

**PHILIPS**

IT Solutions

Financing



# Your partner in financing digital transformation

**Philips Capital**

# Step up your digital transformation with flexible and innovative IT financing

## Shaping the future of healthcare

Digital transformation is now top of mind for healthcare leaders as they seek to build resilient and future-proof healthcare systems. At Philips, we envision the future of digital health as a connected and highly accessible network of virtual and in-person care. Real-time and predictive insights will support care collaboration across the patient journey. In tandem, AI-enabled workflow optimization can help improve operational efficiency. We support you in implementing your new digital technologies with flexible financing provided by Philips Capital. Together we can achieve digital transformation that supports better health outcomes, improved patient and staff experience, and lower cost of care.



### Healthcare anywhere

Surge in virtual care and telehealth to serve patients from lower-risk settings and increase capacity and efficiency



### Shifting landscape

New digital tools and virtual care settings are key strategies for improving clinical outcomes, productivity and staff retention



### New business models

Rising costs, budget pressures, business consolidations and shift to value-based structures are speeding transition to new business models

## Key benefits of financing your digital transformation

- Access the latest IT solutions with minimal or no up-front investment or fully outsource to Philips with Healthcare-as-a-service models
- Accelerate IT projects by converting up-front investments into predictable payments
- Efficiently manage and scale IT solutions by matching payments with patient revenues

“Almost half of healthcare leaders report funding and costs as major barriers to digital transformation<sup>1</sup>. At Philips Capital, we partner with healthcare providers to develop new business and financing models that bring digital technologies within their reach. Supporting thousands of hospitals every year, we enable them to adopt digital innovation and improve value in healthcare through innovative financing.”

Karen Sorensen, Head of Philips Capital

# Transforming digitally comes at a high cost

The day-to-day management of a healthcare facility has never been more complex. Patient volumes are shifting, patient data is streaming from multiple sources, and your patients are seeking more personalized, convenient care. As a healthcare provider, you need to adapt and grow your services, especially by modernizing your digital infrastructure and workflows.

The challenge is doing that with fragmented IT infrastructures, mismatched workflows, and limited budget. You may also have a large technical debt, with a high portion of your IT resources tied up in maintaining legacy technologies and processes. All of this can inhibit your digital transformation – and ultimately your ability to progress.

## Healthcare leaders worldwide are committed to digital transformation

Despite these challenges, global healthcare leaders who were surveyed for the Future of Health Index 2021 report<sup>2</sup>, sponsored by Philips, remain positive about technology and the future. “Healthcare leaders have seen first-hand how digital health technology can ensure the continued delivery of care in incredibly difficult circumstances,” said Jan Kimpen, Chief Medical Officer, Philips. “While we can’t be sure what the next few years hold, healthcare leaders are committed to building healthcare systems that are sustainable, adaptable, and – above all – resilient.”

### A three-step approach to digital transformation



Financial challenges of digitalization

## 21%

of healthcare leaders say financial or budgetary constraints within their hospital or healthcare facility are currently the biggest barriers to the adoption of digital health technologies<sup>2</sup>

## 35%

Companies in the healthcare category set aside 35% of their IT budgets towards technical debt<sup>3</sup>

## 24%

of healthcare leaders say reimbursement model limitations are currently the biggest barriers to the adoption of digital health technologies by their hospital or healthcare facility<sup>2</sup>





It's not just healthcare financing.

It's making your digital transformation succeed.

#### The power of collaboration

The rapid pace of digital innovation in recent years has demonstrated the power of collaboration. Sustaining that momentum will rely on long-term partnerships, new business models and new financing models for the digital age, supporting a shift towards value-based care.

At Philips, we embrace the power of technologies, digital platforms and ecosystems to help foster long-term strategic partnerships among healthcare providers, patients, technology vendors, and payors – based on the principles of value-based care.

#### Sharing risk with new business models

With the increased focus on strategic partnerships and a shift from fee-for-service to value-based care, the relationship between healthcare providers and technology vendors like Philips will increasingly be defined by new business models. Risk sharing means technology vendors take on further accountability than pure delivery of products. Based on their technology expertise, they can

assume more operational risk and uncertainty, giving the healthcare provider more flexibility to implement the necessary measures to react to new market developments. Subscription- and usage-based business models, such as managed technology services, allow for more flexibility and lower total cost of ownership for healthcare providers, optimizing cash flow with minimal upfront cash outlays.

How to quickly implement new IT technologies or adapt to market changes within strict budgets?

#### Flexible

Adapt financing terms to meet expected and unexpected developments in future years. Purchase and install the latest IT infrastructure, and upgrade software by easily modifying or extending the financing contract accordingly.

How to finance new telehealth services without overextending capital resources?

#### Predictable

Make predictable payments over time to stabilize planning and avoid budget overruns. By making payments over a long tenor you can spread high up-front costs over the service life of the IT solution.

How to pay for long implementation trajectories with uncertain reimbursements and revenues?

#### Adaptable

Align IT spend with revenues and reimbursements. Rather than budget constraints defining the IT solution, the financing repayment is designed with built-in flexibility to adapt to changing healthcare requirements.



# Flexible IT Financing solutions offered by Philips

## Loans and Extend Payment Terms

for services and right-to-use software licenses by making equal monthly repayments over a long tenor

## Healthtech Leases

offer a predictable approach to build the IT infrastructure that can help improve ROI and Total Cost of Ownership (TCO)

## Project financing

that can combine loans, leases and payment plans to help accelerate the deployment of the solution and achieve financial flexibility

## Healthcare-as-a-service

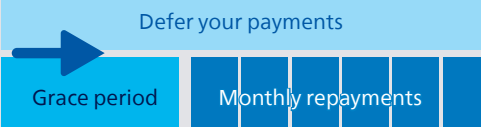
to purchase a wide array of IT services on a subscription basis, allowing providers to cost-effectively expand the accessibility of care

## Deferral Payment Program<sup>4</sup>

### Defer payments, not your care delivery

Available with all Flexible IT Financing solutions

IT solutions  
delivery and  
deployment



Up to 6 months  
grace period<sup>4</sup>

1



Deploy your new  
digital solution

2



Digitize your workflow  
and generate revenues  
immediately

3



Protect your cash  
flow, pay up to  
6 months later



# Pay-per-use model

Healthcare-as-a-service: flexible and scalable IT solutions to react to market fluctuations

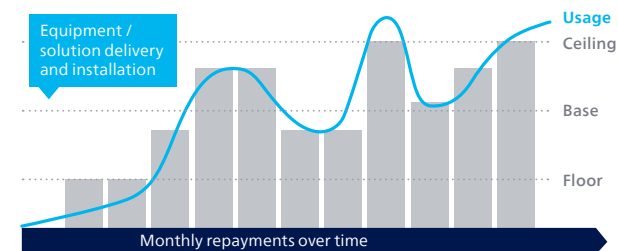
With pay-per-use models, we share a part of your operational risk to maximize flexibility and help you better manage fluctuating patient volumes. A portion of your repayments are made based on actual usage of the IT solution and patient volumes. Below certain volumes, you only pay 'floor payments' and above a pre-agreed 'ceiling' you can use the IT solution at no additional costs.

## Does your IT project face these financial challenges?

Advanced IT innovations, such as a hospital-wide patient monitoring solution, standardize the use of monitoring environments across the enterprise. But they also pose financial challenges because of the difficulty in predicting future market developments, patient volumes and revenues.

As a care provider you may face:

- High up-front investments for software licenses, implementation, project and planning expenses, and equipment migration costs
- Many unknowns in terms of future IT spend, performance improvements, workflows, patient volumes, and market dynamics



## How our pay-per-use model can help

- Provides predictable spend tied to patient volumes
- Includes service to maintain optimal performance
- Reduces the amount of capital expenditure, while keeping flexibility to make changes in technology investments
- Mitigates pressures resulting from a mismatch between the provider's revenue inflows and cash outflows



# Enterprise financing solutions

One-stop-shop financing: for an enterprise-wide project with built-in flexibility and scalability

Finance an enterprise-wide digital transformation solution with predictable payments by bundling equipment expense, implementation costs and services with a software subscription and upgrade path for key performance components. Built-in flexibility for repayment to meet shifting healthcare requirements.

## Does your enterprise project face these financial challenges?

Many clinical areas, such as radiology and diagnostic imaging, are highly dynamic. New clinical software and system performance advancements are being developed at a rapid pace, offering opportunities for your healthcare facility to improve throughput, attract new patients and ultimately improve care.

However, this also brings financial challenges if your hospital has:

- Limited budget for innovative systems, upgrades platforms and IT services
- Fluctuations in referrals and patient volumes
- Service and clinical teams who must be constantly trained on new system improvements



## How our financing can help

- Bundle costs for equipment, software, devices, and maintenance service costs
- Advanced clinical options to improve system performance or technical capabilities can be added via a subscription
- Built-in flexibility allows you to adapt to changing healthcare requirements
- New technologies can be easily tested by adding new software packages
- At the end of the financing contract, you have flexible options to renew or upgrade your systems



## Your partner in financing digital transformation

Whatever innovations you want to bring across the health continuum, the experts at Philips Capital are here to help. Our flexible financing solutions allow you to balance face-to-face patient care with Philips telehealth models. They help you to implement AI-based workflows and smart connected health technologies to drive new clinical and operational value.

As your strategic financing partner, we can advance your digital transformation with a choice of cost-efficient payment solutions to meet the demands of the evolving, pay-for-value focused healthcare landscape. All aimed at helping you improve patient lives, balance costs and achieve your digital transformation goals.

Click on: **Philips Capital financing services** to discover more



1 HIMSS Annual European Digital Health Survey 2021. Part of the e-health trend barometer series. HIMSS.

2 Future Health Index 2021, A resilient future. Healthcare leaders look beyond the crisis. Commissioned by Philips. This report is based on proprietary research across 14 countries with responses from almost 3,000 healthcare leaders.

3 Outsystems. The growing threat of technical debt. Downloaded from [www.outsystems.com/1/growing-threat-technical-debt](http://www.outsystems.com/1/growing-threat-technical-debt) on 14 September 2021.

4 Deferral Payment Program: Moratorium of up to 6 months possible, subject to credit approval on a case by case basis; offer valid for a limited time and subject to changes without notice.