

# PHILIPS

## Freedom in Entertainment

The new dimension of media entertainment in the networked home

Münchener Kreis, “Networked Media@Home”

19<sup>th</sup> October 2004

Gerhard Faltner

Global Marketing Manager Connected Planet

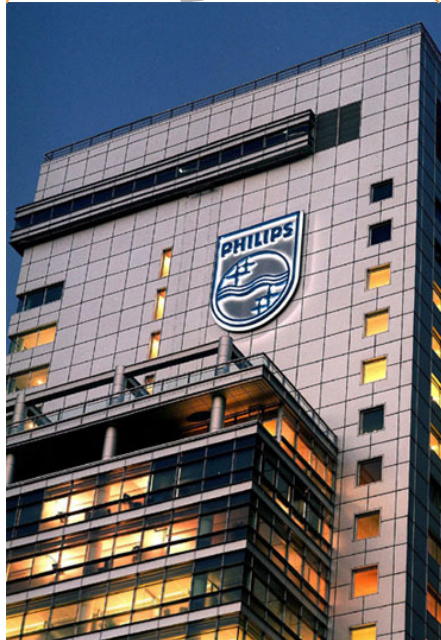
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## 1. About Philips

Royal Philips Electronics  
headquarters:

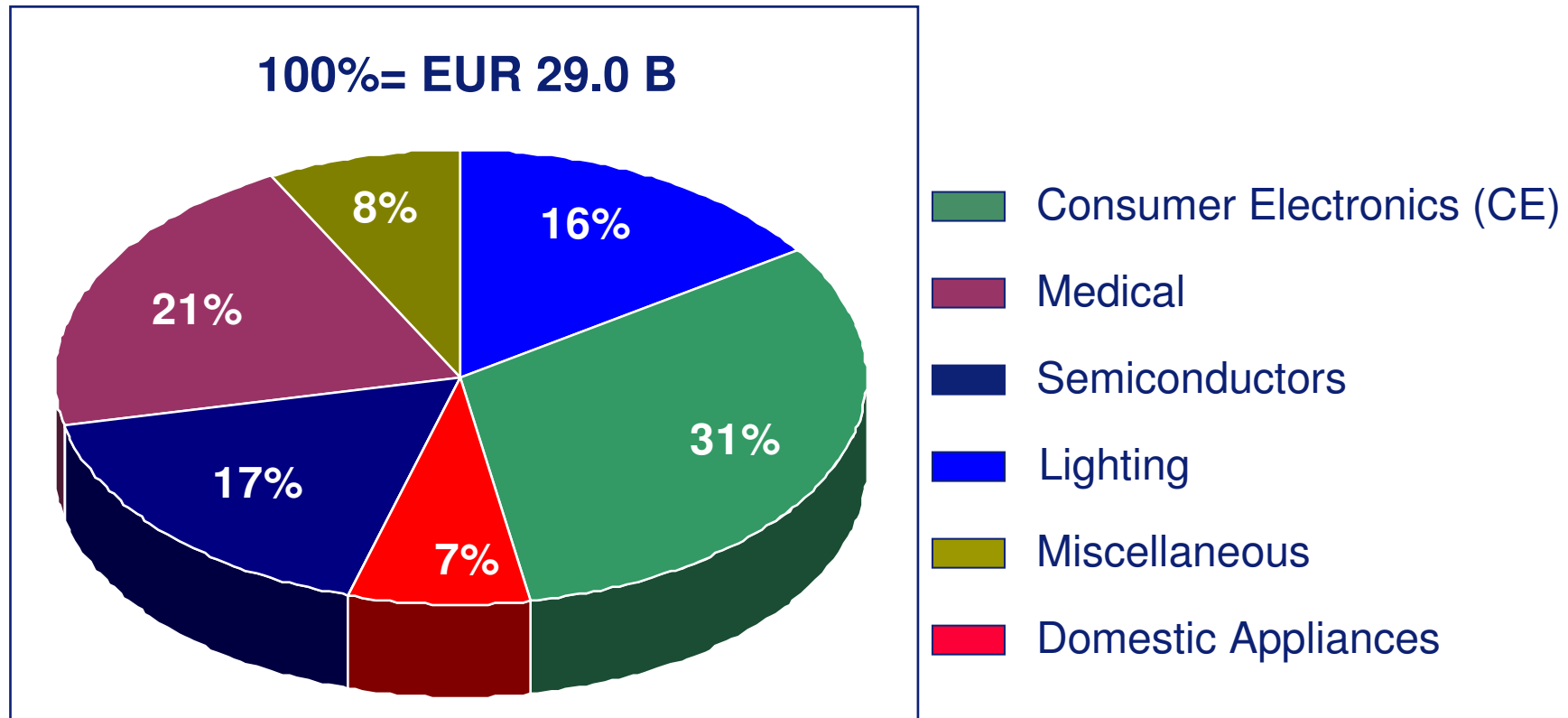
Amsterdam, The Netherlands



- One of the largest global electronics company with 2003 sales of EUR 29 bln
- Multinational workforce of 165,600 employees
- Present in over 150 countries
- Number 1 in Europe and number 3 in the world in consumer electronics
- A world leader in medical systems
- Number 1 in the global lighting market
- Number 1 in electric shavers
- Leading with the Nexperia semiconductor platform in convergence and digitalization
- Registered over 100,000 patents
- Ranked by Dow Jones as the global leader in sustainability within the cyclical goods

## 1. About Philips

2003 sales per sector, as % of total





## 2. The world around us is changing fast...



Major changes within "traditional" value chains are currently taking place



## 3. Main drivers

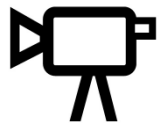
### Driver 1: Digitalization of multimedia content and products



Music



Pictures



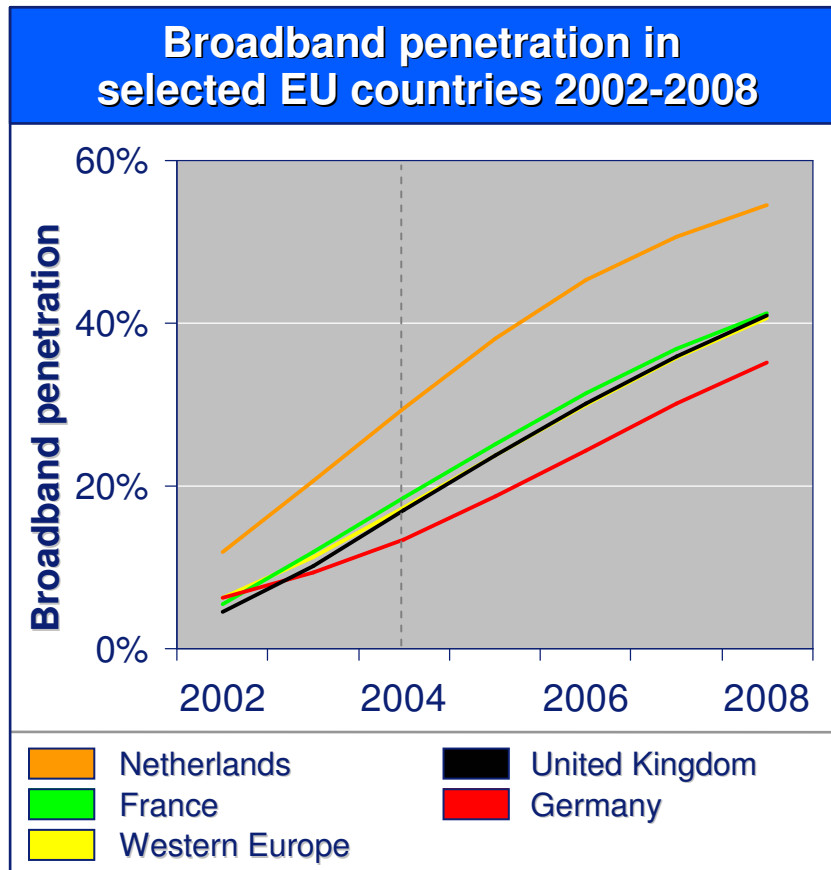
Videos



Source: Philips

### 3. Main drivers

#### Driver 2: Strong growth in broadband penetration



Source: Yankee Group, base: all Households, July 2004

Broadband defined as always on Internet connection  
 DSL, ADSL, XDSL, Cable modem  
 128kbps and above

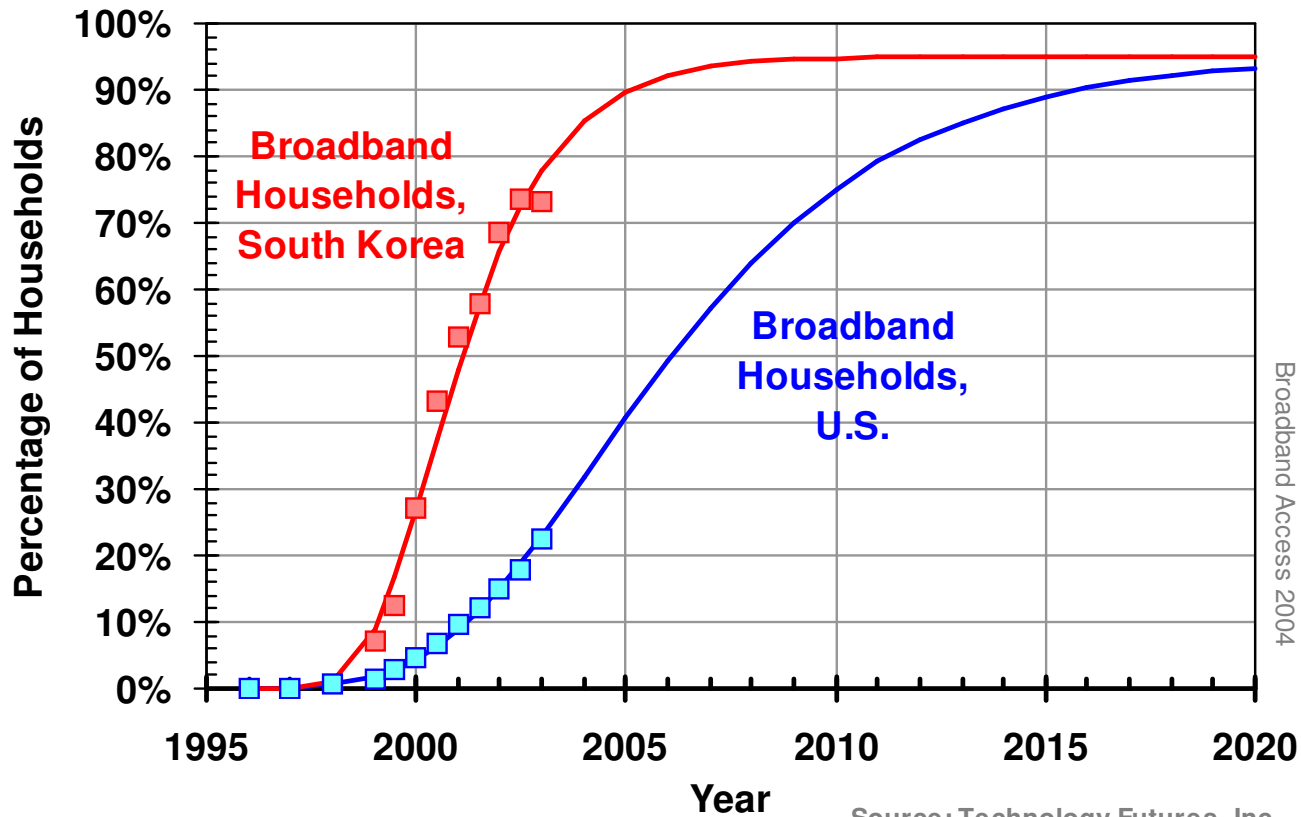
**40% of households in W-Europe will have broadband by 2008**



### 3. Main drivers

#### Expected long-term growth of broadband (S-Korea&US

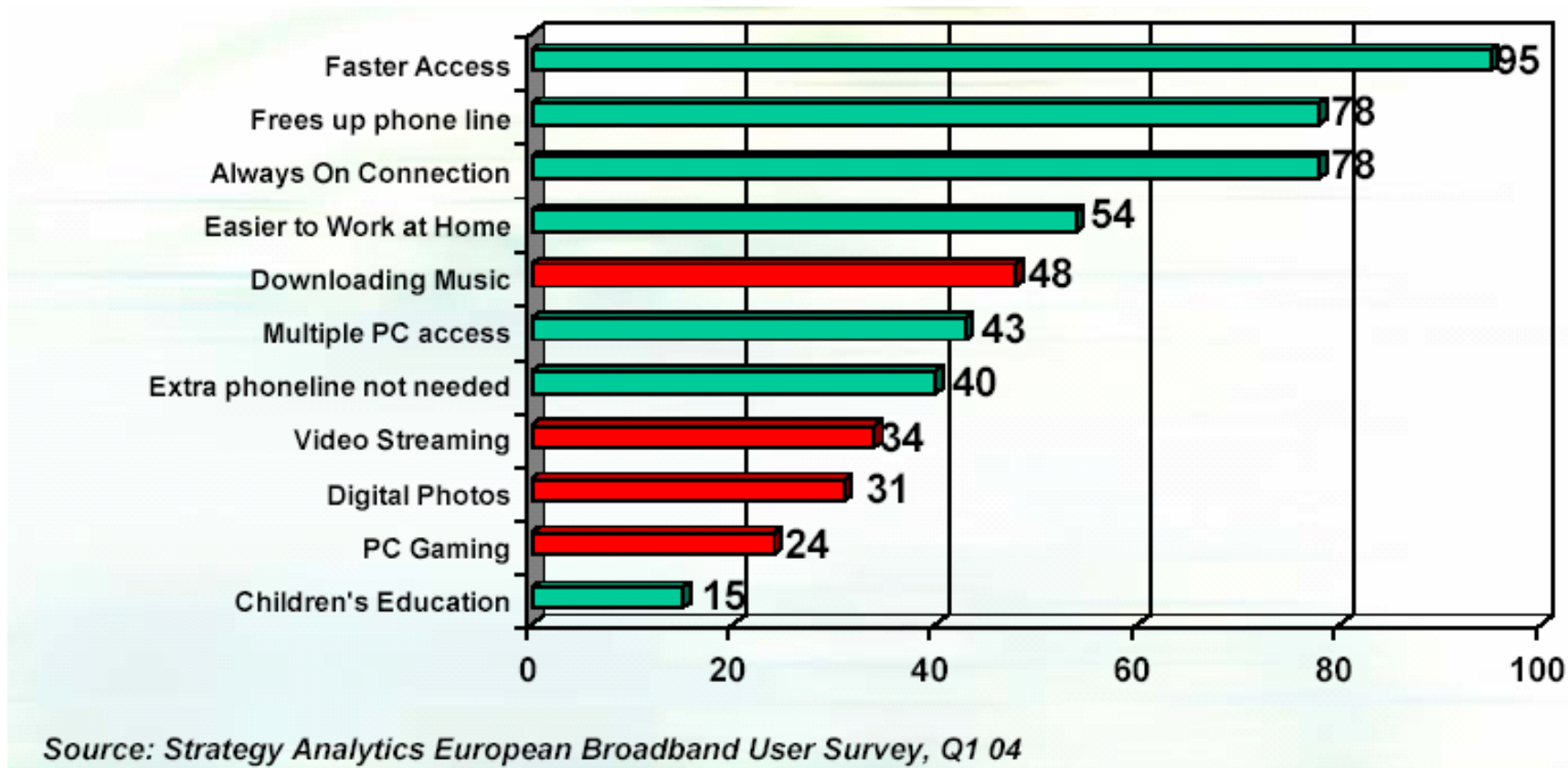
fig



Broadband will become a household utility like electricity or water, driven by accessibility at almost 100% of all households and affordable prices.

### 3. Main drivers

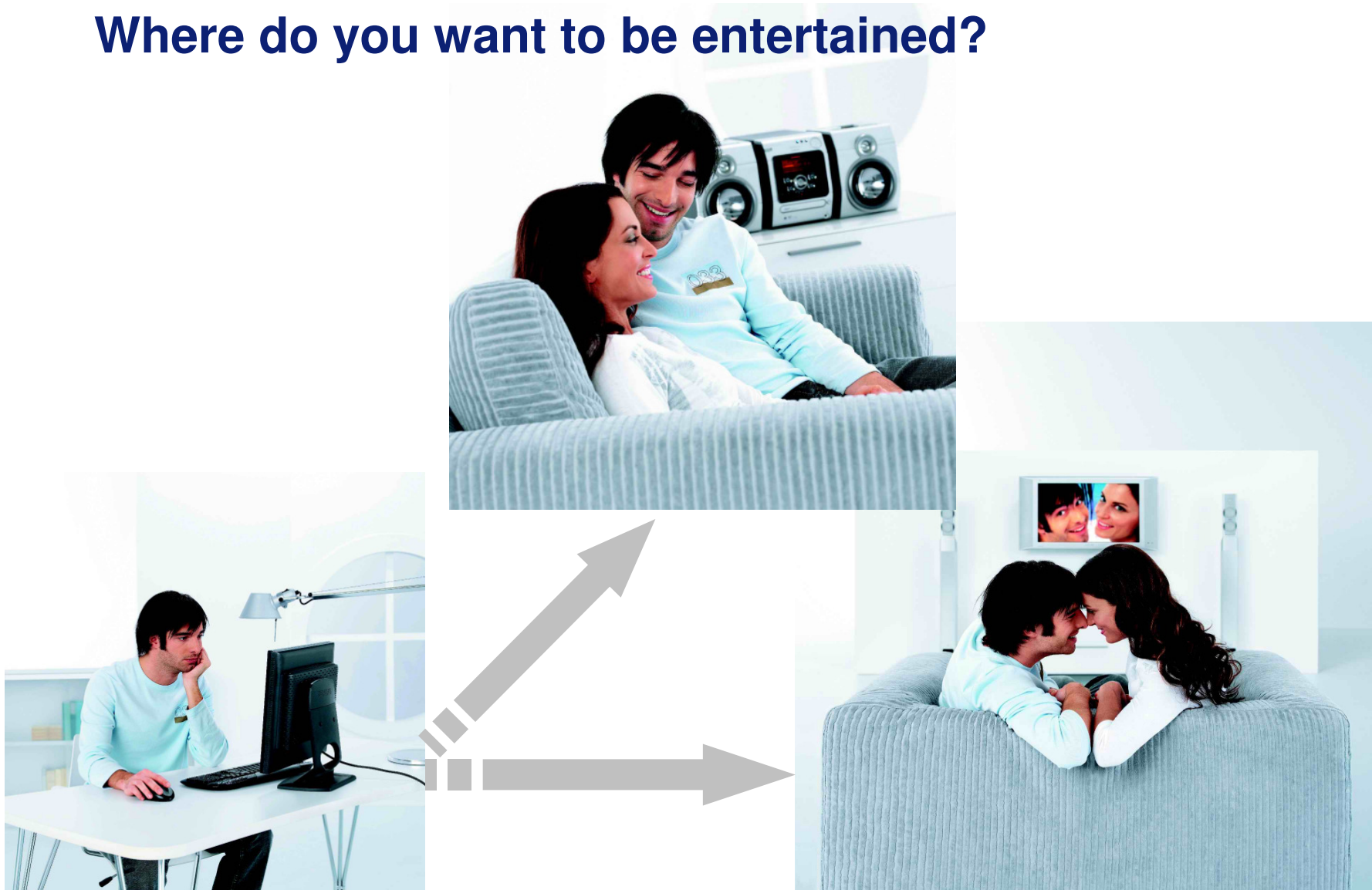
Why do people subscribe to broadband Internet service?



An increasing number of consumers are using broadband for **entertainment** purposes.

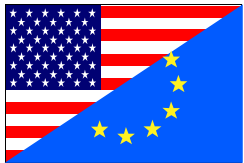
### 3. Main drivers

Where do you want to be entertained?

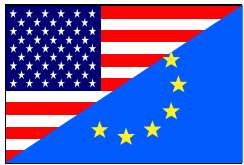


## 3. Main drivers

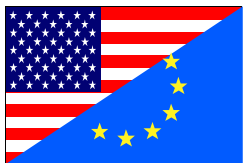
Consumers want to enjoy their digital content at their Home Entertainment set-up:



91% of Americans and 85% of Europeans are interested in listening to PC-stored music on their home stereo



83% of Americans and 76% of Europeans are interested in viewing their digital pictures on their main TV



86% of Americans and 81% of Europeans are interested in watching videos from a PC on their TV

Source: Philips

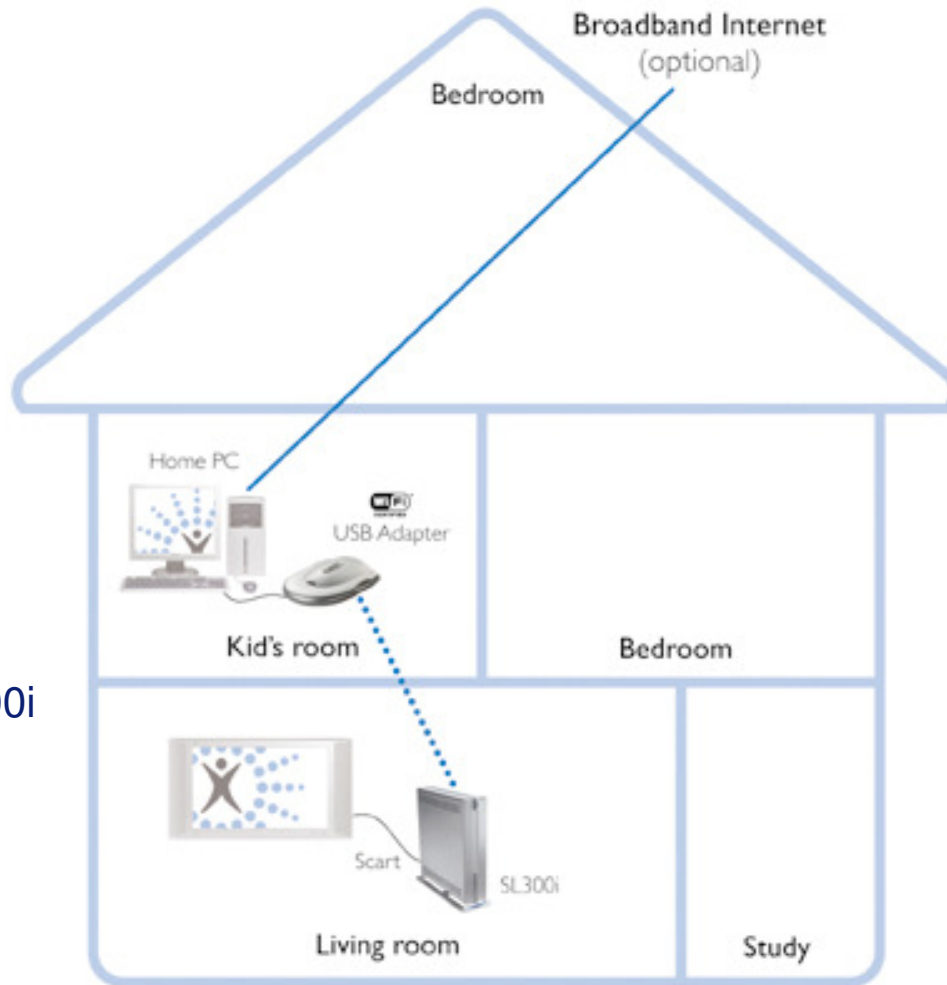
# 3. Main drivers What do I need?



Wireless USB adapter

+

Philips Streamium  
e.g. Wireless MultiMedia Link SL300i



**WiFi** CERTIFIED wireless point-to-point connection

## 3. Main drivers

Do I need to be an expert and lots of €??



Wireless USB adapter 79€

+

Philips Streamium  
e.g. Wireless MultiMedia Link SL300i 349€

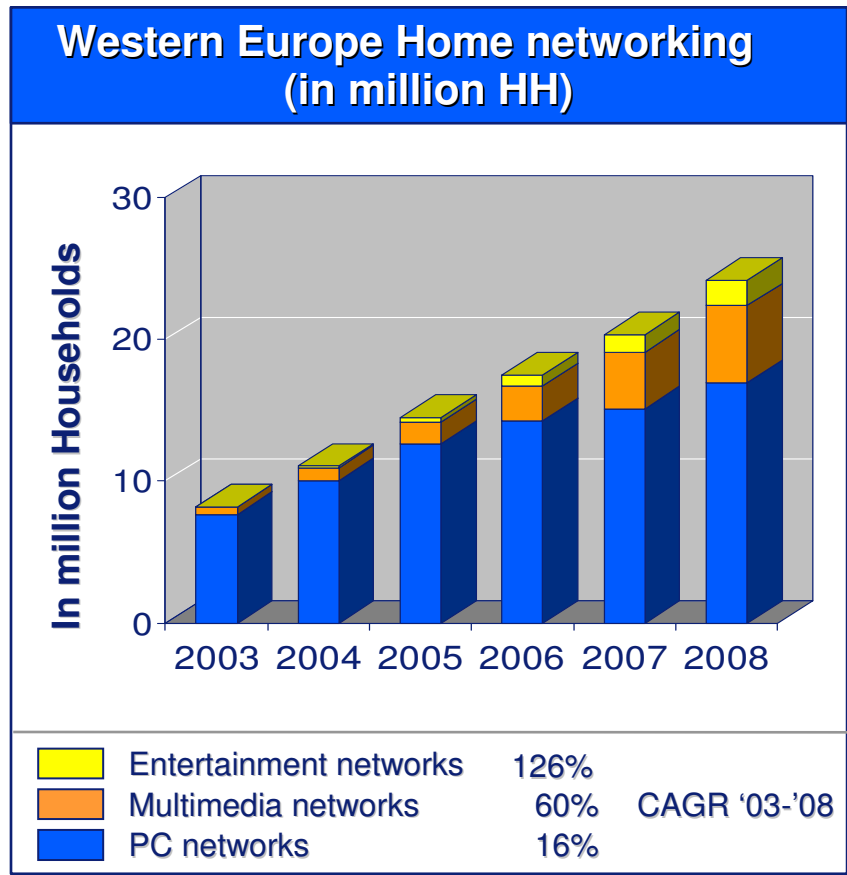


**No!**

- Easy to install
- Affordable
- Easy & convenient to operate

### 3. Main drivers

#### Driver 3: Strong growth in home networking

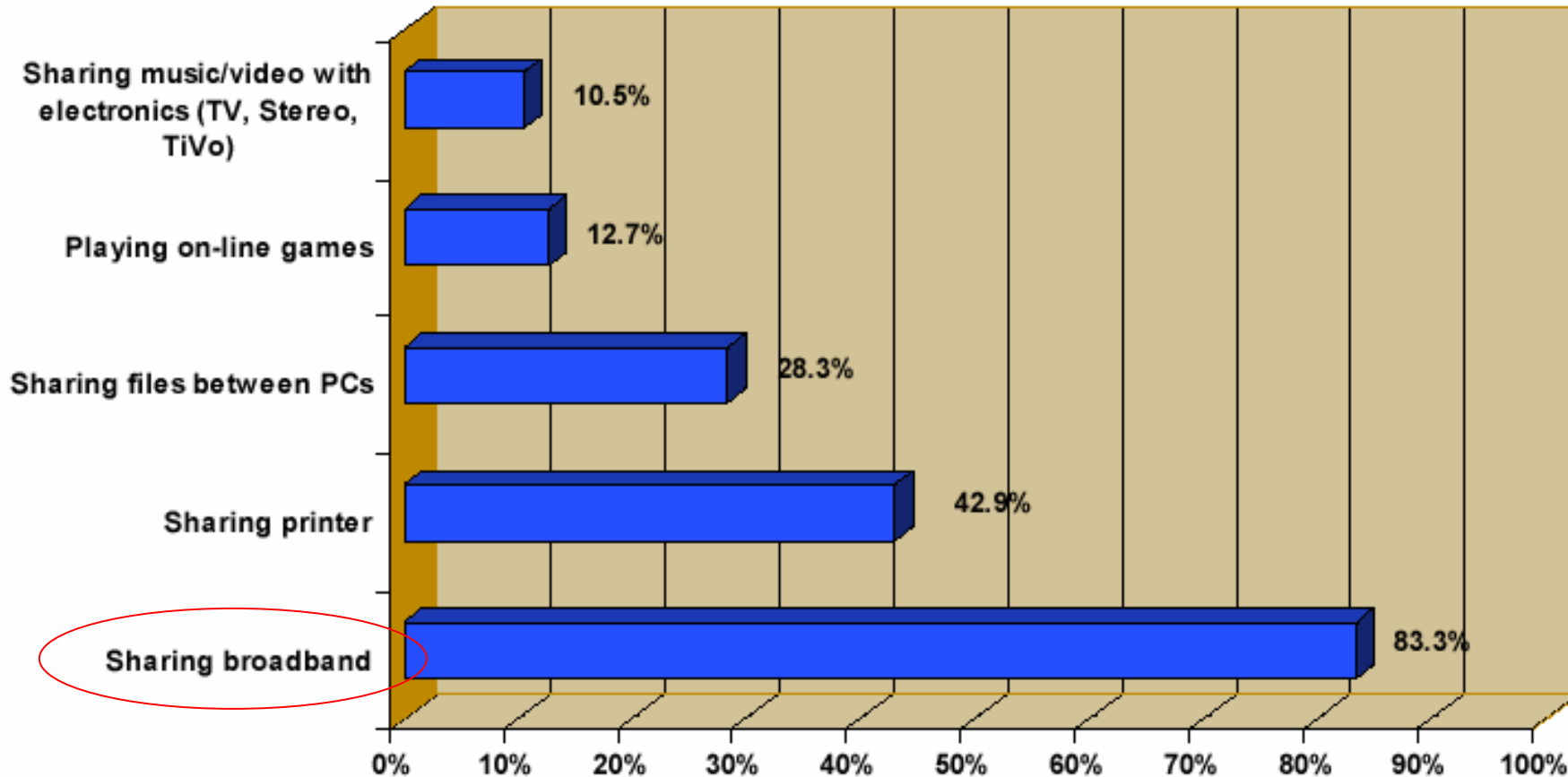


Source: IDC, August 2004

**23Mio households in W-Europe will have installed a home network by 2008, WiFi 802.11 networks will take over.**

### 3. Main drivers

Why do people install a home network now? (US figures)

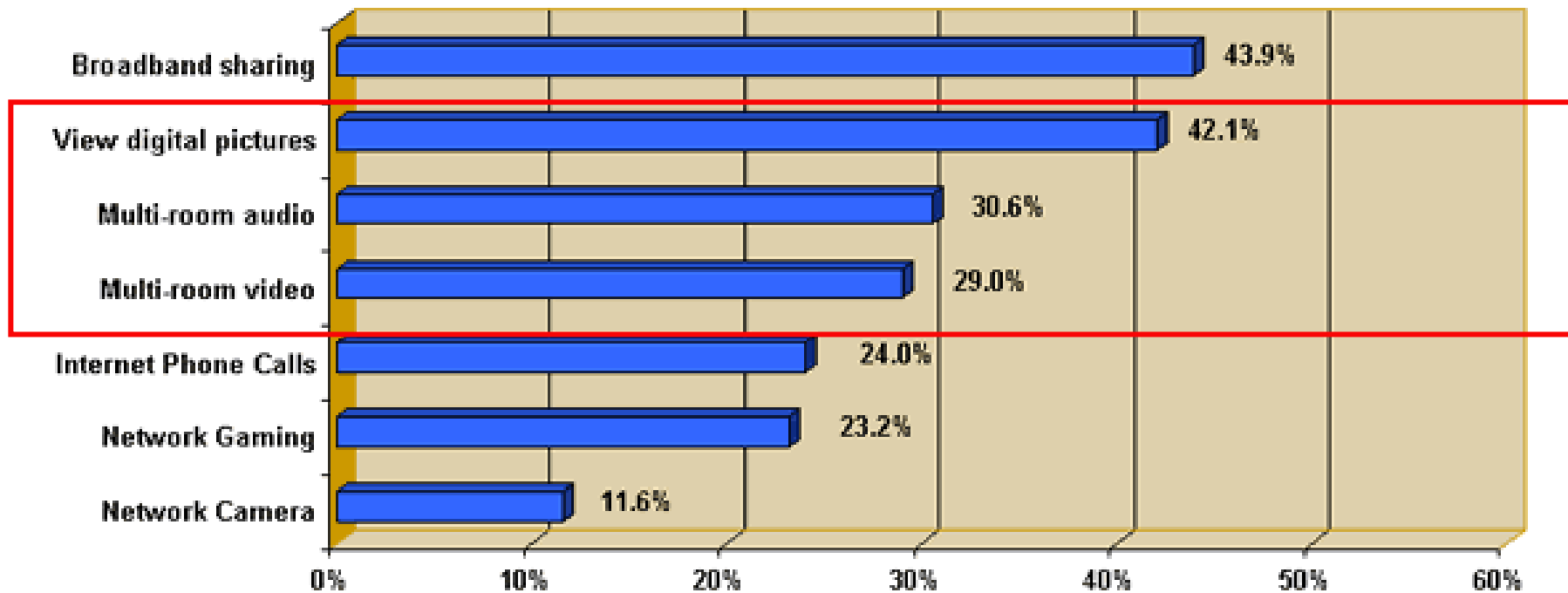


Source: In-StatMDR, April 2004



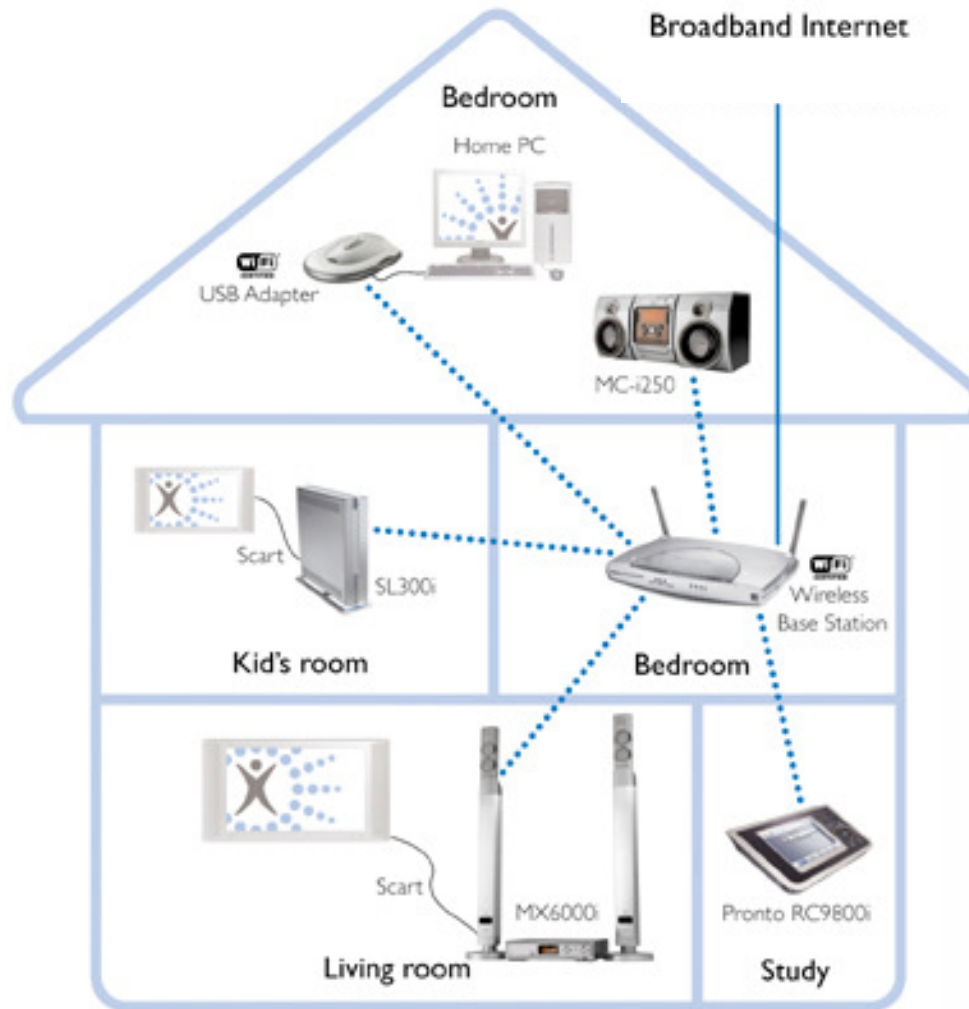
### 3. Main drivers

How do consumers want to use their home network tomorrow? (US figures)



Source: In-StatMDR, 2/04

# 4. "Freedom in Entertainment"



# 5. Philips Connected Planet

Enriches your experiences:

**ACCESS EVERY THING** **streamium**

- WiFi Wireless Flat TV **23PF9976i / 23iF9946**
- WiFi Wireless Home Entertainment System **MX6000i**
- WiFi Wireless Micro-Hi-Fi System **MC-i250**
- WiFi Wireless Multimedia Link **SL400i**
- WiFi Wireless Multimedia Link **SL300i**
- WiFi Wireless Music Link **SL50i**
- Wireless PC-Link Micro HiFi System **MCW770**

**CONNECT EVERY THING**

- Wireless base station 802.11b/g
- Wireless USB adapter 802.11b/g
- Wireless notebook adapter 802.11a/b/g

**CONTROL EVERY THING**

- Touchscreen Remote Control **RC9800i**

## 5. Philips Connected Planet

Our vision:

**A world where consumers can connect and access entertainment, information and services, independent of time and location**



[www.philips.com/connectedplanet](http://www.philips.com/connectedplanet)



## 5. Philips Connected Planet

Delivers on key consumer needs:



- Freedom to communicate and enjoy experiences – independent of time or location
- Freedom of choice
- Freedom to do everything in a more personal way

# 5. Philips Connected Planet

The consumers want “ease of experience”:

Remote control + on-screen display  
for convenient control from your  
sofa



Handle more complex tasks  
conveniently from your PC



**Connected Planet brings the best  
of CE and PC world together!**

# 5. Philips Connected Planet

Connected Planet is built on open standards:



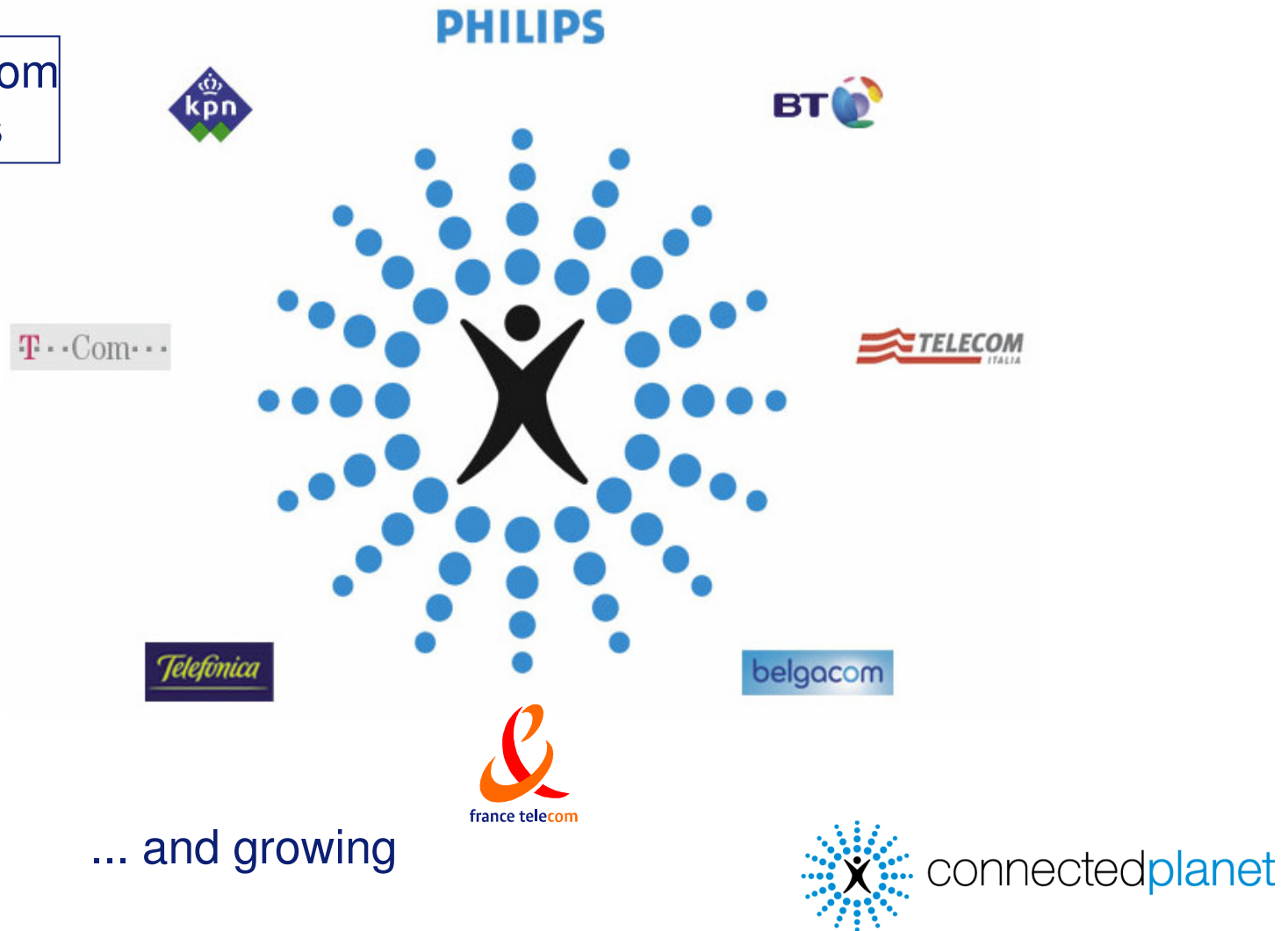
**Philips connectivity solutions work with all Windows and MAC OSX computers!**



# 5. Philips Connected Planet

Connected Planet has strong partners:

Major Telecom operators





# 5. Philips Connected Planet

Connected Planet has strong partners:

Major Internet Service Providers

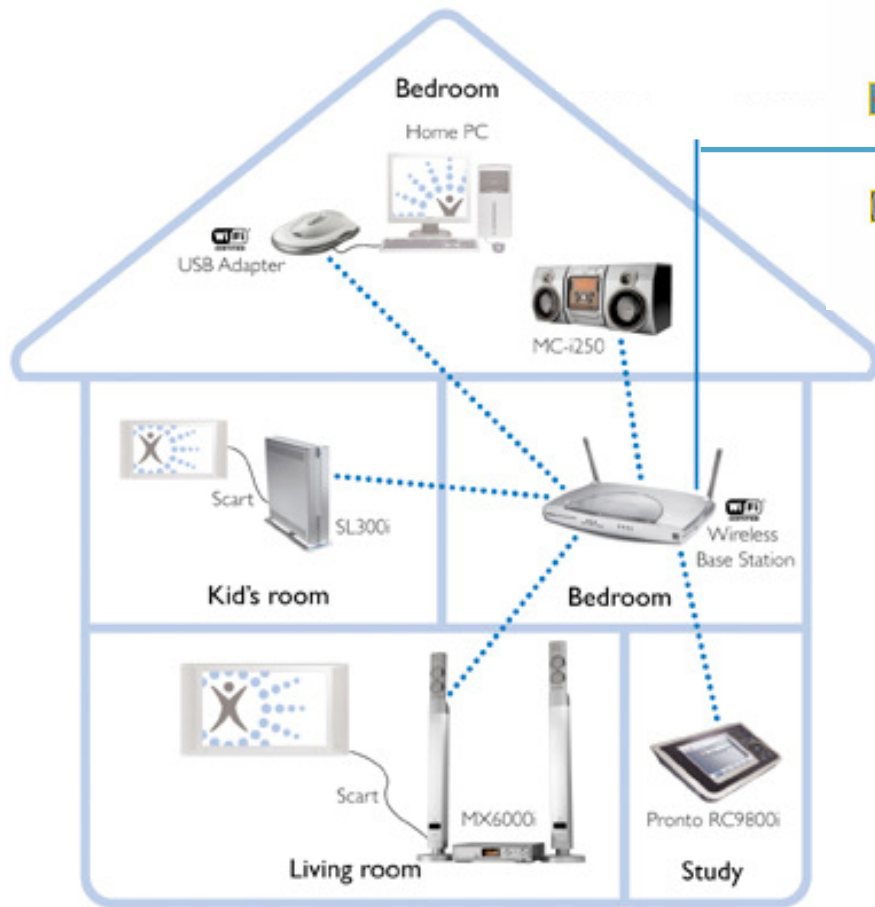
Music	LAUNCHcast	musicmatch	LIVE 365.COM radio revolution
	ANDANTE	RADIOFREEVIRGIN	RADIO.COM
Videos	YAHOO! Movies movies.yahoo.com	LAUNCH music videos	ifilm
Pictures	YAHOO! Photos photos.yahoo.com	BORN TO SHOOT	
Games	PhilipsGames		

... and growing



# 5. Philips Connected Planet

“The new Dimension of Entertainment in the networked home”:



Online music, pictures, videos and games anytime, anywhere at home  
(PC independent!)

Wireless access to your music, pictures and videos stored on your PC(s)



# 5. Philips Connected Planet

Philips offers in 2004 already a complete product range:

## ACCESS EVERY THING



23iF9946  
Wireless  
23" Flat  
TV



MC-i250  
Wireless Micro  
Hi-Fi System



SL400i  
Wireless  
MultiMedia Link



MX6000i  
Wireless Home  
Entertainment  
System



SL300i  
Wireless  
MultiMedia Link



MCW770  
Wireless PC-  
link Micro  
System



SL50i  
Wireless  
Music Link



[www.philips.com/streamium](http://www.philips.com/streamium)

## CONTROL EVERY THING



RC9800i  
Wireless  
touchscreen  
remote control

[www.homecontrol.philips.com](http://www.homecontrol.philips.com)

## CONNECT EVERY THING



Wireless Base  
Station 11g



Wireless USB  
Adapter 11g



Wireless Notebook  
Adapter 11 a/g



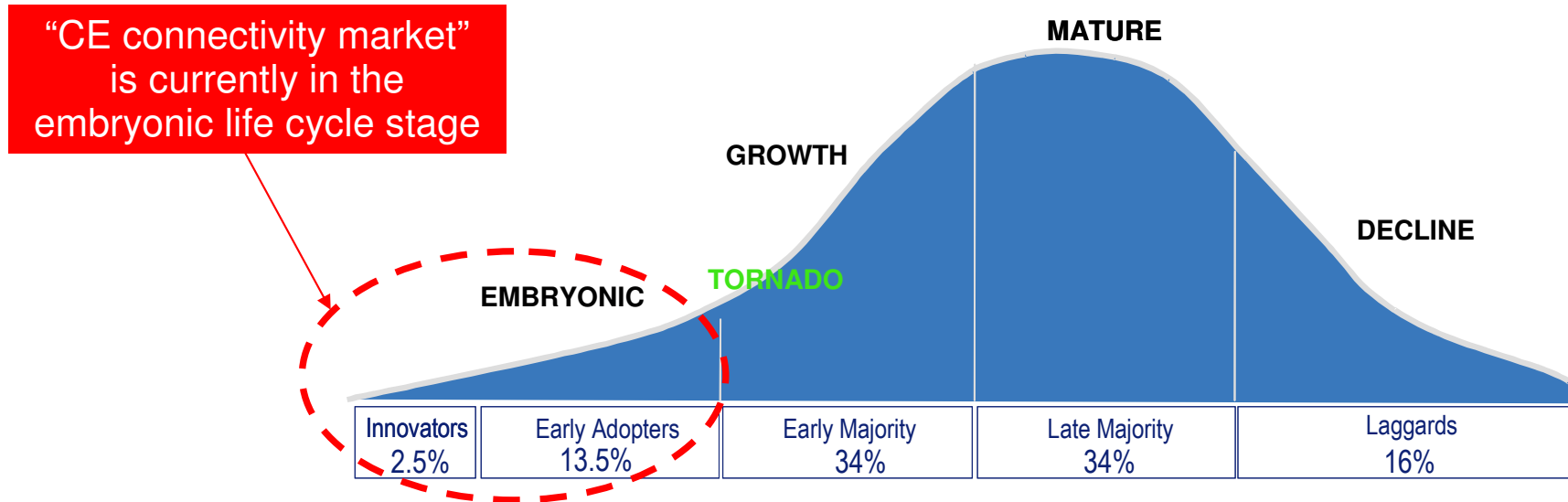
ADSL515  
Wireless modem &  
base station & DECT  
phone

[www.Philips.com/wireless-networks](http://www.Philips.com/wireless-networks)



# 6. Key challenges

## 1.) Increase of consumer awareness



- Philips and our partners are investing in multimillion \$/€ marketing and promotion campaigns to drive the development of the “connectivity” market [Yahoo-Philips joint campaign](#)
- Philips is also active on EU level (e.g. participation in “broadband round tables”)

## 6. Key challenges

### 2.) Quality of service limited by broadband connection speed

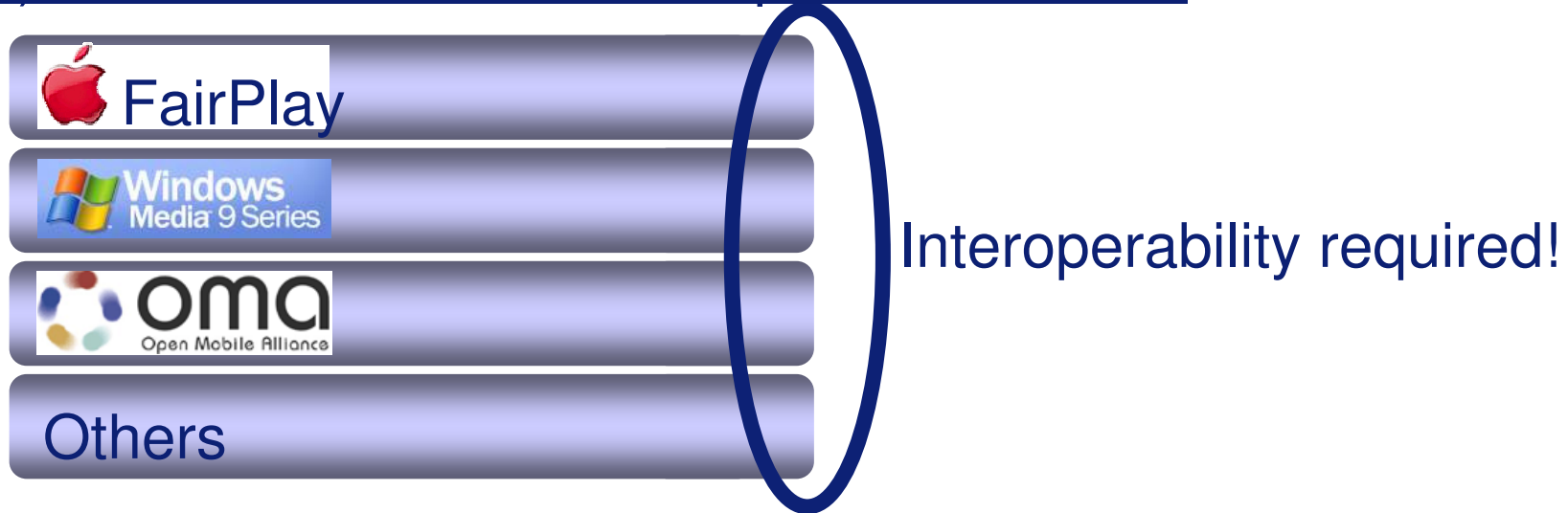


Poor video streaming quality due to low broadband connection speed at consumers home in Europe.  
(average 512kbps N-Europe, 256kbps S-Europe)

- Via the partnerships with Telecom industry and dedicated bundle offers we will ensure satisfying consumer experiences
- Philips is in a leading role to develop and promote more efficient compression technologies:
  - AVC (MPEG-4 phase 10), supported by 30 major international companies

## 6. Key challenges

### 3.) Different DRM solutions upset consumers



➤ Philips products come with appropriate protection schemes to

avoid piracy **intertrust®**

➤ Via investment in **interCORAL** Philips is aiming for

**interCORAL**:

DRM solutions:

- consortium (HP, Intertrust, Philips, Panasonic, Samsung, Sony, Twentieth Century Fox): Entertainment, Technology and

## 6. Key challenges

### 3.) Different DRM solutions upset consumers

DRM solutions must be **simple** and **intuitive** to work anywhere:

Use a cell phone with integrated NFC to buy movie rights “on the go”



Buy movie rights “on the go”

Activate online access to the movie at home

Philips NFC partners:

Nokia, Sony, Samsung, VISA, ...



[www.nfc-forum.org](http://www.nfc-forum.org)

**PHILIPS**

## 7. On the way to build a leadership position





