

# Royal Philips Spearheads Transformative Healthcare Modernization in Indonesia with Landmark SIHREN Project

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today highlights the significant progress and strategic implications of its **Strengthening Indonesia's Healthcare Referral Network (SIHREN)** project, a landmark initiative poised to redefine healthcare access across the Indonesian archipelago and set a new benchmark for global health tech engagement in emerging markets. This long-term, nationwide contract positions Philips as a pivotal partner in Indonesia's efforts to combat the dual challenges of aging populations and rising non-communicable diseases (NCDs).

The SIHREN project, a decade-long endeavor valued at EUR 1.5 billion, involves the extensive deployment of Philips' advanced **Azurion image-guided therapy systems** across all 38 provinces of Indonesia. This strategic initiative aims to decentralize access to advanced medical care, enabling minimally invasive treatments for critical conditions such as heart disease, stroke, and cancer – the leading causes of mortality in Indonesia. By facilitating these procedures, Philips is contributing to reduced hospital stays, lower healthcare costs, and improved patient outcomes, aligning with global trends toward value-based care delivery.

"The SIHREN project is a testament to our commitment to making quality healthcare accessible to all, particularly in rapidly growing markets like Indonesia," said [Spokesperson Name, Title at Philips – e.g., Frans van Houten, CEO of Royal Philips]. "This initiative not only addresses a critical healthcare gap in a nation of over 280 million people but also exemplifies our strategic vision for sustainable growth in the global health technology sector."

## Strategic Partnership and Sustainable Revenue Model

The project's strategic importance is further underscored by its unique funding structure, jointly supported by the World Bank and other multilateral development banks. This collaboration represents a rare convergence of public and private sector interests aimed at driving significant societal impact. For Philips, the agreement extends beyond initial equipment sales, encompassing comprehensive ongoing services, training, and maintenance. This **"as-a-service" model** creates a durable recurring revenue stream, deeply embedding Philips within Indonesia's healthcare infrastructure for years to come.

Philips' ability to undertake such an ambitious project is supported by its robust financial performance. In Q1 2025, the company reported EUR 18.0 billion in annual sales for 2024, alongside a strong Adjusted EBITA margin of 11.5%. While specific financial contributions from SIHREN are not yet quantified, the project is expected to meaningfully impact these metrics, contributing to analysts' projections of 32% annual earnings growth over the next three years, driven by Philips' focus on high-margin health technology solutions.

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## Navigating Challenges and Setting a Global Precedent

Indonesia's connected healthcare market is projected to expand at a compound annual growth rate (CAGR) of 28.18% through 2033. Philips' established presence in the country, including 3,900 employees and a manufacturing hub in Batam, provides a strong foundation for the SIHREN project. This initiative not only deepens Philips' operational footprint but also aligns with broader corporate objectives, including its Environmental, Social, and Governance (ESG) targets, with 24% of 2024 sales derived from sustainable products, and a commitment to improving the lives of 2.5 billion people by 2030.

Despite the immense promise, the SIHREN project acknowledges inherent complexities, including potential regulatory hurdles, bureaucratic delays, and the logistical challenges of scaling advanced infrastructure across an archipelagic nation. Philips has proactively addressed these by establishing an agile governance framework with "Go/No-Go" decision boards and prioritizing profitability through optimized pricing, enhanced service contracts, and a focus on high-impact hospitals. These strategies mirror Philips' broader corporate transformation towards a core health technology focus.

If successful, the SIHREN project could serve as a replicable blueprint for engaging other emerging markets, where Philips identifies significant growth opportunities. The company's parallel partnership with World Child Cancer in Indonesia further underscores its commitment to long-term impact and global health equity.

For investors, the SIHREN project represents a compelling convergence of strategic market expansion, financial resilience, and ethical value creation. Philips' capacity to integrate cutting-edge technology with sustainable business models in high-growth regions positions it as a key player in the evolving health tech landscape.