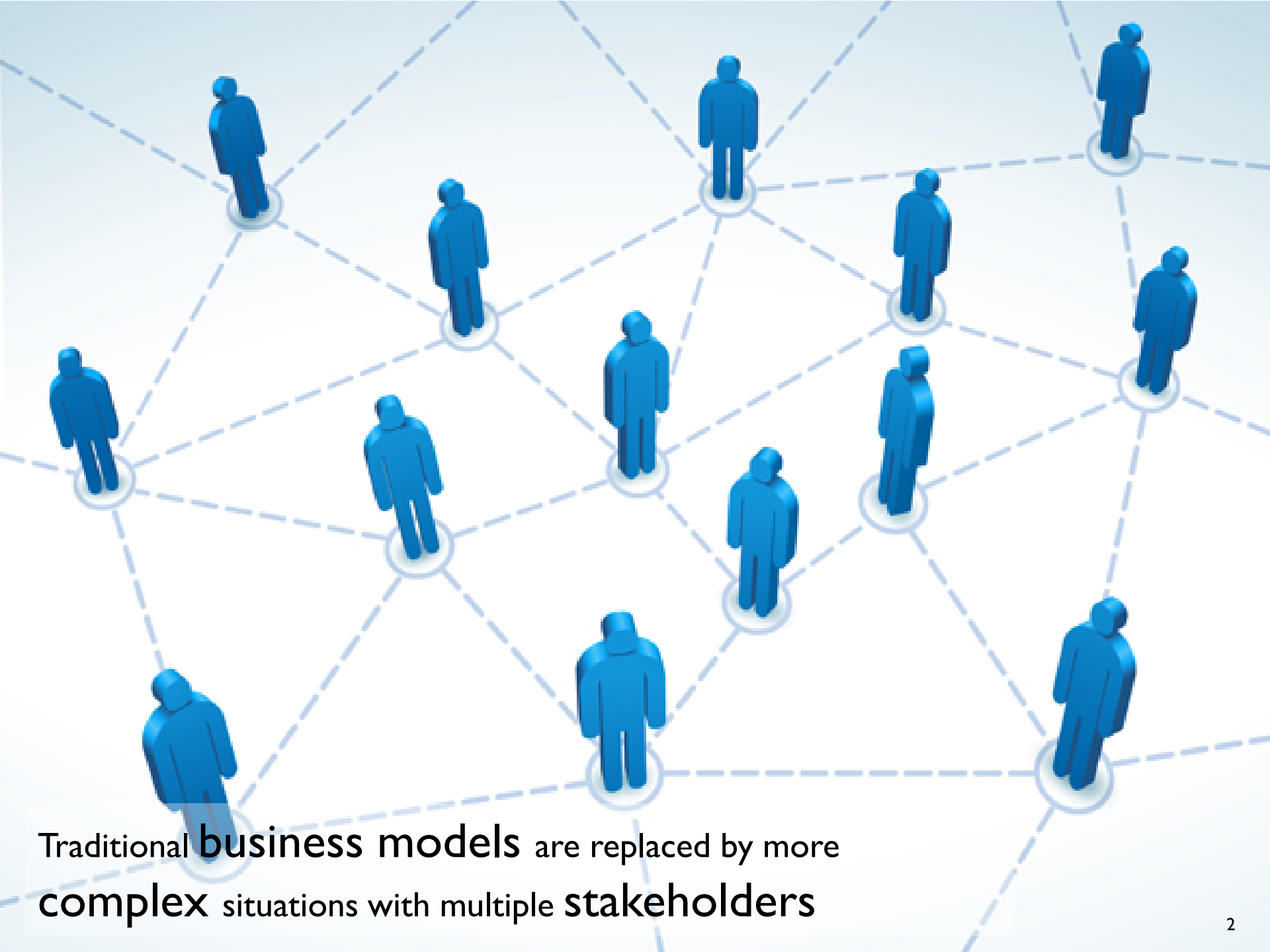


PHILIPS

sense **and** simplicity

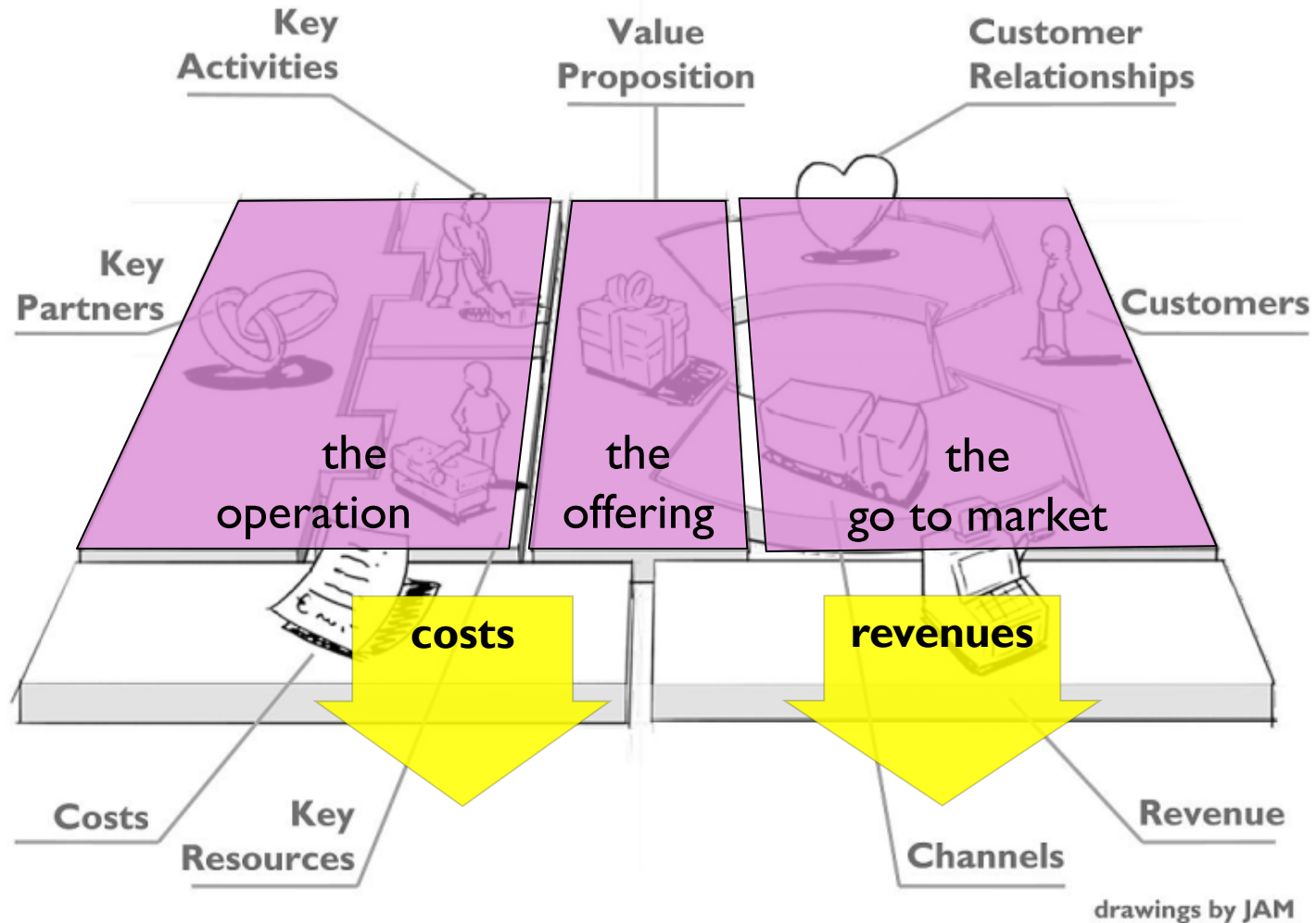
Multi-stakeholder Business Model Innovation:
making the pie bigger

March 11th, 2013

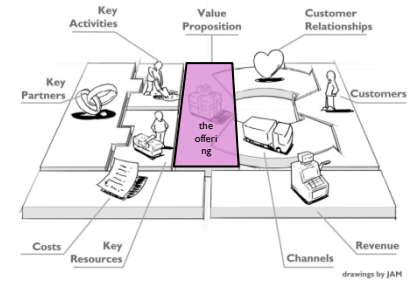


Traditional **business models** are replaced by more **complex** situations with multiple **stakeholders**

Business model innovation: relevant areas



Offering



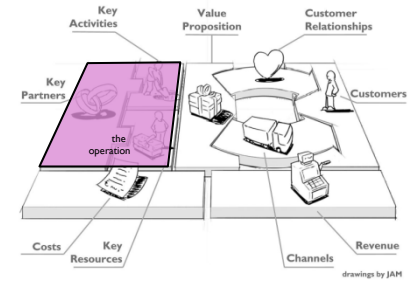
Products Solutions Services

Repeating experience, enhancing the solution

Flexible composition of standard components based on a platform, validated with and accepted by the customer

Stable product, created and well tested inside factory.
Broad catalogue of products to cover market segments

Operation



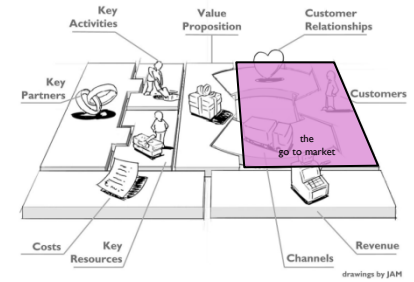
Services
Solutions
Products

Service fulfillment (development, engineering, execution, maintenance)
Partners in the ecosystem create new propositions

Component development and Solution engineering
Partnerships expand to address specific market needs.

Product devt&ops are all under control of own organization
Partnerships to optimize the efficiency of the devt&ops

Go to market



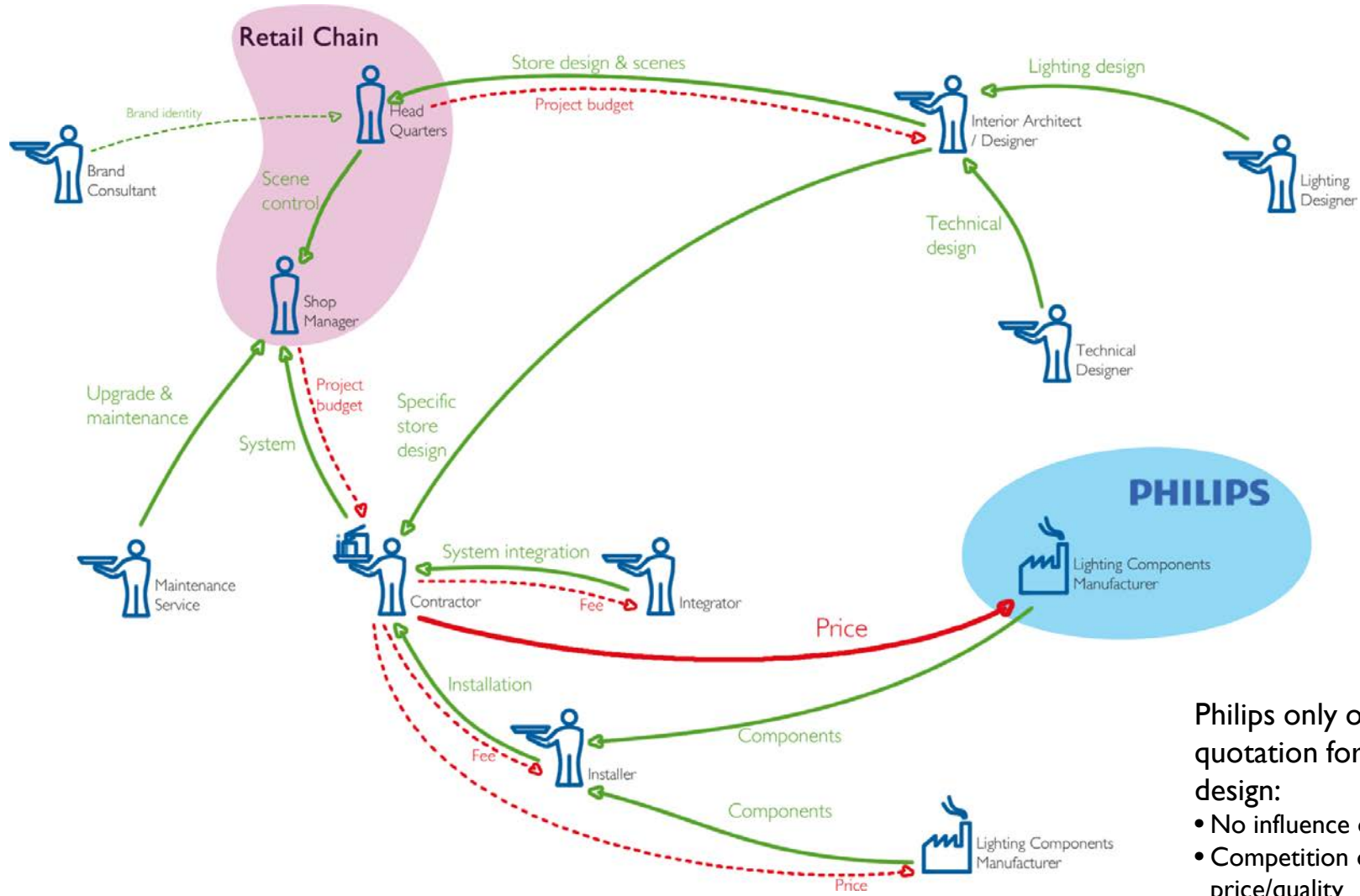
Services
Solutions
Products

Referral / Creative distinctive sales
Partners add new propositions

Consultative selling
Partnerships in solution building...
from design up to realization

Sales
Partnerships for creating more market channels...expanding the
market, increasing sales effort, distribution and logistics

Stakeholder network: Philips as component supplier



Philips only offering quotation for final design:

- No influence on design
- Competition on price/quality

The rules of each business game are different



thepoke.co.uk

Product business

PRODUCTS

BENEFITS

- Margin oriented - action is reaction:
 - Cost as well as revenues are (or need to become) highly predictable
 - Optimization of the whole flow – creation, logistics, sales

HOW TO WIN

- All focus on creating more volume (=more sales)
 - Not by definition best consumer benefit
 - Price / quality ratio is key
 - Competition is fierce: easy comparison based Price / quality ratio
 - Branding, regional aspects → requiring diversity to tackle..

CHALLENGE

- Time to Market
- Best Price / quality ratio
- Market channels / branding

Solution Business



BENEFITS

- Project oriented - earn while learning:
 - Knowledge build up at customer
 - Solution defined with customer

HOW TO WIN

- All focus on translating customer wishes in a solution
 - Timing and speed
 - Solution fit / price ratio is key
 - Competition is complex – solution fit / price ratio is not easy comparable
 - Smart component platforms and knowledge build up

CHALLENGE

- Consultative selling
- Building knowledge
- Expanding market channels through knowledge partners

Service Business



BENEFITS

- Opportunity based, creative and distinctive – seed and harvest:
 - Not limited to own contribution anymore
 - Once eco system works, enormous boost of underlying solution/components.

HOW TO WIN

- Provide a solid solution / components to build service on (open up interface)
- Allow for creative and distinctive contributions

CHALLENGE

- Provide open solutions / components
- Provide the structure for an eco system (online store, ...)
- Allow for an community to develop... (hire opinion leaders)

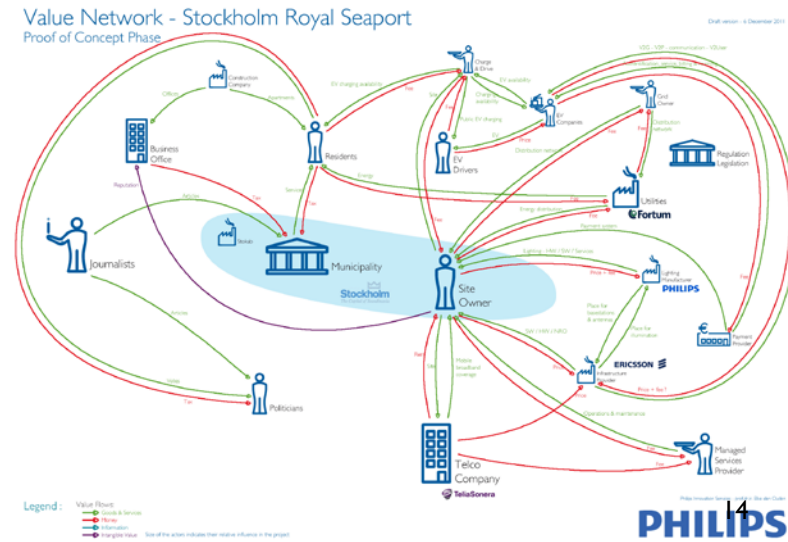
HOW TO MAKE THE PIE BIGGER

I. Redefine your proposition

- Question yourself and go beyond customer expectations!
- Realize that your product is not the center of “gravity” but provides a function to your customers that they want to pay money for!
- Think beyond the features of your product, and question yourself whether these features can be realized in a different way

2. Picture the ecosystem

- Realize your product is potentially part of a bigger need; analyze this ecosystem and picture the stakeholders
- Redefine; product, solution or service offering based on that



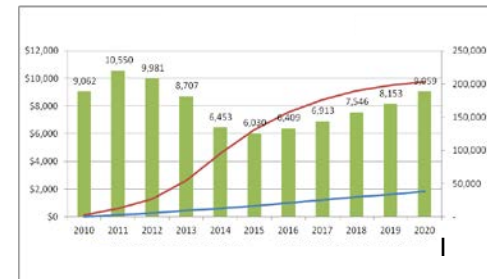
3. Picture the business model

- Question yourself how you will deliver your product to the markets
- Question yourself who will be the partners that will build your solutions together with you. Who will be in control?

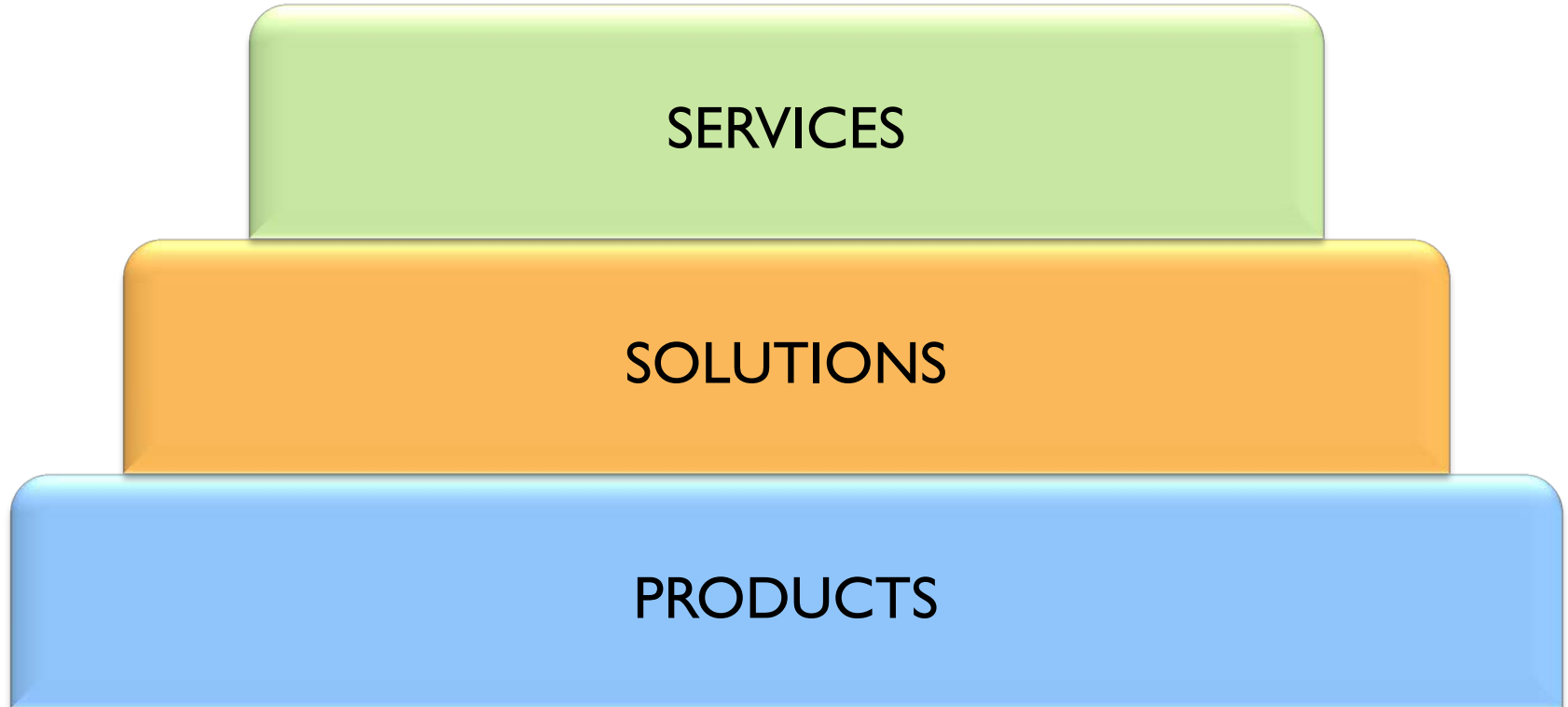


4. Picture the business case

- Question yourself where the money will come from and where it will go, investments, partnership deals, EBIT
- Create scenarios



The pie will grow, layer by layer





Contact data

Mariëlle Meuffels

☎: +31 6 12994028

@: m.e.h.meuffels@philips.com

Rob Jaartsveld

☎: +31 6 20366712

@: rob.jaartsveld@philips.com

Philips Innovation Services - Industry Consulting

☎: +31 40 27 40828

@: industry.consulting@philips.com

<http://www.innovationservices.philips.com/industryconsulting>