

# PHILIPS

## New Business Incubation

Jelto Smits

CEO Technology Incubator

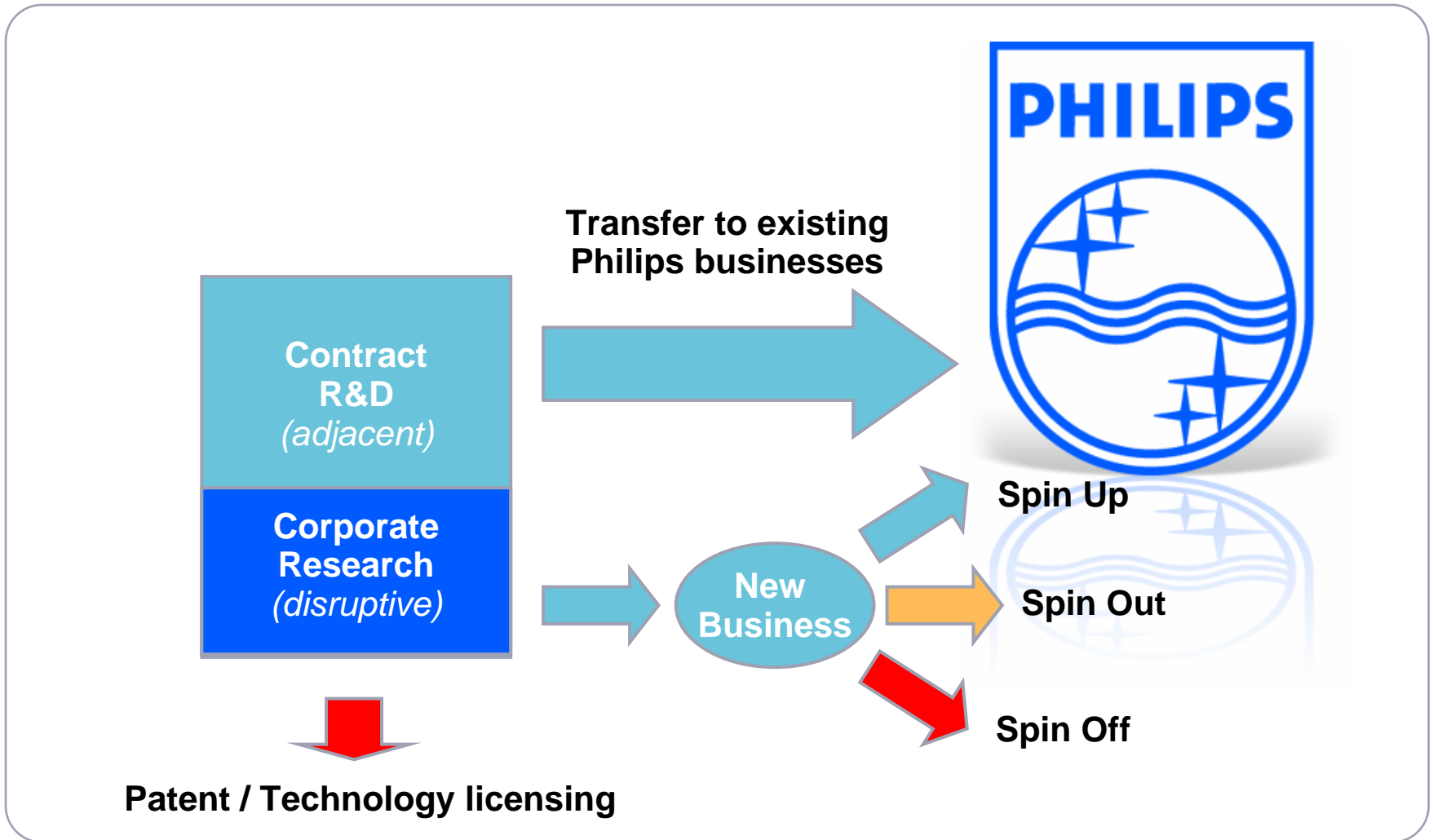
Lighting and Innovation Analysts' Day

September 28, 2007

# Disruptive Innovations Offer Greatest Returns

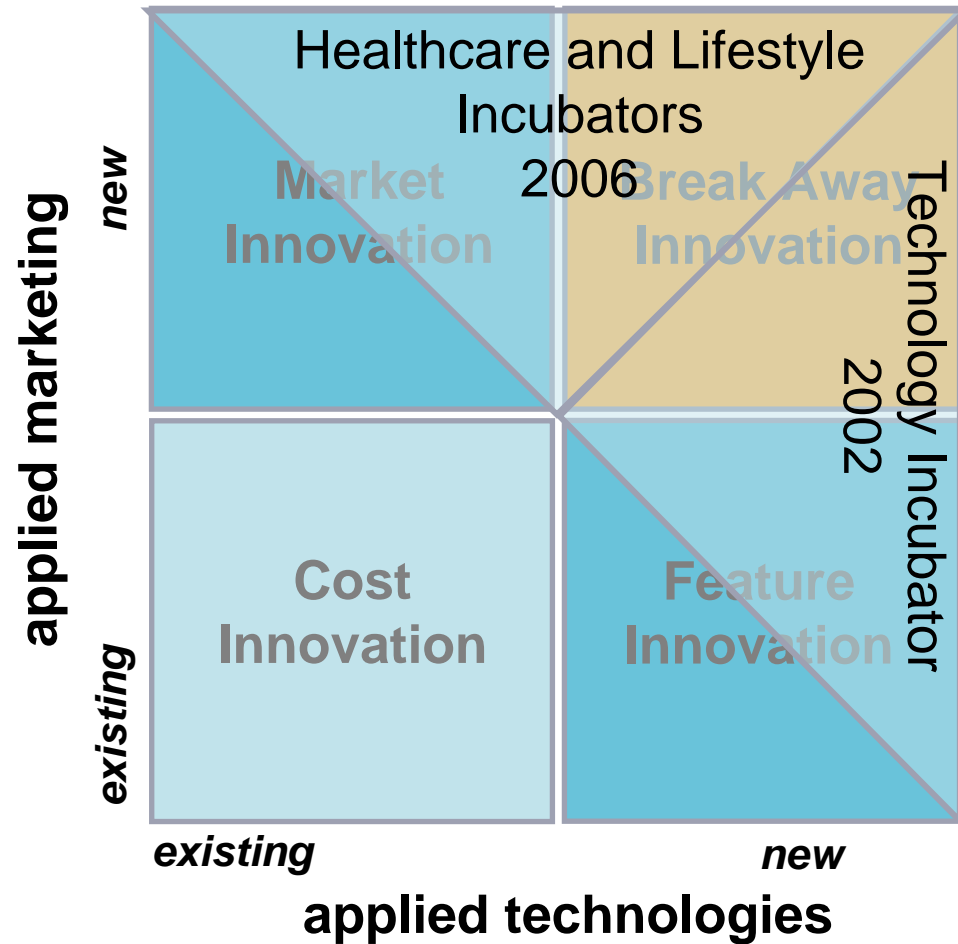
- Disruptive innovations do not start in mass markets, rather in niche markets that value the unique selling point (Innovators Dilemma)
- Require new capabilities, non-traditional ways of working and patience, similar to the venture capital approach
- Therefore we established a novel way of working:
  - A staged new business development process
  - Run by dedicated, agile organizations
  - Supervised at board level and
  - Executed by entrepreneurs

# New Businesses Incubation



# Focus Areas of Incubators

*Healthcare, Lifestyle and Technology*

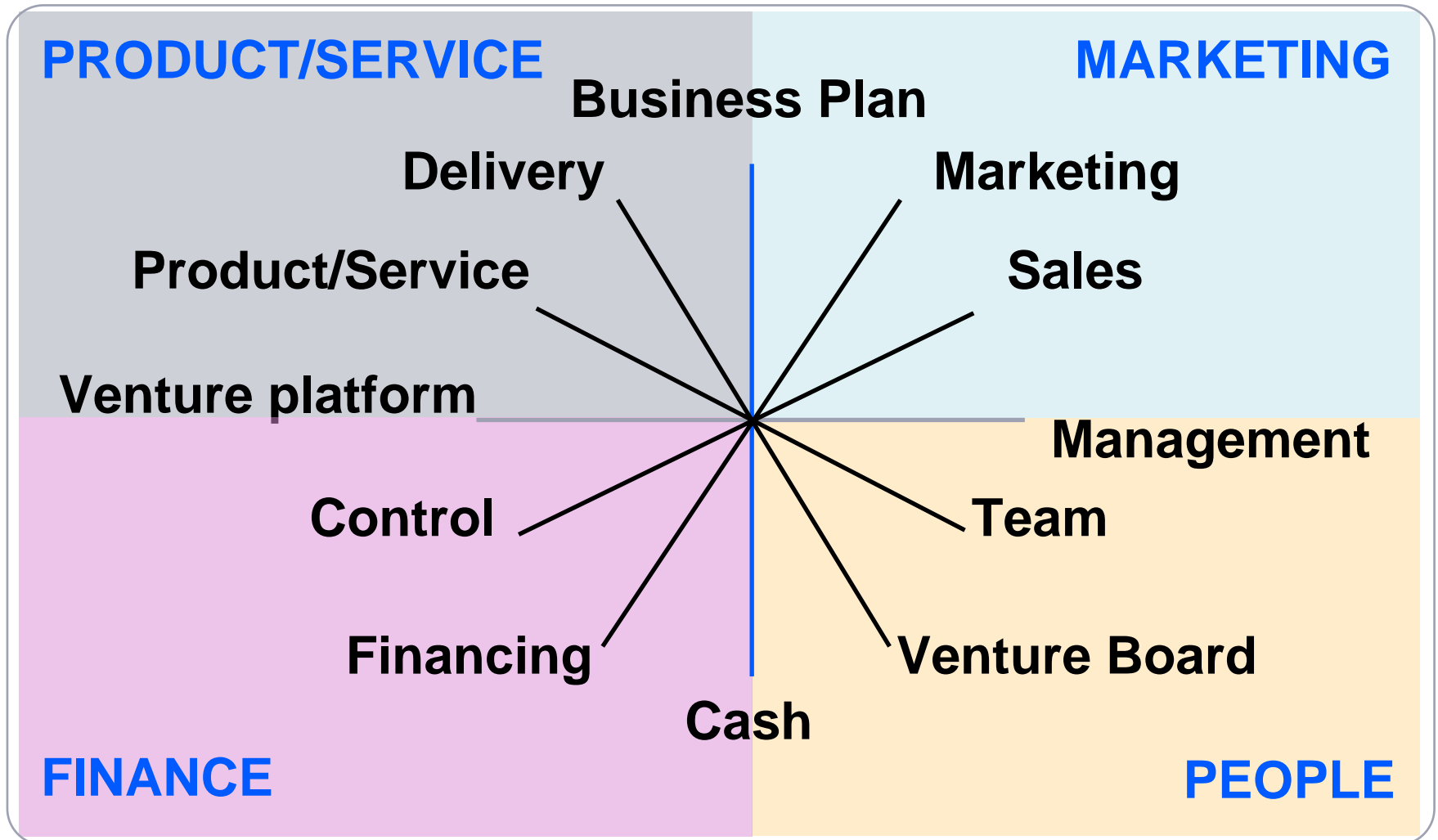


# New Business Development Boards

- Three New Business Development boards, handling incubator and sector New Business Development
- Chairmen: Philips board members
  - Members:
    - Philips board members
    - Philips CTO
    - Business CMO, CTO
    - M&A
    - Incubator CEO's

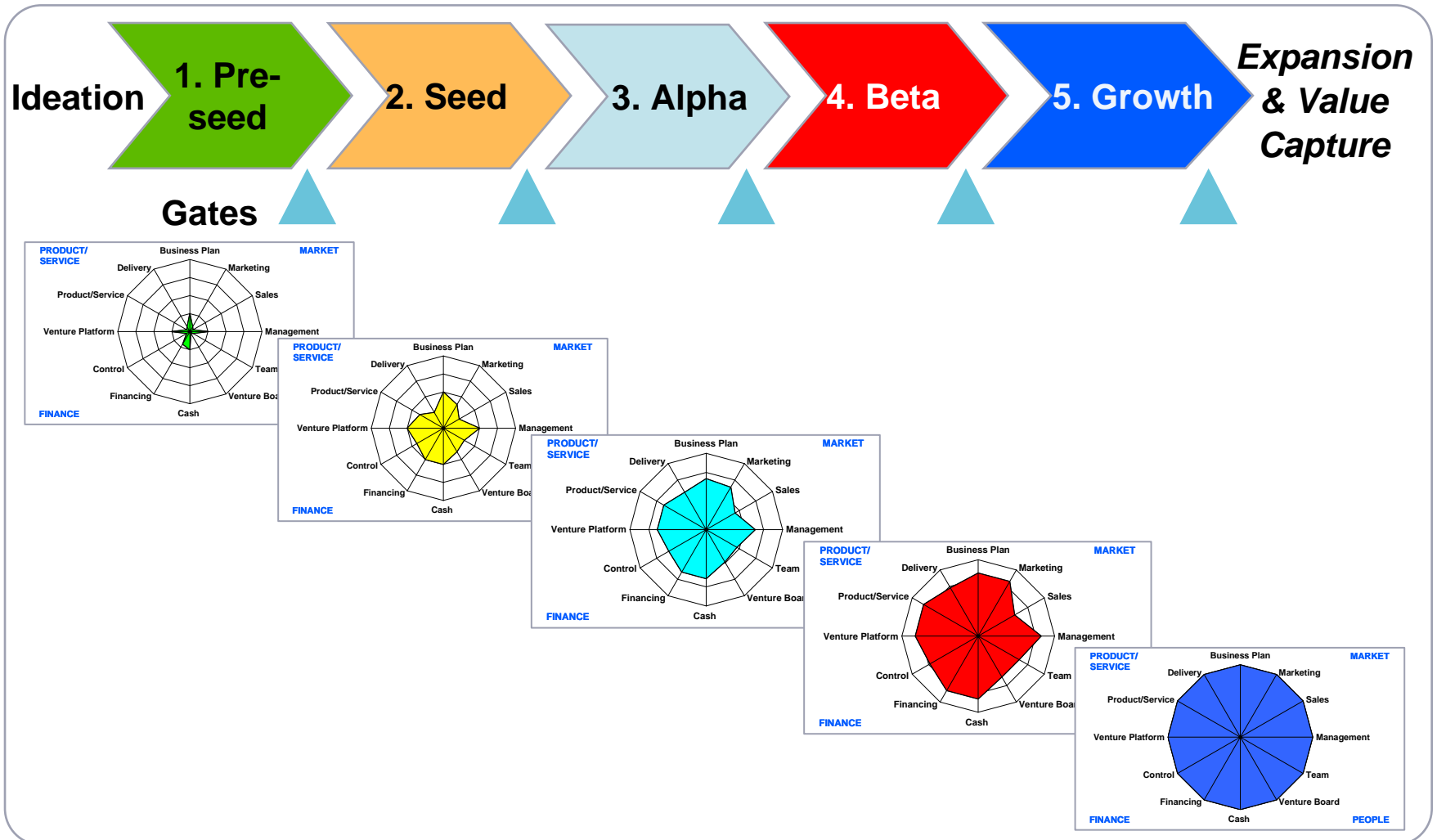


# Critical Dimensions of New Business Development



# New Business Monitoring Process

*Following best practices of VC industry*





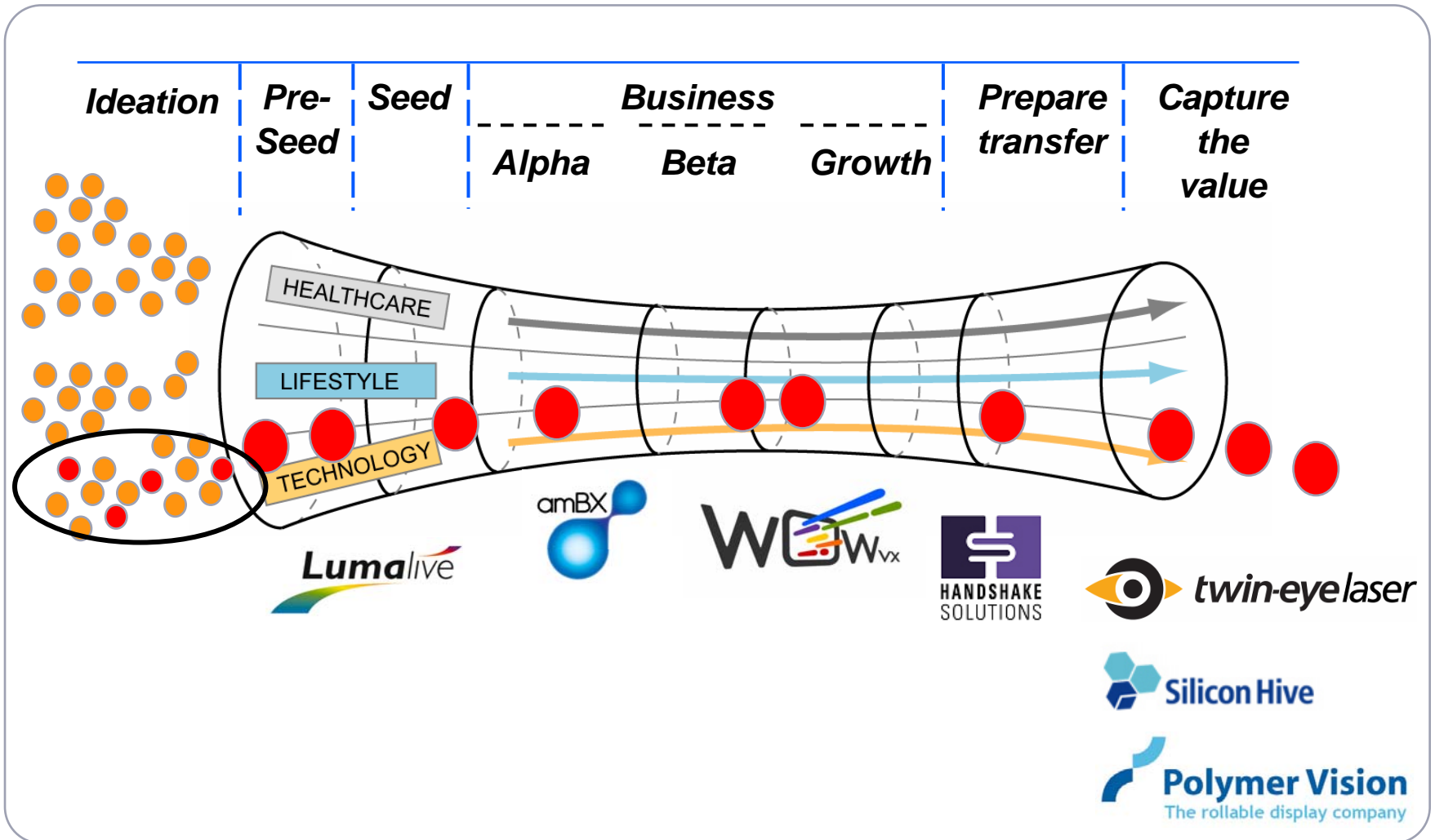
# Technology Incubator

## Scope and selection criteria

- Scope:
  - Philips Corporate R&D Laboratories
  
- Selection Criteria:
  - Capable & motivated team, willing to deal with the risk
  - Disruptive technology with distinct USP
  - Technology relevant for large markets with multiple products
    - Potential sales >EUR 100 m., preferably >1 B€
  - Technology well protected by intellectual property
  - Technology relevant for Philips

# Incubation Pipeline

*Portfolio Technology Incubator*



## Spin-outs

*Polymer Vision (Dec-06) and Silicon Hive (Apr-07)*



- Polymer Vision received EUR 21 million investment from Technology Capital SA (Lux) to commercialize the Radius rollable display
  - Philips keeps minority shareholding
  - Wins 2007 3GSM Global Award



- Silicon Hive received investment from NVP (USA) and TVM (D) to expand configurable processor business
  - Philips keeps minority shareholding



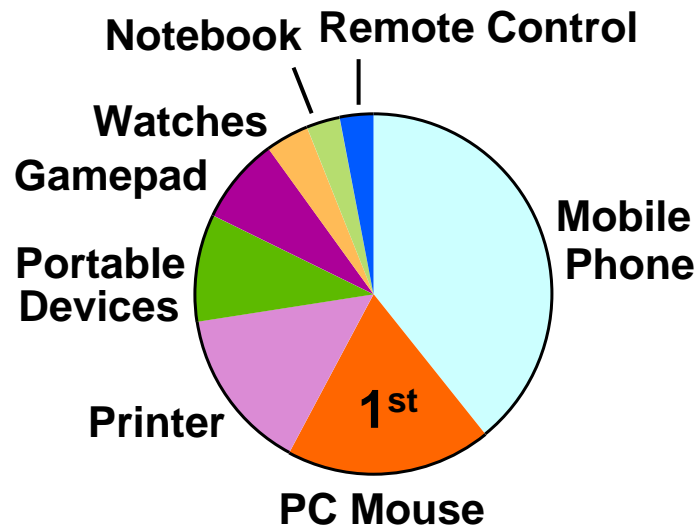
# First Exits from Technology Incubator

*Laser Sensors, transferred to Philips Lighting (Jan-06)*



- ultra low power design
- all 'terrain' detection system
- single component system

**Potential Market >1 billion units**



# New Business Leveraged through Sectors

*amBX gaming peripherals launched by Philips CE (Aug-07)*

amBX scripting software enables ...  
*(supplier)*



...CE's gaming peripherals  
*(customer)*



## New Business Leveraged through Sectors

*3D, a fascinating example of disruptive innovation*



*“3D often spontaneously mentioned during consumer groups as an anticipated next step in creating a more immersive and captivating experience.”*

**- Philips 3D consumer research**

# PHILIPS

sense and simplicity