

‘I had bad asthma as a child. I’m aware health cannot be taken for granted’

Roy Jakobs of Philips has a personal interest in the structural crisis in global healthcare, he tells **Alex Ralph**

Amid the blossoming trees and bicycles in Amsterdam’s Frankendael Park lies a large greenhouse enclosing one of the world’s first farm-to-table restaurants. Restaurant De Kas, in the east of the Dutch capital, overlooks a garden in which vegetables and herbs are grown fresh for diners.

Sitting down for an appetiser of gazpacho and a glass of tomato juice, Roy Jakobs, the chief executive of Philips, one of the Netherlands’ most recognisable multinationals, says he enjoys coming to the greenhouse (converted to a restaurant 25 years ago from a nursery supplying other city parks) for its ambience.

“Out here in the middle of the city you have the green feeling and what you eat is really homegrown and homemade,” he says. “You come here and you feel at home.”

The tower of Philips’s global headquarters, on the banks of the Amstel river, looms on the park’s horizon from where we begin a refreshing, light three-course lunch, starting with ajo blanco, green asparagus and blood orange.

De Kas offers an antidote to the challenge of leading the €21 billion healthcare technology company out of one crisis and towards addressing a separate, structural one within the wider global healthcare system.

Jakobs, 50, who held management roles at other big Dutch companies — the oil major Shell and the academic publisher Elsevier — before joining Philips in 2010, was promoted to chief executive in 2022 to “secure” the future of the 134-year-old company, which has 70,000 employees and spans about 100 markets.

Philips was founded as a lighting company in Eindhoven and is still better known as a consumer electronics company. Jakobs has been continuing its decade-long shift to healthcare technology while dealing with the costly fallout of the recall of millions of respiratory devices in 2021 in the United States, its biggest market. The recall of the devices, which treat sleep apnoea — in which breathing stops and starts during sleep — led to investigations, lawsuits, losses, writedowns and a slump in its shares in Amsterdam and New York.

In October 2022, weeks after Jakobs was promoted to replace Frans van Houten, Philips announced plans to cut 4,000 jobs, a figure that increased by 6,000 a few months later.

In January last year, Philips reached an agreement with the Department of Justice not to sell new sleep apnoea devices in the US, and in what Jakobs calls a “massive breakthrough” reached a \$1.1 billion settlement last April to resolve personal injury lawsuits.

“We are one of the few companies, if you look globally, that are more than 100 years old ... We did that through continuous adaptations, including some very challenging periods. Now, this was another very challenging



Roy Jakobs about to tuck into a bowl of gazpacho at Restaurant De Kas in Amsterdam. His motivation to lead Philips is partly down to his health problems as a child

CV

Age: 50

Education: BSc, MBA and MSc, studied at Radboud University, Nijmegen; University of Bologna, Italy; Nyenrode Business University
Career: 2010-present: Philips, CEO since 2022, previous roles based in Dubai, Shanghai and Amsterdam; 2005-10: Elsevier, rising to managing director, academic and government markets; 1998-2005: Shell, commercial, sales and strategy roles.

Family: Married with three football-fanatic sons

period, because if you’re cash bleeding, if you’re not growing, and if you have the product recall and the liabilities that arise from that ... you really need to say, ‘OK, how are we going to make sure we secure that future?’ So it was not that we were falling off a cliff, but it was a serious situation.”

As part of the settlement, Philips did not admit any injuries had been caused by the devices. A couple of investigations remain outstanding, including a possible fine by the US Department of Justice.

Jakobs’s motivation to lead Philips is partly down to his health problems as a child. His father was an engineer and his mother a carer and his sister is now a healthcare professional, and he suffered from severe asthma and allergies growing up.

“I had to go to the hospital three times a week to get treatment,” he

says. “So, you experience the hospital system very early on. But what you experience also is the constraints of not being healthy; because I could not play outside as a kid ... So I’ve become very aware of how important it is and not to take health for granted.”

Jakobs, who speaks Dutch, English, German, Italian and Portuguese, is married with three “football-fanatic” sons. He enjoyed coaching his boys and still plays himself. After our meal, he is due to meet friends to play.

For now, our next course arrives: cockles, roasted Jerusalem artichoke, Swiss chard and lemon.

Philips’s recovery as a healthcare technology company was given a boost in August 2023 when Italy’s billionaire Agnelli family acquired a €2.6 billion stake — 15 per cent — via its holding company Exor. As it was an “extremely professional investor”, Jakobs says he was “very thankful for them stepping in”.

Exor, a shareholder in Ferrari, Stellantis and Juventus football club, has benefited from a rebound in Philips shares. Exor has also been given a seat on the board.

“So they’re very committed. They also think very long term.”

Over the years, Philips has exited its consumer electronics business, including televisions, audio and domestic appliances, because operating as a diversified conglomerate, “playing in different sub-segments, especially if you’re a technology player”, became “very capital-intensive to stay up to speed”.

Instead, Jakobs says, Philips is focused on applying its medical technology to help tackle the “crisis” facing healthcare systems: “the growing gap between fast-increasing

RECEIPT

2 x gazpacho appetiser	no charge
2 x three-course meals	€100.00
Sparkling water	€7.50
Tomato juice	no charge
2 x coffee	€10.50

TOTAL €118.00

**Restaurant De Kas,
Amsterdam**

THANK YOU!!

demand and not enough supply to serve the patients”.

Philips is targeting a €90 billion market, forecast to grow at between 3 per cent and 6 per cent a year, amid ageing populations, complex diseases, staff and funding shortages and the need to provide better access to care. “It’s a priority for society, so there will be an opportunity and it really needs technology and innovation to actually keep up with the demand.”

Partly through reinvesting the proceeds of its consumer electronics disposals in 40 acquisitions and its 100-odd year heritage in healthcare imaging, Philips has built a portfolio spanning MRI scanners (including technology that has ended the need for costly helium top-ups), in-hospital patient monitors and out-of-hospital Holter cardiac monitoring devices. Customers include the NHS, which

has awarded £146 million of contracts since 2012, according to figures from Tussell, the data provider.

Our final course arrives: morel, brioche, peas and green garlic cream.

About 20 per cent of the business remains in customer-facing personal health, such as electric shavers, breast pumps and toothbrushes. Jakobs plans to keep this since it is “financially very solid” and aligns with how healthcare is moving outside the expensive hospital setting to the home.

“Providing care in a hospital and in a home is an extremely different practice. There’s a difference between a captive environment and a free environment. If you’re in hospital, you get your medicine when it’s scheduled ... In the home, everything is free will, whether you take your medicine, if you stay to your diet, if you exercise. So to influence routines at home is much more difficult. But that’s actually the business we are currently in. Because if you think about oral care, you need to get people to brush.”

The Philips brand continues to be used under licence after the disposals. “We have a brand franchise that is bigger than our own activities and that’s perfectly fine with us. What Philips is known for is we have been innovating all our life. For some it means they recall us from the CD [Philips developed the world’s first CD]; for some it means they recall us from lightbulbs; for some it means they recall us from the latest helium-free MRI scanner or the monitor.”

Our delicious — and healthy — lunch is finished off with a double espresso for Jakobs and an americano for me. A brief tonic before he continues his globe-trotting with a trip to China that weekend.