



Delivering innovation that matters to you

Eureka Innovation Days – Smart Health Panel

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Contents



- Introduction to Philips
- Profound Changes in Healthcare
- Need for Public-Private Partnerships

127 years of innovation: from light bulb to HealthTech



1900 – Carbon-filament lamp

1930 – Mobile metalix X-ray



2017 – Image Guided Therapy suite



2017 – Sonicare Connected

Our businesses in 2017¹



Personal Health businesses



41% of Group sales

16.7% Adjusted
EBITA margin

Diagnosis & Treatment businesses



39% of Group sales

10.4% Adjusted
EBITA margin

Connected Care & Health Informatics businesses



18% of Group sales

11.8% Adjusted
EBITA margin

Sales of EUR 17.8 billion and Adjusted EBITA margin of 12.1%

¹ Other accounts for 2% of sales and includes HealthTech Other

Royal Philips in 2017



EUR 17.8
billion sales

More than 1/4
of sales from solutions

4%
comparable
sales growth

~74,000
employees in over 100 countries

Royal Philips in 2017



2.2
billion
lives improved¹

EUR
1.76 billion
invested in R&D

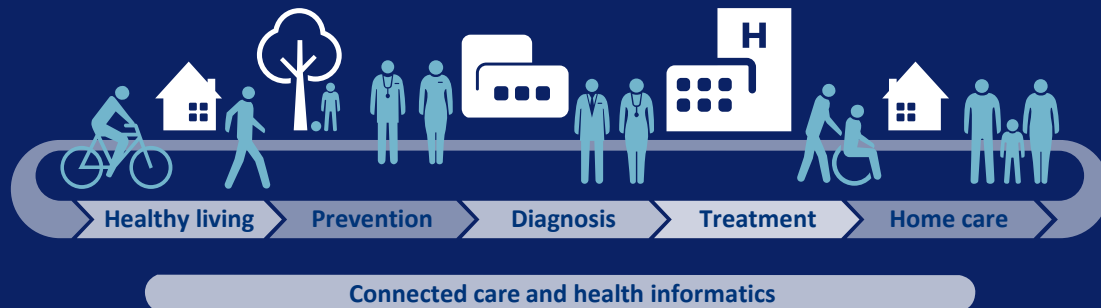
62,000
patent rights
37,600
trademarks

USD 11.5 billion
brand value²

¹ Includes contribution of Philips Lighting
² As measured by Interbrand

Ready to take on the healthcare challenge

At Philips, we take a holistic view of people's health journeys, starting with healthy living and prevention, precision diagnosis and personalized treatment, through to care in the home – where the cycle to healthy living begins again.



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Four major trends are shaping the future of health technology



Global resource constraints



Aging populations and the rise of chronic illnesses



Increasing consumer engagement



Digitalization

5% of the population accounts for **50%** of healthcare spend



Economic realities are driving the need for new approaches in healthcare

Volume

Value

Response

Prevention

Episodic

Continuous

Limited

Accessible

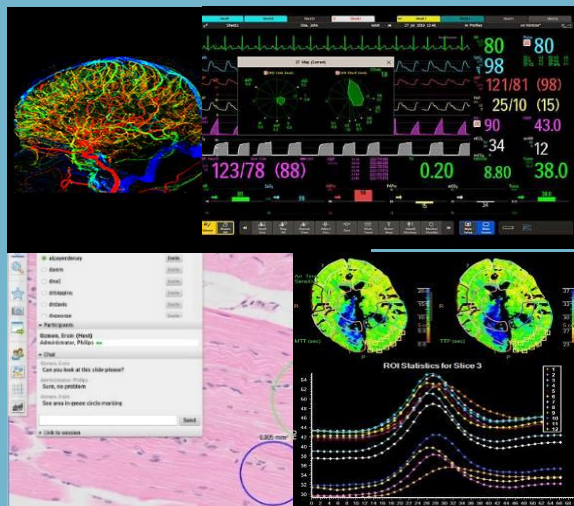


Key Trend: the Data Explosion in Healthcare



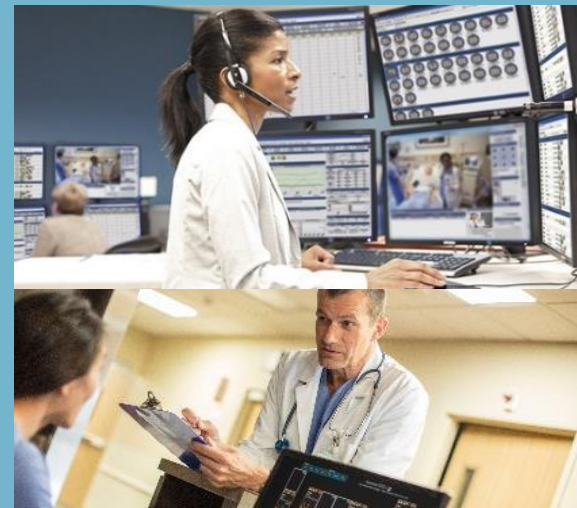
Dense data

Pattern recognition in aggregated data sets – across a population



Deep data

From anatomy to cells and molecules



Wide (longitudinal) data

Continuous monitoring over time

AI & Data Science will be a key enabler for Care Everywhere



Precision medicine and personalized treatment
enabled by smart algorithms



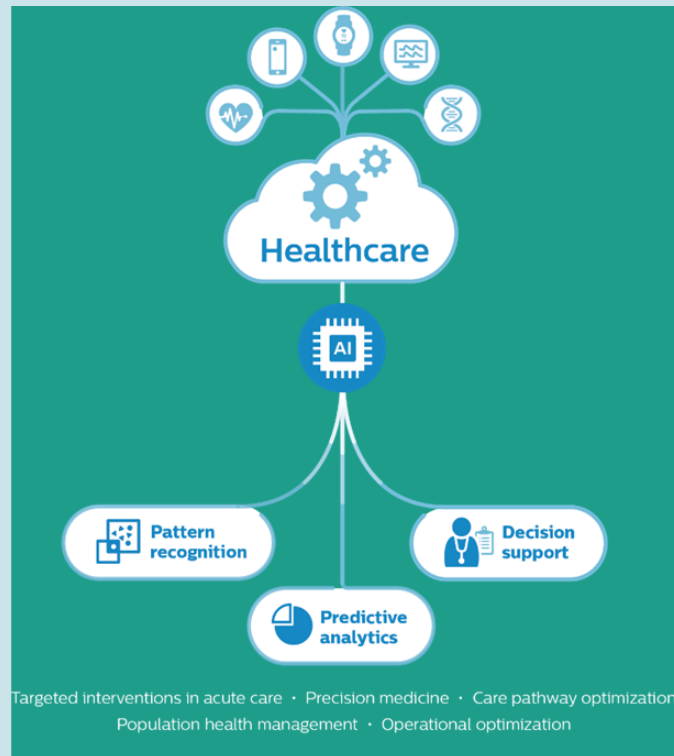
Transition to value-based care through analytics
and pathway optimization



Digital Platforms for
data-driven solutions
across the care continuum



Networked care
patient engagement &
coaching via portals & apps



Discovering unmet needs and validating solutions together with clinical and technology partners



UMC Utrecht



Guy's and St Thomas'
NHS Foundation Trust



KAROLINSKA
Universitetssjukhuset



PEKING UNIVERSITY



EMORY
HEALTHCARE



Banner Health®

Mount Sinai



Westchester Medical Center

Westchester Medical Center Health Network



RUSH UNIVERSITY MEDICAL CENTER



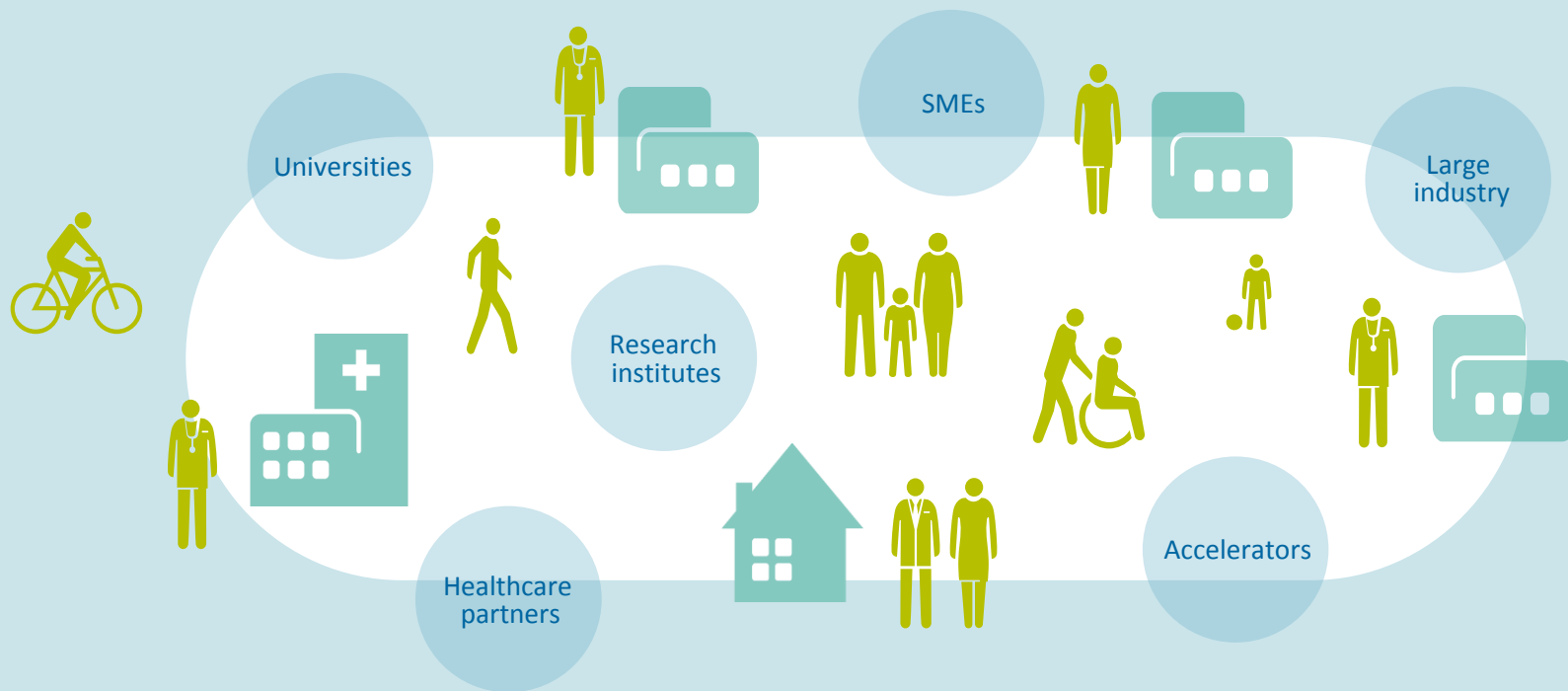
Stanford MEDICINE

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For Philips, the future of innovation is collaboration: in ecosystems and on open platforms



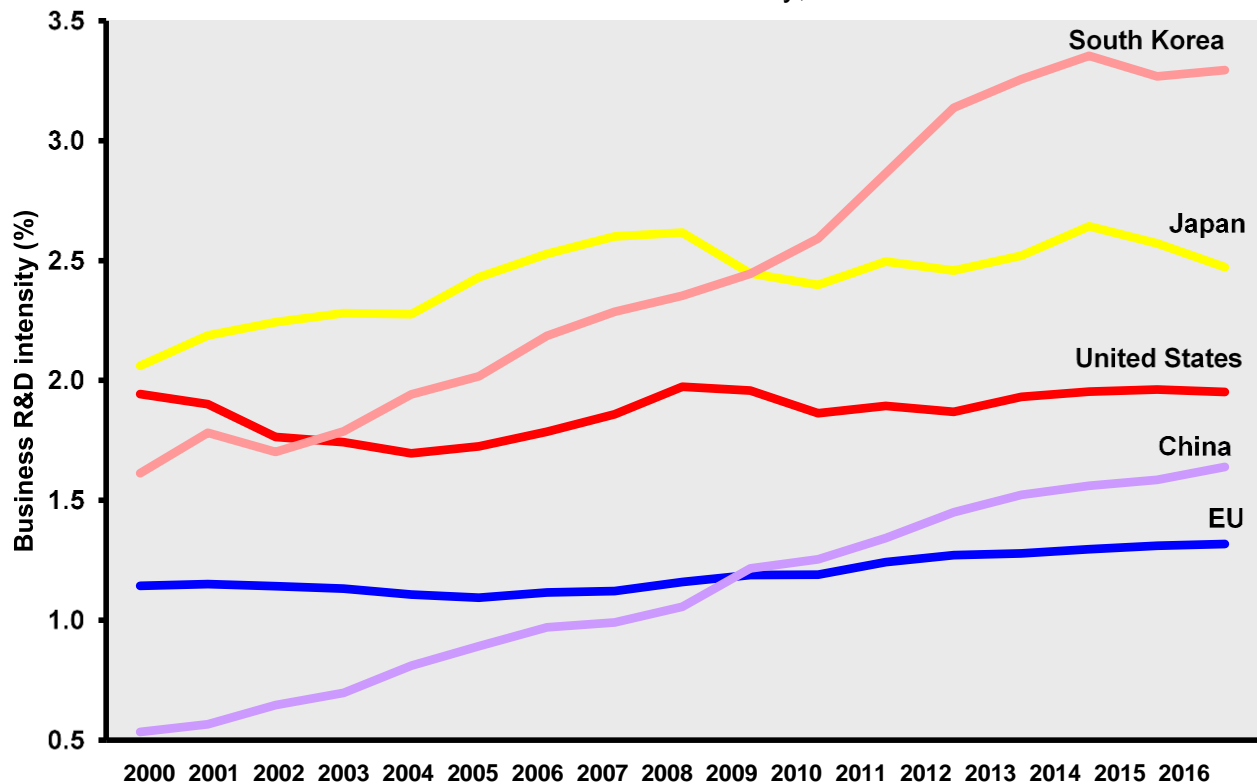
However, especially for Europe there is a challenge to stay competitive....

Europe needs a better uptake of R&I

Overall, Europe is a global research powerhouse. With only seven per cent of the world's population, it is responsible for 20% of the global investment in R&D and about one third of all high-quality scientific publications. Yet, Europe faces difficulties in transforming its scientific leadership into the breakthrough and disruptive innovations that are necessary at scale to address these challenges and that create new markets and redefine whole industries. Europe suffers from insufficient uptake of R&I. We are struggling to support the creation and scale up of the new technological champions of the 21st century.

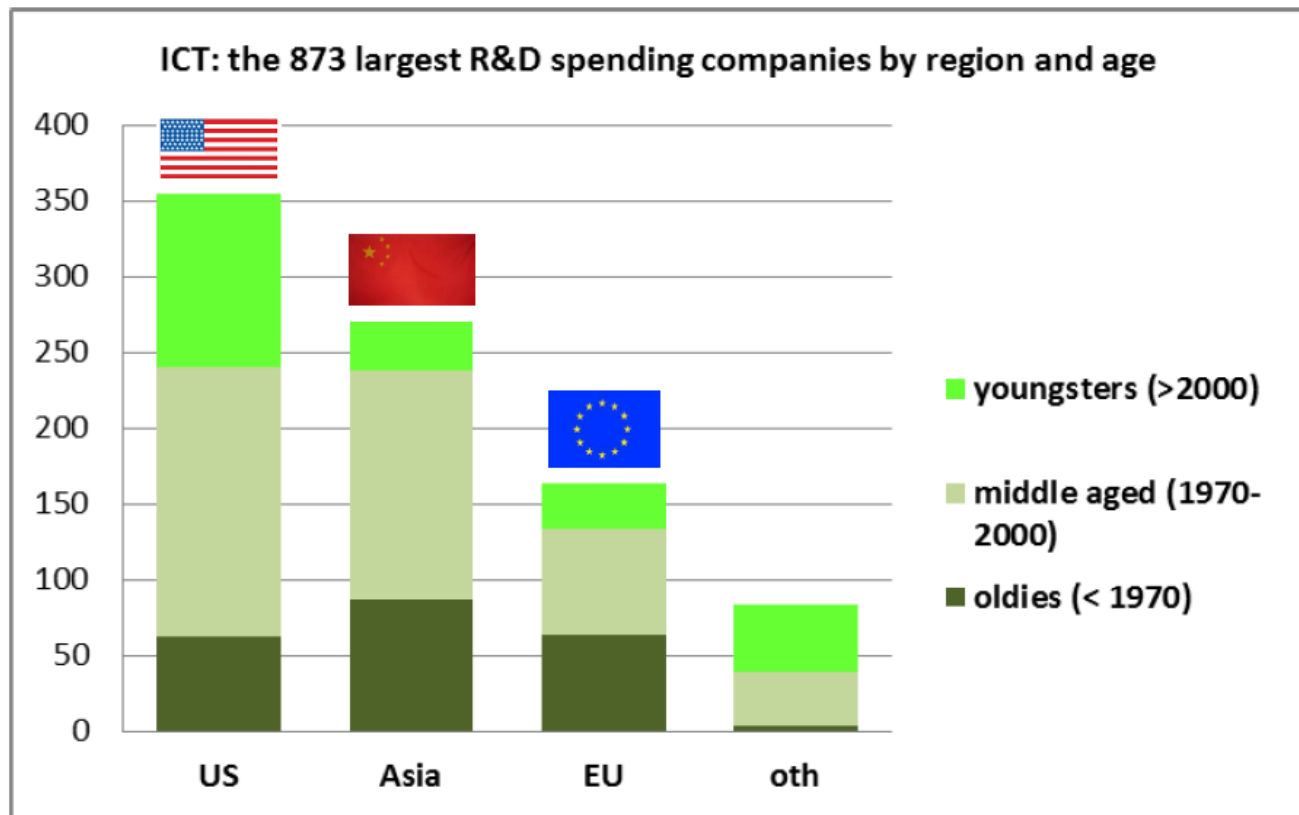
EU companies spend less on Research and Development than their competitors

Evolution of business R&D intensity, 2000-2016



Source: European Commission DG Research and Innovation. Data: Eurostat, OECD

In ICT, the EU companies are fewer and older than in US and Asia



Source: JRC-IPTS-R&D Scoreboard of the 2500 largest R&D spenders globally (2015); the year is 2013. Quoted in Veugelers, 2016

Both EU (new Horizon Europe) and EUREKA can help address this issue with the right priority setting. EUREKA has certain advantages (1)

EUREKA-Clusters	EU-Instruments
At least <u>bi</u> -national	At least <u>tri</u> -national
Flexible in the addressed thematic area (Bottom-up approach)	Clearly defined topics
Thematically relevant co-operations bi- and multi-national	European strategies, big missions
More influence of involved member countries	Consideration of all member states
Flexible configuration based on national guidelines	Complex EU-wide alignment

Both EU (new Horizon Europe) and EUREKA can help address this issue with the right priority setting. EUREKA has certain advantages (2)

EUREKA-Clusters	EU-Instruments
Active involvement & direct support of SME	SMEs are discouraged by the complexity
Detailed feedback from the evaluators => increase quality & success rates	Little to no specific feedback from the evaluators; „fire and forget“
Evaluators are typically from industry => market trends taken account	Evaluators come mainly from academia => danger of missing crucial trends
Acceptable funding opportunities => motivation to participate	Very high oversubscription
Targeted funding of strategically sound and best quality project ideas	Targeted funding is rather rare

30+ years of fruitful Philips participation in EUREKA



- Among first four companies supporting 1985 launch of EUREKA
- Probably #1 participant
- Involved in 50+ past initiatives, e.g. HDTV, DAB, JESSI, MEDEA, CATRENE
- Currently engaged in 2 ICT clusters:

– PENTA 2016-2020 micro/nano-electronics



– ITEA3 2014-2021 software-intensive
systems & services



