



# PHILIPS

## THE MARKET

The potential of the 'harnessed electron' seems limitless and its power has transformed every aspect of life. Even in an average family car, for example, the value of the electronics now exceeds the value of the steel. In Australia, as in other advanced nations, the fiercely competitive electronics, information technology and telecommunications (IT&T) industries have grown at an astonishing 50% per annum during the 1990s.

Many brands have come and gone in this period, but Philips has remained a consistent winner. While some electronics companies specialise in consumer entertainment products and others concentrate on industrial applications, Philips has taken its research, its product development - and its brand - into a wide range of market sectors. That range extends from advanced energy efficient lighting to kitchen appliances; from digital phones to intelligent traffic management systems; from medical imaging systems to cable TV networks.

## ACHIEVEMENTS

Philips is Australia's (and the world's) top lighting company - both in sales and in technology innovation. It is a leader in home entertainment products, particularly large screen TVs, powerful and compact sound systems and reliable video recorders. Indeed Philips invented the compact audio cassette and the CD. Consistent high quality and strong after sales support have won for the Philips brand the backing of major retailers and the confidence of customers the world over.

Philips' electric shaver (the Philishave range) outsells all its competitors combined. The Philips group's PolyGram entertainment company is the world's most successful musical recording business, specialising in quality classic performances by the world's leading artists.

In Australia more than 70% of the X-ray spectrometers used by mining companies are manufactured and serviced by Philips. Australian



university and research laboratories regard Philips as the benchmark for electron microscope performance. And Philips technology is increasingly finding applications in Australian medicine.

In 1995 Philips sales in Australia grew by 30% and in 1996 the company produced its healthiest profit for 20 years. Today the company has a Partnership for Development agreement with the Australian Government to boost Australia's information technology and telecommunications industries by \$700 million over seven years.

## HISTORY

The Philips company was started in the Netherlands in 1891 by the 23-year-old engineer Gerard Philips. With his father's help he set up a small factory to make electric lightbulbs of consistent quality. In its first year the factory made 11,000 bulbs. By 1898 the company was producing one million bulbs a year. Gerard's brother, Anton, joined the company and sold Philips lamps into new markets, including Russia. By 1900, Philips was one of

Europe's major lamp manufacturers with rapidly growing overseas markets.

From the outset, Philips placed particular emphasis on product innovation through its own research and development. With the arrival of wireless transmission and wireless receivers, Philips engineers developed improved radio valves and perfected better ways to make them. By 1929 the company employed 250 researchers and held a portfolio of over 3000 patents.

An early milestone was the development of the first radio transmitter to send a signal more than 10,000 miles. The signal from the Netherlands, first broadcast in 1927, was heard in Australia.

During World War 2, Philips moved many of its manufacturing operations out of the European theatre. Factories in Australia contributed to the war effort by making radio valves and transceivers which were used in action throughout the Middle East and the Pacific.

The war led to dramatic improvements in many electronic technologies and these soon began to appear in goods produced for peaceful purposes. The fluorescent tube became commonplace. A pocket-sized hearing aid was developed. Dental X-ray equipment was introduced. Portable radios, the tape recorder, 'long play' and stereo records and viewable TV arrived. In 1948 Philips began TV broadcasts. With the Australian introduction of television in 1956 just in time for the Melbourne Olympics, Philips was the major local manufacturer of black and white

picture tubes and of other electronic components, not only for its own brand of TVs but also for incorporation into those of other local manufacturers.

In addition to the TV receivers, Philips also supplied broadcast cameras and transmitters for the first TV channels.

The dramatic increase in prosperity that began in the 1950s started a revolution in the quantity and quality of electronic goods. Philips invented the audio compact cassette, and later on the CD, and both were quickly adopted for entertainment and education.

As Australia's mineral wealth was revealed, Philips engineers worked with geologists on developing faster and more reliable ways of analysing ores. Remote diagnostics means that - for example - instruments in the far northwest of Australia can be thoroughly checked, overnight, by a dedicated computer in a Philips Sydney office.

Neurosurgeons are finding that Philips digital Easy Guide systems can give them a faster and more accurate way to relieving a patient's critical condition. Philips Magnetic Resonance Imager has advanced diagnostics capabilities and a friendly design - even for young patients.







Today, with some 2000 Australian employees, Philips has a strong presence across the country. Its local manufacture has evolved into high precision electronics - such as customised circuitry for automotive ignition systems, switches that can work during a 300 degree temperature change aboard a communications satellite, and the essential amplifiers to push communication signals around a national Pay TV network.

### THE PRODUCT

Philips has its own design, development and manufacturing centres around the world - a number of them in Australia. Here are thumbnail sketches of just a few of them.

The Philips Manufacturing Centre at Moorebank, in Sydney's west, designs, produces and exports traffic management systems, precision satellite components and telecommunications equipment. This centre builds the cable-TV equipment that brings Foxtel's pay-TV channels to homes.

At Mulgrave in Melbourne Philips engineers develop software for applications such as managing broadband telecommunications.

Blue Sky, Philips Industrial and graphic design centre in Sydney, works with groups in Europe and Asia on TV receivers and laptop computers, and, for other companies, on washing machines, power tools, fishing reels and advanced packaging. Creating a 'Vision of the Future', Philips designers foresee that we will be able to have personal domain emotion containers that can recall for us sounds,

pictures and even smells that bring back warm memories.

Philips Components designs and supplies thousands of clever electronic components from advanced picture tubes to tiny integrated circuits.

Philips Sound & Vision supplies many of the products that people think of first when they hear the name Philips - colour TV sets, video recorders, hi-fi sound systems, portable audio, headphones, video and audio tapes. And, of course, Philips provides its own after sales support.

Philips Car Systems markets entertainment audio systems and advanced products like CARiN satellite navigation system for cars. CARiN was first available with BMW 700 series sedans with digitised maps of Australian cities especially developed by a Telstra-UBD partnership.

Philips Public Telecommunications Systems designs and manufactures communications infrastructure networks and support systems. It is responsible for a \$64 million contract to provide telecommunications links to remote areas of Indonesia.

Philips Scientific & Industrial Electronics specialises in high technology equipment like X-ray analytical instruments. It also designs audio-visual systems for convention centres and sports venues, and it supplied and installed Optus' digital TV studios.

The Australian Philips Traffic & Engineering Systems unit is Philips' world competence centre

for intelligent transport management. It designs, manufactures, supplies and installs these in Australian cities and in countries throughout Asia, the Middle East and Europe. In addition, the division operates a calibration laboratory which checks the accuracy of sensitive measurement instruments for other companies.

Philips Lighting Applications Centre at North Ryde in Sydney advises architects and consultants on energy efficient and friendly lighting for offices and shopping centres. Philips created the spectacular Sydney Opera House lighting for the Year 2000 Olympic Games announcement.

Philips Consumer Communications is a key player in the booming mobile phone market. Its Spark digital phone is the first in the world to have voice-activated dialling, and its Genie model has ultra-long battery life.

Medical Applications, a joint venture between Philips (55%) and Siemens (45%), supplies the most advanced medical imaging systems to help in the rapid diagnosis of patients including X-ray machines, CAT scanners and ultra-sound systems. It installed the total imaging technology at Sydney's New Children's Hospital, Westmead, which allows doctors to give advice on patients working from images sent via a telephone data network.

The Projects Group brings together a combination of skills from all divisions and can lead the company's tenders for large new business ventures.

### RECENT DEVELOPMENTS

Today, at Philips Australia, change is positioned squarely at the forefront of the company's business strategy.

That involves a fundamental paradigm shift from manufacturer-led to consumer-driven thinking. It involves providing innovative solutions to customers and consumers by broadening horizons to include the whole picture. In the process the company has changed its entire corporate culture.

The result is that, on the cusp of the third millennium, Philips has reinvented its Australian organisation as a customer-driven company, focused not only on electronic commodities but on total solutions that combine hardware, software and systems integration. The company has become involved in strategic alliances and project applications that underscore Philips global theme: 'Let's make things better'. In the process the company has tapped into rich new veins of business activity which have seen its profits continue to grow at record levels. Today, 25% of the company's business in Australia springs from the provision of total solutions.

### PROMOTION

A single tag line and a common look have long characterised Philips' marketing communications. In the 1970s the slogan was 'We want you to have the best.' From the mid 1980s it changed to the challenge 'Take a closer look'. In 1995 today's promotional theme was adopted throughout the world, and became a part of every advertisement and communications medium.

'Let's make things better' is the Philips promotional theme worldwide. But these words are more than just an advertising slogan. They



are both a rallying cry and a commitment. They are a pledge to the company and to the world that Philips serves.

Philips aims to make things better in the literal sense.

### BRAND VALUES

Among its employees Philips promotes five specific values. 'Let's delight our customers' involves listening closely, understanding what is expected and then exceeding the customer's expectations.

'Let's value people as our greatest resource' includes equal opportunity for everyone. 'Let's deliver quality and excellence' involves discovering what quality means to customers and then finding ways to deliver it to them. 'Let's achieve a premium return on equity' reflects the company's goal of consistently profitable growth. 'Let's encourage entrepreneurial behaviour at all levels' confirms that only ideas make one company better than another. People who come up with good ideas are recognised and rewarded.

### Things you didn't know about Philips

- Philips invented both the audio tape cassette and the compact disc - both of which have revolutionised the world's listening habits.
- Philips has developed a way to transmit 20 Gbs of information a second through a glass fibre finer than a human hair. That's the equivalent of more than 30,000 simultaneous phone calls.
- Philips makes an X-ray instrument so accurate a surgeon can use it to guide a thin tube all the way from a vein in the patient's leg, right up through the body to the heart and then use it to push open a blocked blood vessel.
- Philips makes a lightbulb that will last 60,000 hours - that's 14 years, even if it's left on 12 hours a day. Which means it's perfect for places where you don't want to have to change the bulb too often - like the top of TV towers!
- Philips make a hearing aid so small it can fit right down inside the ear where no one can see it.
- Aviation pioneer Charles Kingsford Smith used Philips landing lights and Philips radio communication aboard his plane, Southern Cross, when he became the first aviator to cross the Pacific.
- Philips makes a micro sound system that pumps out so much power its speakers can blow out a candle.
- Philips software engineers in Melbourne have written a security code so complex it would take one million powerful personal computers 28 million years to crack.
- Philips make a computer monitor so sensitive it can detect the influence of the Earth's magnetic field on its own screen and adjust itself to keep its display perfect.
- Philips introduced the world's first car radio and the first video cassette recorder.