

Interview: Stefano Folli CEO, Italy, Israel & Greece, Philips



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As an emerging leader in mobile health and provider of innovative health-technologies, Philips is poised to provide Italian healthcare institutions with solutions that could enable significant gains in efficiency. CEO of the Italian affiliate Stefano Folli discusses the healthcare sustainability challenges facing Italy, and explains how Philips technologies will be able to help Italy achieve more with less in the coming years.

What do you see as the key trends that will make it challenging for Italy to keep healthcare spending sustainable in the coming years?

Italy faces a challenge because the population is already relatively "old" in terms of age distribution, and aging quickly. 20 percent of the population is above the age of 65, and if you look towards the top of the age pyramid, 8 percent of the population is between 74 and 85. This makes Italy one of the oldest populations in the world, which brings with it a significant burden of chronic disease, because as people age they are more likely to develop chronic illnesses and in turn, a higher burden of chronic diseases drives healthcare expenditures. Of chronic diseases, 82 percent fall under just four main therapeutic categories: cardiovascular disease, cancer, respiratory disease, and diabetes.

Another worrying signal is that for the first time, the average life expectancy of Italian people has started to decline. Life expectancy has steadily increased in Italy for many years, and as the birthplace of the Mediterranean diet, it has long been known as a country where people live long lives. This is certainly a distressing signal, and while it is too early to draw any significant

conclusions, it is certainly a trend that must be watched closely. On the topic of diet, while Italy may be known for healthy â??Mediterraneanâ?• eating habits and healthy living, in reality obesity rates are quite high and increasing, especially among young people.

Taken together, these factors all contribute to an increasing level of healthcare needs relative to the size of the population. We do not believe that Italy will be able to significantly increase the proportion of GDP invested in public healthcare, so to meet these needs the Italian healthcare system will have to learn to do more with less. Already we have seen steps taken such as the centralization of purchasing and new ways of scouting and selecting products, but digitization and healthcare IT solutions hold the greatest potential to drive significant improvements in healthcare efficiency and effectiveness.

From Philipsâ?? side, we stand ready to support and facilitate any efforts made to improve healthcare spending sustainability and healthcare system efficiency. We have a variety of clever and pragmatic solutions that can enhance healthcare capabilities while achieving gains in efficiency, many of them in the context of the Philips HealthSuite Digital Platform. Generally, we can organize the opportunities where digitization and IT solutions can drive efficiency around two trends: the continuing industrialization of care in healthcare facilities, and separately of the consumerization of healthcare into peopleâ??s homes via mobile health and home care solutions.

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What are the main opportunities you see within the Italian healthcare system to significantly improve efficiency around hospitals through the implementation of health technologies?

Within healthcare facilities and their ecosystems, there is a strong need to improve efficiency. We already work with a number of entities as partners, and are engaged in discussions with others to implement healthcare technology solutions that can allow for the more efficient allocation of resources. Allocating resources in the right places does not only improve efficiency, but can also improve patient outcomes as the focus is moved away from maintaining healthcare systems in their current form and but driving towards positive patient outcomes.

To make smart decisions in resource allocation, you need good information; this means good quality data that is well analyzed to extract actionable information. A lot of data is already collected and available in Italy; however the collection of this data is very fragmented, as such the inputs for data analytics techniques are not of great quality. Philips can help to collate, leverage, and analyze this data in a more rational fashion through our HealthSuite Digital Platform, and help actors to extract reliable and actionable information to drive smart healthcare management decisions.

We are in a unique position to execute and manage this type of strategy through our positioning as a partner of choice across the healthcare continuum. We tackle singular health spaces, cardiology or oncology for example, yet our equipment in each of these spaces can be horizontally integrated and data is shareable across our platforms.

You also mentioned that technology can enable efficiency gains in the context of mobile health and home care. How do you foresee Philipsâ?? role in this environment over the next few years?

Mobile health is a topic that we feel needs to be addressed in the professional, not conceptual, setting and to that end Philips is preparing to offer a range of devices and integrated solutions in this area. In September, we will be launching the Philips health watch at the IFA in Berlin as a medical device, which will mark the start of a new era for Philips, both internally and in the market. This device will not only enable individuals to check their health in real time, but enable them to manage

their health actively, responding to different health parameters; this is exactly our target for mobile health solutions operating within the context of the HealthSuite Digital Platform.

More generally, mobile health and telemedicine approaches have very practical implications in terms of geography and physical presence; patients will be able to be monitored by physicians who are outside of their facilities. This could have a significant impact on healthcare spending, as a certain portion of hospital and emergency room visits are avoidable, particularly for patients with chronic illnesses. For these patients, frequent interactions with physicians are absolutely necessary. Nevertheless, significant savings could be realized by reducing the frequency with which such patients needed to occupy expensive and scarce physical assets in hospitals by conducting doctor check-ins remotely with data collected at home, relayed via mobile health technologies to their physician at the hospital who could then give feedback.

We have tested this type of solution in both the Netherlands and the UK, and they have successfully reduced the percentage of readmissions for patients with certain chronic diseases by roughly 70 percent. Moreover, there are significant implications for patient quality of life, as they are able to feel safe and that they are receiving proper care, but in the comfort of their own home.

There is a vast array of companies seeking to provide innovative solutions to patients and the healthcare sector; how can Philips collaborate with these other players, such as innovative pharmaceutical manufacturers, to help optimize healthcare delivery and processes?

The life science and healthcare ecosystem has and is changing a lot. In the past, the pharma and medical device industries operated separately, but it is becoming increasingly clear that companies in both industries must consider their wider role within the ecosystem. Given new scientific developments, the areas are more and more connected; medical technologies have played a role in diagnosis and research for a while, but with the advent of personalized medicine they now starting to play an essential role in the application of specific therapies.

As telemedicine applications become more widely adopted, devices will likely play a role in monitoring adherence to pharmaceutical therapies, and their efficacy in real time. With current healthcare spending sustainability concerns, it is more important than ever to make sure that therapy decisions are effective, efficient, and done right the first time. Medical technology providers such as Philips can help by providing definitive diagnoses to physicians and patients to ensure that every therapy is well placed. Moreover, follow-up and monitoring can be enhanced through our offerings.

If we consider a given patient, you might detect that something is amiss with one piece of Philips equipment and then diagnose the specific issue using another piece of Philips technology. Once you assign the appropriate pharmaceutical therapy, our equipment can also play a role in monitoring progress and checking results. Moreover, in the future our equipment might monitor a patient's various parameters and adjust the dosage of a particular therapy in real time; the potential connections and opportunities for pharmaceuticals and medical technologies to help each-other to be more effective, and applied more efficiently are endless.

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With all of the potential directions for Philips to drive growth in, how would you like the Philips brand to be perceived by stakeholders in Italian healthcare in the years to come?

We think we can be the leader in healthcare throughout people lives, within the continuum of care they experience. Our tag line is "innovation and you", and we are certainly a leading innovator in healthcare, as the institution that submitted the greatest number of patents the European Patent

Office in 2015. However, the “and you” is a very important part of our Philips identity, as we want to be relevant and a part of people’s lives. In fact, we strive to measure that and can say that Philips has touched the lives of 52 million people in Italy. We want to increase this number in the future and do all we can to help change lives for the better. We want to be known as a companion that is there to support people throughout their lives, helping to support healthy living and prevention from birth onwards, and then with diagnosis, treatment and home care if they encounter health challenges.

On a more personal note, you became the CEO of Philips’s Italian, Greek and Israeli affiliates in 2012: what was your objective when you joined, and how successful have you been?

My target was to improve business performance, so the first step was to structure a lean organization to fulfill business objectives and ensure we could have sustainable performance. Second, we focused on strengthening our performance culture and sense of resilience, particularly in Italy and Greece, as performance must be sustained through periods of challenge for an organization to be truly successful. This was achieved through implementing some internal changes under our “Accelerate” program, which seeks to leverage leaders within our organization who can lead change and growth within our organization, enhance the performance and engagement of their colleagues, and contribute innovative and creative solutions to our business. Moreover, we have tried to boost engagement and trigger people to work in a smarter way by encouraging people to find a more optimal work-life balance, advocating use of our on campus gym for example, and this has given an additional boost to our performance and engagement indicators as shown by our internal surveys.

Internally, these changes have had a positive impact on growth, profitability, and the sustainability of our profitable growth. This sustained and profitable growth has further strengthened our credibility within the Philips global organization, and thus our ability to continuously attract investments to Italy despite the strong competition we face from our affiliates in other countries.

Externally, we have successfully driven an increase in our market share, which is quite strong. Now, in line with our portfolio management strategy for the Philips Italian affiliate, we have started to position Philips’s image and brand in the healthcare space as a leader in “health-tech”. We have made good progress in this regard, but it will be an ongoing journey for some time and further steps will need to be taken. Going forward, our target is to continue to drive growth across our portfolio, to build an integrated and inter-dependent position across our diverse lines of business.

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