

# PHILIPS

sense **and** simplicity

## Innovating to Grow

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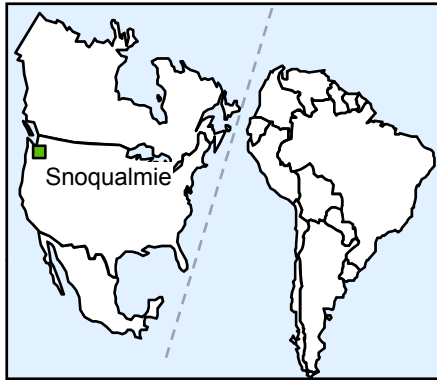
## Key takeaways

- We are innovating to grow in Health & Well-being by **focusing geographically**; investing in **growth platforms** and on **high impact innovation**
- We are building a competitive advantage by being **intimate with consumers** and **fast to act on insights** bringing the **outside-in**
- We are investing and prioritizing **Asia-first innovations** for local markets and for global markets

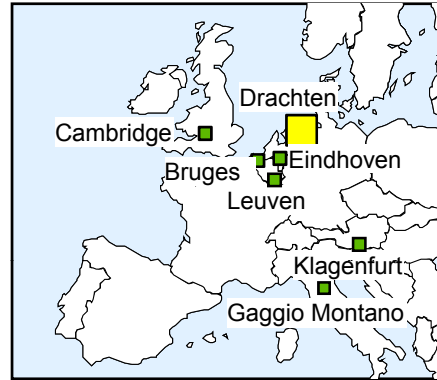


# Focused Innovation and Development concentrates expertise and fuels creativity

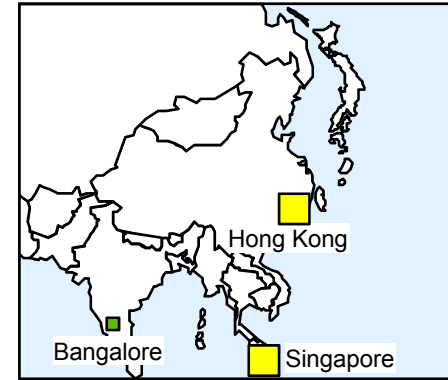
**Today**



**North & South America**

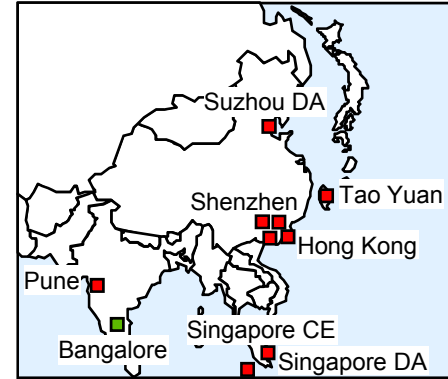
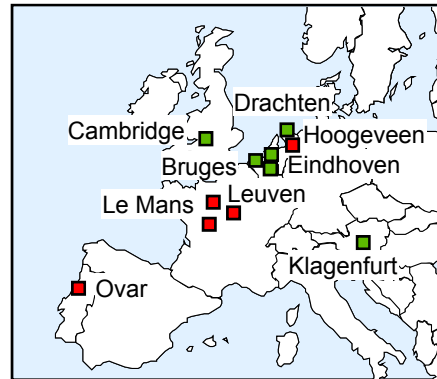
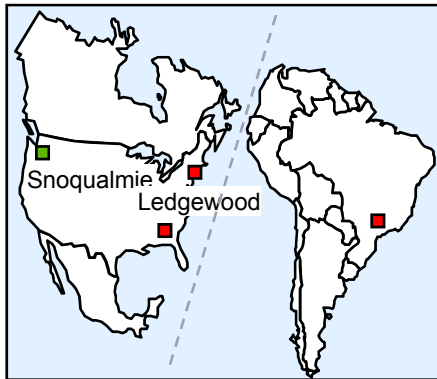


**Europe**



**Asia**

**2007**

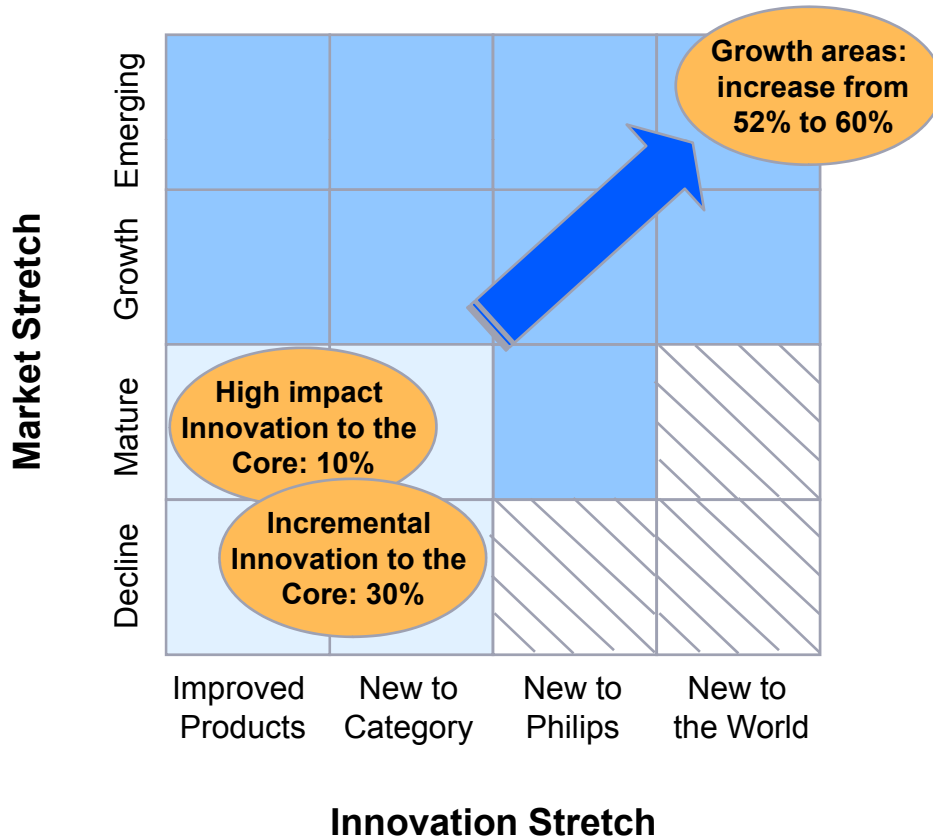


From more than 25 units in 2007 to 3 main sites (2 in Asia) and 8 specialized centers today

- Main innovation sites
- ■ Specialized centers

# Increasing shift of innovation to priority Growth areas and to innovate on the Healthy Core

## Innovation & Development Portfolio and Spend



- 60% of R&D spend will be invested in Growth Areas, up from 52% in 2008
- Sleep, Skin, Relationship Care, Lifestyle Management, Water & Air, Oral Health and Mother & Child, etc
- 1 out of 5€ invested in Breakaway opportunities , beyond current business
- Increasing Open Innovation to bring the outside in to create an advantage
- Circa 10 % of the total R&D spend will be invested in 2010 to create high impact innovation for key Core Businesses

# Created Consumer-centric Innovation Platforms to focus investment and accelerate delivery

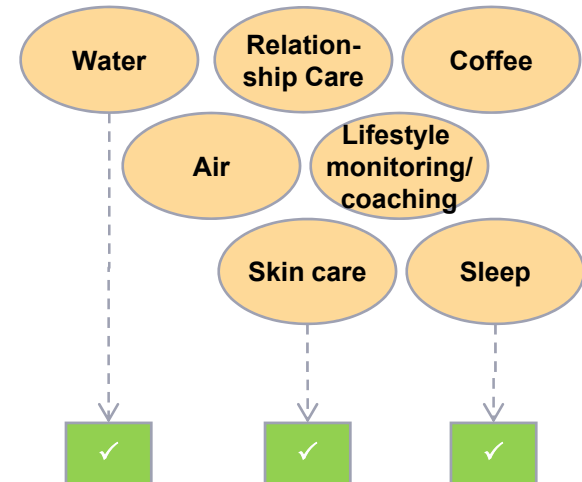
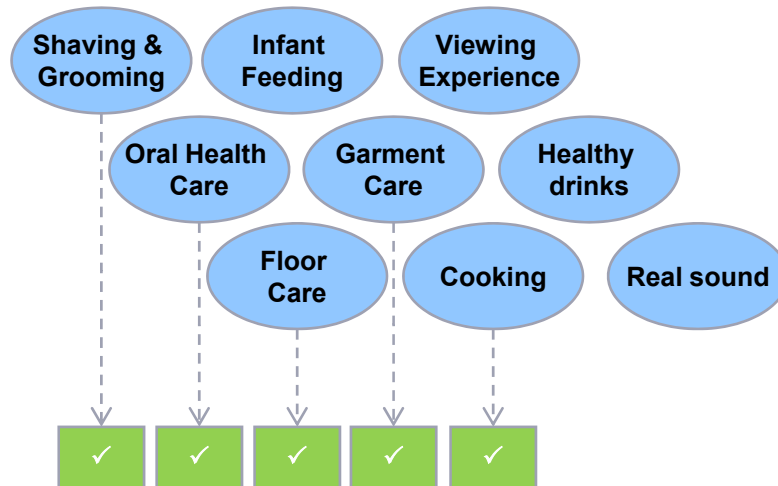
Health & Well-being Value Spaces



**Existing business**

**Potential growth areas**

Innovation Platforms



Technology Bets

## Applying user intimacy for the development of the innovation platforms such as Sonicare for Kids

The only kid-friendly power toothbrush that grows with your child !

The only kids' power toothbrush shown to deliver better brushing results at each phase!

### Consumer



Children's dexterity increases from the age of 4 to 10

Children's teeth are more sensitive



Children struggle to safely & effectively brush for 2 minutes

### Consumer-centric solution



Unique handle to fit child's hand designed with pediatric ergonomists



Safe bristle design and handle stop for 4 year-olds and up

Two brush head sizes for kids as they grow



Interchangeable panels to choose as the child gets older and changes preference



Fun "finished" tunes increases brushing time



# Focusing on speed as a source of competitive advantage

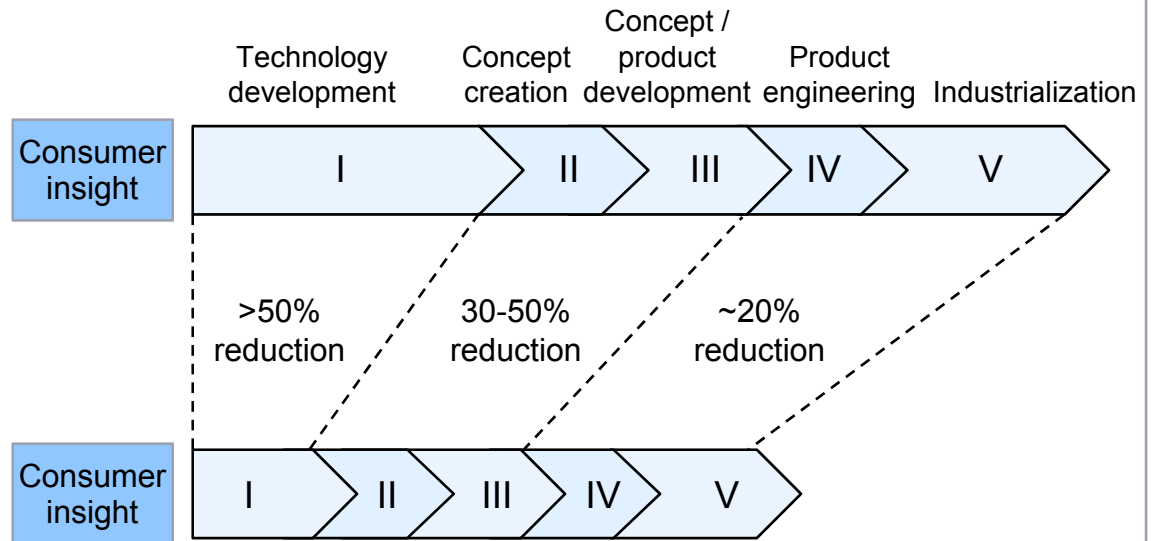
Reduced time to technically develop and industrialize by 30% over last 3 years

## New speed ambition:

30-50% acceleration of **end-to-end** development with focus on the growth platforms over next 3 year cycle via:

- Focus (Fewer & Bigger)
- Consumer Centricism
- Open Innovation
- ODM utilization & modularization
- Operational excellence (Lean, mind-set)

## Time to Market Model



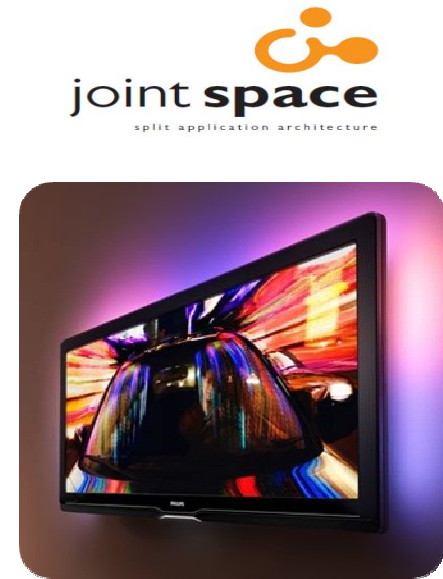
## Set new ambition for Open Innovation to deliver half of key innovations from the outside in



Durable heat resistant material from industrial oven industry



Advanced Skin Protection system developed in strategic partnership



Open system to accelerate development of consumer benefits in digital TV





# Prioritizing Asia-first innovation for local markets and the rest of the world

**Asia-first innovation  
for global markets**



**Healthy Chef  
Cooker**

Paella	Saffron	Beans	Coq au Vin	Ratatouille	Ragu Bolognese	Osso-Buco	Risotto	Sweet tofu	Lotus Seed	Papaya fungus	Tom Yum
Spanish Chicken	Crème caramel	Tomato Soup	Bouillabaisse	Chocolate Cake	Pasta	Panna Cotta	Fish Osso-Buco	Stew	Steam	Sushi	Green bean

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