Johan Folkunger – CEO, Philips Sweden

It is only by getting close to the care setting, the patients and the caregivers that we can create truly meaningful innovation

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Johan Folkunger, CEO of Philips Sweden, discusses the transformation from a conglomerate into a healthtech company focused on health and wellbeing, the unique partnership with the Karolinska University Hospital including the establishment of a global research hub in Sweden, and the effort to move healthcare away from the hospitals. Folkunger also assesses Sweden's opportunity to adapt its healthcare system and achieve a higher degree of efficiency, in addition to the legacy he leaves behind as he gears up to start his new adventure in venture capital.

You have worked for Philips Nordic for roughly eight years, including over a year and a half heading the Swedish subsidiary. What have been the highlights of your time at Philips?

When I came to Philips in 2011, the company was still a conglomerate. Back then, the business also included lighting solutions and Philips was the biggest LED manufacturer in the world; we also made TVs and audio. If you asked the average Swede what Philips is about, many of them would say TV. This is changing and it has been an extremely exciting journey to see how we have gone from a conglomerate to a health and wellbeing company. Part of my job has been communicating that and making the market understand how Philips is transforming.

We are on an exciting journey, moving from a product-oriented company to a solutions-based company making it crucial to build an even deeper understanding of our customers' needs and

challenges. It might not be unique, but the speed and dedication with which we execute this has been and still is amazing. An important part of this transformation is about change management, getting the whole team on the same page, which is sometimes challenging. Philips has 78,000 employees globally, which creates a challenge; one way to bridge the gap and increase the momentum and impact has been a global leadership training program called Shifting Gears, which I have taken part in myself but also been part of rolling out in my own organization. The program has as a central theme the notion of “Perform and transform” pointing at the importance of a continuous transformation journey taking place while performing at the same time. Another central theme is the importance of self-reflection and constant feedback and learning

The partnership with Karolinska has cemented Philips’ position in the country as a top-level partner. Could you explain the main components of the partnership?

When I joined in 2011, I was introduced as the one to develop our proposition for the upcoming major procurement of imaging solution to New Karolinska in Solna. My response back then was that if we were to win, it would take a true team effort and that is exactly what happened. It took us about one and a half years to just build up the value proposition and shape teams on a global level. After that, we went into an extensive competitive dialogue that took almost a year. The main component of the 14-year partnership is that we manage the entire imaging suites portfolio for the entire hospital with a dedicated team on-site taking responsibility for related services. These include amongst other things, procurement, service, upgrade training but also to work with continuous improvements together with the operations.

Another interesting component is the innovation part, where Philips decided to put a global research hub in Stockholm related to Karolinska where we started out the work to scope and set a joint ambition and vision already back in 2014. As of today, both parties are referring to the partnership as very successful.

I personally yearn for this topic, as I strongly believe it is only by getting close to the care setting, the patients and the caregivers that we can create truly meaningful innovation.

What have been the main results of the agreement with the Karolinska Hospital so far?

In the area of oncology and prostate in particular, we have built a solution to gather and collect data points from various disciplines such as pathology, images, biopsies, tissue samples, and blood

samples to build an overall picture of the patient. With this tool, the oncologist can take a much more data-driven decision. It helps us in the journey towards precision diagnostics and eventually precision medicine.

Another result of the partnership is the work on augmented reality surgical navigation in which we combine x-ray imaging with real-time footage from cameras in the detector to increase the precision of the surgical interventions and enabling the treatment of more severe cases

Philips released the Future Health Index in 2018, a study of the level of efficiency in 19 countries, including Sweden. According to the study, Sweden's healthcare system was underperforming. Can you explain the results regarding the country's efficiency?

Well, to start with the survey points to the fact that the quality of care in Sweden in general is very high but it also suggests there are room for improvement in terms of the increasing efficiency. Several industries such as the finance and processing industry have already undergone or are far ahead in digital transformation. The healthcare sector is undergoing a similar transformation, but it takes time, it is a slow process, in some cases for valid reasons. The way you can connect data and make it relevant has not been completely exploited. We have islands of data that are not connected, which means that we are wasting information or failing to make it useful.

Digitalization will help improve efficiency as well as access to care but it is also important to recognize that technology alone will not make it, it is also a matter of changing how we work. Sweden has the ambition of being the world leader in eHealth by 2025 but with the current pace, we are not heading in that direction.

As digitalization puts power in the hands of patients, the nature of their role is shifting toward that of a healthcare consumer. How advanced is this trend in Sweden, and how did Philips evolve to accommodate the patients in this shift towards the consumerization of healthcare?

I strongly believe that we, in relative terms, have to move healthcare away from the hospitals. There are a number of drivers for this: we are getting older, we will live longer, and many will live long with chronic diseases. People with chronic diseases account for 80 percent of the healthcare spending in Sweden. The more we can keep these patients out of the hospitals by treating them at home, the better for everyone. This can be done by various means of home monitoring and smart

sensors, which makes it possible to detect emerging deterioration early on and to activate low-cost adjustments in terms of medication or mobile teams that can prevent the need for more expensive hospitalization. Digitalization will also enable patients to become more engaged in their own health and thereby also contribute more effectively in their own recoveryIf I were an entrepreneur, I would look at the hospital-to-home opportunities.

The general term we at Philips use in this regard is “Population Health Management”. One interesting parallel is the transport industry and fleet management; today, trucks have around 20 sensors that help to detect when something is about to break, whether it is in the gearbox, the tires or the engine. With such information at hand you can take proactive measures to address the problems before they become costly. The same thing has to happen in healthcare and here smart/wearable sensors will play an important role.

What can the market expect from Philips Sweden in the near future?

From Philips, they will see a highly innovative MedTech company that will build on its legacy as a front-runner in medical technology to help create seamless solutions that connect people, data and technology across the care continuum. While accelerating our journey to enable truly connected care, we will make relevant data available at the right place, for the right people and at the right time. Our customers can and should expect Philips to work more as a long-term partner in supporting the development of how care is provided. We already have a strong record of accomplishment and see this as important area ahead.

Do you have a final message?

I would end by talking about the country and what I believe sets us apart in terms of Sweden’s role and position in the overall development of care provisioning. We have a strong legacy in bringing about world-leading innovations, in technology in general but also specifically within the field of medical technology. Adding to that Sweden is today a front runner in areas such Internet of Things, 5G, personalized medicine and nanotechnology – all of them areas that will move the development of healthcare forward. Furthermore, we have demanding yet collaborative customers urging us to push boundaries and break new grounds. Finally, I would like to pinpoint a strong early adopter and entrepreneurial mindset. Philips certainly tries to foment that entrepreneurship; we encourage to try new things and to nurture collaboration, with customers and partners to accomplish together.

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