



Bringing your investments to life

Philips Innovation Services

PHILIPS



Unexpected you might think...?

Business services for investors from Philips?

But if you follow our thinking it all becomes very logical. With more than 40 years of operational, technological and business experience, Philips Innovation Services has helped create new innovative businesses, products and services in a wide variety of markets. As a company we offer these experiences, competences and above all our passion for customers and innovation to businesses all over the world.

Please allow us to introduce our service offerings in the following pages and if you have any questions or if you are interested to know more, do not hesitate to contact me.

Yours sincerely,

Ruud J.G. van Vesseem

VP Philips Innovation Services



Maximizing and accelerating ROI with unique insights

More return from your investment

Part of Royal Philips Electronics, Philips Innovation Services is a contract innovation services organization that supports its customers in the development of products, applications and technical solutions.

Our customers are market leaders, fast growing companies and start-ups, inside and outside Philips. For every phase of the business process we offer integral solutions that accelerate innovation, solve complex problems or improve process efficiency. Our technical, consultancy and specialist services draw on 850 enthusiastic people, over 70 in-house competencies and more than 40 years innovation experience.

One of the many ways we can help you is in appraising potential investments in new products, technologies or companies. And when you do make an investment, we can help you maximize its value and reduce risk. You can make use of our vast resources, experience and competences to support your investments.

Whatever your size or objectives, working with us brings:

- Access to a global network of technology and business experts, covering some 70 scientific, technical and business disciplines from which we can tap the right mix for your challenge
- A knowledgeable, outside perspective on business investment and improvement potential
- Ability to leverage know-how and synergies across numerous industries
- Access to our many international partners



Unique
expertise



at your service

You can benefit from our innovation skills and experience to help maximize the return on your investment. Particularly in the areas of innovative technology businesses, production / manufacturing, technical hardware and software, and equipment manufacturing, you can draw on our significant expertise.

However our scope is not limited to these areas. Wherever your investment interests lie, talk to us and discover a flexible approach to investment services.

Our service proposition

- **Pre-investment analysis** – covering risk and opportunity assessment, we support you in reaching the best possible decision on whether or not to invest.
- **Value creation** – offering services that substantially increase the value of the business you invest in, and/or reduce the time in which an investment can be earned back.
- **De-risking** – transferring fixed organizational costs and/or investments to variable outsourced costs and/or investments.

Business models

The business models we apply depend on the specifics of each case or on the partnership agreements with the individual financial investors. They vary from straightforward time and materials payment and fixed price agreements through to risk / revenue sharing deals.



Pre-investment analysis

During the 'due diligence' phase, we provide expertise in analyzing:

- technology competences and claims
- process capabilities
- operational readiness
- IP portfolios and their potential

Technology competences & claims

Based on our vast experience of successful technology developments and the high level of our staff, you receive a realistic and in-depth analysis of the technology competences available in the prospective business. We can also produce a 'strength and weakness' profile and give you an insight into the relevance of the technology for the future.

Process capabilities

A sustainable business success depends on the strength of its individual competences and people. But these alone are not enough. It also requires a number of core processes to be well embedded in the organization. Depending on the company's activities, these core processes could be:

- Innovation management
- Technology management
- Engineering
- Manufacturing process management
- Quality and reliability (system) management
- Supply and supply chain management
- Human resources management

With our process survey tools (PSTs) – developed over decades of practical experience – we can quickly assess the maturity, quality and practical impact of these processes in any organization.

Operational readiness

Operational readiness is also critical to success. Using proven techniques, we can measure the capabilities and improvement needs of the core functions in your proposed investment.

- If the core function is product development, we assess and judge development processes, product quality, roadmaps, people / management, costs and adherence to planning.
- Where manufacturing is core, areas such as equipment, cost, yield, quality, efficiency and people / management are measured and compared to industry standards.

IP portfolio and potential

When intellectual property is claimed, we can support you in checking those claims. Furthermore, where claims are going to be filed, we can assist in the filing process, or assess the usefulness or chance of successful filing.

Additionally, we can assess whether there is a risk of core elements of the technology, product or service infringing on the IP rights of others. If so, we can advise whether there are ways to bypass these obstacles.



Once you have decided to invest, the next goal is to create the maximum real value in an optimal time frame and to prioritize further investments and / or improvements.

We can support you in achieving these goals, covering a complete range of technical and non-technical areas:

- Strategy support
- Technology support / services
- Operational services
- Consulting services
- Interim management

Value creation

Strategy support

Growth is not purely a matter of 'more of the same'. In most cases, it means making a fundamental set of choices for the future direction. You will face issues such as future product roadmaps, product architecture, make or buy, strength and weakness analysis, and which technologies to use. With our experience in these processes, our decision support tools and broad content knowledge, we can support you in making the right choices

Technology support and services

Our know-how is grounded in extensive technological competences and over 40 years of experience in combining them into innovative and practical applications. Whether helping your experts to solve technical problems or in translating business opportunities into reality, you can rely on us.

We can run projects of almost any size and complexity level, in both hardware and software environments. Plus, if you have insufficient in-house capacity, we can take over projects completely or partially on a turnkey basis. Our wide-ranging resources include advanced hardware and software engineering facilities in India.

The outcome of this support? Depending on your situation, it could be a problem solved; a product, component, process or service created or improved; a new technology matured; or any combination of these. Most importantly, whatever your requirements, you will achieve tangible results that form the basis for increasing your return on investment.

Operational services

With our in-house capabilities in New Product Introduction we can provide you with small batch production of components, enabling fast ramp-up or creation of products for test marketing. You can also use our services for in-house small-series production and transfer support to contract manufacturers.

Speed and flexibility are often critical. That is why we also offer rapid prototyping activities to support your development or marketing activities.

Testing is covered too. Philips Innovation Services has ultra modern facilities for radiation testing and safety, as well as for EMC compliance testing – an increasing necessity in our wireless world.



Consulting services

If you want to boost the performance of your investment, Philips Innovation Services has some 50 professional consultants with proven track records in business improvement. Using hands-on, practical approaches tailored to your requirements, they cover:

Ideation, innovation and product development

- Lower costs by making your development process more efficient and effective
- Faster time to market through clear assignments, clear decision support tools and focus
- Increase innovation via ideation sessions with tangible outcomes
- Develop or enhance product road-mapping to safeguard your future

Operations management

- Increase efficiency in manufacturing via lean concepts
- Achieve speed- and cost- down in your supply chain
- Increase your margins through value engineering of products
- Select the optimal location for your activity through location studies

Interim management

We can also supply interim project leaders and R&D, supply chain and manufacturing managers.



Derisking



In addition to consulting services for outsourcing parts of your value chain, we offer a unique opportunity for taking the risk out of your business.

Should you be confronted with major investments or costs in development activities and / or development departments, we can take over all or part of the activities of the company in which you are investing.

We work based on mutual trust and develop long-lasting partnerships, founded on our broad business know-how and many years of experience in collaborative development. Such relationships allow you to transform fixed costs into variable costs and reap even more valuable benefits.

Depending on the type of business and / or competences required, these can be:

- Guaranteed top quality competences
- Access to a wide range of related competences and people
- Guaranteed availability of capacity
- Flexible use of competences and capacity
- International experience
- Connection to a worldwide open innovation network



About Royal Philips Electronics

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is a diversified Health and Well-being company, focused on improving people's lives through timely innovations. As a world leader in healthcare, lifestyle and lighting, Philips integrates technologies and design into people-centric solutions, based on fundamental customer insights and the brand promise of "sense and simplicity". Headquartered in the Netherlands, Philips employs approximately 116,000 employees in more than 60 countries worldwide. With sales of EUR 26 billion in 2008, the company is a market leader in cardiac care, acute care and home healthcare, energy efficient lighting solutions and new lighting applications, as well as lifestyle products for personal well-being and pleasure with strong leadership positions in flat TV, male shaving and grooming, portable entertainment and oral healthcare. News from Philips is located at www.philips.com/newsletter.

Find out more:

www.innovationservices.philips.com/industryconsulting

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