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

37% Lighting

42% Healthcare

21% Consumer Lifestyle

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.

+40 businesses
64,000 patents
7% of sales invested in R&D
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.

Improve the lives of 3 billion people
Creating meaningful innovations
Philips Innovation Services - Short introduction

Our services
Closed Innovation vs Open Innovation

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

*“The world is our lab”*

Source: Henry Chesbrough, *Open Innovation*
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
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
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

- Atos
- ABB
- civolution
- ECN
- eIT
- ANALOG DEVICES
- Capgemini
- iSENSE
- YACHT
- PRIMEVENTURES
- NT-MDT
- IBM
- FME
- CWM
- intrinsic ID
- MEDION
- Holst Centre
- TELEDYNE DALSA
- KeyTec
- Intel
- VDL
- Sapiens
- ASML
- NXP
- Synopsys
- greentech
- PHILIPS
- STERICSSON
- maxon motor
- ST
- BICHEM

See www.hightechcampus.com for complete overview
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

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

- 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

High Tech Campus
Eindhoven - NL

- 6 open access labs
- 15,000 electronic instruments
- 16,500 m² laboratories - inc 11,750 m² clean rooms
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

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 teether
- 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 hope to collaborate with you.
Also on very specific challenges

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

• 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 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

• 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
**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
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

**Challenge**
- Business driven
- New concept
- Unknown solution

Output: IT Challenge

**Ideation**
- Creativity
- Engagement
- Collaboration

Output: Best idea(s)

**Proof**
- Proof-of-Concept
- Taking risks
- Project brief

Output: Proven concept
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”

Email

“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,

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

Launch page

Submit Feedback
Urgency-time boxed execution

don’t even start without - 4

9 moderator hubs
61.1% participation
4 themes

133 hours
3390 feedback, comments, reactions

45 team on peak
674 top leaders
40 time zones
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  abc NEWS  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
The bulbs were flying out of the stores!

Over 1.5 million TWEETS mentioning @tweethue
Numerous requests from retailers to get hold of hue

10,000 organic Facebook Likes through meethue.com alone
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

CNN
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
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