

Philips Healthcare Accelerate! Transformation

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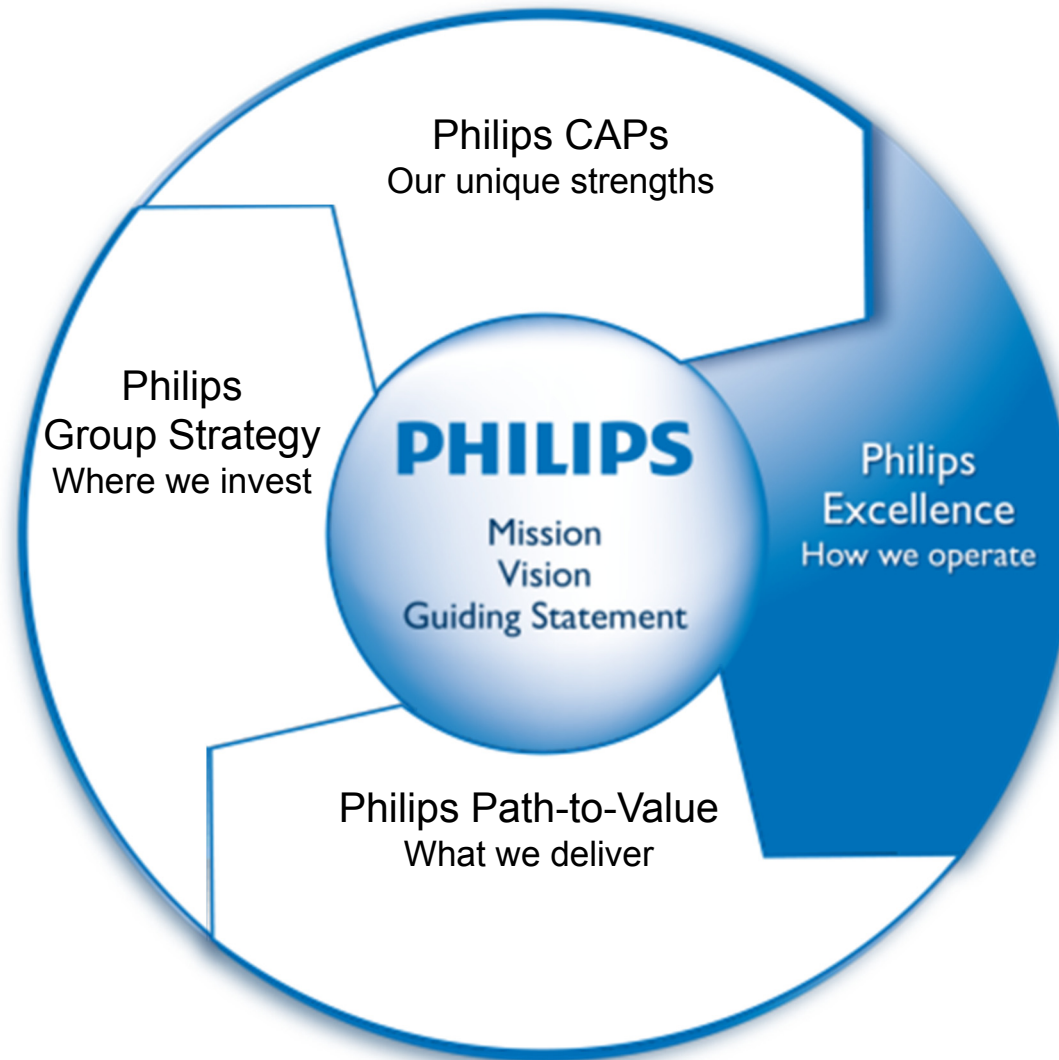


Key takeaways

- Accelerate! is a comprehensive program impacting all of Healthcare
- We focus intensely on customer experience across the End2End value chain
- We are more accountable, faster, entrepreneurial, and collaborative across businesses and markets
- We continue to improve margins, asset utilization, and deliver on our Path-to-Value



Transforming Healthcare for customer intimacy, speed, efficiency, and accountability



Accelerating Healthcare: Driving operational excellence

- **Customer Centricity**
 - Expand our value offering and locally relevant solutions
 - Upgrade marketing capabilities

- **Resource to win**
 - Innovation investments in Hospital to Home, Image-Guided Intervention and Therapy, Clinical informatics, Value Segment, and Enterprise Consulting
 - Market investments in China, Latin America, India, ASEAN

- **End2End**
 - Three-fold increase in total revenue covered by End2End programs in 2013
 - Home Healthcare, CT, Patient Monitoring, Clinical Informatics, ✓
Interventional X-Ray, ✓ Ultrasound
 - Improve time-to-market of new solutions supported by clinical evidence

- **Culture**
 - Create a performance and growth culture around customer centricity, innovation, inspiration, and operational excellence
 - 72% of Healthcare leaders trained in Accelerate Leadership Program

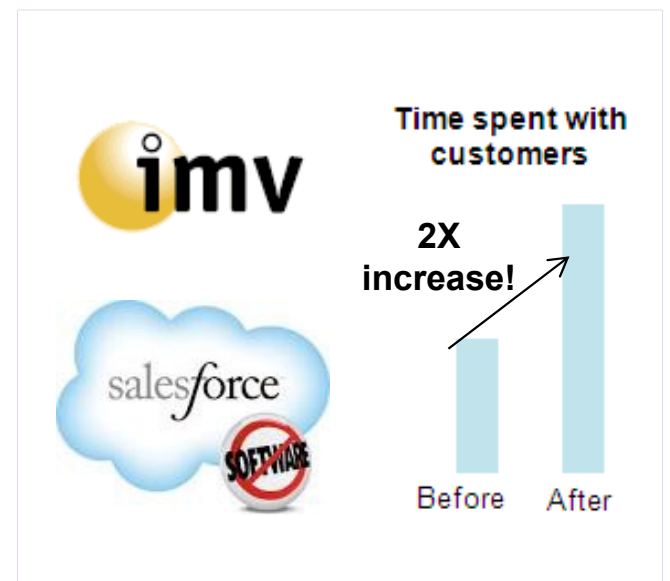
- **Operating model**
 - Realigned Business Group structure from 40 business lines to 10 Business Innovation Units, and formed four lean Market Groups to support our 17 Markets ✓
 - Simplified organization, increasing spans of control and removing two layers ✓
 - Improve sales force productivity with Sales Support Centers, Customer Relationship Management system, and digital tools

✓ = Completed in 2012

Customer Centricity

Impact

- Upgrade marketing capability will drive more customer insights and locally relevant solutions
 - Streamline marketing from 600 to 20 job categories and eight job titles
 - Healthcare Marketing Academy
- Increase the amount of time sales teams spend with customers
 - Establish sales support centers to unburden the sales force from administrative tasks
 - Increase customer engagement via digital platforms and tools, especially CRM
- Enhance customer experience and increase perfect order rate from 96-100%
- Create value with Service by increasing the number of leading positions for service delivery



End2End

Impact

- End2End transformation will cover 25% of annual sales in 2013, with continued growth in 2014/2015
- Improve value propositions, cycle time, customer experience, and cash flow
- Dramatically reduce the number of business models to four to enable plug-and-play and lower IT costs
- Developing internal transformation consultants to apply lean End2End to improve the customer value chain



End2End: Idea to Market

Impact

- Key Innovation Projects
 - 30% improvement in time-to-market (TTM) for new generation products and solutions
 - 10% improvement in TTM for product enhancements
- Greater predictability of global regulatory clearances within anticipated time frames
- Clinical studies and evidence of value (benefit over cost) improves price realization and accelerates market adoption



End2End: Early successes



End2End Clinical Informatics

- A global program focused on five areas to drive customer satisfaction and profitability



One Event Management System (OneEMS)

- Accelerating time to resolve product and customer issues, with more efficient use of people and inventory
- Development process using Agile methodology and cloud solution



End2End Interventional XR

- Improved configuration, catalogue offering, and price realization
- Improved customer satisfaction, market share, margins and asset utilization

Growth and performance culture

Customer
Centric



*We put the customer
at the heart of
everything we do*

Innovative



*We believe that we will
win through meaningful
innovation*

Inspiring



*We are inspiring in
how we make a
difference in the world
and the way we team
up for success*

Operationally
Excellent



*We believe that
End-2-End process
standardization brings
speed, quality and
agility, enabling us
to focus on results
over effort*

Impact

- Key objectives aligned top to bottom through the organization
- Line-of-sight accountability for financial performance
- Frequent organizational pulse checks to track adoption
- 72% of leaders trained in the Accelerate Leadership Program

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