



# Philips Healthcare Imaging Systems

## Journey to Supply Chain 4PL – 3PL concept

Nick Weijers

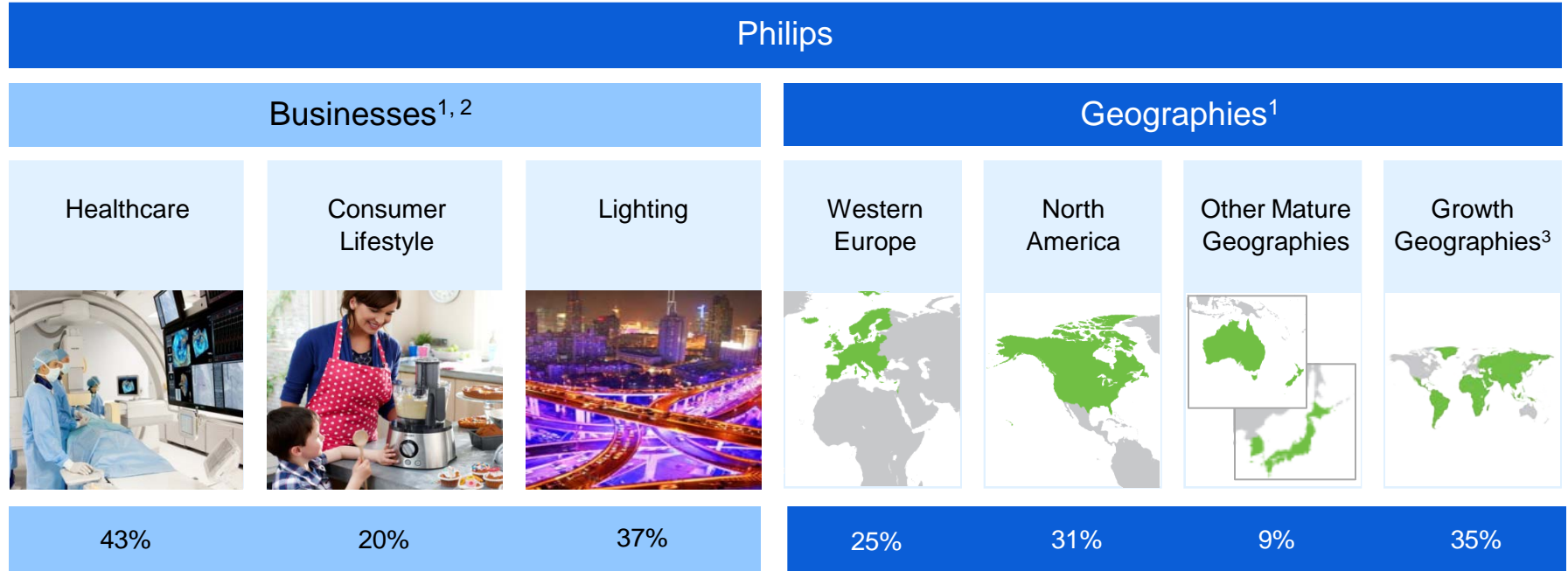
Logistic Services Best

October 2, 2013

# Personal Introduction

- Nick Weijers, 55 years, married and three children
- 29 years within Philips Healthcare in Best The Netherlands
- Always in Logistics but several assignments
- Starting in Planning
- Material Handling projects
- Distribution
- Spareparts management
- Logistic Services

# Philips: A strong diversified industrial group leading in health and well-being



**Since 1891**

Headquarters in Amsterdam, the Netherlands

**€23.5 Billion**

Sales in 2012. Portfolio consists of ~70% B2B businesses

**115,000+**

People employed worldwide in over 100 countries

**\$9.1 Billion**

Brand value in 2012

**8%** of sales invested

in R&D in 2012  
59,000 patent rights,  
35,000 trademark rights,  
81,000 design rights

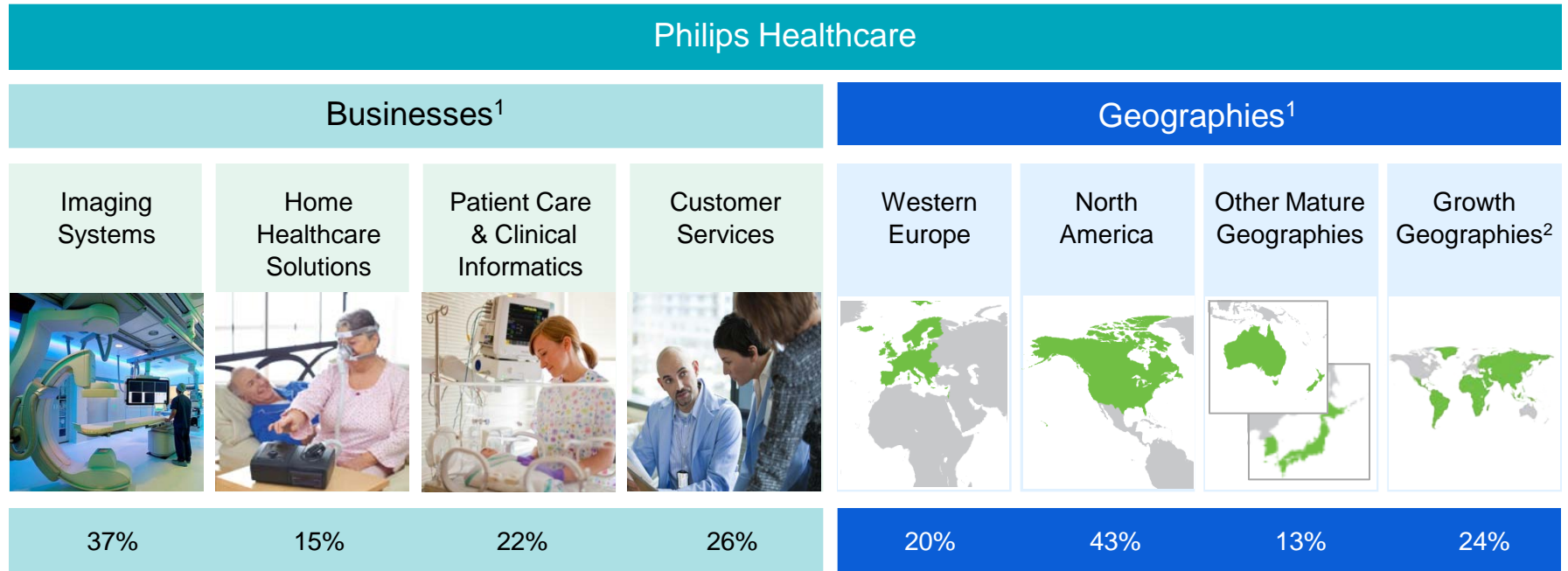
<sup>1</sup> Based on last twelve months sales June 2013

<sup>2</sup> Excluding Central sector (IG&S)

<sup>3</sup> Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")

# Healthcare



**€10.0**

Billion sales in 2012

**37,000+**

People employed worldwide in 100 countries

**8%**

of sales invested in R&D in 2012

**450+**

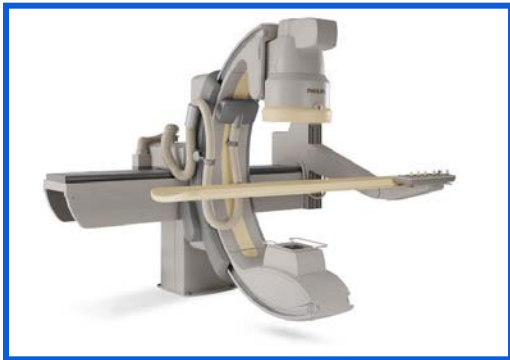
Products & services offered in over 100 countries

<sup>1</sup> Based on last twelve months sales June 2013

<sup>2</sup> Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")

# Examples iXR and Mri systems

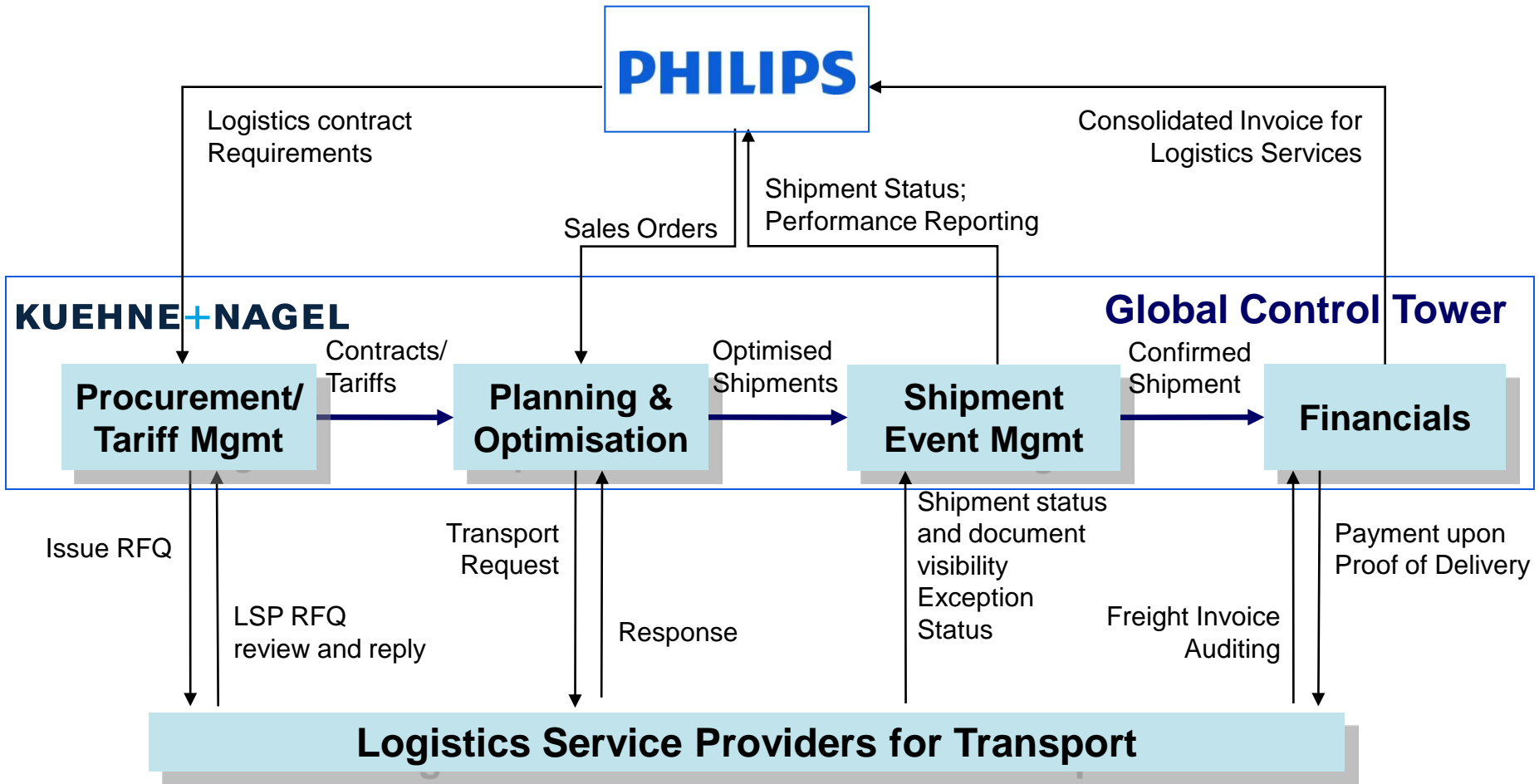


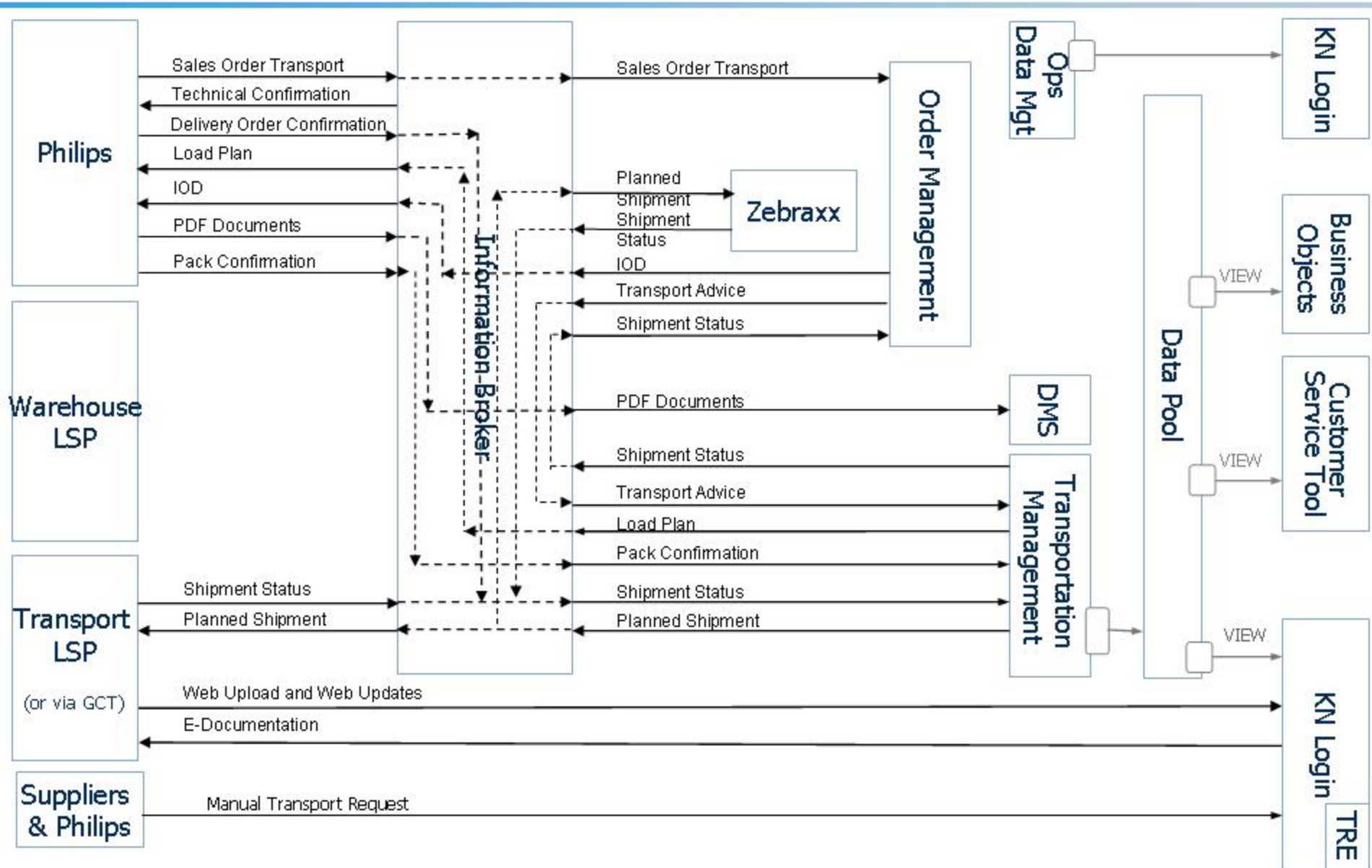
# Consideration to go to a 4 PL concept:

- One face/Voice to the customer Globally
- Visibility/traceability
- Cost Management
- One contact/interface from PH SAP to 4PL en 4PL should have multiple interfaces to all parties involved
- Improvement capabilities based on performance/milestone reporting

# Global Control Tower concept

Central control on integrated end to end transport process







# Next Phase: Outsourcing Warehouse and Packaging activities:

- No Core business
- More Flexibility and quality improvement
- Original focus: Integrated solutions managed by 4 PL, K+N
- Changed in 2009; focus for 4 PL only on outbound to customers
- Inbound and warehousing managed by PH organization so outsourcing done directly to 3PL

# After extensive RFI and RFQ process Rhenus Contract Logistics was selected:

- Went through RFI/RFQ process from Long list to Short list of potential candidates: in 2008 for external warehouse with functions:
- Merge MCR EMEA
- Outbound X-dock factory Best
- Forward Stock Location CT EMEA
- Inbound overflow factory

## Next phase: factory inbound warehouse and packaging activities on site:

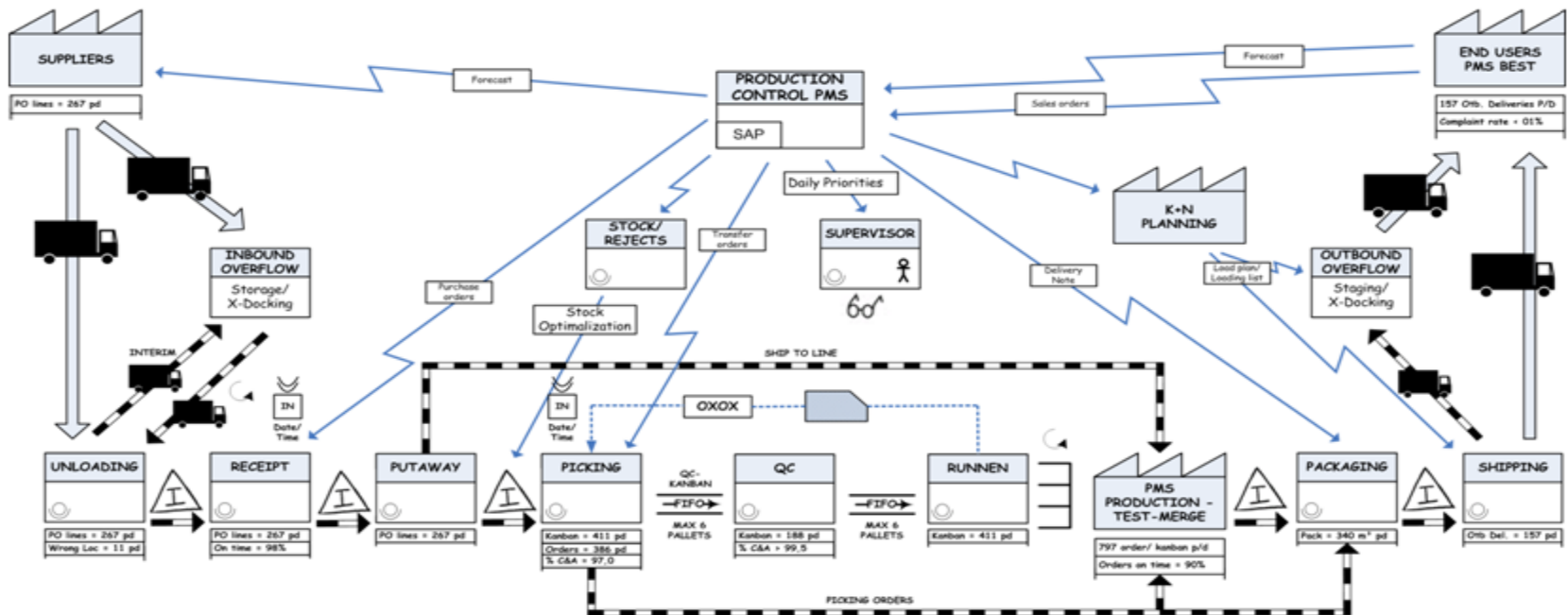
- Special requirements: logistic Provider should be ISO 13485 certified and comply with FDA 820
- Transfer of Philips Employees to Logistics Provider was important part of deal
- Taken over “as is”
- Continuous improvement -> Kaizen en Ishikawa

# Integrated processes in between Logistic Provider and Philips healthcare

## Ishikawa process

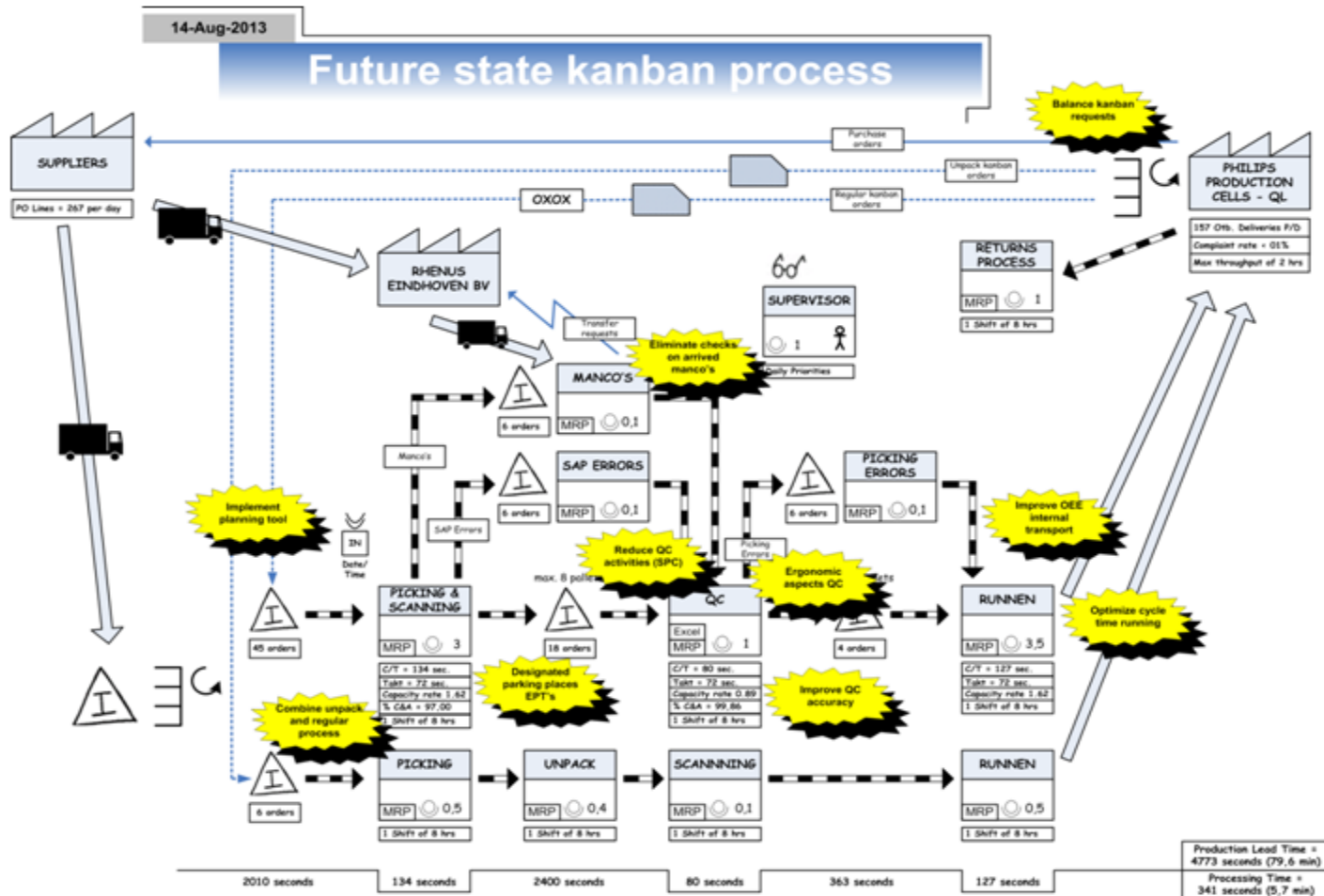
02-May-2013

### Current state Factory Warehouse



# Improvement Opportunities 1:

## Ishikawa process



## Improvement Opportunities 1:

### Brainstorm: Ishikawa

#### Goal:

Identification of all possible causes of KPOV (key process output variables):

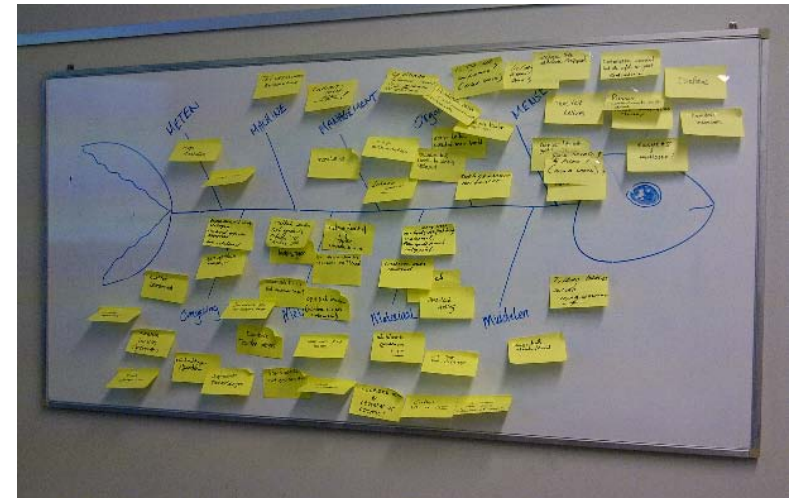
Completeness of pick orders

Administration of pick orders

Inventory accuracy

Analyses of inventory discrepancies

Log Inventory issues



#### Steps:

Define search fields:

Measures/machines/management/organisation/  
people/environment/methodology/metaterials/  
Means.

On turns identify potential cause on post it memo  
attached to search field with brief explanation

Continue till the team runs out of idea's...

## Some examples (1):

- Runner replenishing shop floor:



- Signal via Kan Ban cards:



- Packaging:



# Improvement Opportunities 2

- Concentration of all kind of warehouse activities at nearby location
- More external warehouse space needed because of merging industrial footprint at plant Best.
- More and more involvement of Rhenus CL expertise in re-engineering of goods flows into factory due to introduction of lean concepts
- Next optimization of new warehouse with WMS connection or SAP WMS functionality



## Examples (2)

- Inbound Overflow and factory Merge:



Rhenus Contract Logistics Eindhoven  
Green and sustainable 57.000 m<sup>2</sup> multi client warehouse



Confidential

1

# Lessons Learned:

- Outsourcing takes much more time than you think, especially when transfer of staff is part of the overall concept
- Tribal knowledge is crucial in old and new situation
- Outsourcing doesn't mean no worries anymore! Should be done in close cooperation and partnership
- Still a lot to do and this will never end !

**PHILIPS**

Any Questions?

Thank you

**PHILIPS**

Healthcare

