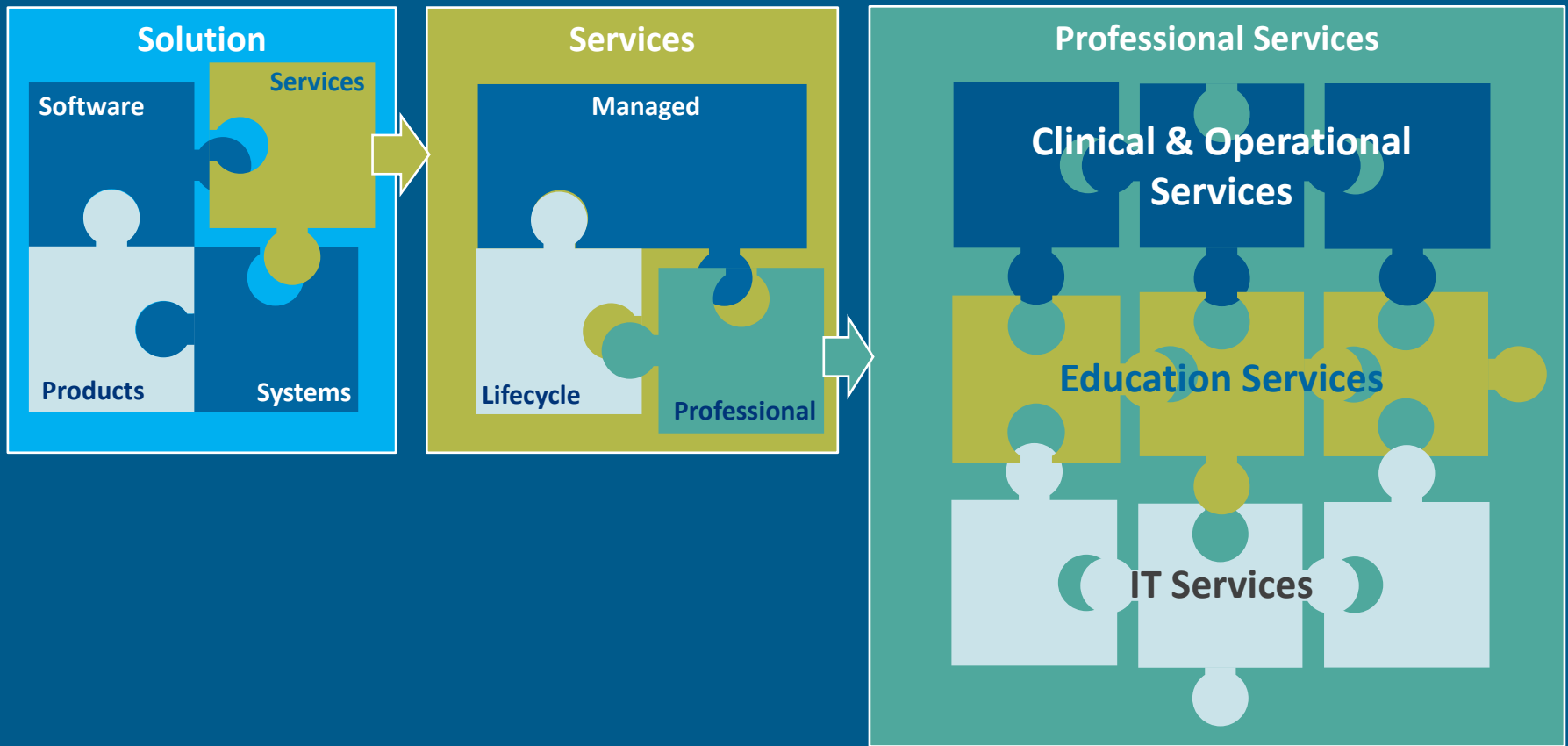
Installed base

2020

Customer business

Outcome based  
2021-2023

# Contextualizing Professional Services





# Definition of Professional Services @ Philips

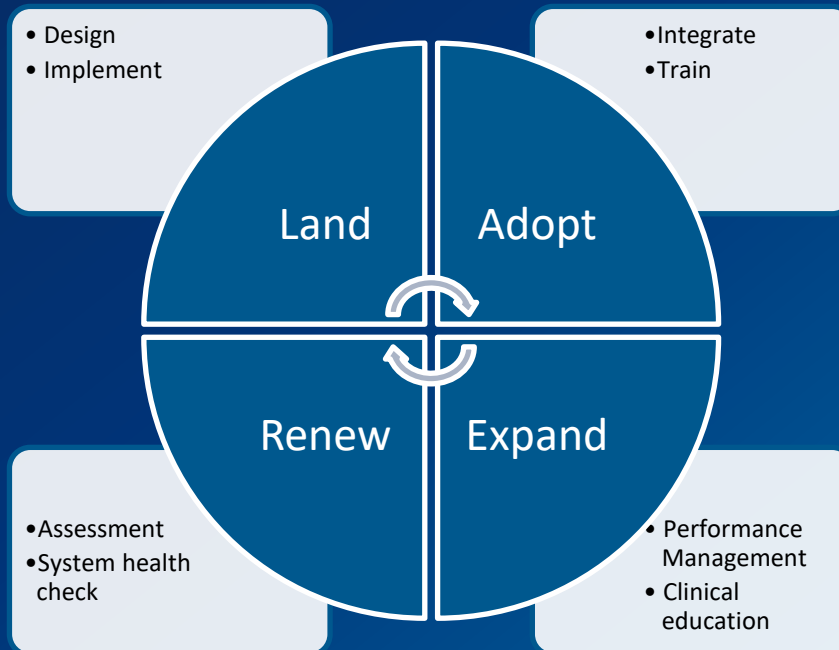
A Professional Service is an offering requiring specialized knowledge and skills, that Philips sells to help a customer improve a specific part of their business performance

Professional Services are delivered throughout the lifecycle of our equipment to

- help customers to land new technology
- drive adoption of knowledge and technology
- expand usage of knowledge and technology
- advise in renewing technology

Philips focuses on Professional Services that combine healthcare and technology knowledge

Professional Services are typically run as a (series of) project(s) for a customer

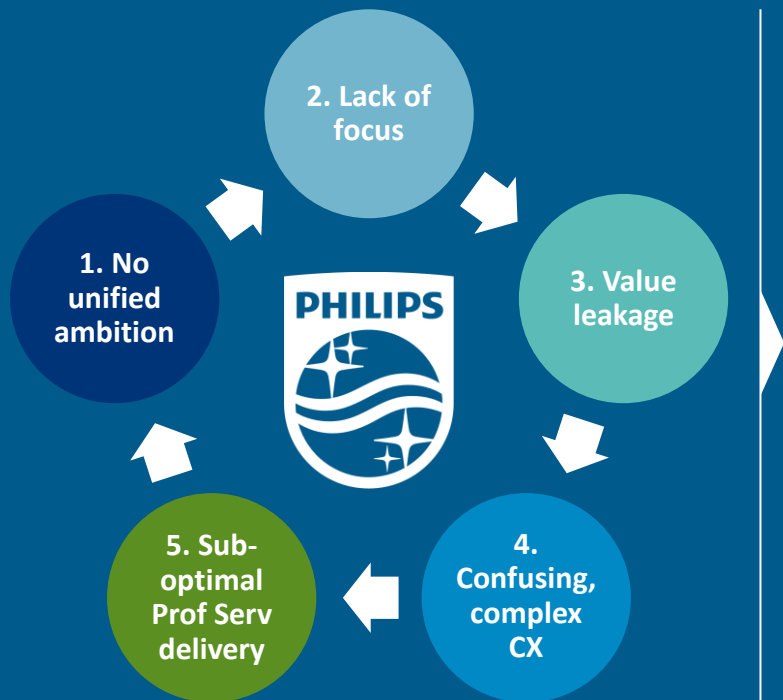


# Organizational Set Up





# Delivering outcomes through Solutions requires a step-change in our Professional Services strategy



Healthcare related Professional Services is a large and diverse market, with an estimated growth of 6% 2020



Competition such as GE, Medtronic and Siemens strengthened their Professional Services capabilities



# Growing Professional Services with 50% from 2019 to 2022

Strategic focus	Current Professional Services	New Professional Services
<b>Current Markets</b>	<b>Key focus: Maturity improvement ①</b> <ul style="list-style-type: none"><li>- Mature PS offering and organization</li><li>- Build up capability for PS Sales &amp; Delivery</li><li>- Develop lifecycle sales channel for PS</li></ul>	<b>Key focus: Innovation ③</b> <ul style="list-style-type: none"><li>- Research emerging PS customer needs</li><li>- Create roadmap for PS development</li><li>- Develop scalable new PS propositions</li><li>- Cross modality and solution (reusable)</li></ul>
<b>New Markets (for PS)</b>	<b>Key focus: Scaling ②</b> <ul style="list-style-type: none"><li>- Capture PS portfolio in Service Warehouse</li><li>- Scale existing portfolio of PS across markets</li><li>- Transfer PS knowledge</li></ul>	<b>Key focus: Adapt ④</b> <ul style="list-style-type: none"><li>- Research wider PS customer needs</li><li>- Update roadmap for PS development</li><li>- Adapt new PS propositions to fit</li></ul>

# Business Models for Professional Services

## Time & Material

- Hours
- Travel
- Responsive

## Credit

- Days
- Users
- Proactive

## Excellence Agreement

- Period
- Performance
- Contract

## Solution Module

- XaaS
- Outcomes
- Partnership



# Key issues to address

1) How to scale Professional Services effectively?

2) How to collaborate effectively between innovation ↔ business ↔ market?

3) How to innovate in Professional Services across businesses

4) How to resource for Professional Services Delivery

5) How to sell Professional Services during the life time of the technology?

6) What to focus on from the central Professional Services organization?

