

Press Information

HOME HEALTHCARE – MARKET TRENDS AND CONSUMERIZATION OF HEALTHCARE

Advancements in technology and medicine are not only enabling people to live longer lives, they are enabling people to do so while remaining healthier. The aging of the population—older people represent approximately 15 percent of the population in the developed world today, with this figure set to double over the next 25 years—provides strong potential market growth for home healthcare solutions.

Older people are also becoming increasingly more active in managing their own health and wellness. Looking forward, seniors of the future will be empowered, technologically-savvy healthcare consumers playing an active role in the management of their healthcare. They will increasingly want and expect their doctor's care at home and on the go.

Cost and quality coupled with the ever larger aging population are fundamental issues and will certainly determine how healthcare is managed in the future. These societal trends are already leading to a “consumerization” of healthcare in which individuals take health management into their own hands and where quality of healthcare is associated with personal choice.

Recent estimates put the global value of the home healthcare market at USD140 billion, including labor intensive services (see also chart at the bottom of the following page).

Philips' position in Home Healthcare

A core part of Philips' healthcare strategy is to take a leadership position in the high-growth sector of home healthcare. At Philips, we believe that empowered consumers make smarter healthcare decisions and we provide products and services that improve the quality of life for aging adults, people with chronic illnesses and their caregivers, by enabling independent living at home. Our heritage in understanding how consumers think is combined with our deep clinical knowledge, putting us in a unique position to help address the modern day challenges of healthcare systems in groundbreaking ways.

Philips Home Healthcare, which continued to grow at double-digit percentage growth rates in the first quarter of 2009, provides innovative solutions for the home that connect patients to their healthcare providers and support independent living for seniors and the chronically ill.

Our Home Healthcare Solutions include:

Sleep and Home Respiratory – Philips Respironics holds leading positions in the fast-growing areas of sleep management, respiratory care and noninvasive ventilation. It is a global leader in treating obstructive sleep apnea (OSA), a condition in which the airway collapses repeatedly during sleep, preventing proper respiration. Respironics also provides solutions for patients who suffer from chronic respiratory diseases by offering a broad range of oxygen, ventilation and monitoring products to help clinicians manage respiratory diseases in a transitional care or home environment.

Independent Living – Philips Lifeline is the leading medical alert system in North America. It supports independent living for seniors and the chronically ill by giving them and their caregivers peace of mind. More than 700,000 seniors in the USA and Canada subscribe to the service, which connects them to suitable support from neighbors, friends, family caregivers or emergency services in the community. Each subscriber can directly contact Philips Lifeline by simply pressing a portable lightweight button worn as a pendant, wrist strap or watch, where caring and extensively trained Personal Response Associates (PRA) are available 24 hours a day. Since 1974, Philips Lifeline has provided this service to nearly five million people across North America.

Remote Monitoring – Philips provides a full line of remote cardiac monitoring services to more than 200,000 patients annually. Using “at-home” technology, 24-hours a day, seven days a week, via telephone and Internet, the company monitors patients with pacemakers, implanted defibrillators (ICDs), suspected arrhythmia and other cardiac-related conditions. Philips also assists mechanical heart valve patients self-test weekly with the INR@Home monitoring service, which helps reduce anticoagulation-related complications. Philips Patient Telemonitoring Services (PTS) and Motiva, an interactive healthcare platform using broadband television, monitor health at home, allowing patients to live independently and stay connected with their healthcare providers following hospital discharge. Clinicians or home health agency staff can be notified if a patient may require intervention—enabling home care agencies to focus their resources on improving outcomes.

Philips Healthcare

The healthcare market has grown faster than GDP in the Western world for the past three decades, and at high rates in emerging markets such as China and India, with research showing that this pattern is expected to continue. Rising healthcare costs present a major challenge to society, and at Philips we are looking to address these spiraling costs through continued innovation. One of the key pillars of our strategy is developing home healthcare solutions, which will not only help to reduce the burden on health systems, but also help to provide a more comforting and therapeutic environment for care of patients.

At Philips we put the patient and the care provider at the center of healthcare. In order to simplify healthcare for our customers and the patients they serve, innovation at Philips is driven by gaining insight into the needs of the people who use our products. Within healthcare, this human insight combined with a solid clinical understanding is how we create integrated offerings across the cycle of care that truly supports clinical excellence and delivering better patient outcomes at overall lower costs.

As specialists in the fields of cardiology, oncology, critical care and women’s health, we focus on the fundamental health problems like congestive heart failure, lung and breast cancers and coronary artery disease for which patients seek treatment. Whether it is in the hospital or in the home, we seek to improve patient outcomes throughout the entire cycle of care – from prevention and screening to diagnosis, treatment, monitoring and management.

Philips Healthcare Heritage

Philips’ medical activities date back to 1918, when it first introduced a medical X-ray tube, and 1895, after it bought CHF Muller of Hamburg, which manufactured the first commercial X-ray tube. By 1933, the company was manufacturing medical X-ray equipment in Europe and the United States.

Philips Healthcare Today

Philips has now for a number of years established itself among the top three in the Medical Systems market alongside General Electric (GE) and Siemens, with annual sales of EUR 7.65 billion in 2008. Its current activities can be divided in four main businesses: Imaging systems, Healthcare Informatics which includes Patient Monitoring, Customer Services and the fast growing Home Healthcare Solutions business, that was established at the end of 2004 and today consists of the combined businesses of US based companies Lifeline (acquired in 2006), Healthwatch and Raytel (both acquired in 2007).

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About Royal Philips Electronics

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is a diversified Health and Well-being company, focused on improving people's lives through timely innovations. As a world leader in healthcare, lifestyle and lighting, Philips integrates technologies and design into people-centric solutions, based on fundamental customer insights and the brand promise of "sense and simplicity". Headquartered in the Netherlands, Philips employs approximately 116,000 employees in more than 60 countries worldwide. With sales of \$38 billion (EUR 26 billion) in 2008, the company is a market leader in cardiac care, acute care and home healthcare, energy efficient lighting solutions and new lighting applications, as well as lifestyle products for personal well-being and pleasure with strong leadership positions in flat TV, male shaving and grooming, portable entertainment and oral healthcare. News from Philips is located at www.philips.com/newscenter.