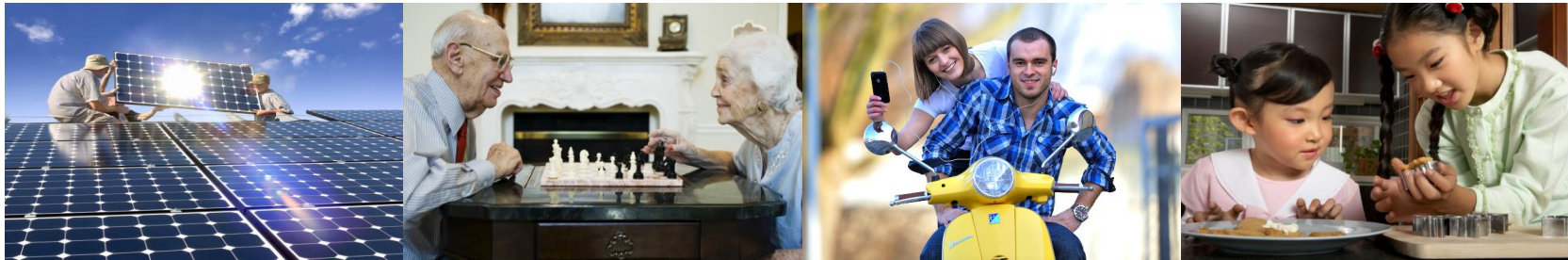


Strategic Commitment to Open Innovation at DSM



Rob van Leen
Chief Innovation Officer
November 2009

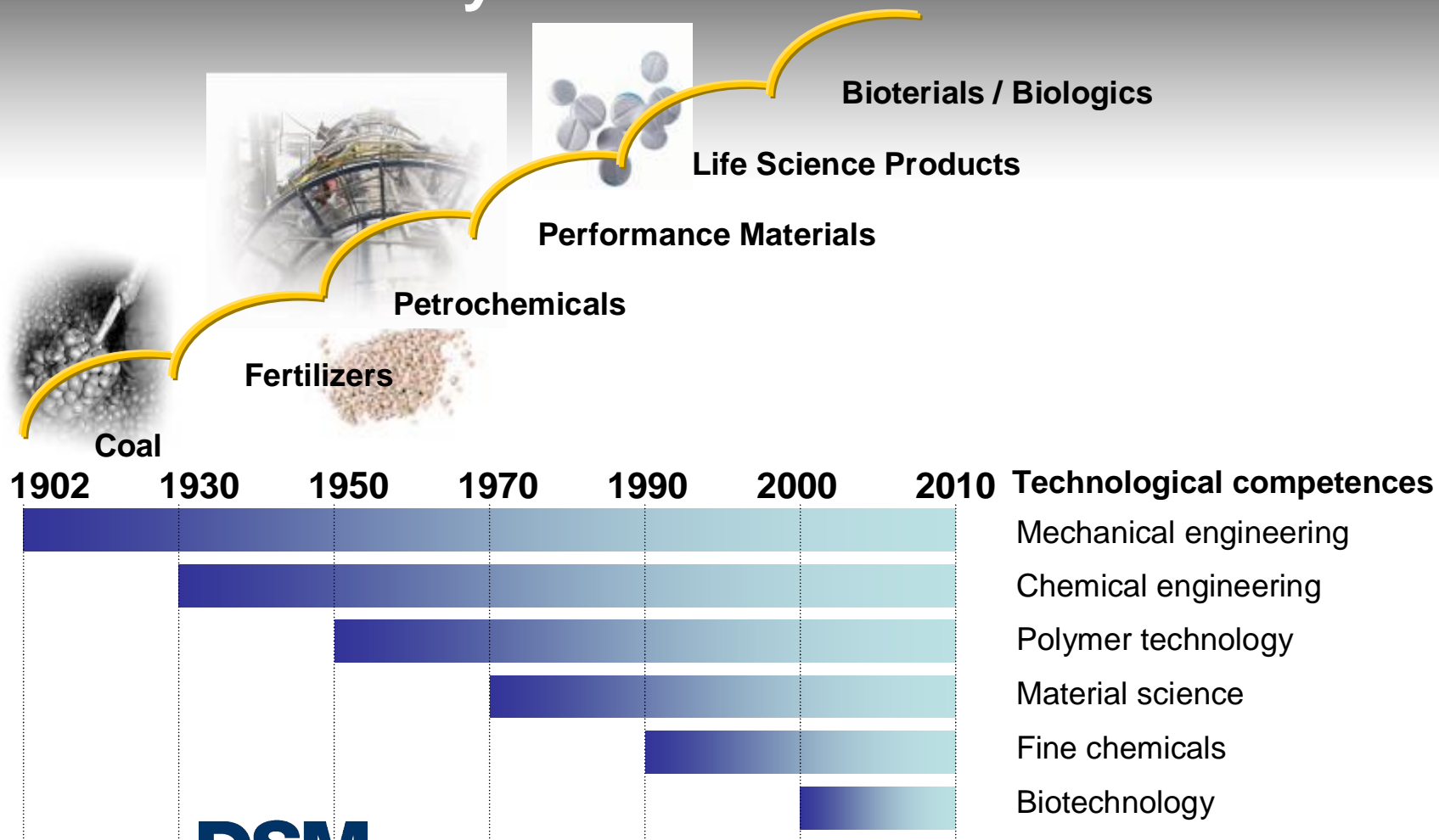
Introducing DSM

- Royal DSM N.V. creates innovative products and services in Life Sciences and Materials Sciences that contribute to the quality of life.
- Annual net sales of € ~9.3 billion
- Locations in five continents
- ~ 23,500 employees
- No 1 in Dow Jones Sustainability World Index

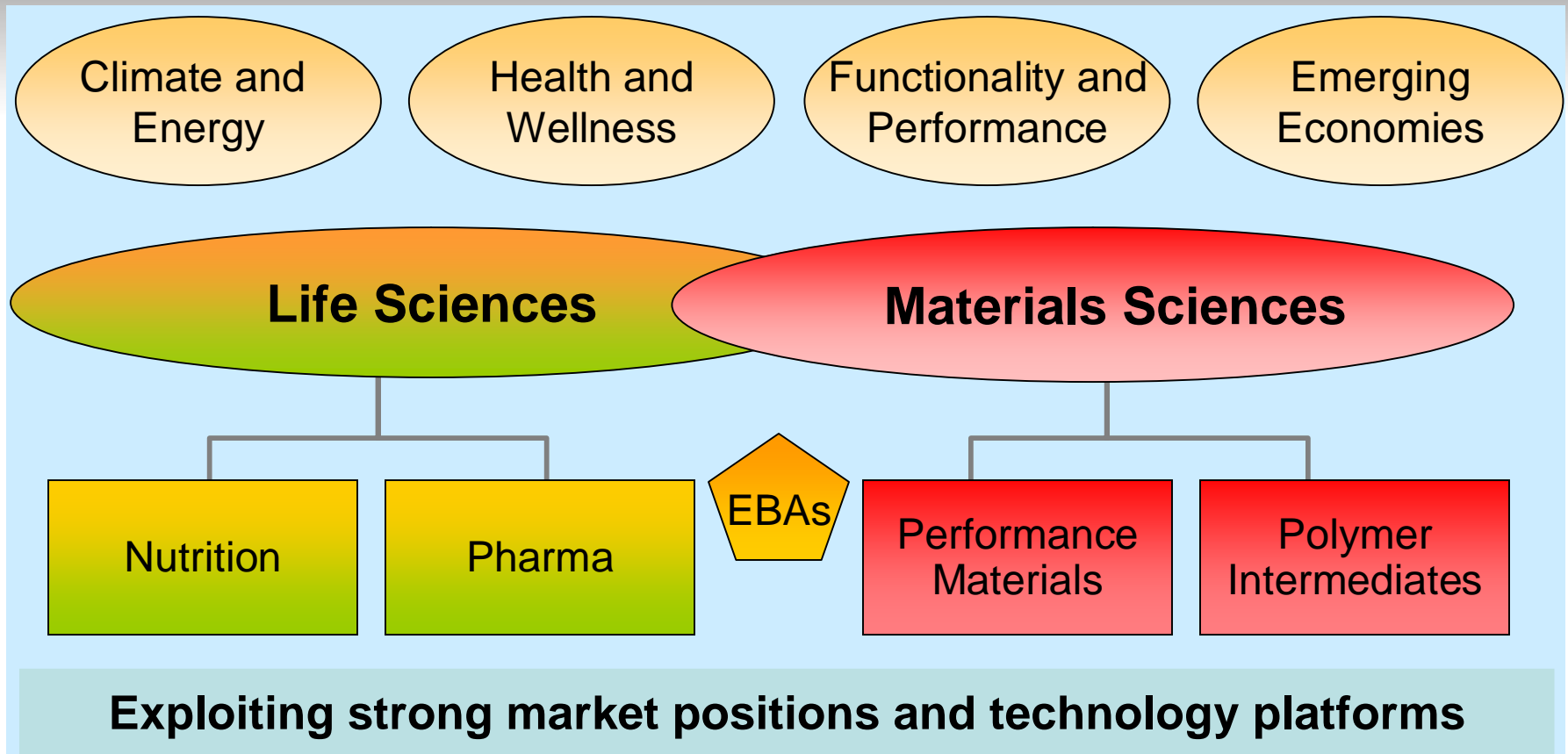
DSM's Strategic Commitment to Innovation

- Anchored in Corporate Strategy Development
- Tailored to Major Global Driving Trends
- Translated into a solid Innovation Strategy
- Put into practice through Open Innovation

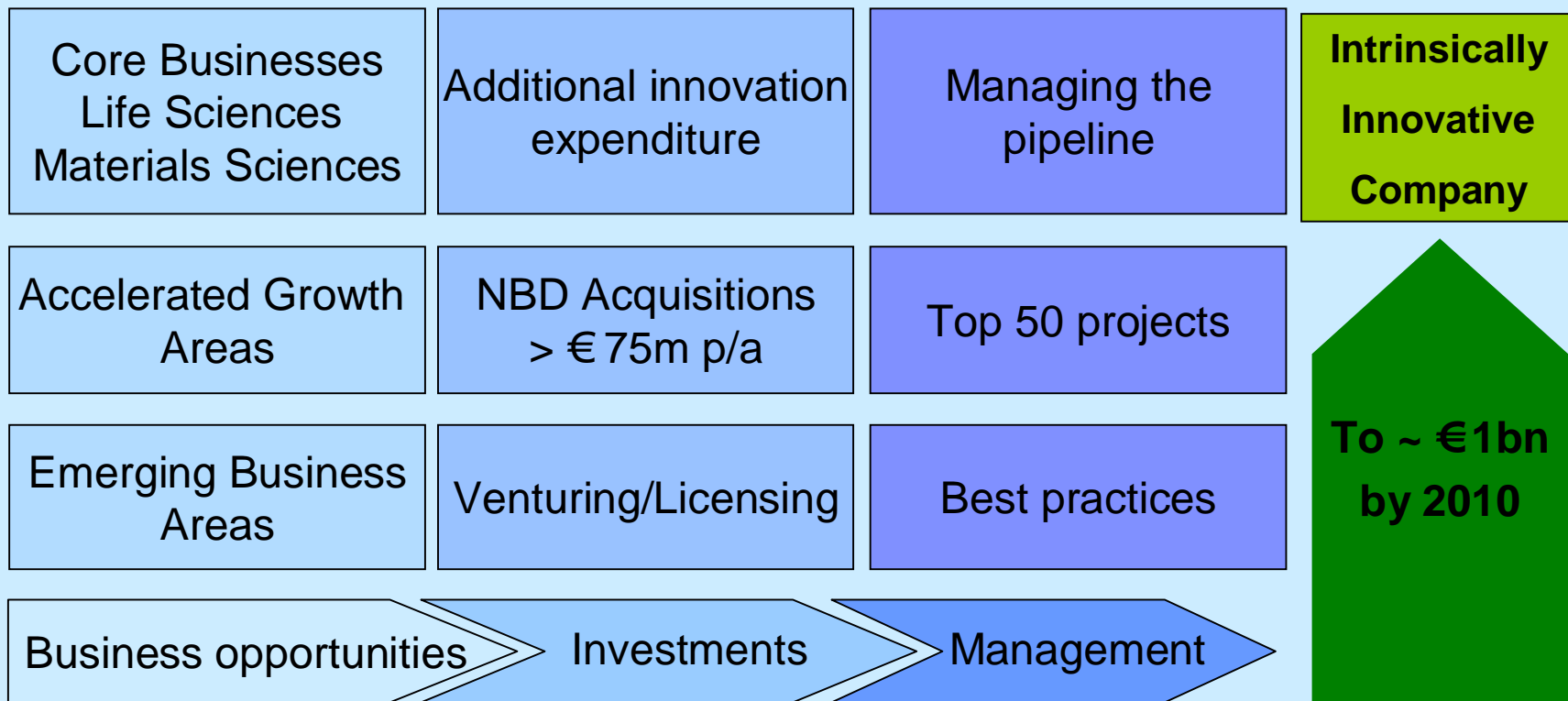
DSM: A history of continuous innovation



Global trends drive DSM's innovation strategy

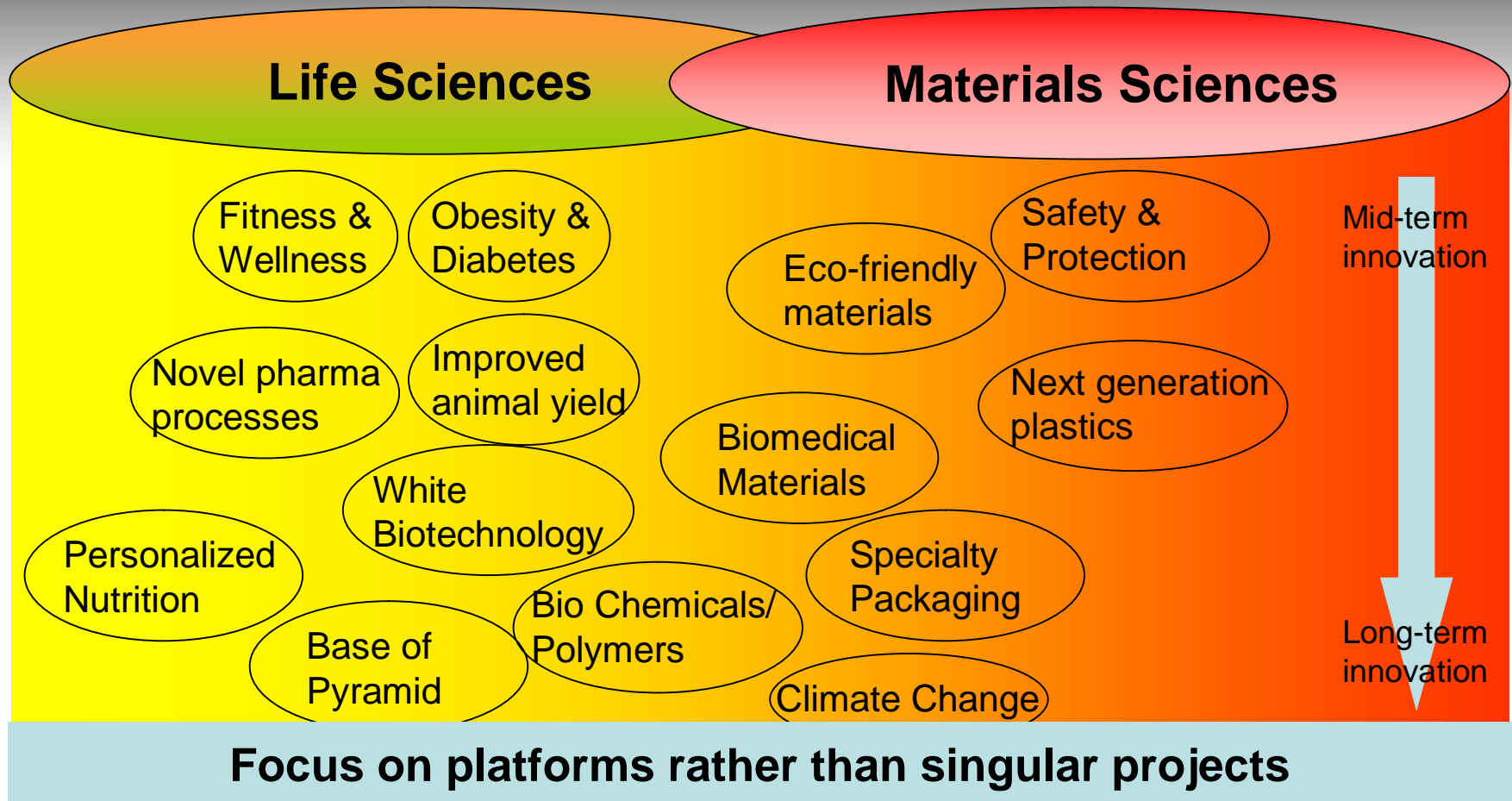


Strategic commitment to (open) innovation



Both focused on the short- and long term

DSM's innovation scope



Accelerating and supporting innovation

DSM Innovation Center

New Business Development



EBA
Biomedical



Incubators



EBA
Personalized
Nutrition



Sports
program



EBA Specialty
Packaging



Venturing



EBA White
Biotechnology

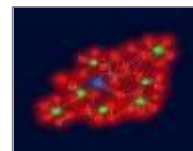


Licensing

Functional Excellence



FE in Innovation



CTO Office

Incubator for radical innovation

- Create, develop, support and organize new potential EBAs
- Co-develop a future vision for growth through Business Platforms / EBAs
- Focus on new business models and new markets
- Multiple project platforms:

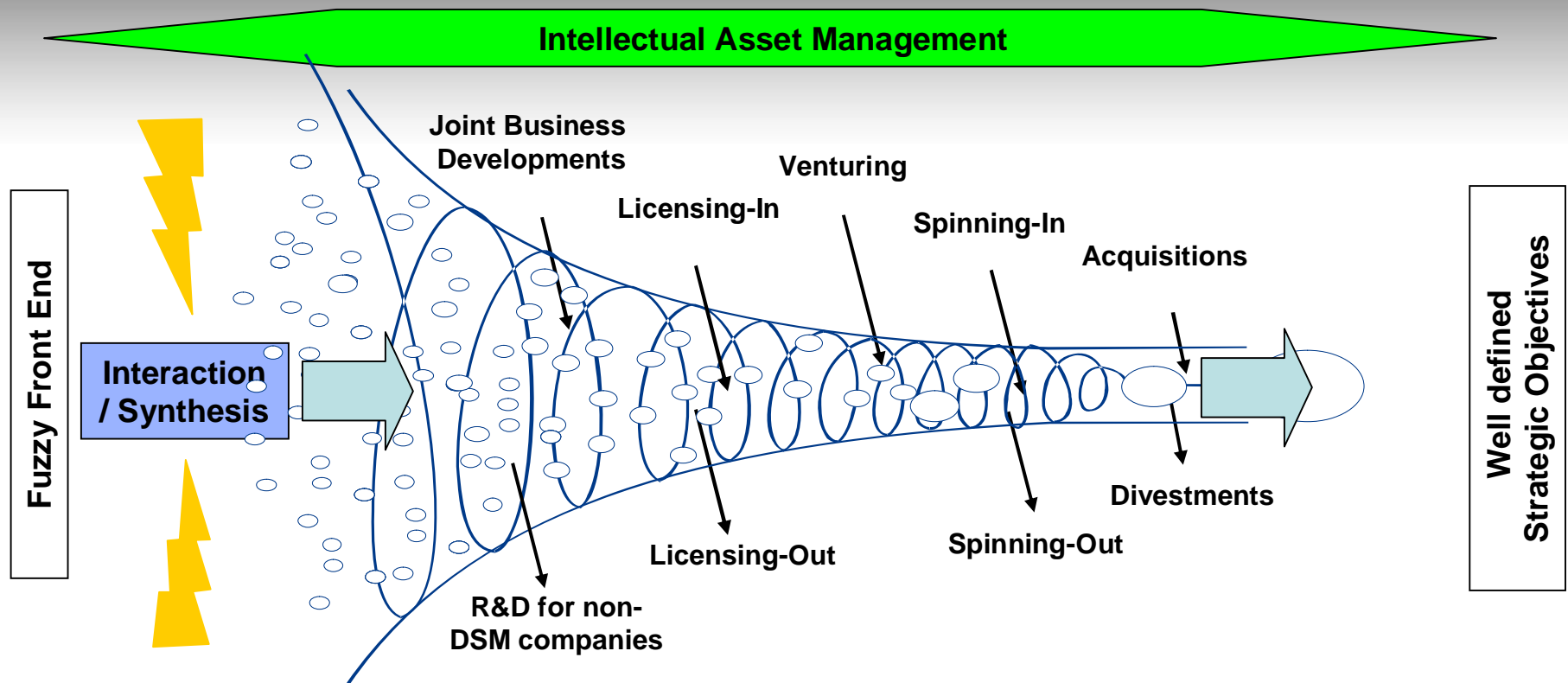


Breeding ground for longer term innovation programs

New EBAs – What's required

- Strong match to global trends
- External valuation and validation
- Multiple value capture options
- Technology gaps defined and addressed

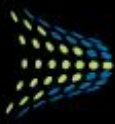
Steering the innovation pipeline



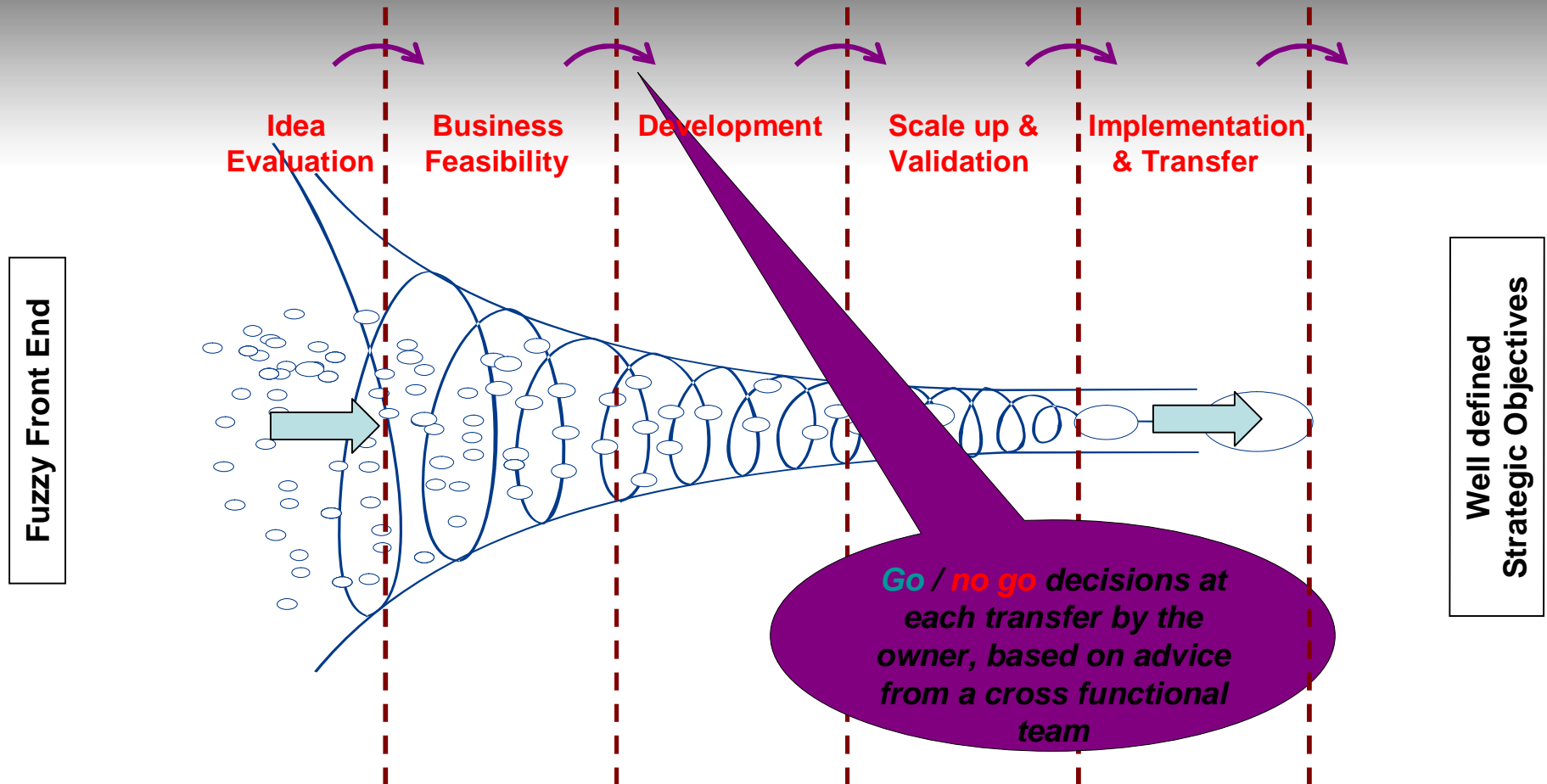
Open innovation throughout the pipeline

- Scientific advisory boards
- Licensing in technologies
- Venturing to keep window on the world of innovative start ups
- Acquisitions to boost innovation speed
- Exiting businesses which don't fit the strategy

Advocates of 'proudly found elsewhere' philosophy

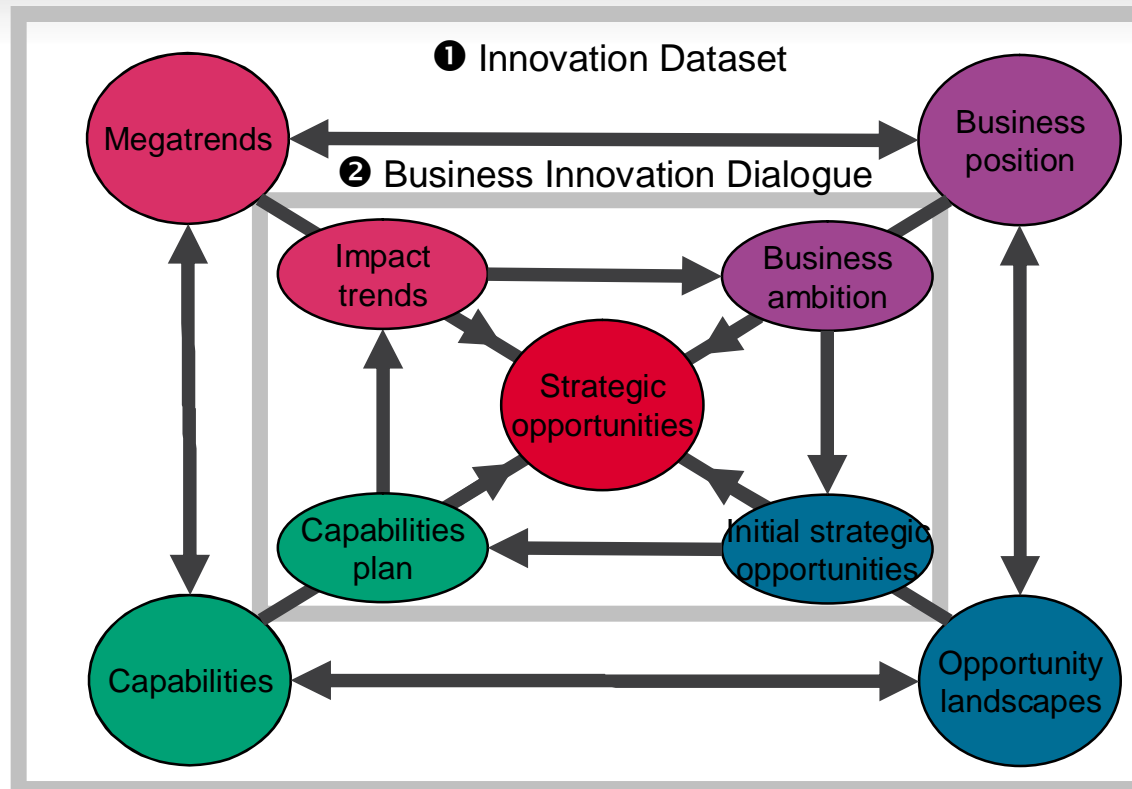


Regular 'sanity' checks of innovation projects



Fuzzy Front End: Business Innovation Analysis

To discover and explore business opportunities beyond the scope of the current business



Innovation as Functional Excellence Area

Key focus areas:

- BGs innovativeness
- Top project delivery
- Entrepreneurship
- External orientation
- Performance orientation

Boost Commercialization and Launch Skills

- Dedicated product launch support team
- Toolkit for commercialization of innovations
- Identifying and spreading best practices
- Actively recruiting and hiring individuals from other industries to speed up commercialization

Stimulating employees to innovate

- High level jobs and equal career paths in innovation
- Training people and virtual teams around innovation at multiple levels and functions
- Business plan competition for top potentials
 - Teams are cross-discipline, cross-business entities, cross-countries
 - Focus on opportunities at the intersection of Life Sciences and Materials Sciences

Continuous learning and knowledge sharing

- Lessons learned, both positive and negative, communicated at high level in organization
- Virtual global R&D community
- Sharing-based intranet site
- Expert databases of DSM experts in various functions and competence areas
- Competence meetings and seminars to share ideas, knowledge, information and experiences

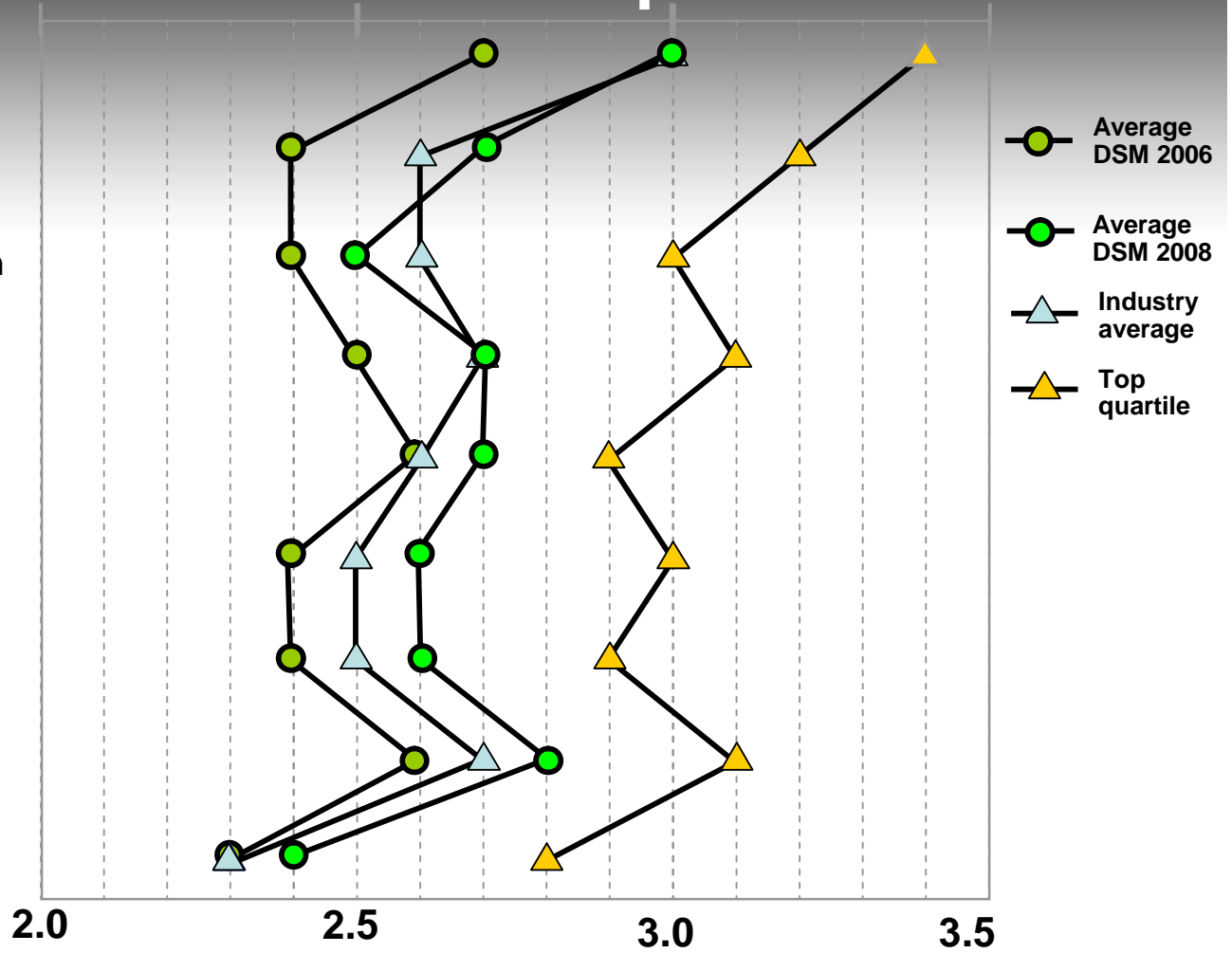
Results so far...

- Very large improvement in innovation practices
- Numerous open innovation milestones
- Ramp-up in launches
- Innovation sales growth on track

Well on track to achieve innovation targets

Huge improvement of innovation practices

- 1 Innovation Aspirations
- 2 Innovation Strategy
- 3 Idea Generation and Validation
- 4 Project Management
- 5 Commercialization and Launch
- 6 Portfolio Management
- 7 External Networks
- 8 Organization
- 9 Culture and Talent



Focus on trends drives innovation success

Climate and Energy

Health and Wellness

Functionality and Performance

Emerging Economies



Atlac Resins



VevoVital[®]



Maxarome[®]



Neocryl[®] Resins



Vehicle protection



Halogen free



Stanyl[®]



Rovimix Hy-D[®]



Panamore[™]



PER.C6[®]



High Performance textiles Dyneema[®]



Ronozyme[®]



Fabuless[™]



Dyneema purity[®]



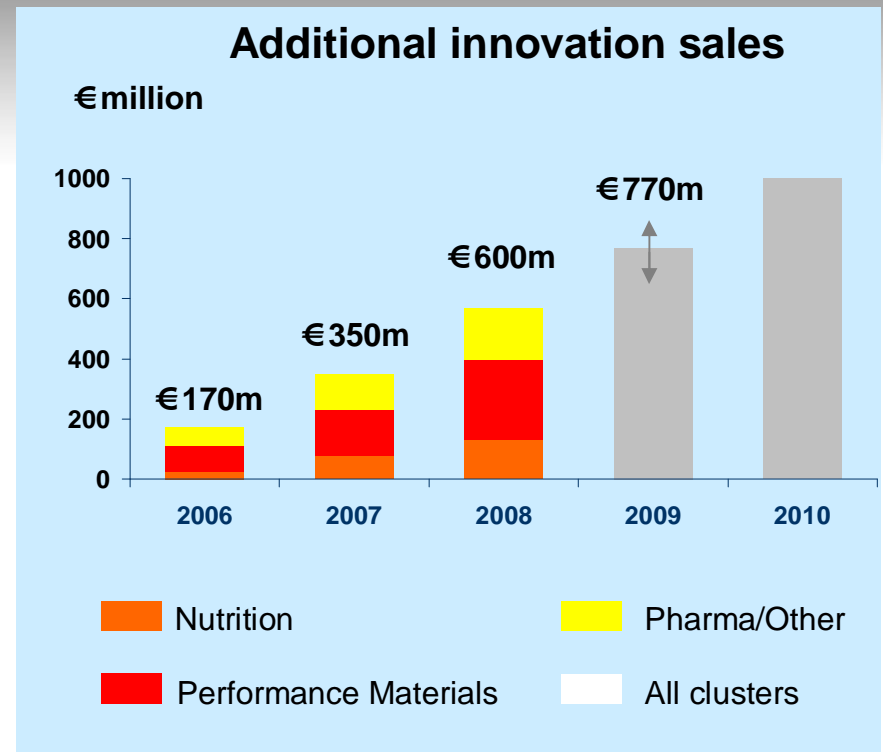
Akulon Ultraflow[®]



Desolite[™]

Continued innovation growth despite recession

- Full commitment to innovation
- Continued strong growth in 2009
- High number of launches: 44 so far in 2009

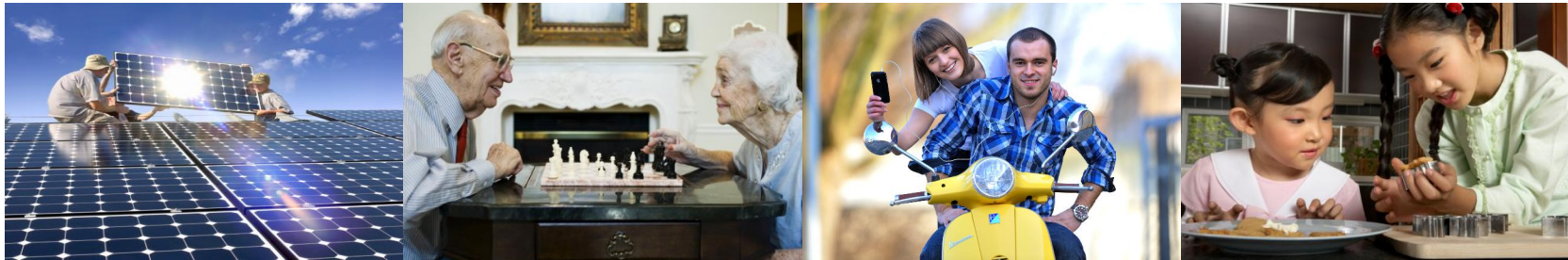


Projected sales 2009 €770m, €1bn target in 2010

Core elements of open innovation at DSM

- Strong strategic commitment
- Tailored organizational structure enables efficient steering of innovation project portfolios
- Focus on building relationships with external partners throughout innovation pipeline
- Continuous drive to improve: 'from Good to Great'

Strategic Commitment to Open Innovation at DSM



Creating sustainable growth for all stakeholders