

PHILIPS

The World of the Connected Consumer

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The world of the Connected Consumer

- Philips understands consumers and technology
- The Connected Consumer is here and now
- Nexperia enables the world of the Connected Consumer
- Summary



Philips understands consumers



1930

1950

1960

1970

1980

1990

2000



grew up with
RADIO

grew up with
TELEVISION

grew up with
DOS

grew up with
GRAPHICS

grew up with
INTERNET


grew up with
MOBILE

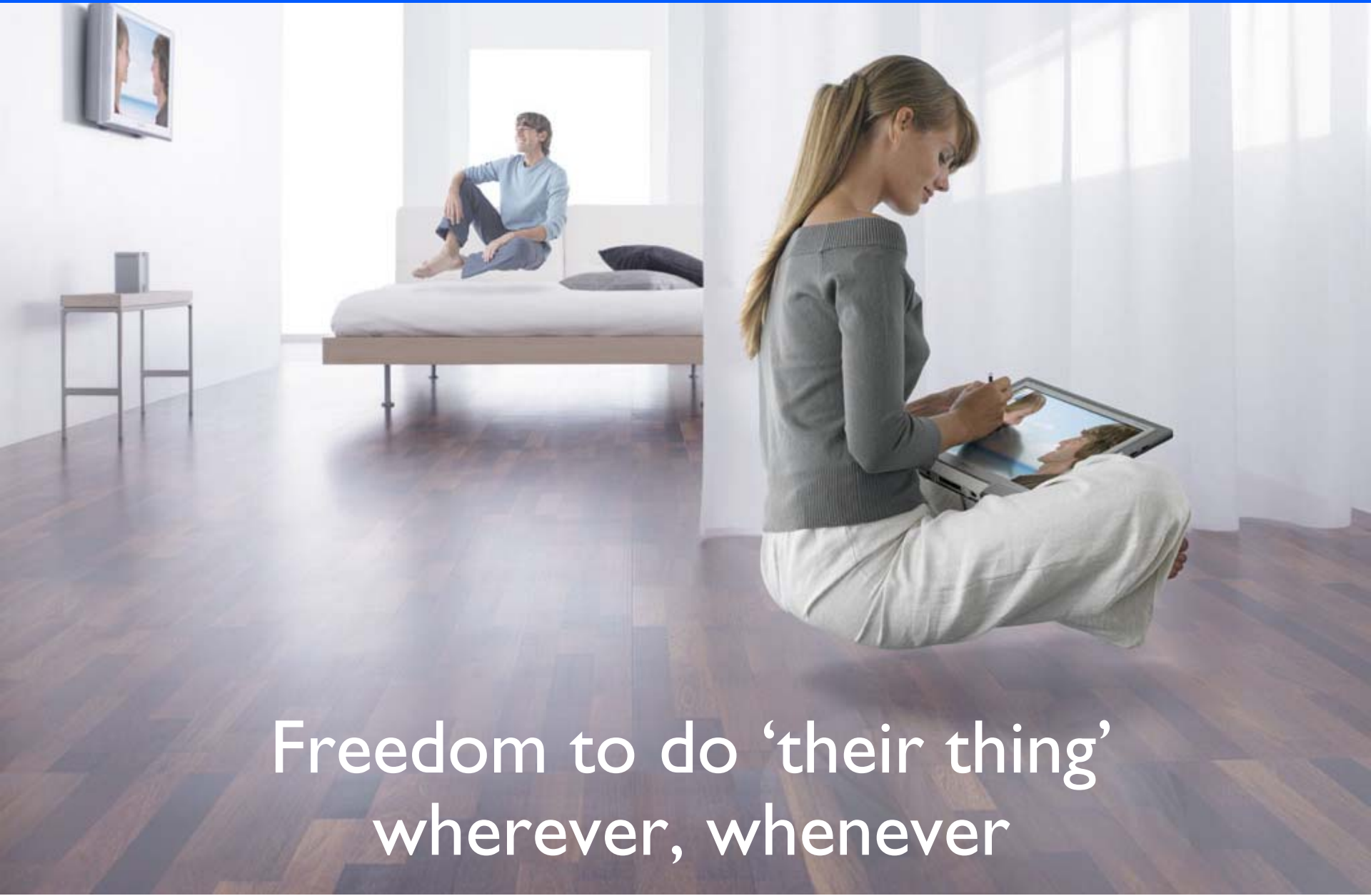
Philips has been undertaking consumer generations research for more than 30 years

Survey data shows that our brand is focused on products for the end-user and that we are improving people's lives

- Reed Awareness Study Oct 2002

We understand the Connected Consumer

- 
- Connected Consumers **WANT** to
- Create, access and share content
 - Transfer content from device to device, person to person
- Connected Consumers **NEED**
- Ease of use, future proof, personalisation
 - Living Room prices

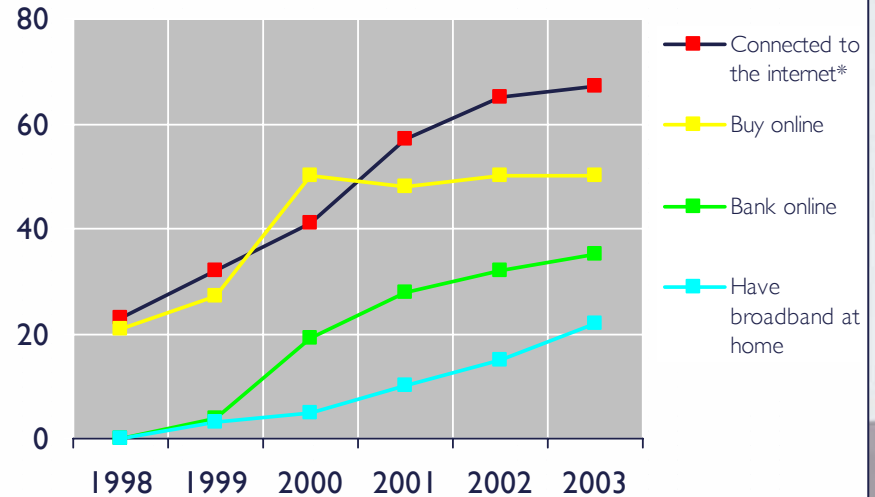


Freedom to do 'their thing'
wherever, whenever

...From Power User to User Power.....



The changing online consumer



Base: US online households

*Base: US households



Heard this before?What's New??



What's new is that
the Connected Consumer world
is real and happening now.....

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Today...




"The Digital Home will evolve, it will not arrive as a Big Bang. It will develop around entertainment, followed by utilities like home security in 2007."

Forrester, March 2003



Philips breaks ground with Asian connected home

June 2003



Digital net hook-ups are spreading from the study to the living room, bedroom and kitchen

July 2003

- Functions are leaving 'their boxes'
- New boxes are succeeding each other rapidly
- Connectivity is being driven by wireless & internet

Today...



DVB-T: DasÜberallFernsehen

In August 2003 Berlin became the first city in the world to switch off its analogue signal and transfer completely to digital TV

Currently 20% of Net-connected households in the USA want to link their entertainment devices to a home network

Source: Park Associates



By the end of this year 10% of mobile phones will have integrated digital cameras

Source: Arc Group

FCC mandates ATSC compliance in receivers effective July 1st 2004, complete by July 1st 2007



Semiconductors



The World of the Connected Consumer is driven by Content and Services

The implications for service providers

“Visa’s commitment as the world’s leading payment brand is to enable commerce in any environment and through any means. We are very pleased to be working with Philips. Our vision is to leverage Visa’s global reach, systems capabilities, and positive brand association, and to embrace new technologies in such a way that we facilitate secure payments through any channel and on any device”



Stephen Schapp
 Executive vice president
 Visa International, May 2003



The implications for content providers



In order to maximize Connected Consumer options Philips has developed partnerships with key content and Telecom providers

New services are becoming gradually available from a number of different sources



Learning by doing together.

Implications for the semiconductor industry

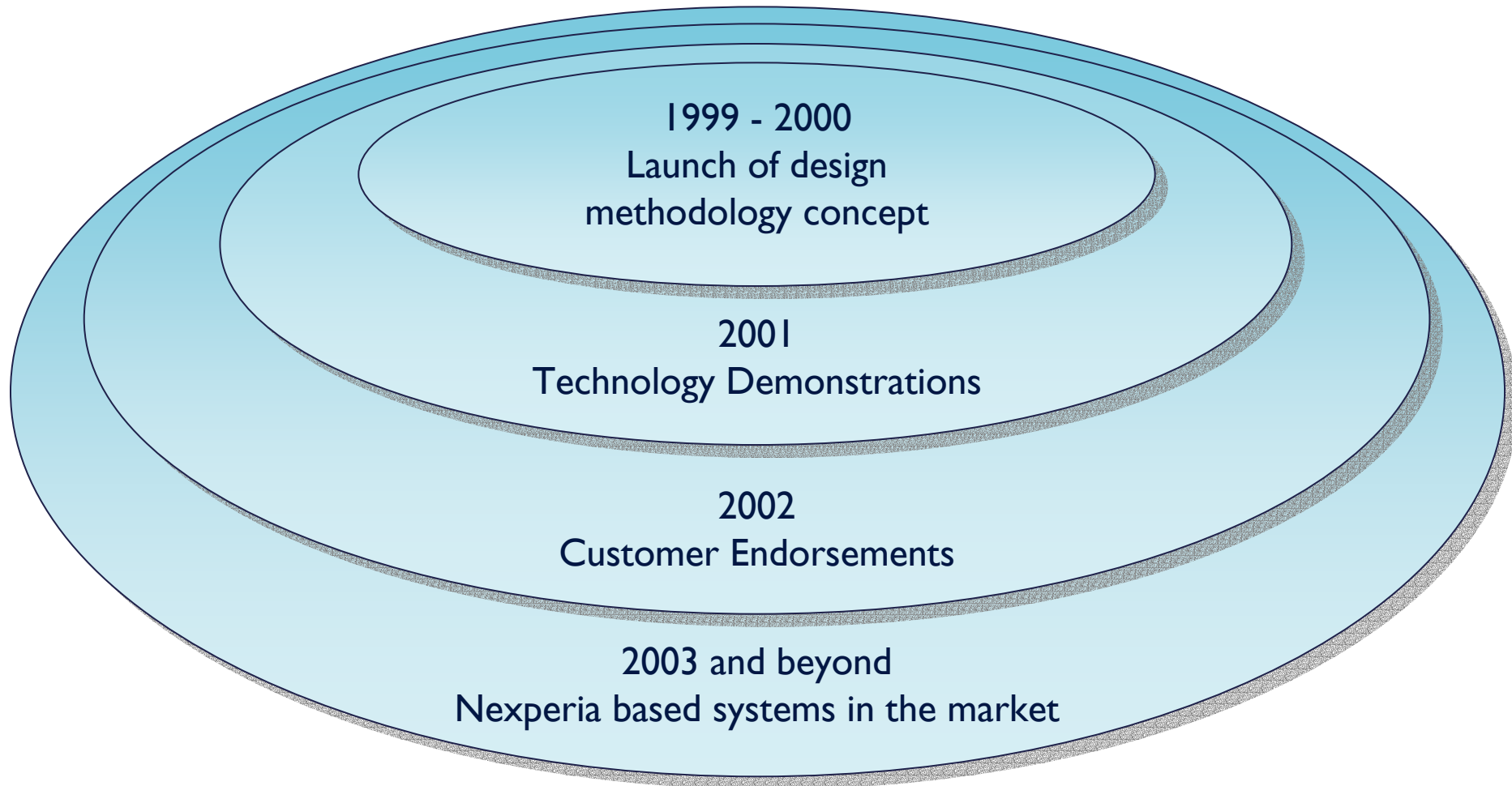
- Industry challenge is to empower / enable our customers to win the Connected Consumer
- This can only happen through
 - Excellent applications domain / systems know-how
 - Software programmability
 - Platform approach & fast time to market
 - Ability to exploit Connectivity opportunities (hotspots, WLAN, Bluetooth, NFC)
- Connected Consumer world creates a new battlefield



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The Nexperia journey





Two application areas:

- **Nexperia Home** for Connected Home / Digital Home applications including digital television, home entertainment hubs, media servers, DVD recorders, PVRs, wireless displays and media adapters
- **Nexperia Mobile** for mobile multimedia handsets, wireless PDAs, other portable wireless devices
- Builds on Philips' AV experience
- Modular hardware and software
- Support for industry standard operating systems

Connected Consumers already recognize the benefits of transitioning to Nexperia

- A comprehensive range of reference designs available for our customers
 - Digital ready solutions at living room prices
 - up to 30% reduction in time-to-market
 - serves trend towards outsourcing
- Millions of Nexperia solutions sold in mobile, audio and TV applications
- New design-wins for Mobile, DVD+RW and DTV

Customer, customer, customer.....



- Over 500 visits representing 80 customer delegations two weeks ago at IFA!
 - This represents a 60% increase over IFA2001
- Displaying 30 demonstrations some of which are here today





Real Progress.....

- Nexperia cellular system solutions in 1 out of every 10 GSM/GPRS mobile phones
- Strong number 1 position in DVD+RW solution thanks to system solutions + several reference designs
- ISV ecosystem – multiple applications / services on Nexperia
- Empowering our customers to empower theirs

Summary

We are:

- Enabling digital ready solutions at living room prices
- Bringing future-proof upgradeable technologies and solutions
- Bringing products quickly to market, on average saving 30% of development cycle
- Developing partnerships with service and content providers
- Bringing convergence products into a digital world



We are enabling the world of the Connected Consumer

