

# PHILIPS

Sustaining profitable growth through  
collaboration and partnership

**Indro Mukerjee**

Executive Vice President Marketing and Sales and Chief Marketing Officer

Philips Semiconductors

Financial Analysts Day 2004

## Agenda: the four key elements of our **go to market** approach

A clear  
value  
proposition  
and strong brand



Collaborative  
partnerships



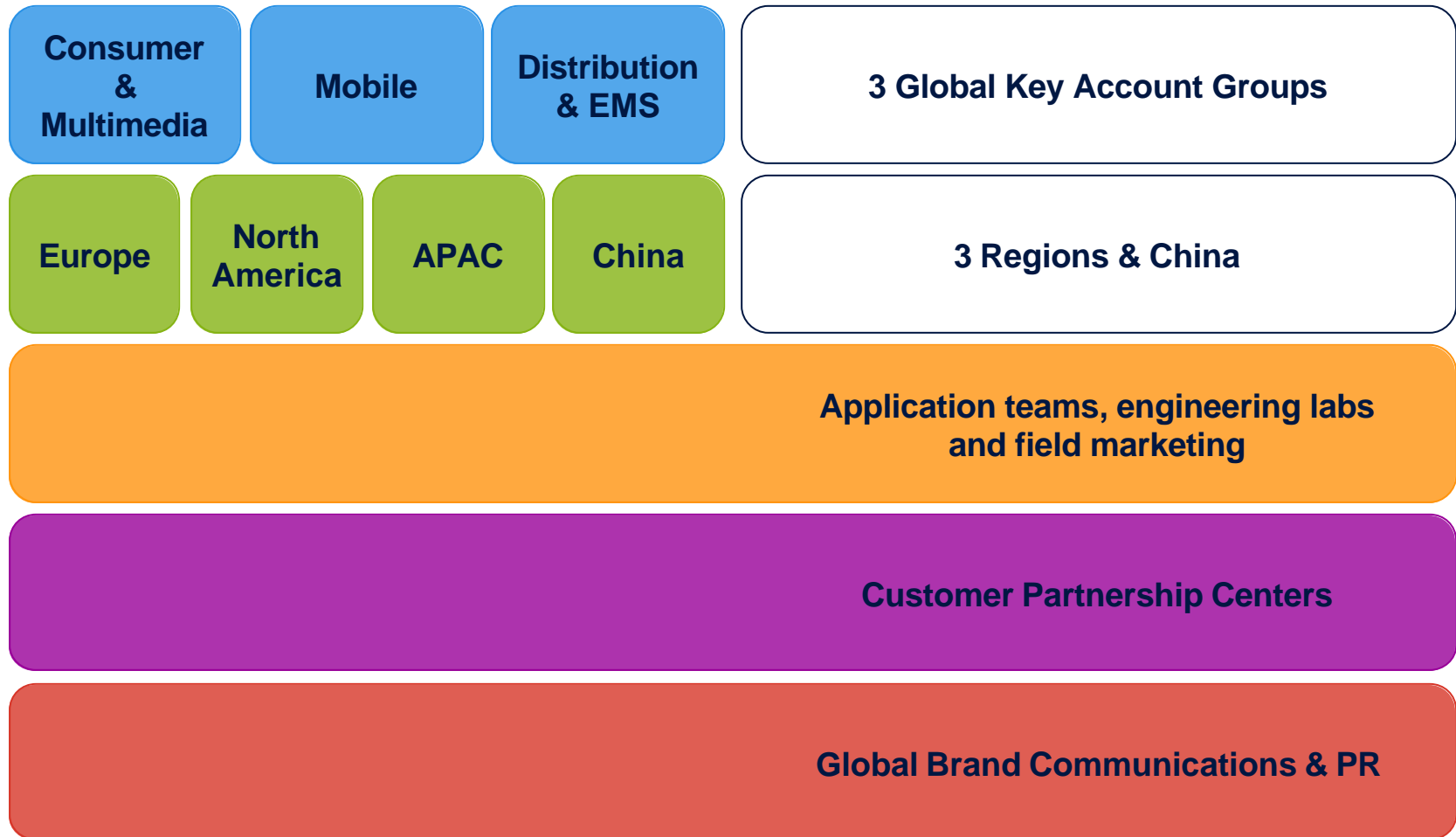
Value chain  
partnerships



World class  
services



# Taking products / solutions to market and gathering inputs from the market





A clear value Proposition and strong brand

## The new Philips Brand Positioning fundamental to our value proposition

- Philips is committed to delivering products and solutions that are easy to experience, advanced and designed around you
- The brand promise sense **and** simplicity underlines Philips' mission to improve the quality of peoples lives through the timely introduction of meaningful technological innovations



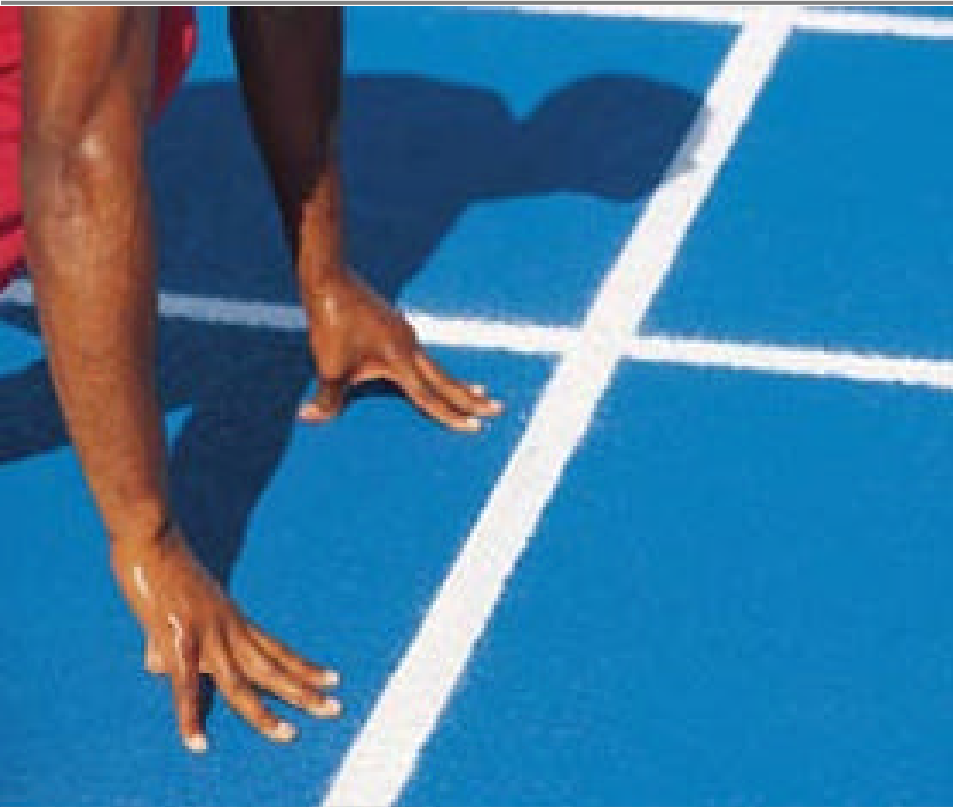
**PHILIPS**  
sense **and** simplicity



## For Semiconductors, the brand positioning

- Underpins our commitment to deliver flexibility, innovation and fast time to market to our customers
- Translates to a continued focus on customer intimacy - collaboration, service strategy, and partnership

## How we deliver on our value proposition: Going to market to enable the Connected Consumer



**In 2001, we started our customer intimacy journey**

Increasing competitiveness by enhancing

- Our business processes
- The competence of our people
- Our geographical approach

## Overall go to market process in tune with customer needs

- We present one face to our global customers, including across all Philips divisions
- Key Account Manager has full responsibility and is empowered to represent Philips





# Business process improvements to increase focus in sales

- Customer selection process
  - Making sure we focus on the right customers
- Determining service level agreements for our customers
- Executive sponsorship to drive customer intimacy
- Customer Business Plan to drive partnership



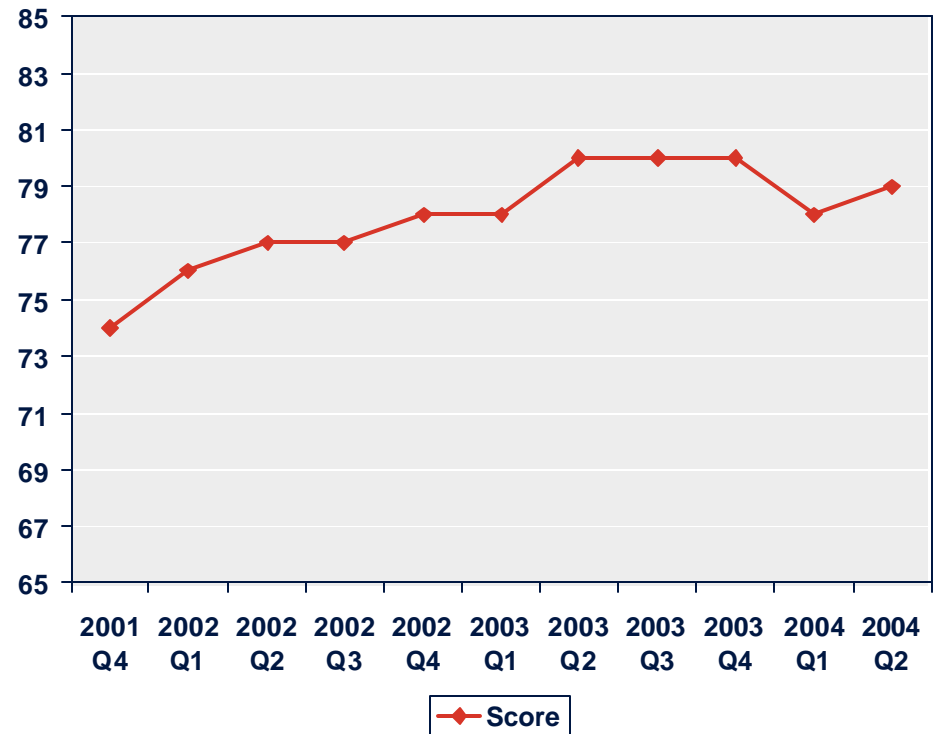
# Business process improvements to increase focus in sales

- Customer Loyalty Program
  - Customer Business Balanced Scorecards
    - Constantly measuring quality
  - Customer intimacy portal
  - Vendor rating
- Measuring through Process Survey Tool (PST)



# Vendor rating development

- Total score increased from 78 in Q1 to 79 in Q2
  - Business fulfilment score increased with 2 points to 80
  - Business creation increased with 1 point to 78
  - Quality increased as well with 1 point to 80



# Investing in **competence of our people** to make stronger impact in the market

- Taking Nexperia to market requires a specific skill set
  - Strategic Selling: Enabling Processes to evaluate and strategise opportunities at customers
  - Project Management training
- Key Account Management
  - Increased number of VP level Key Account Managers
  - Integrated cross functional teams selling and delivering to our customers
- Marketing Speaker's Bureau
  - Leveraging marketing knowledge in our company

## Supported by **geographical** moves tuned with market dynamics

- Global – Regional
- Shift from West to East
- Expansion in Asia Pacific
  - Focus on Greater China
- Management of global design in and production flows



# Inviting customers in our kitchen

- Taking customers to Crolles2 resulting in greater confidence
- Increasing number of dedicated customer events
- Corporate Research Exhibition
  - Sharing insight into future competitive-edge solutions
  - Close to 100 delegates attended



Corporate Research Exhibition

Dedicated customer events

Taking Ericsson to Crolles2

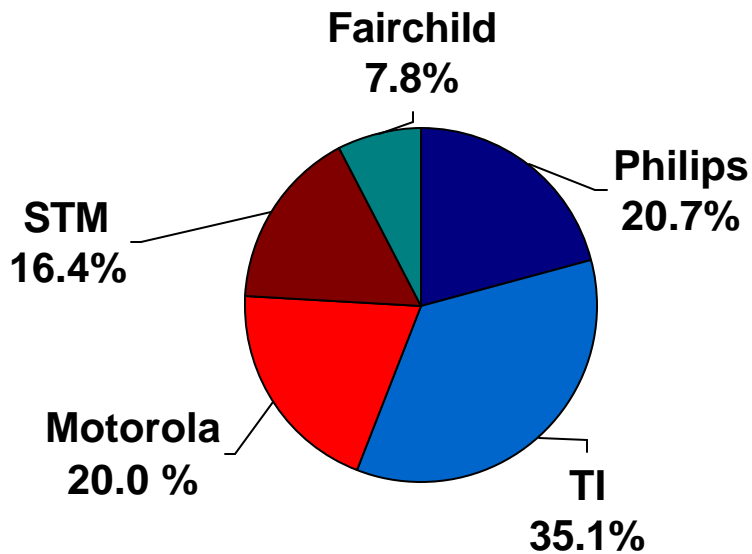
# Giving support through customer oriented communications

From “*product focused*”  
to “customer focused”

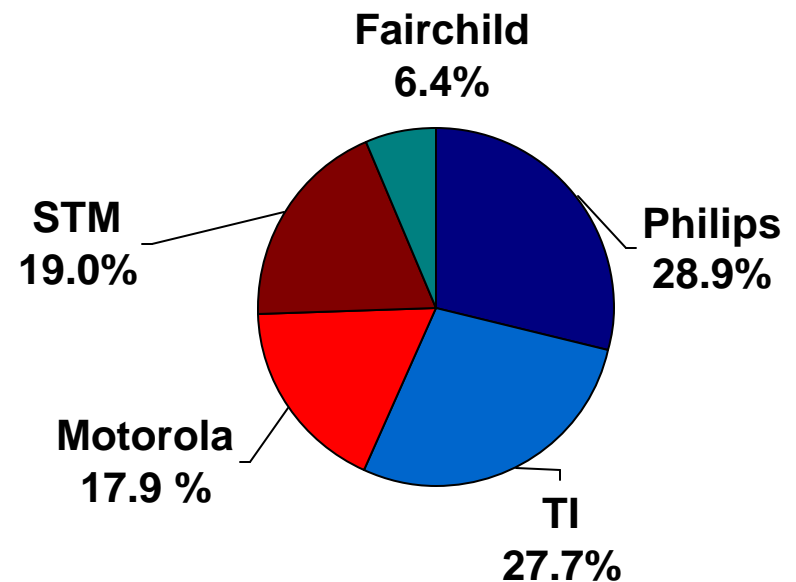
- Focused messages towards our customers
- Brand Communications
  - Doing dedicated customer events, increased by over 25% in 2004
  - Customer value proposition through targeted messaging
- Public Relations
  - Stimulate the market with technology adoption stories, such as NFC and RFID, to increase demand
  - Demonstrate tangible customer successes with Nexperia design wins to generate further customer buy-in

# Philips' share of voice increased eight points in Q2

**Share of Voice Q1**



**Share of Voice Q2**



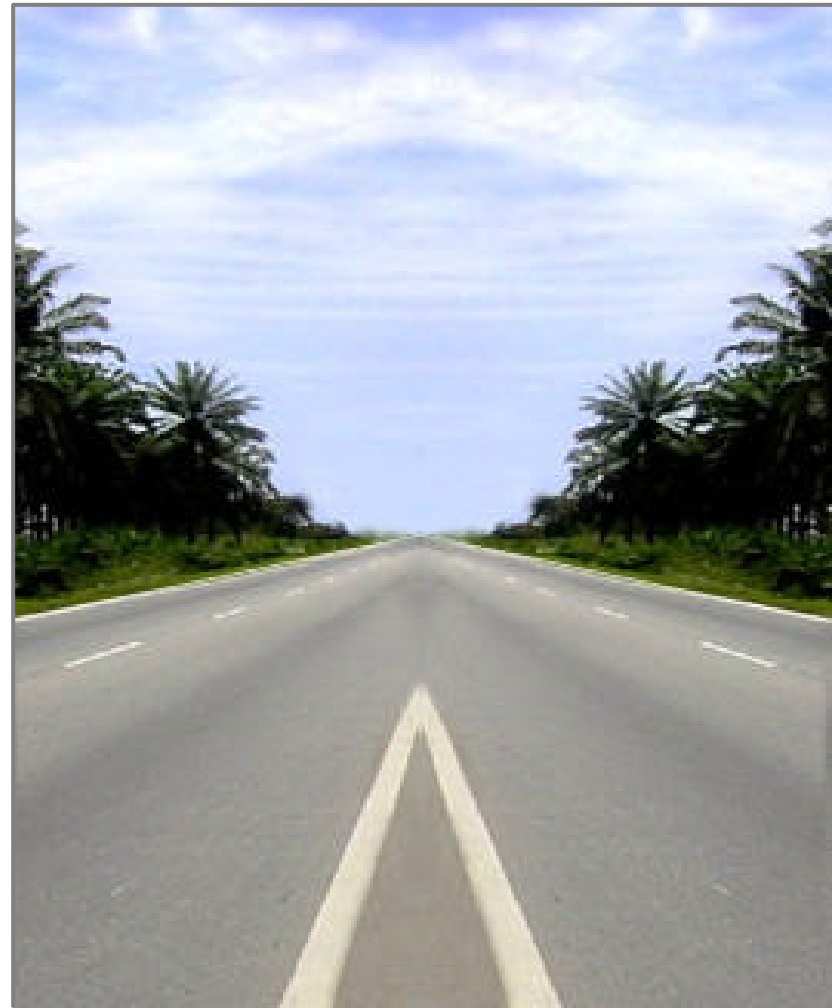




## Collaborative partnerships

## Results in collaborative partnerships

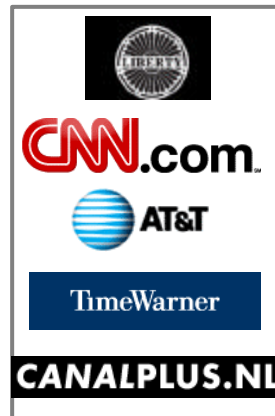
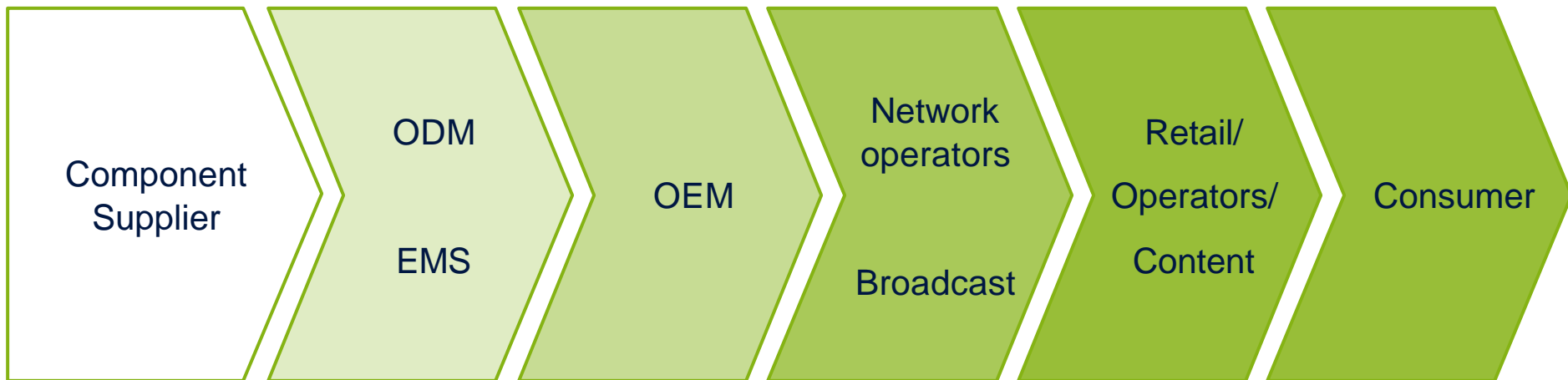
- **FlexRay Consortium** – drive the adoption of an open standard for high-speed bus systems in automotive
- **NFC** – Philips, Sony and Nokia drive adoption for NFC standard – Samsung integrates technology into handsets
- **Nexperia Home Partnership** program with ISVs
- **UHAPI** standard established by Samsung and Philips
- **T3G** – our JV platform for 3G services in China with Samsung and Datang





## Value chain partnerships

## Create the right connections in the value net





**World class services**

# Supported by world class service

- **Customer intimacy**
  - Dedicated service breakthrough programs, driving service excellence
- **Global consistency**
  - Systems and addressing the changing fulfillment needs of our global customers
- **Ease of doing business**
  - Customer dedicated web-portals/extranets
  - B2B information exchange via Rosetta Net
  - Collaborative Planning solutions with Global Distribution
- **Flexibility & Reliability**
  - Global logistics network delivering shorter lead times and increased responsiveness
  - Resulting in improvement of our stacked lead time by 35% between 2002 and 2004



We are constantly measuring our organization to improve and reinforce a culture of excellence

- Marketing & Sales is
  - Committed to excellence
  - Recognized for excellence

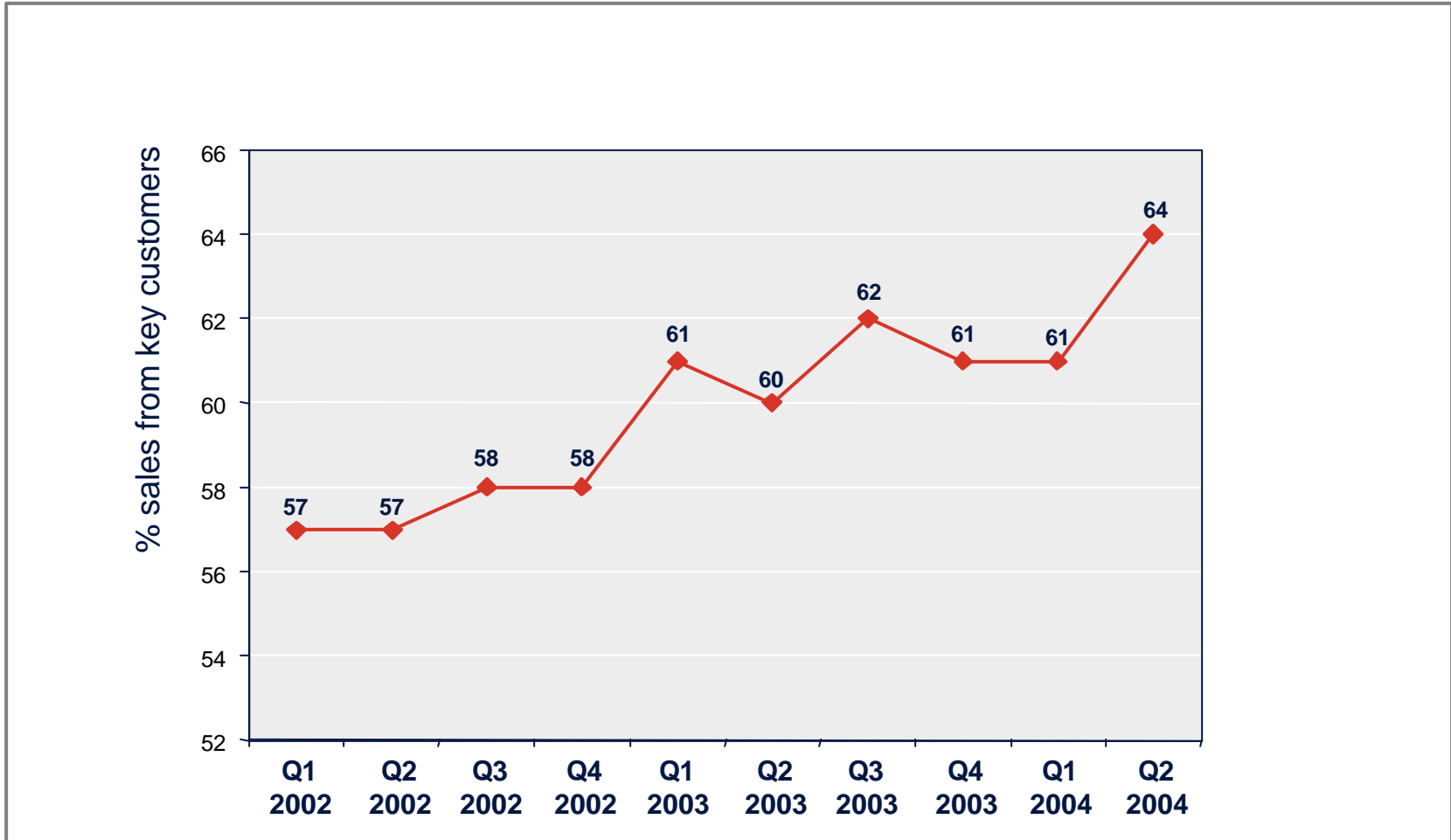
...and is at...

European Quality  
Award Level



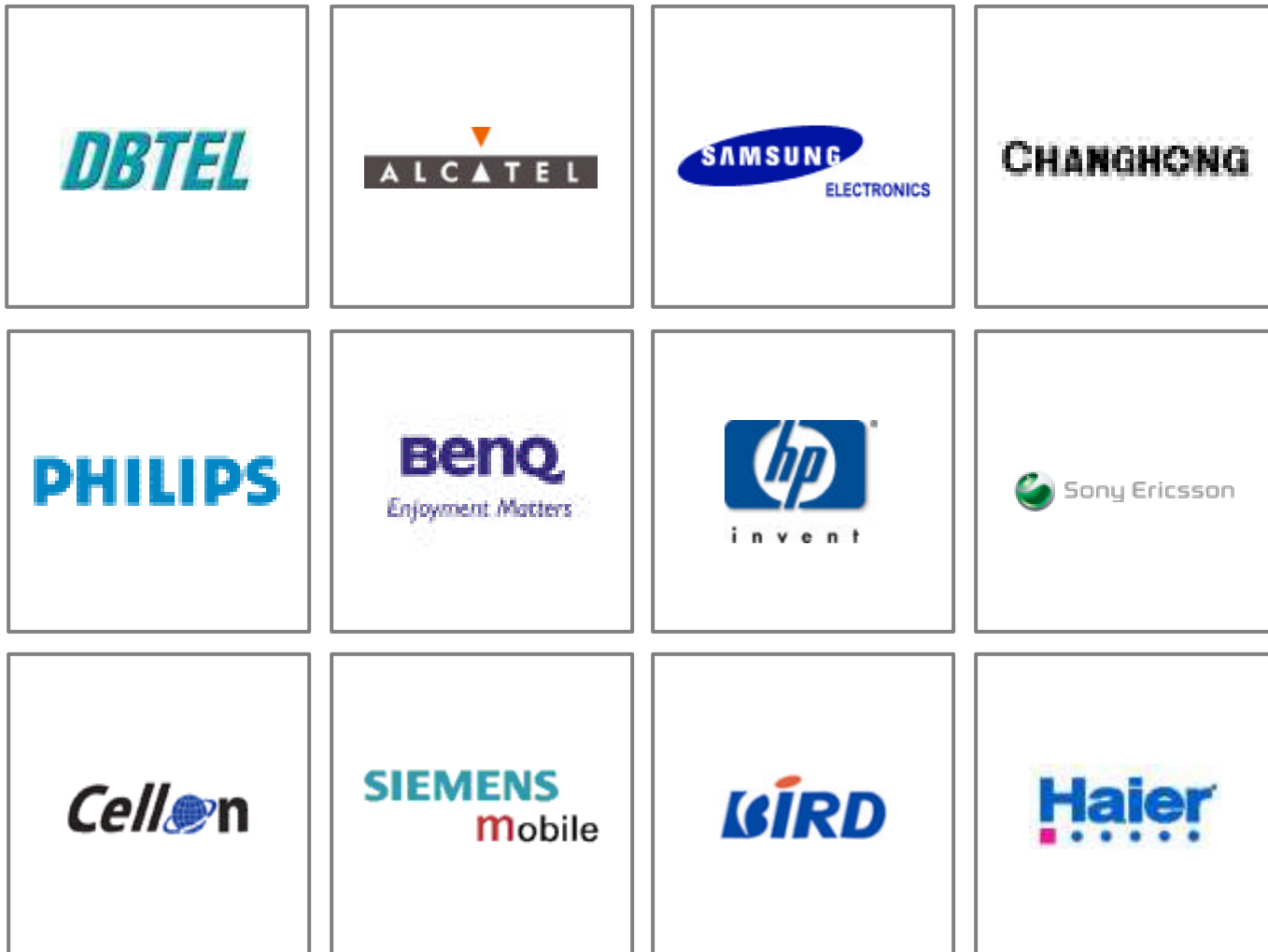
# Increase share of business from key customers

## Target 70% by end 2005





## Increasing our success rate in design wins



## In summary

A clear  
value  
Proposition  
And strong brand



Collaborative  
partnerships



Value chain  
partnerships



World class  
services



## We have the right ingredients for success

