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sense **and** simplicity

Growth in Services and Solutions: Global Customer Service

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CEO Global Customer Service

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Customer Services

We improve the experience of the patient and the people who care for them

Consulting   **Ambient Healing Environments**   **Product Support**   **Continuing Education**

Agenda

- Progress Versus Commitments
- "Core" Business Growth Potential
- Professional Services Expansion

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Good progress versus prior commitments

| What we promised	What we delivered
Revenue growth	• Mid to High single digit growth in core business • New services growth: Ambient Design, Utilization services and Multi-Vendor/Managed Services
Margin/EBITA growth	• Acceleration in margin/profitability growth
Increased customer satisfaction	• 2 times improvement in services positive to negative comment ratio
Increase contract penetration +25% vs 2005	• Percent of customers that carry a service contract +19% per end 2009
Service optimization (e.g. customer care centers, remote services)	• Global Telephony Platform • Remote Fix Acceleration
Optimize service parts supply chain	• Fill rates up 7 pts. since 2006 • €20M Operational Cost Savings • BPO = > UPS/Accenture

Customer services performance
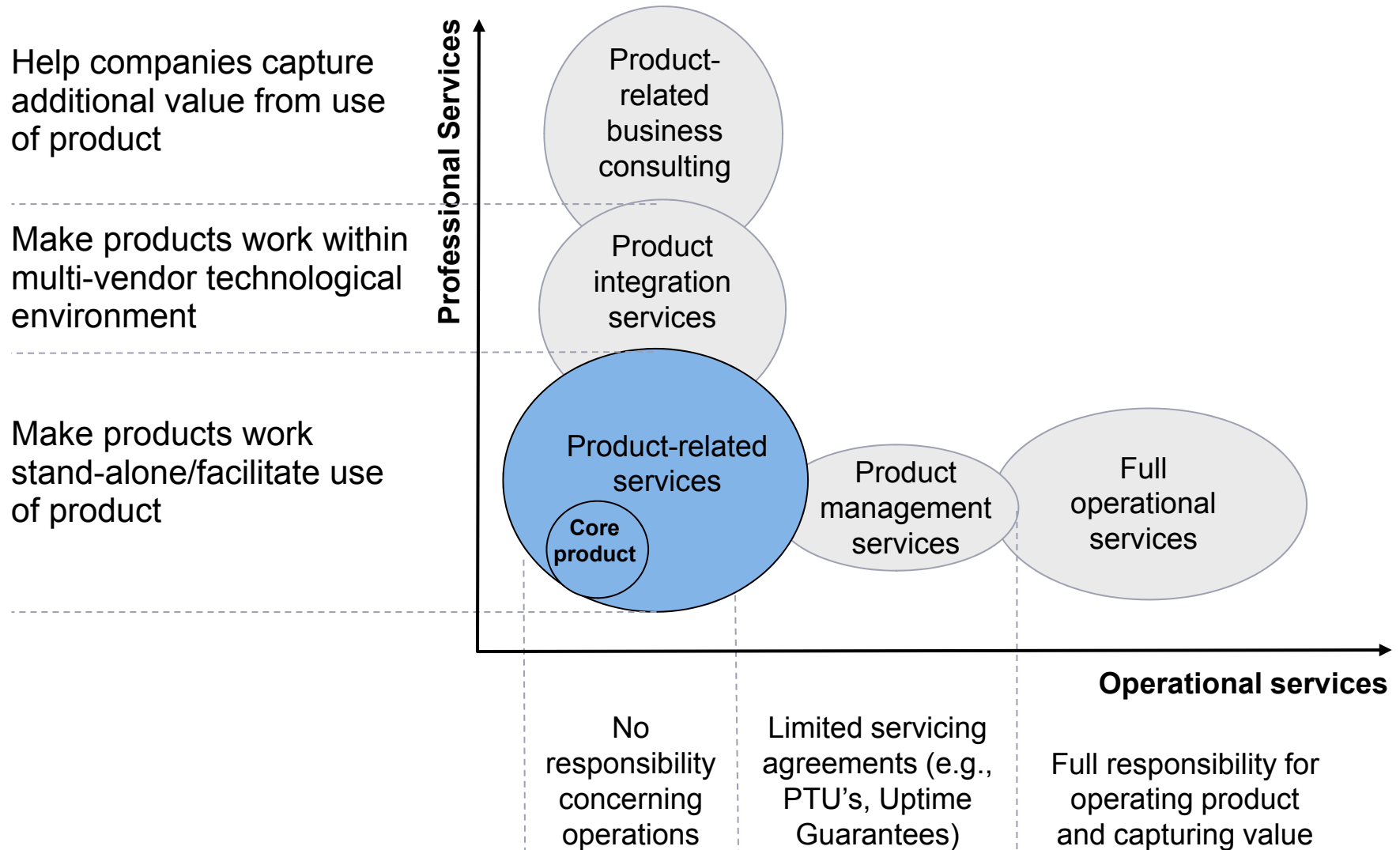
Sales Growth %
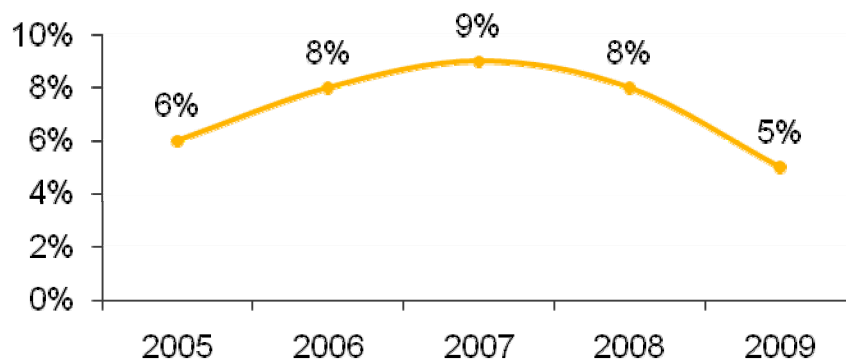
Gross Margin
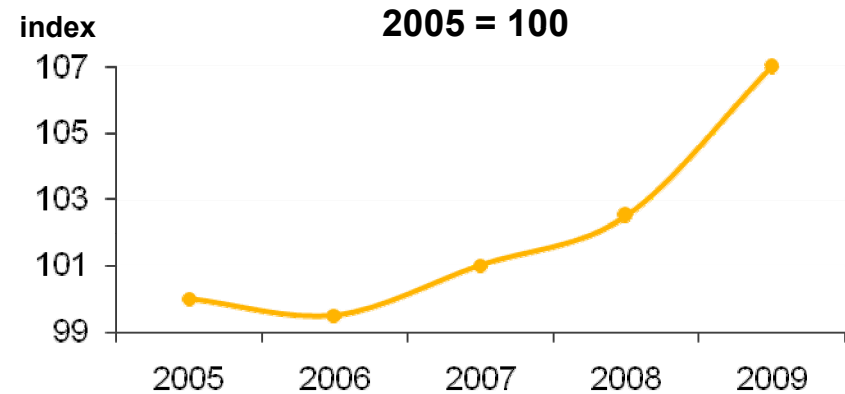
EBITA Growth %
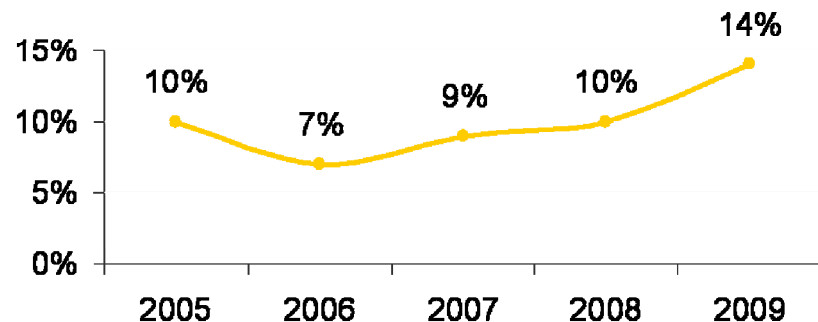
- **Revenue:** Acceleration and then moderation due to weaker installed base growth in '08 and '09.

- **EBITA Gross Margin:** Acceleration due to payoff of productivity investments and process excellence.

* Adjusted for restructuring, currency and one-time accounting/allocation changes

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Two dimensions of growth

Help companies capture additional value from use of product

Make products work within multi-vendor technological environment

Make products work stand-alone/facilitate use of product

Professional Services

Product-related business consulting

Product integration services

Product-related services

Core product

Product management services

Full operational services

Operational services

No responsibility concerning operations

Limited servicing agreements (e.g., PTU's, Uptime Guarantees)

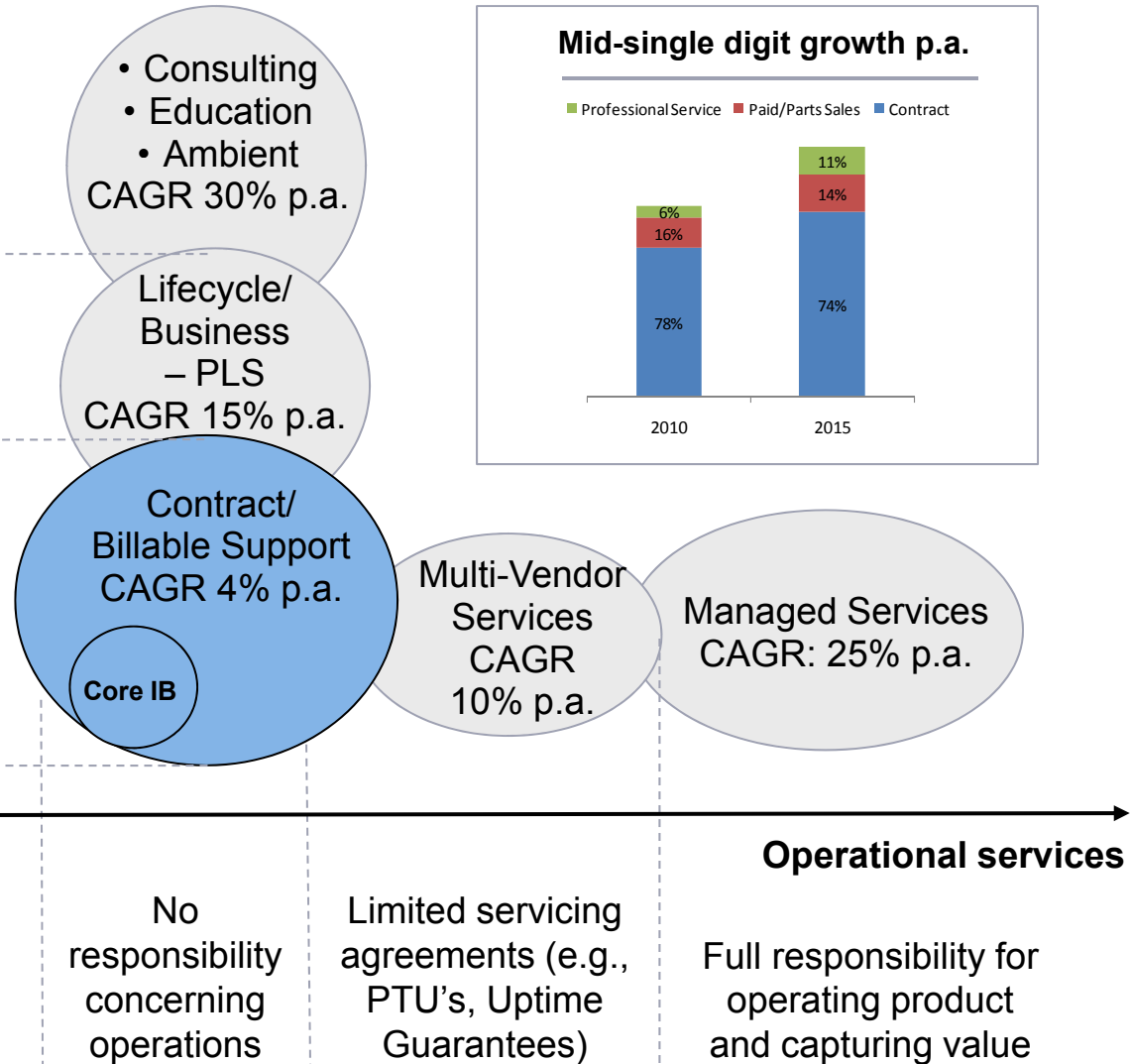Full responsibility for operating product and capturing value

Ambition

Help companies capture additional value from use of product

Make products work within multi-vendor technological environment

Make products work stand-alone/facilitate use of product
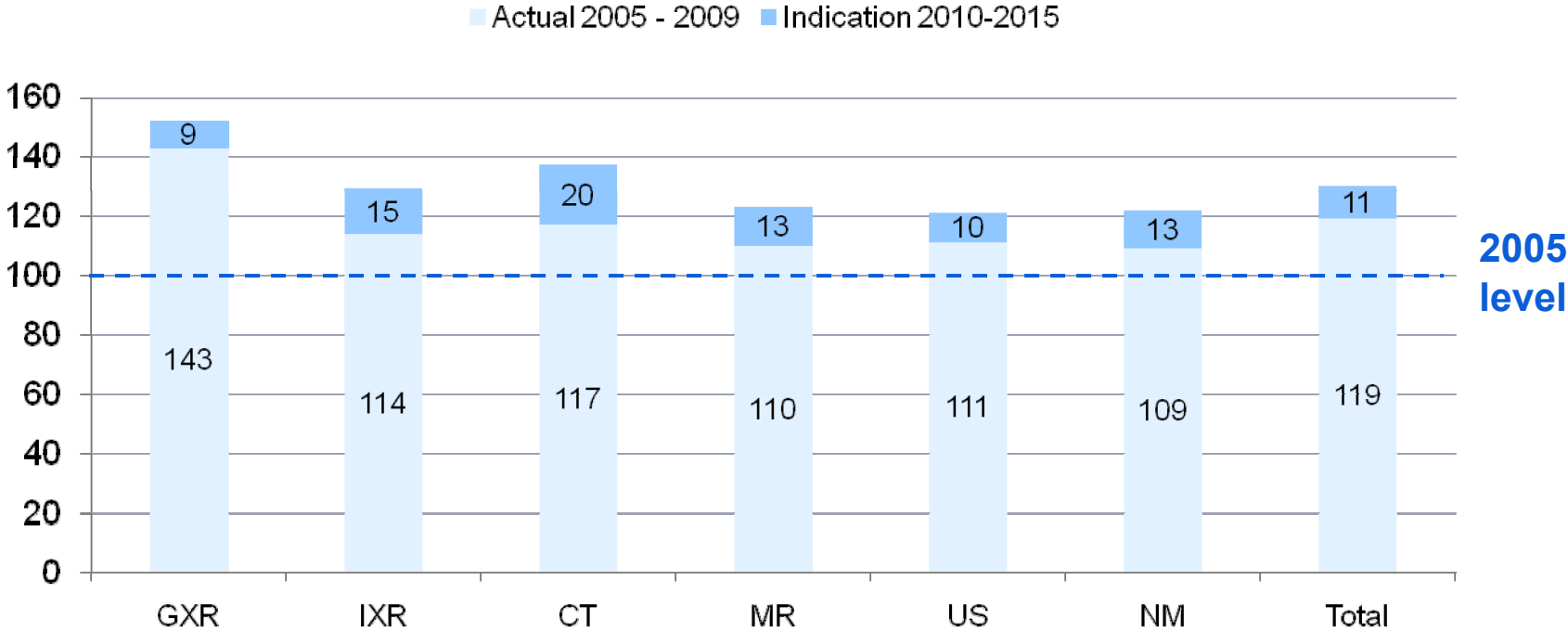
Professional Services (y-axis)

- Consulting
- Education
- Ambient

CAGR 30% p.a.

Lifecycle/
Business
– PLS
CAGR 15% p.a.

Contract/
Billable Support
CAGR 4% p.a.

Core IB

Multi-Vendor
Services
CAGR
10% p.a.

Managed Services
CAGR: 25% p.a.

Operational services (x-axis)

No responsibility concerning operations

Limited servicing agreements (e.g., PTU's, Uptime Guarantees)

Full responsibility for operating product and capturing value

Mid-single digit growth p.a.

Legend: ■ Professional Service ■ Paid/Parts Sales ■ Contract

2010:
- 6% Professional Service
- 16% Paid/Parts Sales
- 78% Contract

2015:
- 11% Professional Service
- 14% Paid/Parts Sales
- 74% Contract

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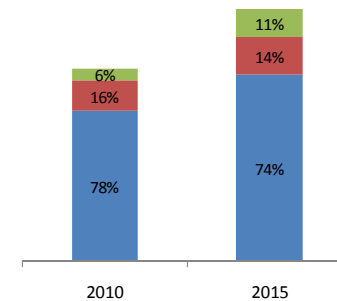
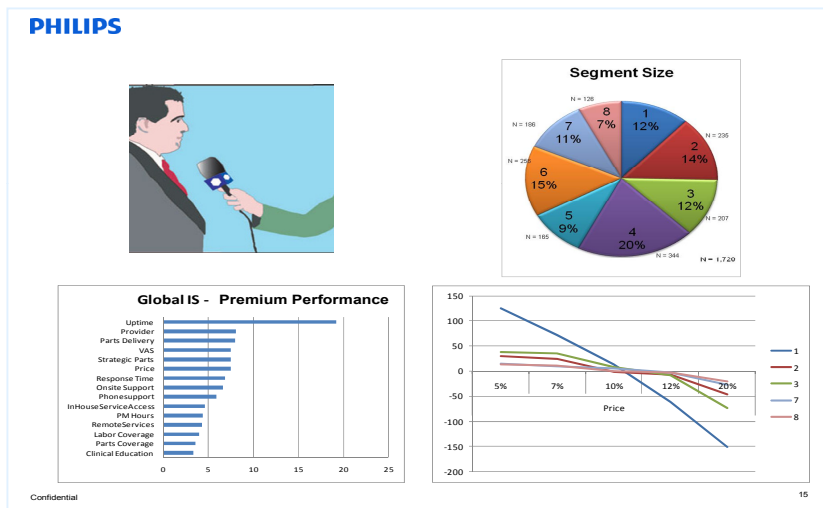# Continuing opportunity in contract penetration rates

Contract Penetration Index

Further opportunity in contract penetration and investment in professional services

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Improved Price Realization will drive Growth

**Customer Service Agreement Enhancement Program:
Personalized and Customized Support**

Price Realization Increase

- Market research including Conjoint (3000+ customers)
- Need based segmentation
- Be a Partner, Risk sharing
- Provide information
- Uptime guarantee
- Response time
- Price

- Growth potential
- Need based segmentation
- New modular structure; better meets customer needs
- Low-end business: CPR ⬆
- Premium offers: ARP ⬆
- Increased NPS

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Professional Services Portfolio: Target Large Opportunity Spaces with Insight Driven Solutions

**Improving the patient experience**

Through deep research with patients and caregivers, we created Ambient Experience - a purposefully designed environment that creates a comfortable, stress-reducing setting for both patients and staff

Better manage resources

By providing technology and maintenance services outsourcing options through our long term managed service partnerships, we enable healthcare providers to focus on their core activities

Global Markets

Ambient Healing Environments $1.2B

Healthcare Consulting $2.6B

Managed Services $4B

Education Services $2B
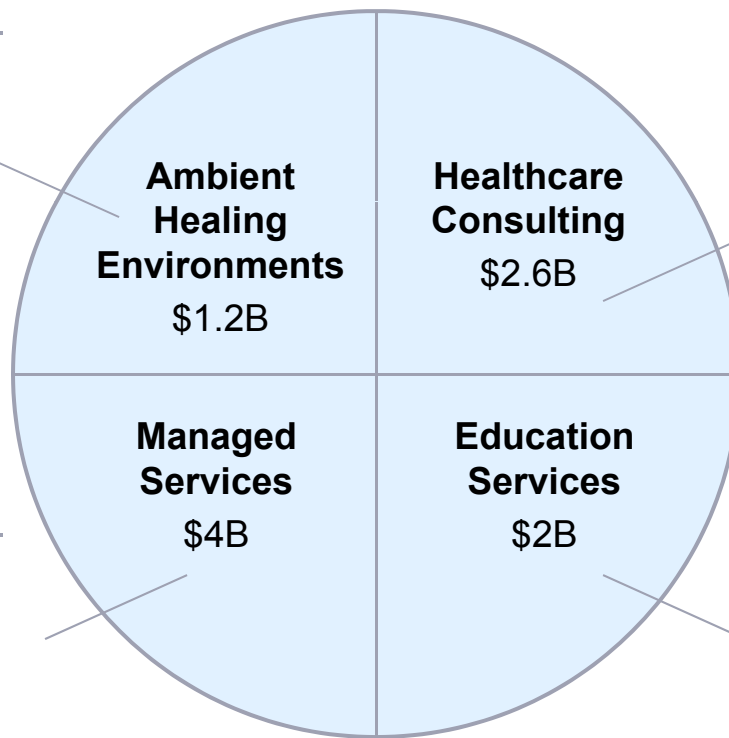
Realizing organizations goals

We work with healthcare executives and managers to define and implement sustainable improvement opportunities that enable them to grow, improve and optimize service delivery across their care delivery organization.

Cultivating a learning culture

We know that a best-in-class staff drives the success of your organization. We support this goal through our fully accredited campuses around the globe, an extensive virtual learning center, and experienced clinical educators.

Integrated organizational structure and marketing/channel strategy supports growth

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Ambient Healing Environments

"Designing hospital care settings that help patients to recover more quickly and to feel better, by providing evidence-based physical and psychological means to staff, patients and loved ones."
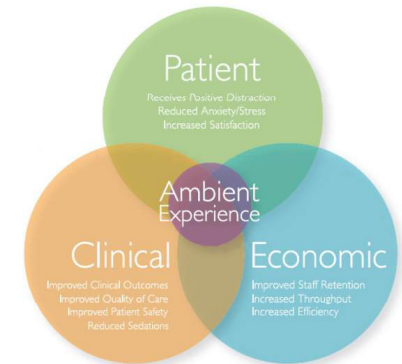
Patient

- Patient Receives positive distraction
- Reduced anxiety/Stress
- Improved Customer Experience
- Increased Satisfaction

Clinical

- Improved Clinical outcomes
- Improved Quality of Care
- Improved Patient Safety
- Reduced Sedation

Economics

- Improved Staff Satisfaction and staff Retention
- Increased Throughput
- Increased Efficiency

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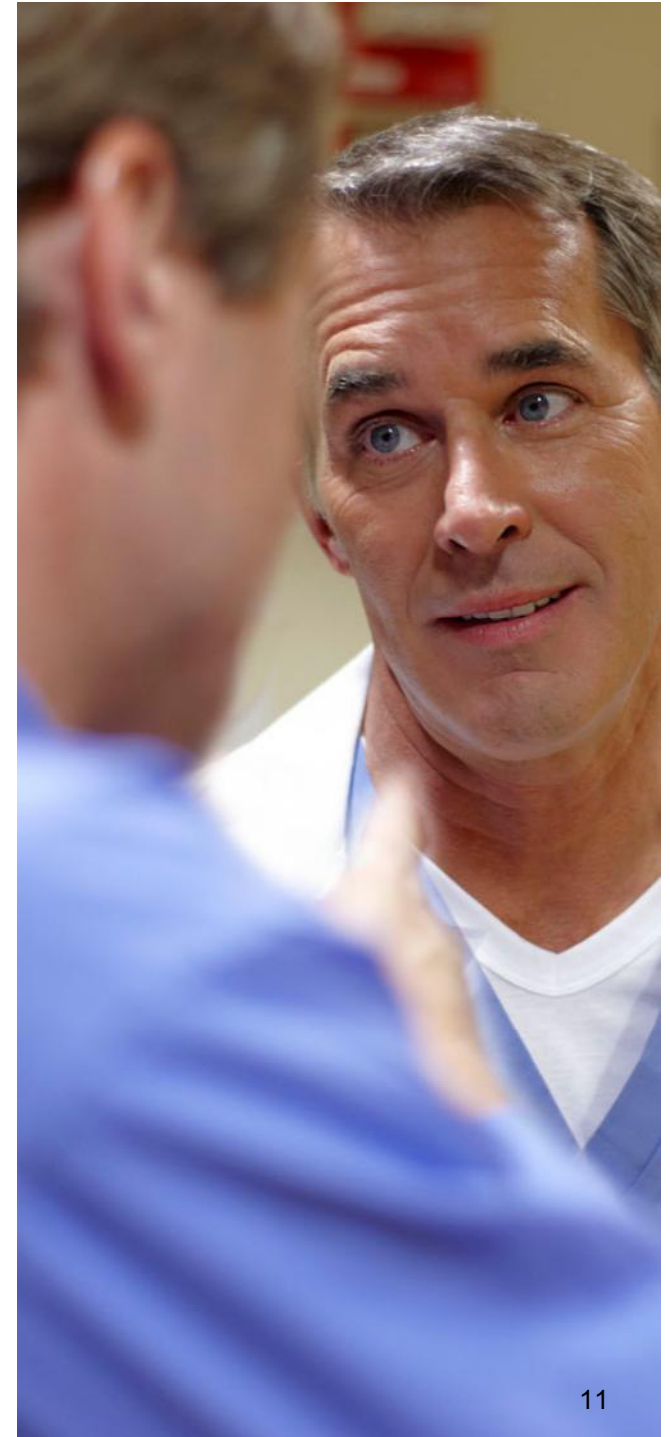
Key Takeaways

Improve Service Delivery

- Increase First Time Fix and Remote Fix
- Drive penetration of product serviceability and reliability standards
- Optimize a world class parts supply chain
- Clear Leadership in Services Satisfaction

Grow the "Core" Business in Maintenance, Repair and Lifecycle Business

- Personalized and Customized CSAs
- Philips Lifecycle Solutions

Grow Professional Services

- Grow the Consulting Services Portfolio
- Significantly Expand the Education Business
- Ambient Experience ➔ Healing Environments
- Multi-Vendor/Managed Services Expansion

Q&A

Greg Sebasky