

**PHILIPS**

Sustainable Healthcare

Financing



# Your partner in sustainable healthcare financing

Philips Capital



#### Key benefits of sustainable financing

- A full spectrum of circular financing solutions to meet your specific sustainability needs
- Equipment management and responsible trade-in options at the end of the financing contract to maximize lifetime value of your healthcare technologies
- Financing solutions for EcoDesigned and energy efficient products that support decarbonization of healthcare
- Shared purpose, risk and accountability to leverage sustainable capital investments

## Looking to the future by driving sustainable healthcare today

Sustainability means meeting our current needs without compromising the ability of future generations to meet theirs. Meaningful and joint sustainability initiatives across the healthcare industry must become commonplace. Adopting sustainable healthcare practices and flexible financing structures can have significant impact in the long run.

At Philips, we play a leading role by engaging with our stakeholders and other companies to drive sustainability efforts, including decarbonization and circular production, and Access to Care programs in underserved communities, that address the United Nations Sustainable Development Goals.<sup>1</sup> We acknowledge our responsibilities by putting operational and financial processes in place to move this forward.

Healthcare leaders too are prioritizing environmental sustainability. The Future Health Index 2022<sup>2</sup> suggests that healthcare leaders have fast-tracked their sustainability plans. Today, almost one-quarter (24%) are prioritizing sustainability, and the same number plan to do so three years from now. Even 94% of patients consider a hospital's sustainability programs to be an important aspect of consideration.<sup>3</sup>

“For Philips, circularity is a critical step to help our customers create resilient and sustainable healthcare systems. There are several options available to hospitals that can extend the value, capabilities and usability of their existing installed systems. These include adopting circular financing solutions, ‘as a service’ models, extending lifetime resource efficiency, and implementing smart digital solutions.”

Robert Metzke  
Philips Global Head of Sustainability

# Financing your transition to a circular economy

As consumption grows and resources wane, a clear focus is placed on asset lifecycle management as key to reducing the environmental impact of technological development. Instead of making something, using it, and throwing it away, in a circular economy there is a seamless flow in which equipment, components and materials are repeatedly fed back into the cycle to be reused. Philips is adopting innovative business and financial models to help maximize the lifecycle value of products and solutions.

**“In the hospital sector, the COVID situation hit us hard... future investments fell behind... we are now clearly looking to the future again.”**

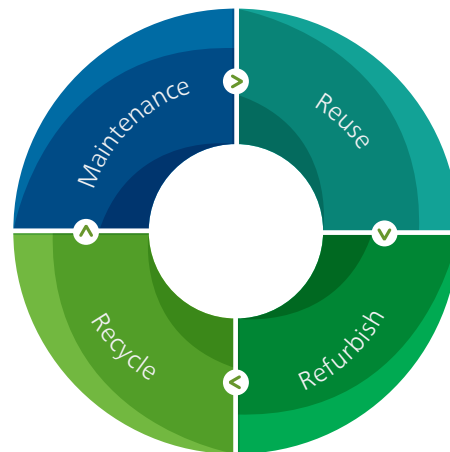
**Operation Room Department Head Urban Hospital, Germany**

Fresh from the economic challenges of a global pandemic and acutely aware of tightening energy restrictions, healthcare providers are working to maximize their technology investments. Healthcare systems around the world are considering business models other than ownership that may facilitate circular economy, e.g., leasing products and technologies.<sup>4</sup>

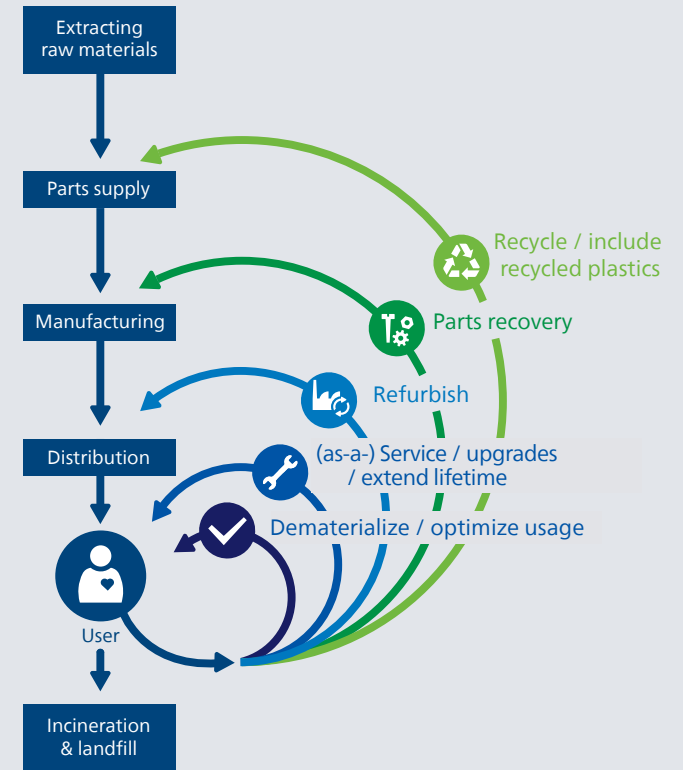
The transition from a linear economy to a circular one considers the importance of reducing waste through improved maintenance, reuse of system and parts, and recycling efforts. Resource efficiency helps to extend hardware lifetime and optimize its intrinsic value.



Linear economy



Circular economy



Through our **Circular Economy programs**, we continue to focus on reducing the environmental impact caused by the materials we source and apply in our products.<sup>1</sup>

There are cyclical moments within the technology lifecycle designed to extend usability and functionality as well as investment potential. Philips has developed support service solutions that address each, and **Philips Capital** financing works right alongside to enable seamless transitions. Flexible agreements are grounded in sound financial advice to support better health outcomes, improved patient and staff experience, and a lower cost of care.

- Professional and maintenance services
- Upgrades and life-time extensions
- Refurbishment (Philips Circular Edition)
- Parts recovery
- Responsible recycling



# Financial efficiency drives resource efficiency

According to the United Nations, financial institutions play a critical role in stimulating economic growth by investing in sustainable consumption and production.<sup>5</sup> In addition, 25% of healthcare leaders are indeed looking for healthcare technology companies that offer flexible payment models.<sup>2</sup> At **Philips Capital**, we are well positioned to facilitate your ability to be more responsible and circular in your healthcare delivery processes with innovative financing solutions that touch each point in your technology's circular lifecycle.

**Philips Capital** offers financing partnerships based on shared purpose, risk, and accountability, giving you confidence to maximize the lifetime value of your equipment in a sustainable way. Our efficient financing structures and flexible payment models are designed to optimize cash management, improve business outcomes, and prioritize sustainability across your organization. With our technical product expertise, we also ensure that the ideal financing contract matches the equipment and system lifecycle.

25% of healthcare leaders are looking for healthcare technology companies that offer flexible payment models<sup>2</sup>

## Philips Capital supports your hospital's transformation from a linear to a circular economy model with sustainable financing and service-based business solutions

From initial purchase to lifetime extension and eventual trade-in, we have leasing solutions designed to be efficient and effective in every situation. When equipment is leased through **Philips Capital**, we take care of all the required processes at each point along the circular lifecycle.

### Lifetime value




Multiple financing options are available throughout the life of the equipment to optimize the value of your technology and provide opportunity for future upgrades and lifetime extensions.

### Trade-in offering



Philips takes back equipment and systems at the end of the financing agreement for competitive trade-in value and offers attractive financing propositions to renew or upgrade the existing fleet.

### Refurbished equipment



Philips refurbishes its medical equipment, which results in up to 90% of the material weight being reused, depending on the type and age of the equipment.<sup>6</sup> Cost effective financing options are offered for these refurbished systems to grow your medical equipment fleet with an economic and sustainable solution.

# Financing strategies for sustainable healthcare

**Philips Capital** offers circular financing solutions to healthcare providers with the sole purpose of helping you bring together people, data, and technology to achieve your business goals and help assure your long-term sustainability goals. Technology vendors such as Philips can share operational risk and uncertainty, giving you more flexibility to implement the measures necessary to react to industry requirements. Keeping equipment viable and sustainable, allows you to achieve a maximum Return on Investment (ROI).

Philips Capital finances the following:



**Healthtech Solutions**  
Medical technologies, devices, IT software and infrastructure, third-party equipment, and more



**Software**  
Interoperable clinical information software and licenses



**IT infrastructure**  
Including third-party hardware



**Professional and consulting Services**  
Integrated services and consultancy over the lifetime of equipment

There are various circular financing structures from which to choose:

**Healthtech Leases** for right-to-use medical equipment, including services and software, driving sustainable care delivery with responsible trade-in options at the end of use

**Healthcare-as-a-service** to purchase a wide array of services on a usage or subscription basis, allowing providers to cost-effectively expand the sustainability of care

**Hybrid Model** that combines Healthtech Leases and healthcare-as-a-service financing structures to accelerate the deployment of the solution and achieve financial flexibility and sustainability

You then have the opportunity to customize **tailored payments** with alternative end-of-finance and end-of-use options to best suit your unique situation:



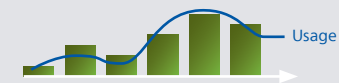
**Equal periodic payments**  
Spread the cost of your healthtech investments with equal, predictable payments over time



**Deferred payments<sup>7</sup>**  
Start and execute projects up to 6 months sooner and match payments with benefits as they flow in



**Stepped payments**  
Make payments to match your phased deployment schedule, paying only the amount planned each year



**Usage-based payments**  
A portion of payments linked to agreed usage parameters to allow continuous improvements of your healthcare transformation

Selecting the appropriate circular financing structure at any stage in your medical equipment's lifecycle journey helps you maintain a consistently high level of performance optimization. Having options for lease extensions, software and hardware upgrades, responsible trade-ins, and refurbished equipment assigns a tangible value to the asset over time – always adhering to the concept of sustainability and circular economy.

# Financial solutions for every future

Healthcare providers undergoing a digital transformation can take advantage of new business and financing models that bring these digital technologies within reach. Others who wish to extend the life of their current systems will discover options for upgrades and maintenance services. Those who turn their equipment in can be confident each system will be responsibly handled - from being refurbished and returned to serve new owners to parts harvesting and recycling.

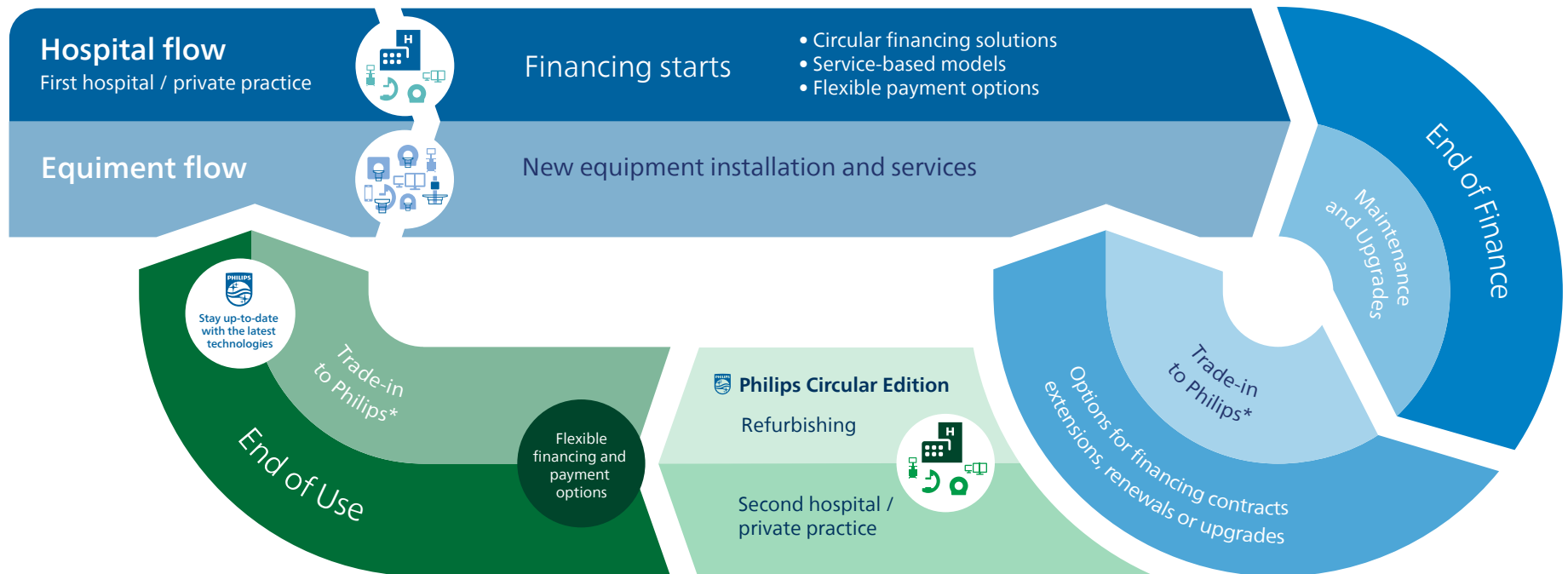
Philips ensures that all care providers are offered trade-in options for their medical equipment and all materials traded in are managed in a responsible way. In each instance, versatile financing and leasing options help maximize the investment – with flexible payment terms.



**100%** product take-back after customers' acceptance of our trade-in offer



**100%** responsible end-of-use management of the equipment returned to Phillips



\* Philips state-of-the-art refurbishment processes include parts recovery and responsible end-of-use management, either refurbished at Philips, or locally recycled in line with Philips policies.



“We have just completed the first year of our contract with Philips and as well as all the exciting changes on the horizon, we’ve already replaced over 30 pieces of equipment. We’re very excited about the difference the partnership is making to the care our patients receive.”

**Richard Morris,**  
Associate Director of Operations  
County Durham & Darlington NHS Foundation Trust

## Sustainable Business Model Best Practice:

County Durham & Darlington NHS Foundation Trust  
Partnering to deliver excellence in diagnostic imaging

### Trust’s key financial challenges

- Begin extensive upgrades to the Radiology department
- Operate the most advanced medical technology for new services
- Identify efficiency improvements
- Accomplish all this without the burden of upfront capital investment

### How we helped

The Trust entered into a multi-year Managed Services Financing Partnership with Philips for:

- Delivery of a service improvement program
- Access to the latest cutting-edge medical equipment
- Creation of a phased equipment replacement schedule and investment plan, including responsible end-of-use equipment management
- Access to a range of flexible, cost-effective financing and financial planning models
- Unitary payment covering the entire Philips solution

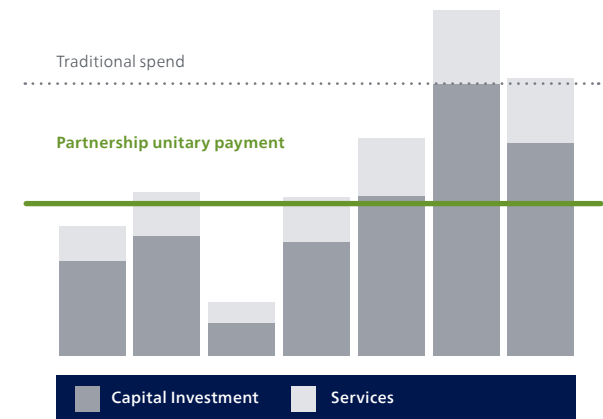
### Benefits to the Trust

- Significant clinical, operational and financial improvement across the equipment lifecycle
- Immediate access for fault reporting, resolution and preventative maintenance
- Improved scan cycle times along with >98% system up-time, expanding the number of patients treated in a more resource-efficient way
- Predictable, sustainable cash flows
- Adherence to its sustainability goals and helping to reduce healthcare emissions through equipment leasing

## Unitary Payment Model

Improve operational and financial management of technology investments

**Right-to-Use** the latest Philips solutions and services with predictable, unitary payments that cover all costs of the Managed Services partnership over the life of the contract. Offers financial stability for facilities with challenging budget constraints.



“Our new equipment and facilities are already attracting some of the best, most highly skilled radiographers and new graduates to our Trust.”

**Judith Allen,**  
Radiology Services Manager  
County Durham & Darlington NHS Foundation Trust





## Your partner in sustainable healthcare financing

You are often challenged by the significant investments required to update your medical technology and related infrastructure. Driven to perform as resources become more scarce, you must be certain your investments are smart and sustainable.

When you choose to partner with Philips you partner with a company that is conscious of its own social responsibilities – one that is ready to help you grow your business and meet your sustainability ambitions. Philips Capital has defined and aligned its service-based offerings to support the circular lifecycle of your medical equipment, maximizing its value over time.

We provide circular financing solutions that allow access to advanced medical technology and services while ensuring a strong ROI, all designed to support better health outcomes, improved patient and staff experience, a lower cost of care, and commitment to a sustainable future.





Click on: [Philips Capital financing services](#) to discover more



1 Philips Annual Report 2021

2 Future Health Index 2022, <http://www.philips.com/futurehealthindex-2022>

3 <https://betterbusiness.torkusa.com/sustainable-hospitals-healthcare>

4 NHS Scotland Climate Emergency & Sustainability Strategy 2022-2026, Published by The Scottish Government, August 2022, [www.gov.scot](http://www.gov.scot)

5 <https://www.unepfi.org/publications/general-publications/financing-circularity>

6 Based on the average weight re-use percentage per Philips systems in 2020

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

Disclaimer: This content is for general information purposes only and does not constitute an offer, subject to customization, contract and financier approval. Results from case studies and customer testimonies are not predictive of results in other cases, where results may vary.