Winning in Connected Care & Health Informatics

Dr. Carla Kriwet
Chief Business Leader Connected Care & Health Informatics
Key takeaways

- **Connected Care & Health Informatics** plays a critical role for customers, enabling them to deliver the quadruple aim
- **Strong, differentiating value propositions**
  - Enabling superior data-driven clinical decisions
  - Improving staff and equipment productivity
  - Better patient outcomes and engagement
  - Improving staff satisfaction and retention
- Focus on **workflow optimization and outcome management** inside and outside the hospital
- Target to deliver **3-6% organic growth** and **Adj. EBITA margin to 14-16%** by 2020, leveraging leadership positions and scaling our informatics business
**Strong leadership positions in Connected Care & Health Informatics**

<table>
<thead>
<tr>
<th>Monitoring &amp; Analytics</th>
<th>Therapeutic Care</th>
<th>Healthcare Informatics</th>
<th>Population Health Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 1.9 billion sales</td>
<td>EUR 0.5 billion sales</td>
<td>EUR 0.5 billion sales</td>
<td>EUR 0.2 billion sales</td>
</tr>
<tr>
<td>#1 global player</td>
<td>#1 Non-invasive ventilation #1 AEDs</td>
<td>#1 Cardiology &amp; Radiology in the US #1 EMR in South America</td>
<td>#1 Personal Emergency Response in the US Leading customer engagement platform</td>
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</tbody>
</table>

40% recurring revenues coming from services and software
Regaining growth and strengthening operational performance

<table>
<thead>
<tr>
<th>Slower revenue growth(^1) while gaining market share</th>
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<tbody>
<tr>
<td>• Slower patient monitoring market resulting in soft order intake</td>
</tr>
<tr>
<td>• Lengthening order to sales conversion time</td>
</tr>
<tr>
<td>• Shift from equipment to service business models</td>
</tr>
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<td>• Impact of Consent Decree on the ECR business</td>
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<table>
<thead>
<tr>
<th>Grow with 3-6% Drive market activation</th>
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<tbody>
<tr>
<td>• Expanding eICU and command centers</td>
</tr>
<tr>
<td>• Expanding in low-acuity area</td>
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<tr>
<td>• Driving higher services and consumables</td>
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\(^1\) YTD 2018; \(^2\) Equipment and software, YTD 2018

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**Gaining market share | Mid-single-digit order intake growth**
Our strategy is aligned with the needs of our customers

<table>
<thead>
<tr>
<th>Role</th>
<th>Key Focus Areas</th>
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<tbody>
<tr>
<td>CEO</td>
<td>Transitioning to value-based healthcare, Focusing on outcomes and new business models</td>
</tr>
<tr>
<td>CIO</td>
<td>Achieving system interoperability across care sites, Data and system security concerns</td>
</tr>
<tr>
<td>CNO</td>
<td>Boosting patient satisfaction and outcomes, Improving caregiver satisfaction</td>
</tr>
<tr>
<td>CMO</td>
<td>Managing patients outside of the hospital with networked care, Managing clinical operations and optimizing workflow</td>
</tr>
<tr>
<td>CFO</td>
<td>Managing cost pressures and improving efficiencies, Working with new payment and financing models</td>
</tr>
</tbody>
</table>

- Improved health outcomes
- Improved patient experience
- Improved staff satisfaction
- Lower cost of care
Enabling workflows to deliver on the Quadruple Aim

**Collect**

Best-in-class sensors and monitors to collect **robust, actionable data**

**Organize**

Aggregation and presentation of data in **context-specific, interoperable** platform

**Plan**

Clinical decision support at the point-of-care

**Act**

Seamless communication to enable team collaboration, coordinated care and effective workflow

**Measure outcomes**

- Improved health outcomes
- Improved patient experience
- Improved staff satisfaction
- Lower cost of care

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Analytics
Guardian Early Warning connected care solution – addressing the Quadruple Aim

Health outcomes
- 86% reduction of Cardiopulmonary Arrests
- 66% reduction in mortality of patients transferred to the ICU

Cost of care
- 24% reduction in ICU admission rate
- Can reduce length of stay

Patient experience
- Patients feel safer in general care unit
- Faster hospital discharge

Staff satisfaction
- 35% reduction of severe Adverse Events
- 52% improvement in notifications to trigger interventions

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We solve our customers need to address “missed deterioration” in the General Ward

**True global hospital issue**
Largely unaddressed market

- USD 3 billion is a direct cost of “missed deterioration” in the General Ward\(^1\)
- Changing patient populations and low-acuity under-resourcing accelerating the problem
- C-level topic for customers managing the Quadruple Aim

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**IntelliVue Guardian solution**
Rapid geographical expansion

**Number of countries implementing our solution**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019E</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
<td>8</td>
<td>13</td>
<td>19</td>
</tr>
</tbody>
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\(^1\) Philips / PCMS 2015–16 GC opportunity analysis (addressable hospitals, beds, value, solutions) based on estimates across USA, Germany, UK, Japan, China of mitigatable hospital cost from described clinical problems. Sources: Frost and Sullivan aggregated citations, PCMS MI Desk Research
First of kind transformative solution

Commercializing innovations e.g. Biosensor

2.8 million forecasted patients monitored

Integrated analytics, workflow optimization

11-year Monitoring as a Service partnership with Jackson Memorial Hospital
The growing importance of care beyond the hospital increases demand for our population health solutions

- **83%** of healthcare executives likely to invest in telehealth¹

- **31%** lower cost for highly-activated patients³

- **57%** of hospital and health system executives want to increase access to ambulatory care²

- **20%** increase in demand for patient-to-provider telemedicine services⁴

Scaling connected care capabilities to help health systems improve and optimize care outside the hospital

| COPD | Sleep Disorders | Cardiovascular Health | Maternity Care and Pediatrics | Oncology | Diabetes, Other...

Philips Connected Care Ecosystem

- Device-agnostic and open ecosystem
- Revenue cycle management
- Care pathways and patient engagement
- Telemedicine platform
- Population health management data aggregation and analytics
Strong position in Population Health Management

- Analytics and Workflow Optimization platform
- Understand, navigate and activate patient populations
- Optimizes patient care pathway and care coordination between the hospital and the home
- Revenue cycle management for reimbursement
- Remote monitoring improving patient safety and care
- Patient engagement improving compliance and activation
Seeding our population health management business in partnership with leading industry players

We are shaping an emerging market

2018
• High-double-digit order growth
• Signing strategic partnership deals
• Vital Health now in 9 countries

2019
• Execute on large and growing funnel
• Further geographic expansion
• Key innovations coming to market

2020
• Growing partner ecosystem utilizing PHM platform
• Driving profitability

Partnering with industry leaders

NewYork-Presbyterian
Large IDN improving patient access in dense urban market, pursuing the Quadruple Aim
Large-scale risk sharing engagement connecting patients to right care in right place, at scale

Humana
Leading provider of health plans with 16 million members
Identifying highest-risk patients and triage to lower cost options
Key takeaways

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