

Delivering innovation that matters to you

Our Open Innovation Journey

Iason Onassis
Industry Consulting
2015

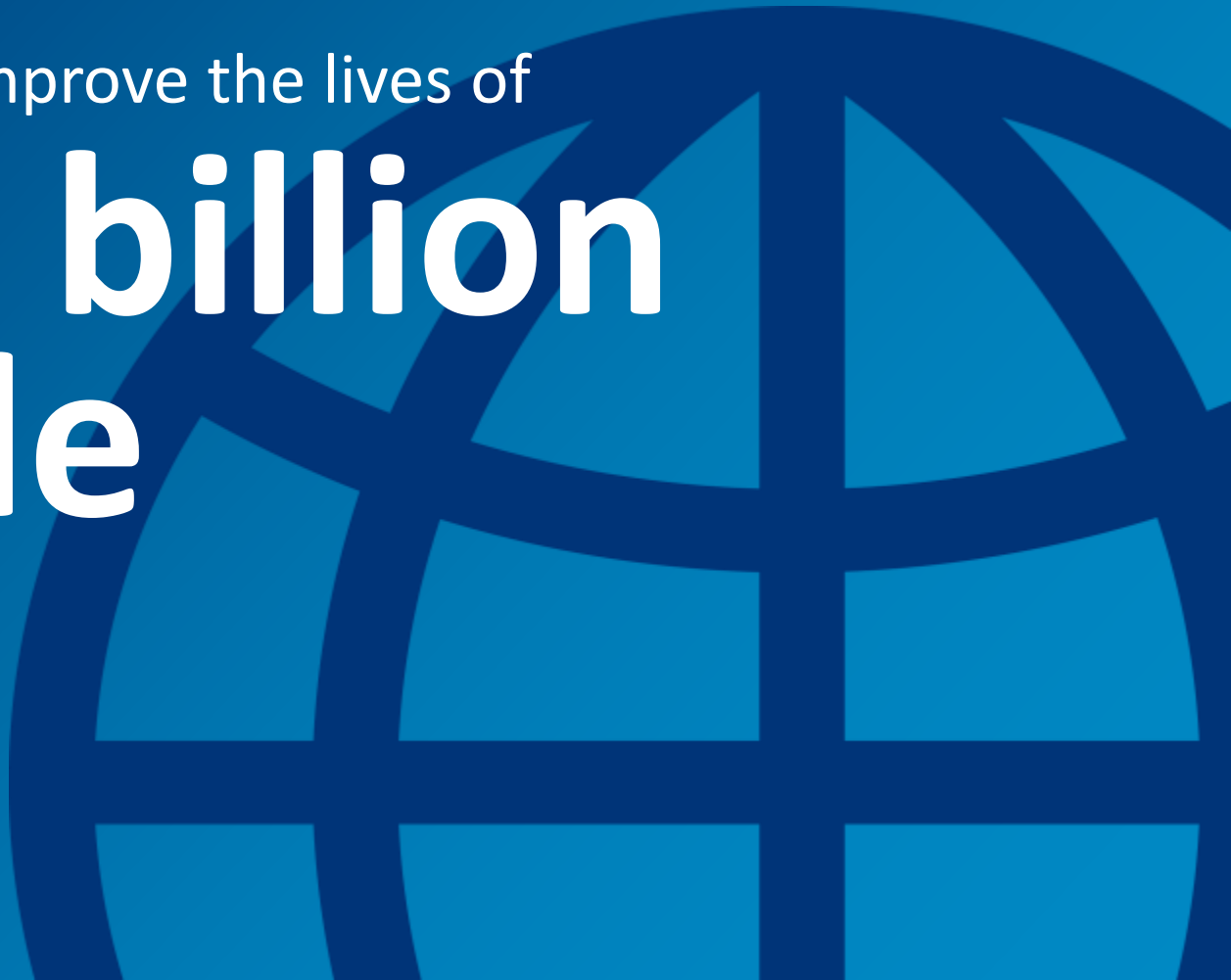


We strive to make the world healthier and more sustainable through innovation

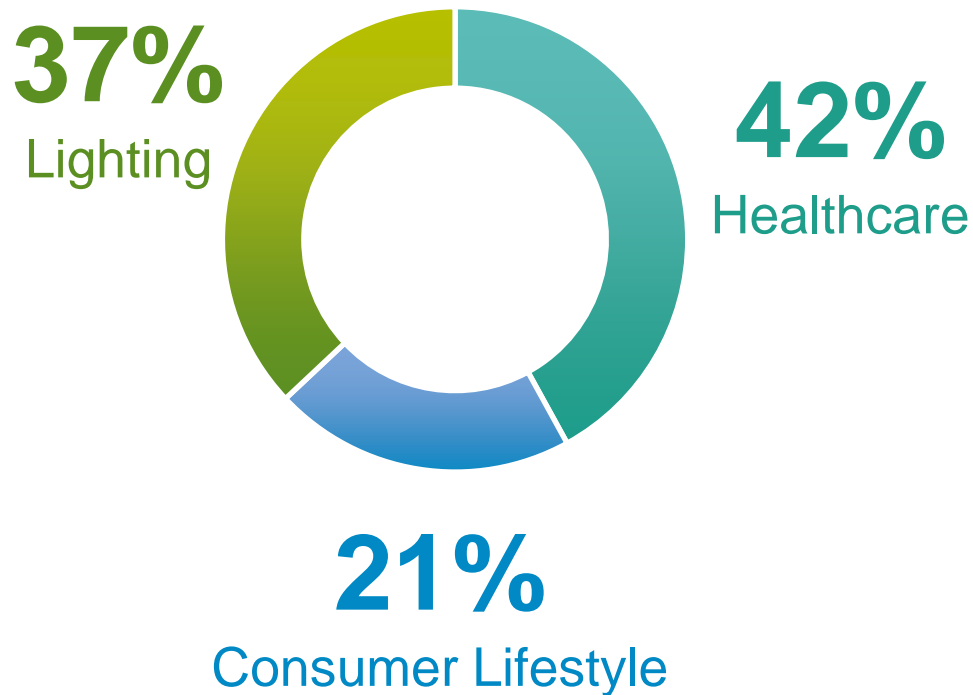
We're aiming to improve the lives of

**three billion
people**

a year by 2025



Royal Philips



Est. **1891**
Headquarters in
Amsterdam, Netherlands

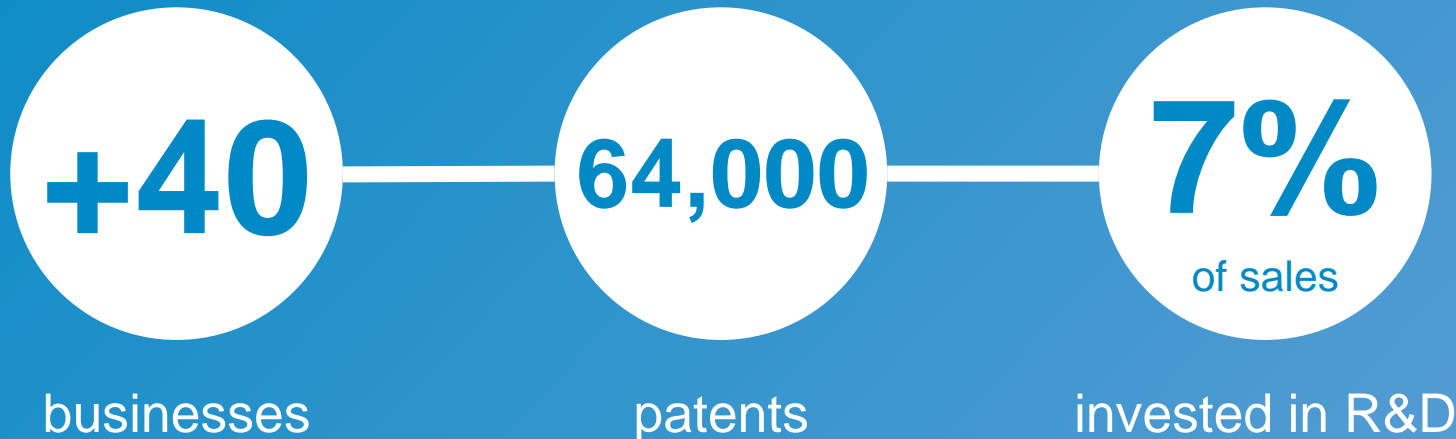
113,000+
Employees worldwide
in 100+ countries

€ 23.3 billion
Sales in 2013
Portfolio ~70% business-to-
business

\$ 9.8 billion
Brand value in 2013

* Based on sales over last 12 months June 2014 (excluding Central sector, IG&S)

We manage a dynamic portfolio and we turn unexpected possibilities into great innovations



Improve the lives of 3 billion people

Creating meaningful innovations



Gain deep insights into people's needs and aspirations

by following a process requiring end-user input at every stage

Transform insights into innovations

by combining the diverse perspectives of different disciplines

“Learn fast, fail cheap”

by applying a rigorous process to assess value potential early

Lead in open innovation

by working closely together with partners in a spirit of open innovation

PHILIPS

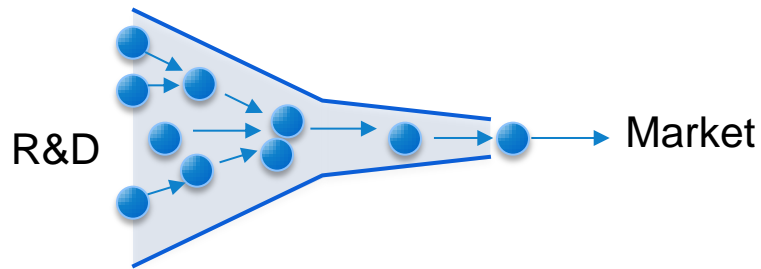
Philips Innovation Services – Short introduction

Our services



Closed Innovation vs Open Innovation

Closed Innovation

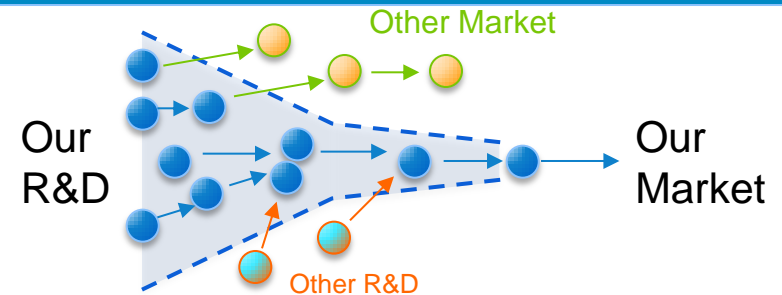


Closed innovation success factors:

- The smartest people work for us
- Discover, develop, distribute
- Create most and best ideas
- Control and protect closed IP

“The lab is our world”

Open Innovation



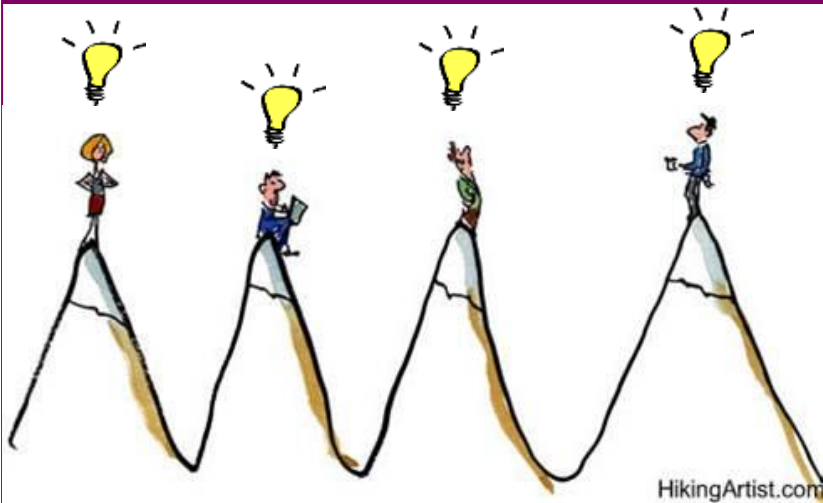
Open innovation success factors:

- Smart people tap into the world
- Profit from research by others
- Use most and best ideas
- Trade IP

“The world is our lab”

Closed Innovation vs Open Innovation

Closed Innovation



The reasons for not wanting to use the work of others are various, but can include fear through lack of understanding, an unwillingness to value the work of others

Open Innovation



Closed Innovation vs Open Innovation

Closed Innovation



Based on secrecy and protection,
with clearly prescribed boundaries

Open Innovation



Based on collaboration,
with clearly agreed boundaries

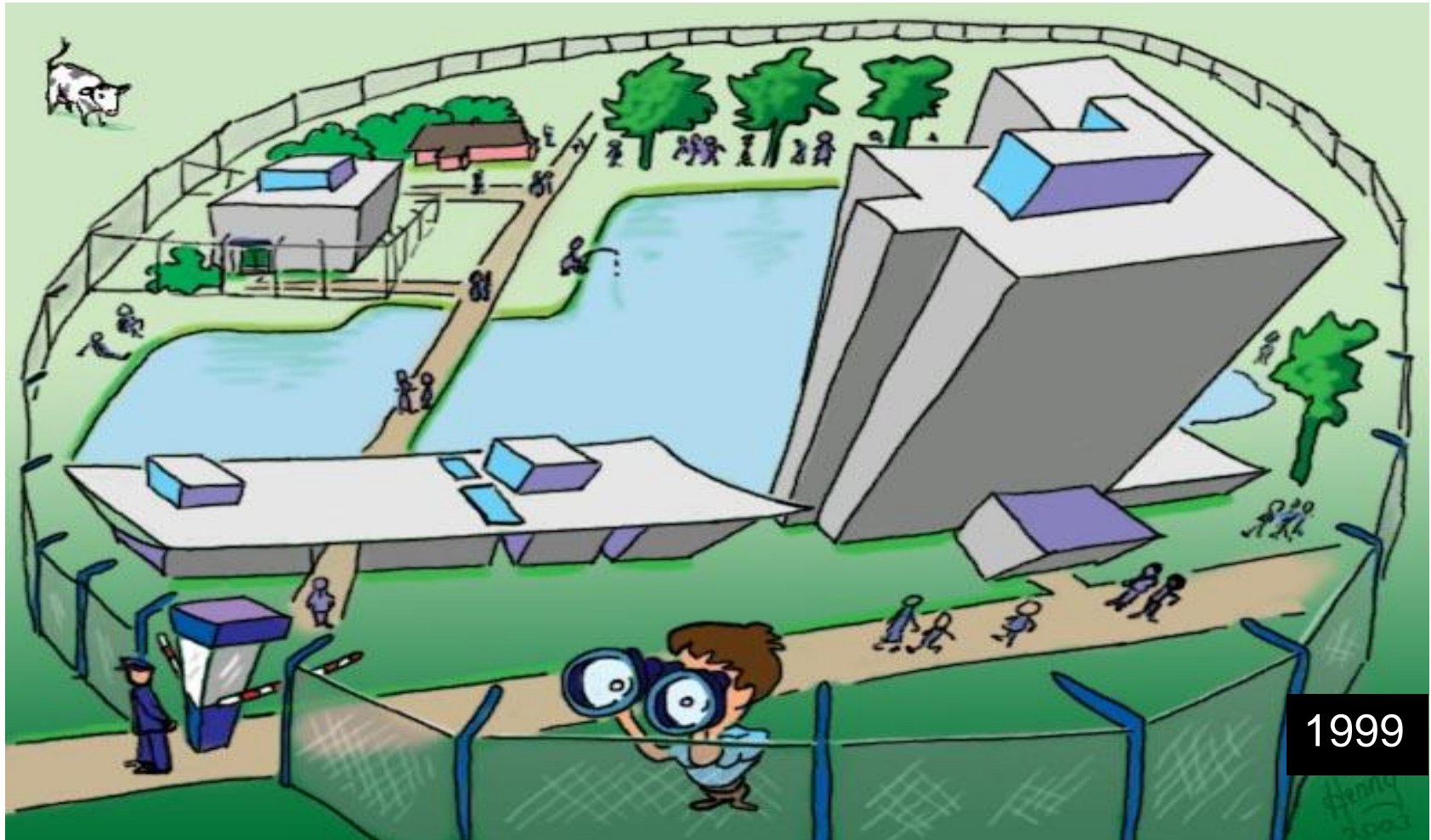
Our Vision: Open Innovation at Philips

1. A **critical enabler** in driving meaningful innovation and profitable growth.
It is not a goal in itself
2. Aimed at needs as defined by business strategy and innovation strategy,
and focused on **outside-in** innovation
3. **Embedded** in our innovation processes and our people's capabilities
4. **Supported** Philips-wide on approaches and tools, through communities
of practice and experts
5. Leveraging eco-systems through one consistent face and message:
“valued and trusted”, resulting in being the **Partner of Choice**
6. Cultivated by a **mindset** that values fast integration of external innovation
opportunities from various sources

Outside-in
Critical-Enabler
Supported
Partner-of-Choice
Embedded
Mindset

From fortress of innovation

Philips Research headquarters

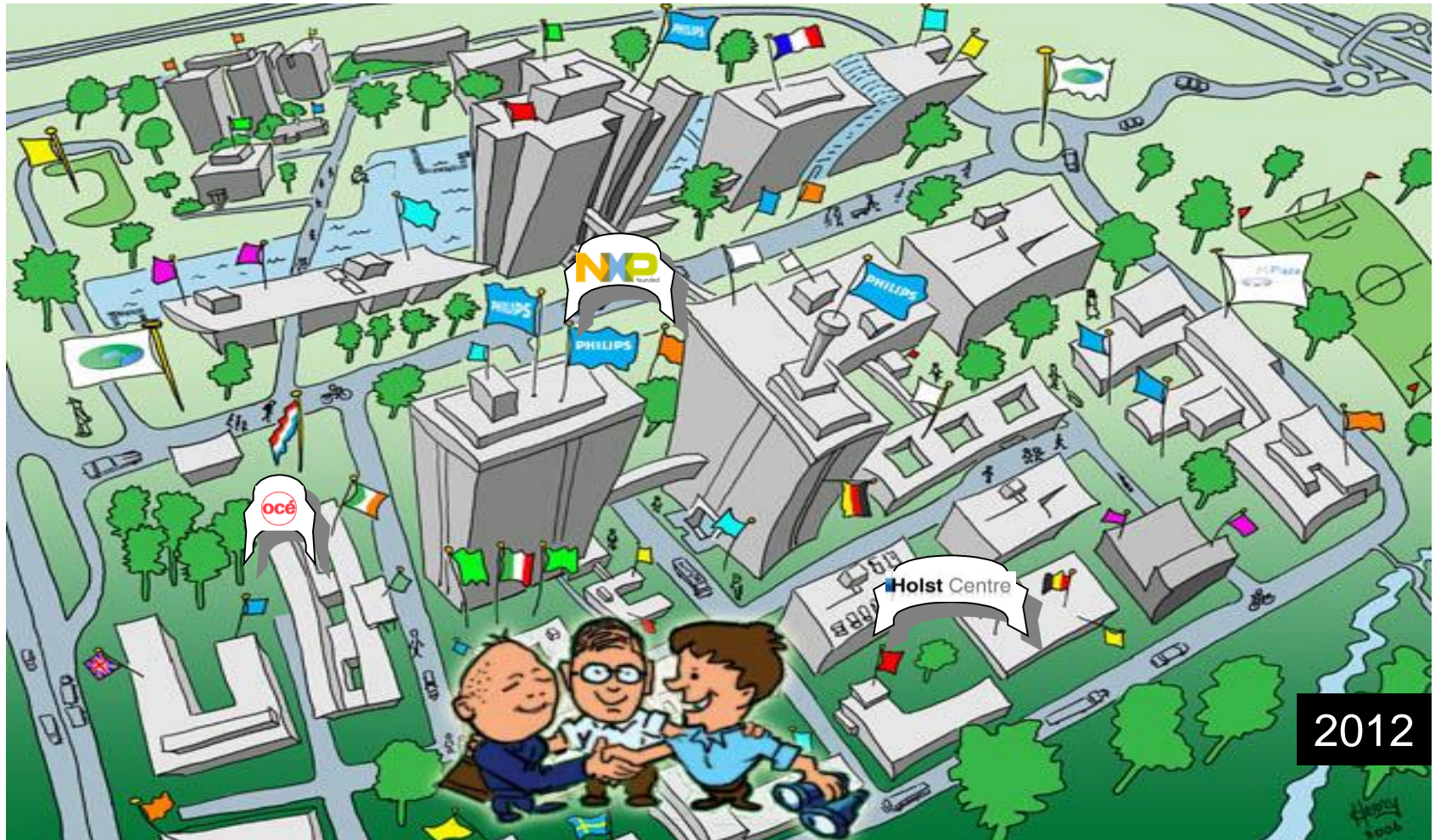


2003: open campus



.....to flow of innovation

Open innovation and business campus





The facts

- > 100 Campus companies
- > 8,000 Campus population
- > 60 nationalities

- Smartest square kilometer

- Nearly 50% of all patent applications in the Netherlands come from the Campus/Brainport

- Open Innovation knowledge institutes

- Considered as 'Campus of national significance'

- The Campus is ranked among world's top 7 'incubators for start-ups' (Fortune magazine)





Campus companies



See www.hightechcampus.com for complete overview



The Strip



Meeting, inspiration, creativity





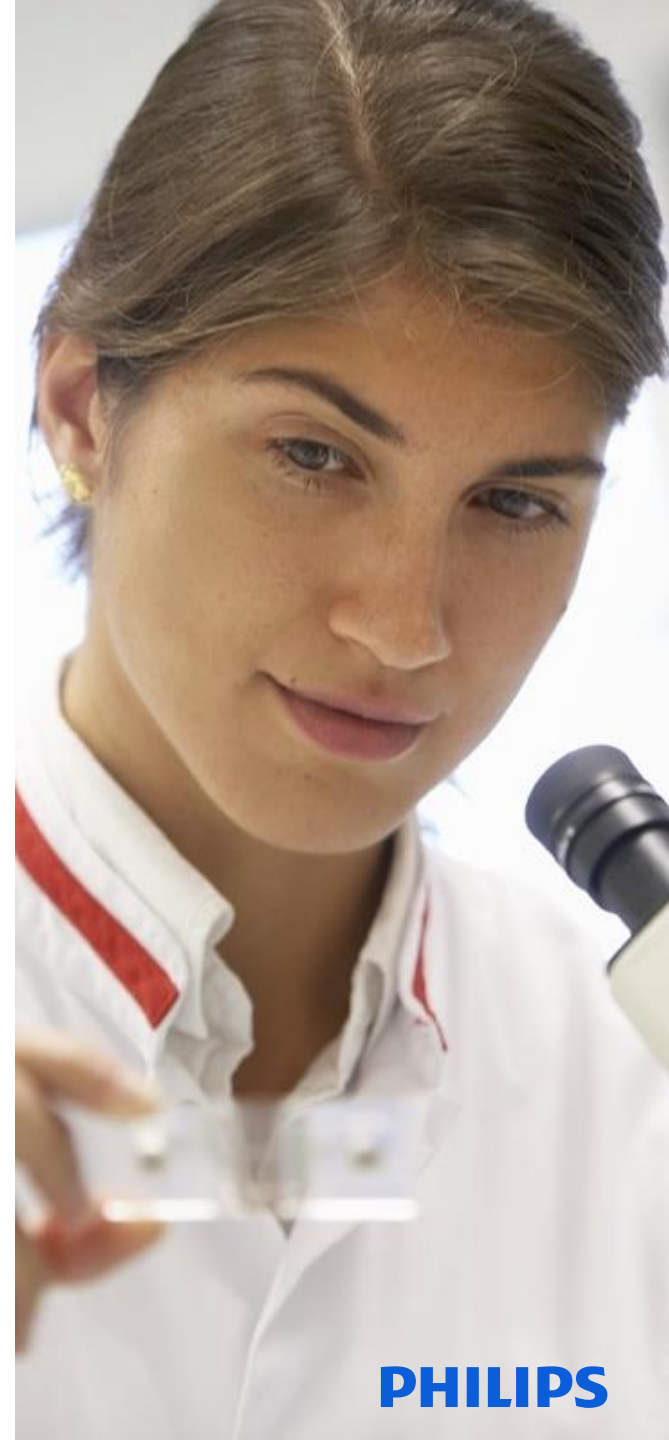
Conference Center



Philips Research seen as best practice leader in **Inside-Out OI***

- Best practice
 - in making **IP** work harder for Philips & others
 - in incubation, venturing, attracting investment
 - in creating **High Tech Campus Eindhoven, NL**
- Extensive **network** of academic and clinical research relationships
- Long-lasting engagement in **public/private partnerships**
- Promising **examples** of Outside-In OI

** Henry W. Chesbrough and Andrew R. Garman in Harvard Business Review, June 2009*



Sapiens



- Steering brain stimulation (SBS) implant and image-guided programming
- Sapiens micro-fabricated probe design is expected to improve therapeutic outcome with less side-effects by enabling steering, which will allow personalized brain stimulation
- Spun-out in 2011

Liquavista

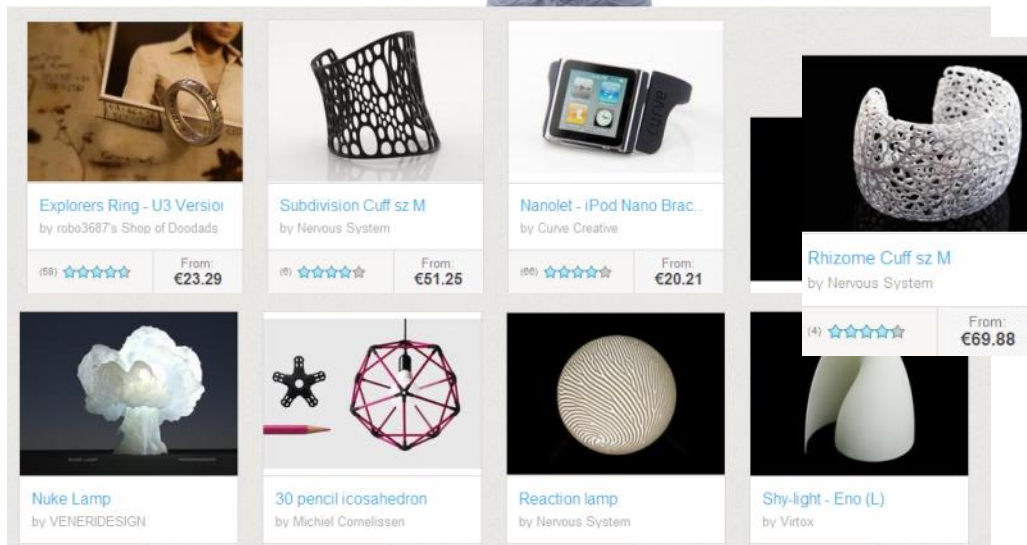
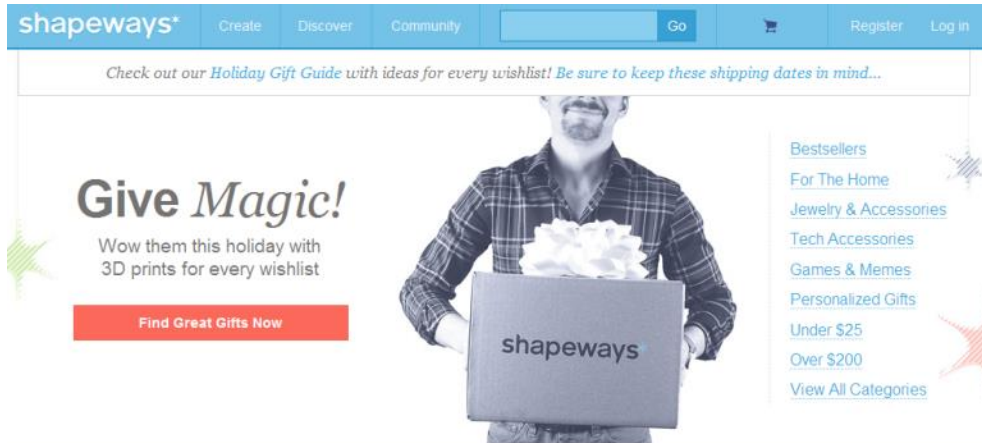
Liquavista

Upgrade **now** to
LCD 2.0



- Develops color e-paper video screens that can work with or without a backlight using electro wetting technology
- Spun-out in 2006
- In Dec. 2010 Samsung Electronics Co. Ltd acquired Liquavista and now owned by Amazon

Shapeways



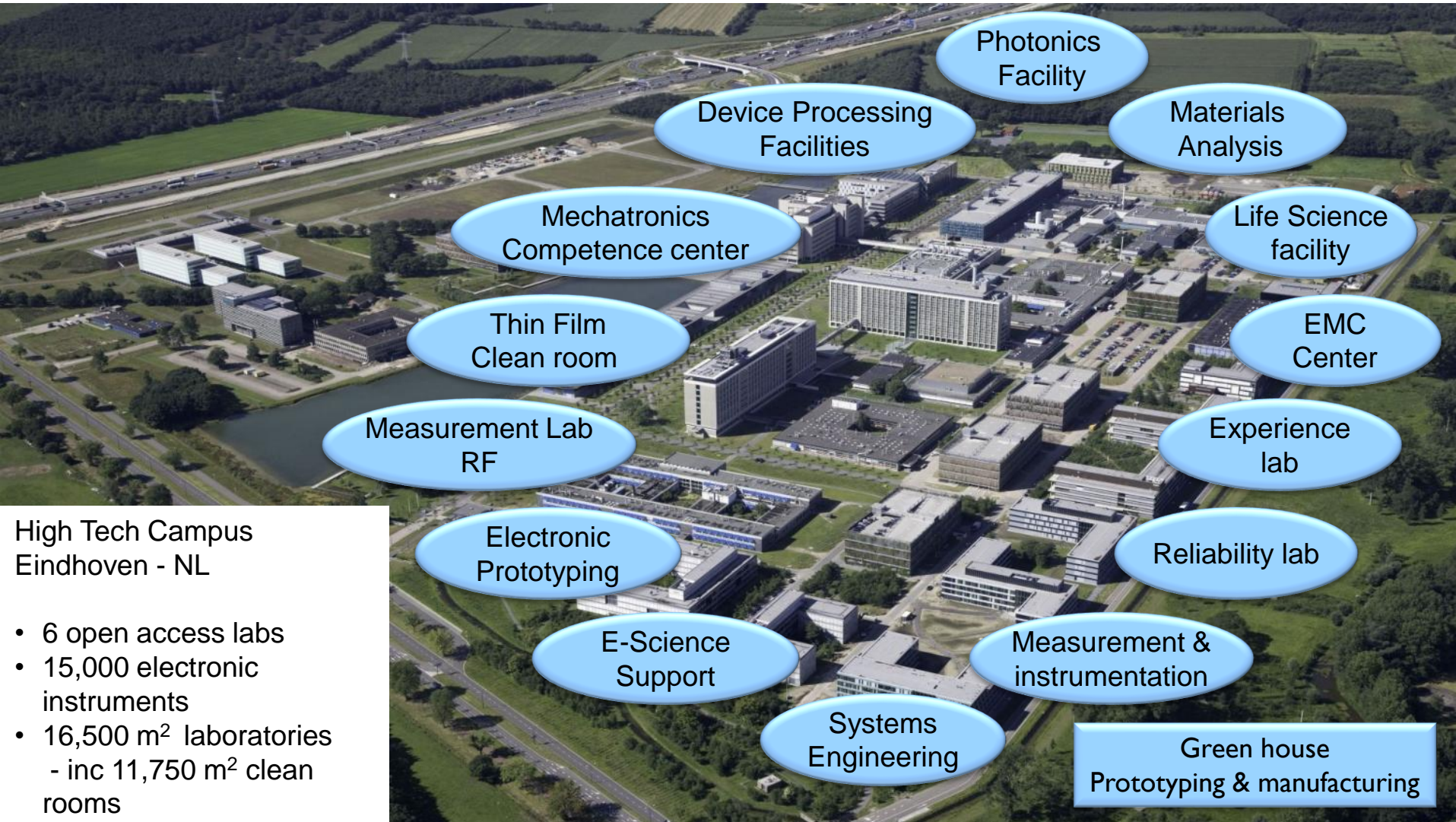
- Idea of Philips Design
- Further developed in Incubator program
- Spun-out in 2007
- Consumers can adapt designs without 3D design programming knowledge
- Co-Creator platforms in which consumers and designers work together to achieve optimal results
- Leading 3D Printing marketplace

Philips Innovation Services: OI in action – supporting your innovation, fast and efficiently

- Facilitating innovation
 - Innovation services, facilities, expertise & consultancy
- Enabling innovation
 - High precision systems and systems design
- Supporting a variety of companies, from market leaders to SME's
 - Philips Sectors & Research
 - Leading external companies
 - Numerous SME's



Philips Innovation Services facilities

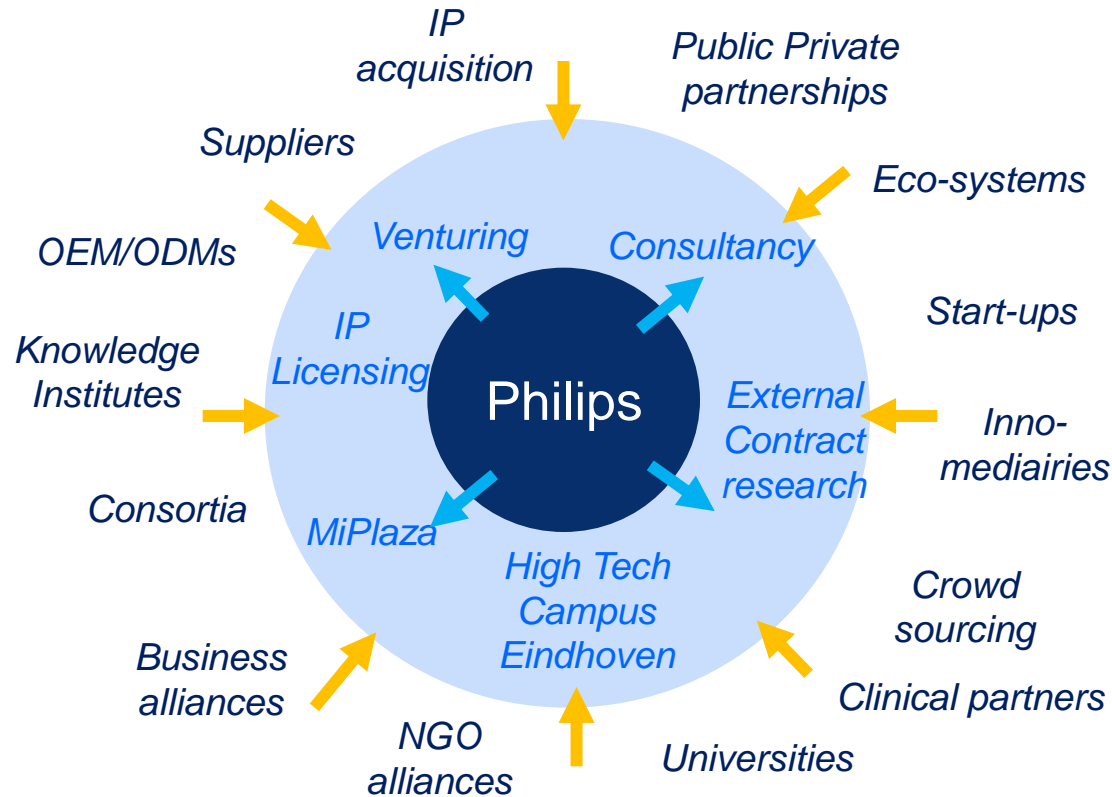


Schiphol Innovative Gate



- User-centric passenger and staff system
- Product development, prototype realization turnkey project
- Enhanced passenger comfort and staff productivity
- Unique offering for the airport and airlines

Open Innovation is part of our DNA



Inside-out:
Open up our skills to the world

Outside-in:
Leverage the skills of the world



Despite our foundation, we need to build a more outward looking mindset to accelerate innovation

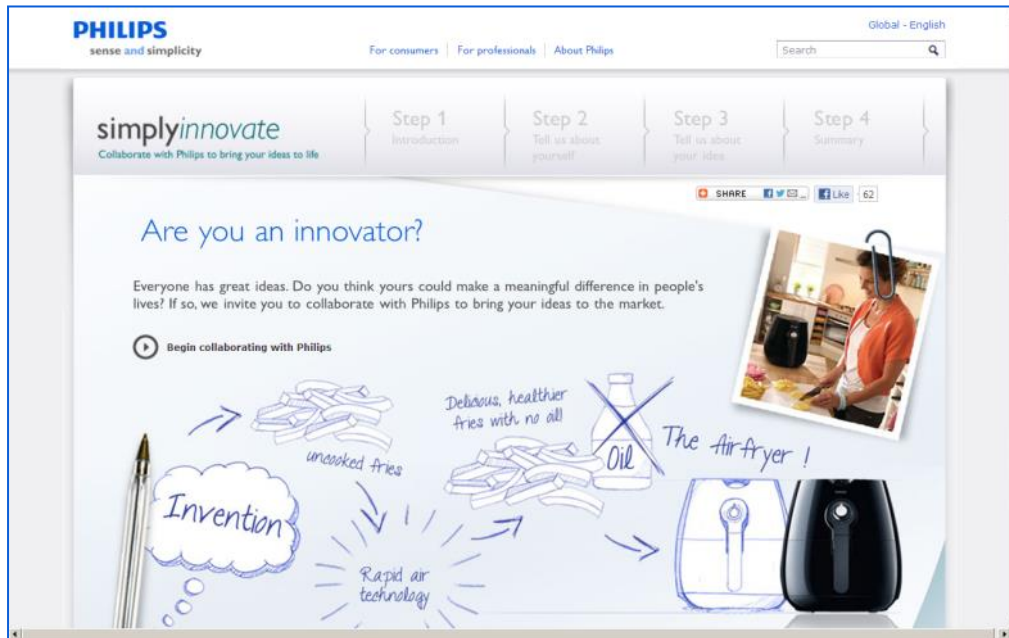
- Innovation requires **more speed**
- **Competition** for great ideas gets more intense
- **Networking** is key trend for future (social media, Gen Y)
- Protection of **IP** remains essential

To be ready for the future, we need to:

- stimulate more **outside-in** view
- become **output oriented**
- **experiment** with various forms of OI
- find and build better partnerships (**OI Accelerator**)
- become **Partner of Choice**



SimplyInnovate



- Portal for Open Innovation at Philips
- 1st submit only NON-confidential information and recommend t patent (application) or other IPR
- Confirmation right away
- Within four weeks, we will email you the outcome of our evaluation

Let the world know what we are looking for

simplyinnovate

Collaborate with Philips to bring your ideas to life

Step 1
Introduction

Step 2
Tell us about
yourself

Step 3
Tell us about
your idea

Step 4
Summary

Parenting innovations

Our parenting products are designed to help moms and dads look after their young children, and stay healthy themselves.

We are keen to hear your new product inventions to improve the well-being of parents and children. We are currently actively looking for new ideas in:

- Feeding and food preparation – from baby to toddler
- Breastfeeding
- Bottle feeding
- Sterilizers
- Bottle warmers
- Soothers and teethers
- Child monitoring and tracking devices
- Infant sleep – helping your child fall asleep alone, sleep through the night, and sleep longer in the morning
- Other well-being innovations

At present, we are not looking for proposals around furniture, clothing, toiletries or food (except for preparation devices).

We value each and every idea. All suggestions are explored and assessed for their potential – we



Also on very specific challenges

simplyinnovate
Collaborate with Philips to bring your ideas to life

Current Needs @ Philips

Help us to solve a challenge from one of our latest projects!

At Philips we recognize that new solutions to some of our greatest challenges can come from anywhere. On this page you can find briefs outlining specific technologies we are seeking for some of our current development projects. If you have a solution that fits the requirements, we want to hear from you!

[Go to the Simply Innovate homepage](#)



Home pesticide removal for fruits and vegetables

30/08/2013

Residual pesticides are the key food safety related concern for consumers, particularly in emerging markets. The objective of this project is to find low cost, small and effective pesticide removal solutions (technologies or products) for fruit & vegetables for consumer use at home. (click read more)

[Read more »](#)

'Innovation Open' contest

PHILIPS
Careers

Cases Events Jobs #ExperiencePhilips

Open Innovation Challenge

Could your idea change lives for the better? Enter the Philips Open Innovation Challenge and win a chance to pitch your idea live at a special award show – and experience the world of Philips innovation for real.

About The Challenges Award show

Take the Innovation Challenge

Would you like a chance to prove that your idea can change lives for the better? Enter one of our challenges and you could soon be pitching it live to an expert Philips jury and answering their questions during an online award show. This is your opportunity to win an award, meet our innovators and experience the world of Philips innovation for real!

The program

Idea applications	Jury reviews	Announcement finalists	Online award show
December 11 The system will be opened for applications until December 11.	December 18 Our jury will finishing reviewing all ideas.	December 19 Three finalists per challenge will be announced on this website.	January 15 - 2015 Live streaming of pitches, Q&A with jury and winning result.

- Based on [‘SimplyInnovate’ platform](#)
- Focused on specific product categories: clothing care, coffee, female beauty, etc.
- Anybody over 18 could submit a proposal
- Best ideas invited to present
The top 3 ideas: prize (monetary)
- Submissions exceed
SimplyInnovate

We engaged in an Innovation Challenge with university teams

Innovation Challenge

- Replacement of a rare-earth based material
- Scarcity of the rare-earth elements, high prices, volatile and uncertain supplies

Process

- Intensive dialogues with 4 teams from different areas
- Diversity of perspectives and collaborative spirit helped to create new insights

Outcome (2012)

- Valuable amount of research in the area
- Winning team discovered a material that potentially can replace the rare-earth material



Healthcare



Consumer Lifestyle

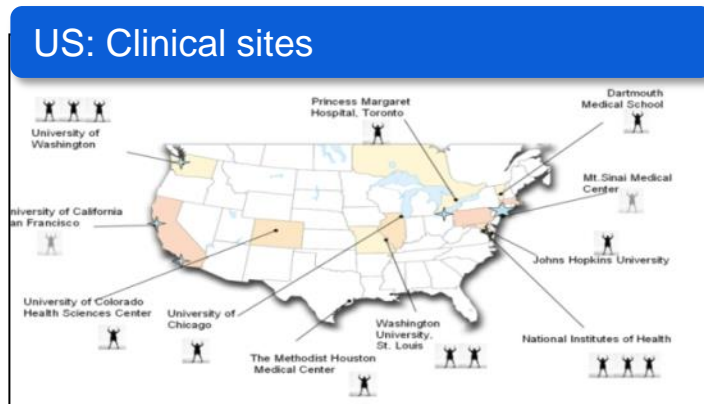


Lighting

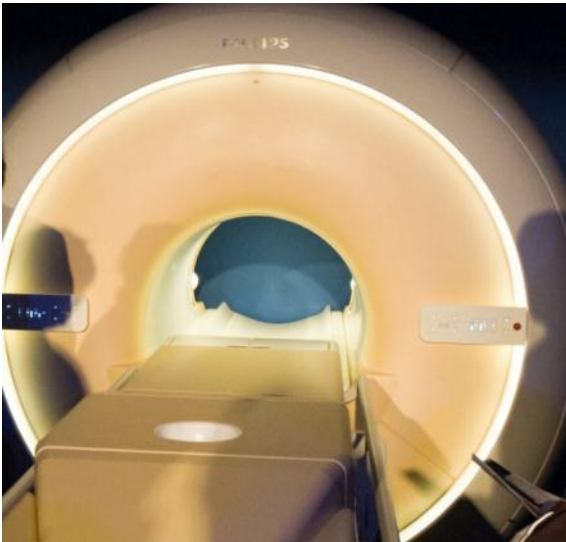
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Healthcare applies OI on customer and clinical side

- Intensive use of **clinical sites** to research and test new applications
- **Alliances** with complementary companies (e.g. BioMérieux, Bard, Achmea)
- Creating of **investment fund** for incubation
- Increasing involvement in **public-private partnerships**



MR HIFU : non-invasive surgery



- Treatment of breast cancer
- Collaboration with the University Medical Centre in Utrecht
- MR-HIFU treatment non-invasive surgery, destroying tumors by very focused heating

Delivering vital patient data via Google Glass



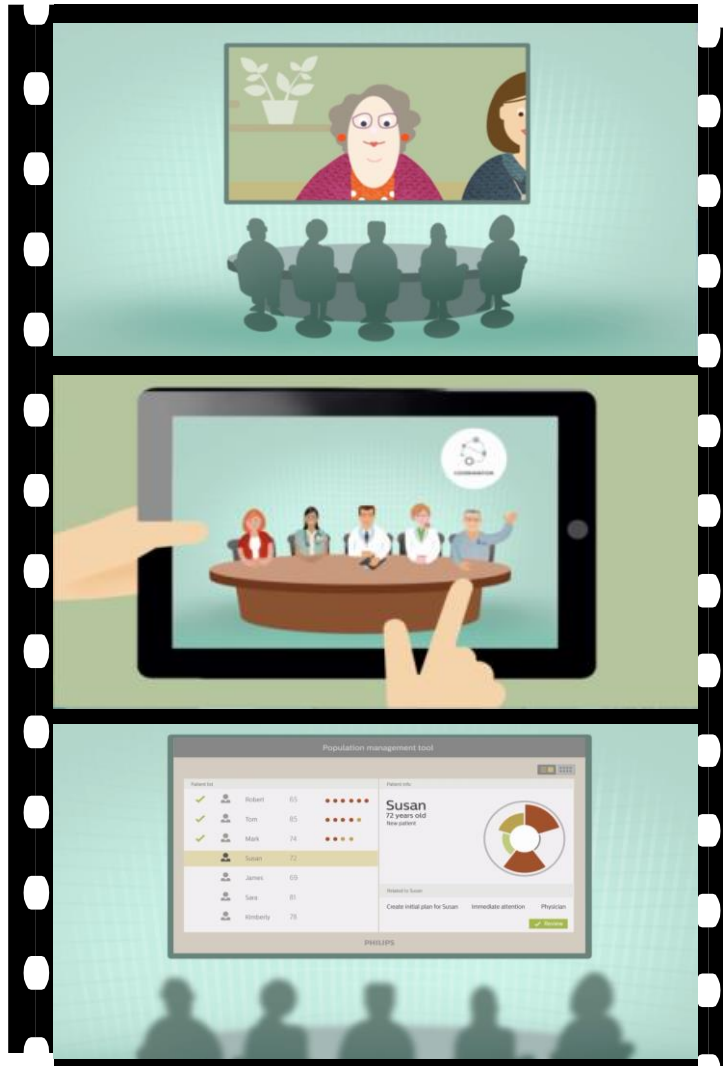
- Philips and Accenture to create proof-of-concept demonstration that uses a Google Glass™ head-mounted display for researching ways to improve the effectiveness and efficiency of performing surgical procedures

3D holographic visualization and interaction



- Demonstrated the feasibility of using an innovative live 3D holographic visualization and interaction technology to guide minimally-invasive structural heart disease procedures
- Collaboration with RealView Imaging Ltd

Hospital-2-Home Care transformation



- Data collected to improve processes and effectiveness of patient management.
- Resulted in a prototype for a holistic clinical management system with patient health tablet
- Collaboration with Banner Health

Consumer Lifestyle is pro-actively driving OI

- Objective is to increase effectiveness by finding **better solutions quicker**
- Target is **50%** of **key product differentiators** coming from outside-in by 2015
- Active stimulation of **outward-looking** attitude
- Community of **OI champions** in place
- Using Intermediaries
- Deep experience in teaming up with **OEM/ODMs**



Outside-in example: Air Fryer



Air Fryer

*indulge your family with
best tasting fries,
without the oil!*



- Needed compact and affordable technology to enable people to make healthy fried food
- Partnered with a SME gave us patented Rapid Air Technology, which reduced time-to-market significantly

ActiveLink: Our breakthrough Weight Watchers partnership



MAKE EVERY MOVE COUNT.



ActiveLink™

Activity has always been a big part of the Weight Watchers plan — now there's ActiveLink, a state-of-the-art Activity Monitor and Website that counts every move you make and motivates you to move more!

[Buy now](#)

See below for details

HOW IT WORKS

- 1 IT SETS YOUR GOALS**
Wear the Activity Monitor for 8 days to get an accurate assessment of your current activity level. ActiveLink will learn about you and your moves, then create customized goals depending on how active you are.
- 2 IT TRACKS YOUR ACTIVITY**
Simply take ActiveLink with you wherever you go, and its 3-way accelerometer will track your moves and convert them into activity **PointsPlus** values. Plug the monitor into your computer and it automatically syncs with your Weight Watchers Online Plan Manager.
- 3 IT MOTIVATES YOU TO BE ACTIVE**
ActiveLink creates customized 12-week Challenges to help you get more active. Your goals gradually increase over time, and you might see yourself getting more active without even thinking about it. Plus, receive activity tips to keep you moving and motivated.

- ActiveLink is an activity program in partnership with Weight Watchers
- ActiveLink is built on the experience of our DirectLife incubator, launched back in 2009 as a first step into the activity management business

PHILIPS | WeightWatchers

Lighting is starting to get more involved in OI

- Cooperation with **suppliers**
- Creating solutions with **participation of customers, ESCOs, universities and integrators**
- Co-creating with **customers**
- Increasing involvement in **public-private partnerships**
- Establishment of **Intelligent Lighting Institute**



Soundlight Comfort Ceiling solution for offices



- Innovative acoustic ceiling solution with embedded LED lighting keeps noise and lighting levels at an optimum level in open plan offices for employee comfort
- With Saint-Gobain Ecophon pooled respective expertise resulting in impactful and meaningful innovation for offices

Corporate sponsor with 'Skin-in-the-Game'

don't even start without - 1



BlueOceanITLab

From challenge to solution

"Today I call on you, to unleash your creative brainpower: some of our business challenges go beyond our solutions and expertise"

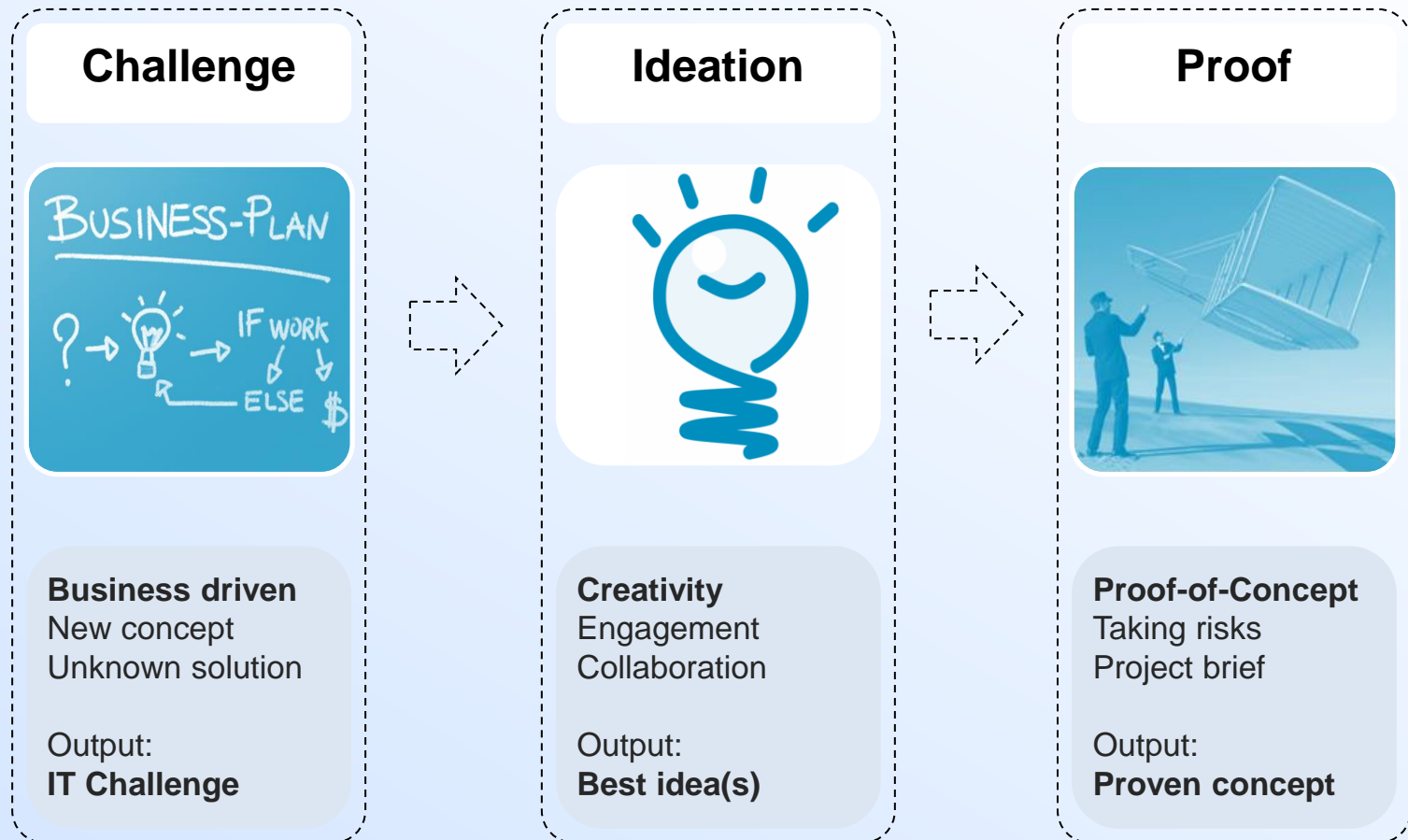
Click for the full version of letter from Jeroen

The banner features a blue and white color scheme. At the top, the text 'BlueOceanITLab' is rendered in a large, bold, sans-serif font, where each letter is filled with a different blue-toned image related to technology and nature. Below this, a horizontal line separates the header from the main content. The phrase 'From challenge to solution' is centered in a clean, blue font, flanked by a brain icon on the left and a lightbulb icon on the right. On the left side of the lower section, there is a square portrait of a smiling man with short hair. To the right of the portrait, a quote is presented in a bold, blue font. Below the quote, a smaller line of text in a lighter blue font provides a call to action.

A well defined objective and embedding in the organization

don't even start without - 2

Vision 2015 Innovation is key to the success of Philips



A well orchestrated multi-channel execution

don't even start without - 3

**Crowd Sourcing Platform
Blogsite / Social Media**

SMS

*"We are looking forward
to your engagement"*

PHILIPS



Welcome to the Philips Jam!



JAM has been started



30



110

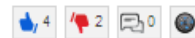
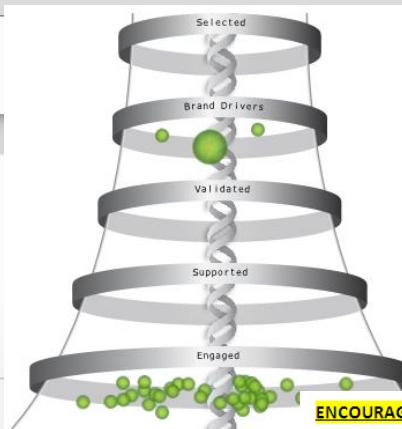


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Submit Feedback



ENCOURAGEMENT EMAIL 13 JAN

Message Subject Line: What a great JAM so far - let's keep up the energy!

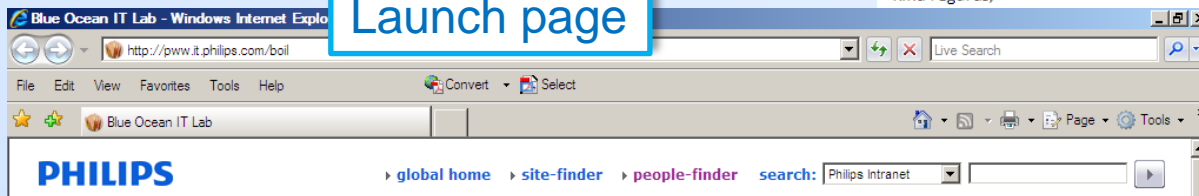
Dear Colleagues,

Our Leadership JAM is well underway. Thank you for the time and energy that you have contributed so far! We feel inspired by the stories you have shared. We are heading in the right direction as we capture the true potential of our Company and strengthen our ability to deliver on our commitments to our stakeholders.

Kind regards,

Email

Launch page



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Urgency-time boxed execution

don't even start without - 4



9

moderator
hubs

61.1%

participation



4

themes



133

hours



45

team on peak

3390

feedback,
comments,
reactions



674

top leaders

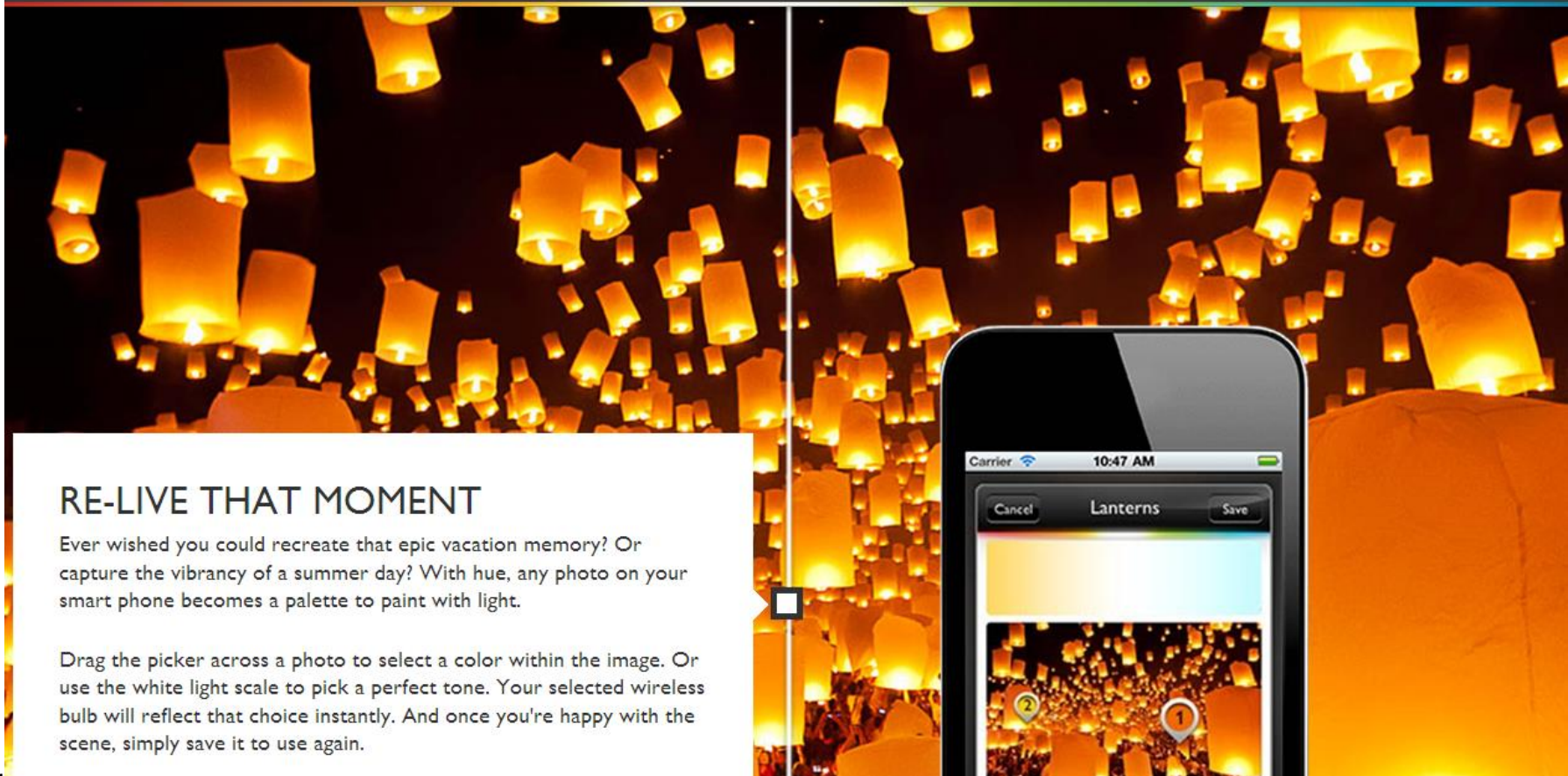


40

time zones



PHILIPS



RE-LIVE THAT MOMENT

Ever wished you could recreate that epic vacation memory? Or capture the vibrancy of a summer day? With hue, any photo on your smart phone becomes a palette to paint with light.

Drag the picker across a photo to select a color within the image. Or use the white light scale to pick a perfect tone. Your selected wireless bulb will reflect that choice instantly. And once you're happy with the scene, simply save it to use again.

IN THE FIRST TWO DAYS



The New York Times

Mashable



WIRED

COOL HUNTING

GIZMODO

The Daily Telegraph

"Philips is making light
bulbs cool again"

Cult of Mac

"A lifechanger"

Forbes.com

THE SMARTEST THING SINCE THE LIGHTBULB

PHILIPS

IN THE FIRST TWO WEEKS



▶ 3 MILLION
embeds of our demo video on
third party websites


 Over
1.5 million
TWEETS
mentioning @tweethue

10,000 
organic Facebook Likes through
meethue.com alone

The bulbs were
flying out of
the stores!



Numerous requests
from retailers to get
●● hold of hue ●●


Developer requests pouring
in to be able to create
third party apps

THE SMARTEST THING SINCE THE LIGHTBULB

.....
IN THE FIRST TWO MONTHS
.....



Forbes.com
Product of the Year 2012

**SALES
EXCEEDED
EXPECTATIONS**



Ongoing coverage,
including CNN's
'51 coolest products
of 2012' ●



5 apps already created & released by the developer community



meethue.com

.....
THE SMARTEST THING SINCE THE LIGHTBULB

PHILIPS

IN THE FIRST TWO QUARTERS



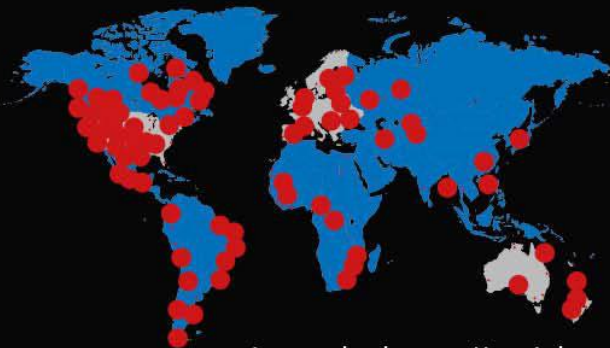
Number 1 in
amazon.com

listings for LED bulbs 

OVER
10,000

developers engaged

On sale in
21 markets



hue is installed in
75 countries



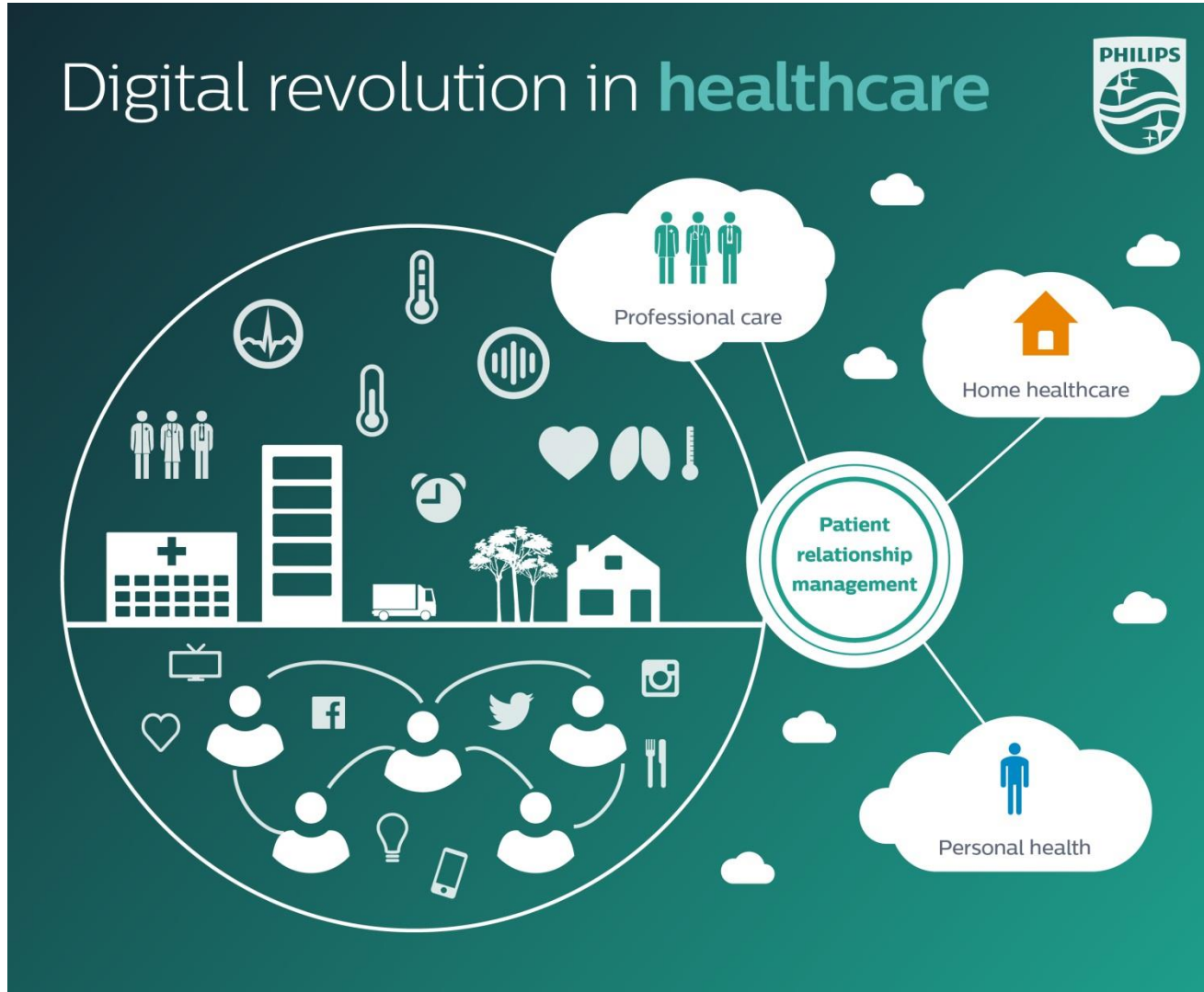
40 hue apps in
Apple app store

BRAND PREFERENCE
MEASURED AT OVER
26%

THE SMARTEST THING SINCE THE LIGHTBULB



Open a world of cloud-based collaborative care



Open Innovation according to Philips

- OI is an option. It is not “better” or “worse” than Closed Innovation
- OI is not a goal in itself, it is an important enabler to accelerate innovation
→ Finding better solutions quicker
- OI success is measured by the results it delivers in getting **key product differentiators from outside in (KPI)**
- OI requires (other) efforts to employ and continuous attention to maintain (mindset)
- OI is happening all over the globe in **many forms**
- OI requires networking and entrepreneurship and is fun



Questions & Answers Discussion



