

**RDS Business  
Briefing**

**Office  
Services  
Business  
in Japan**

**RICOH**  
imagine. change.

**Kazuhiro Kimura**

**Ricoh Japan Corporation  
President, Representative Director**

**November 15, 2022**

RICOH Digital Services

## Customer Base

Approx. **1m** offices

## Locations

Approx. **350**

## Employees

Approx. **18,000**

## Sales & Services Partners

Approx. **3,200**

## Sales and engineering staff (CE/SE) deployed nationwide

Large-scale nationwide companies



Local companies in individual regions

## Customer Reach Potential

	Ricoh Japan	Including sales partners
Salespeople	Approx. <b>7,900</b>	Approx. <b>12,600</b>
Customer Engineers (CE)	Approx. <b>4,600</b>	Approx. <b>6,300</b>
Systems Engineers (SE)	Approx. <b>1,300</b>	
Contact Center	Approx. <b>1,000</b>	

- 1 Strengthen digital services** to solve industry & business issues
- 2 Full support services utilizing our region-specific sales support capabilities throughout Japan
- 3 Support customers' digital transformations and accelerate in-house digital transformation based on internal practices
- 4 Increase investment in digital professionals**
- 5 Reform personnel structure** to stimulate and grow diverse human resources



**Better organizational productivity**



# Current State of Office Service Business

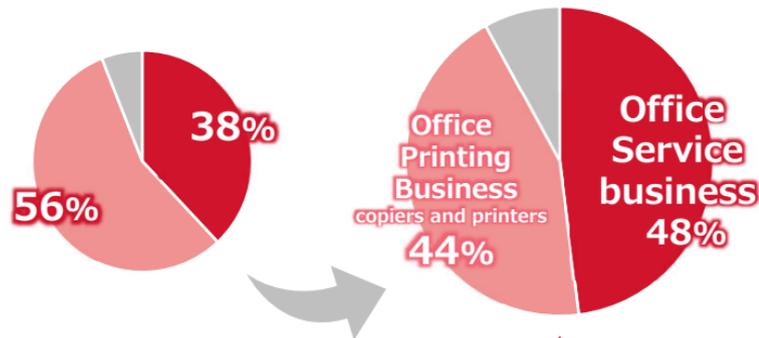


Office Services pivotal to operations of company, which has earned a solid reputation

## Ricoh Japan Sales Ratio

FY2016

FY2021



Ratio: +10P Sales: 1.3x

J.D. Power customer satisfaction surveys 2022

- **IT Solutions Provider**  
<Independent/user/office equipment S1er segment>
- **Server Maintenance Service**

**1st place**  
8 years in a row

\*For more information on the J.D. Power survey, visit [japan.jdpower.com/awards](http://japan.jdpower.com/awards).

**Number of IT deployment subsidies\* adopted**

\*for projects supporting IT deployments to enhance productivity in services and other areas  
(Source: Ricoh)

**Highest level in Japan**  
3 years in a row

**Corporate Windows® PC sales share**

(Fiscal 2021; Source: Ricoh)

Around **10 %**

**New small- and medium-sized business customers using Microsoft 365® (Microsoft Japan Partner of the Year 2022 winner)**

**1st**

# 1H FY2022 - Office Service Business Performance

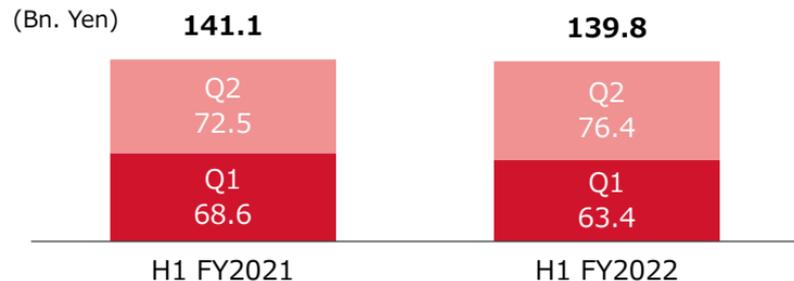
In 1Q FY2022, sales down YoY due to impact of shortages in PCs, servers, NW equipment, MFPs, etc., in addition to GIGA demand in previous year

Sales back to growth track in 2Q, but not enough to cover 1Q decline, causing slight YoY decline in 1H total sales

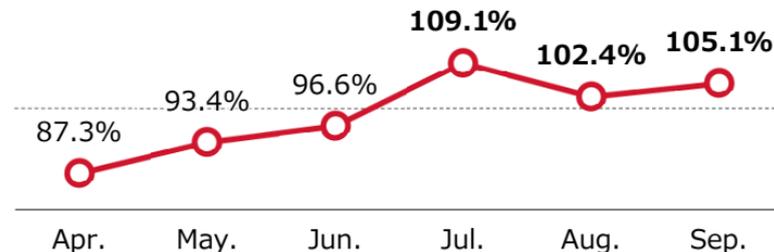
(YoY Change)	H1 FY2022	Q1	Q2
<b>Office Service Business</b>	<b>Down 0.9%</b>	<b>Down 7.6%</b>	<b>Up 5.4%</b>
<b>Of this, IT infrastructure*1</b>	<b>Down 3%</b>	<b>Down 12.4%</b>	<b>Up 6.6%</b>

\*1: Hardware including PCs, servers, NW equipment, etc., and related installation and maintenance services, etc.

## Sales



## 1H FY2022 YoY Sales by Month



(Ref) PC shipments YoY: Q1 86.5%; Q2 100.0%  
Source: Japan Electronics and Information Technology Industries Association

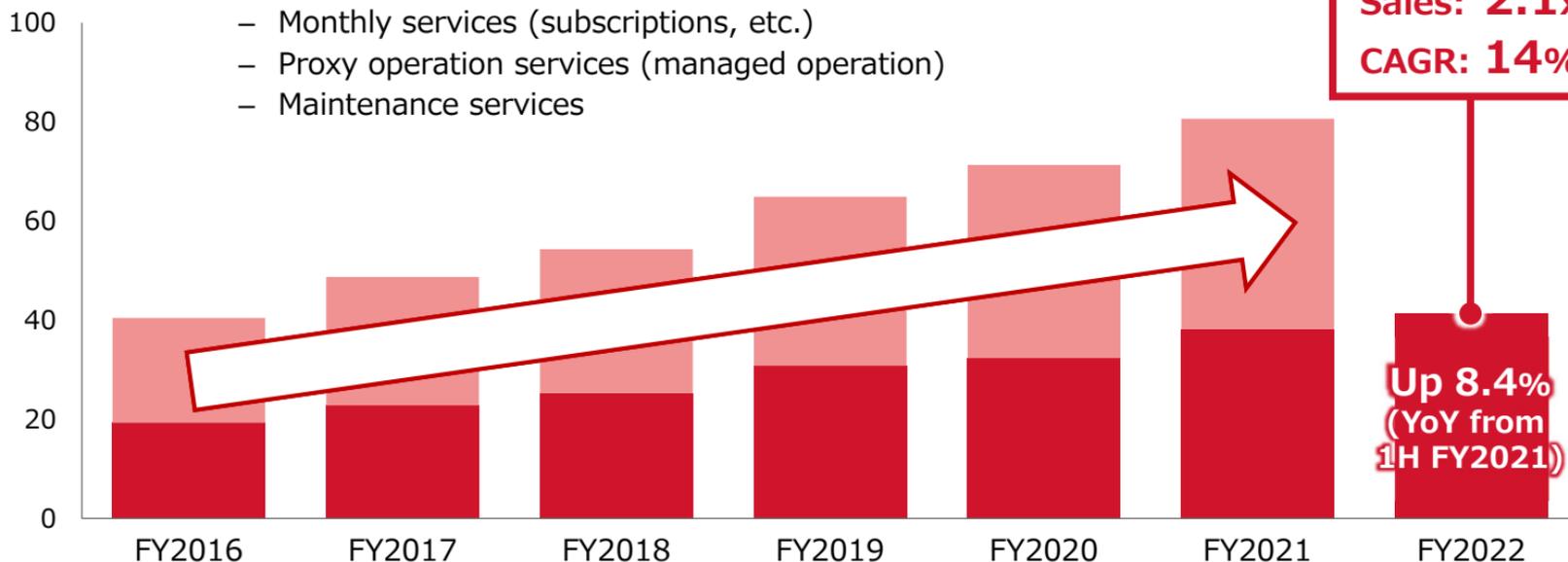
# Trends in Annuity Business Sales in Office Services Business

Hardware business was severely affected by product shortages, but steady increase in recurring revenue for Office Services

(Unit: Bn. Yen)

● **Office Services Recurring Revenue**

- Monthly services (subscriptions, etc.)
- Proxy operation services (managed operation)
- Maintenance services



(Ref) FY2022 IT services market total demand forecast: 102.8% (vs. FY2021)  
Source: IDC Domestic IT Market Forecast by Industry Sector/Employee Scale/Annual Sales, 2022-2026

■ H1 ■ H2



# Progress toward Goals



- 1. Customer and Market Trends**
- 2. Our Initiatives**
  - 1) Scrum Packages**
  - 2) Scrum Assets**

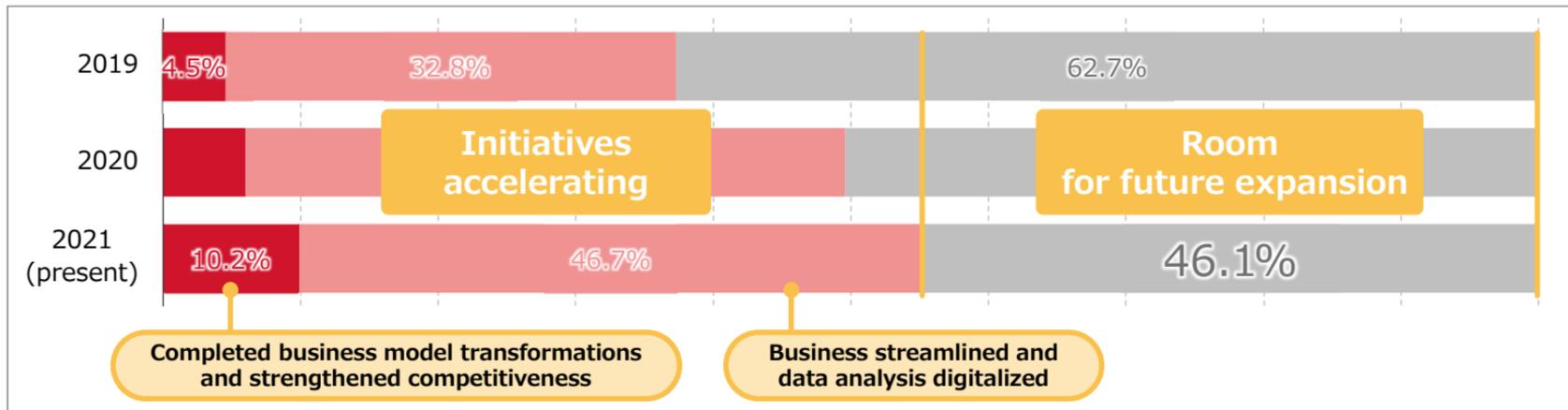


# 1. Trends in Mid-sized Companies & SMBs Supporting Customer Base

## FY2022 IT Market Total Demand Forecast (vs. FY2021)

IT investment by SMBs remains steady and offers major market potential  
(Predicted values were only shown at the RDS business briefing)

## Digitalization Initiatives in Mid-Sized Companies & SMBs



Source: 2022 White Paper on SMBs

# 1. Subsidies, Legal Compliance toward Digitization Also Increasing ①

## Increasing subsidies & legal compliance

IT deployment subsidies

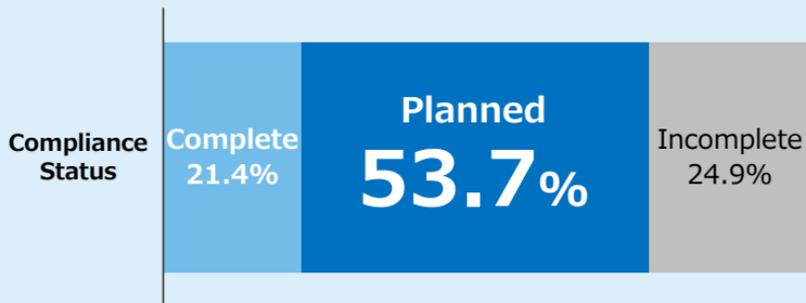
Revision of Law on Preserving Electronic Records

Online verification of certifications made mandatory in principle

Grants for advancing Vision for a Digital Garden City Nation

\* Top nationwide in deployments

### Efforts to address Law on Preserving Electronic Records



Source: LUX Corporation - Internet survey conducted in September 2022

- 1. MFP + EDW collaboration Electronic voucher preservation solution  
Over **2,500** units sold in 9 months (Jan - Sep 2022)
- 2. Accelerate response for the approx. **80%** of companies not yet compliant



# 1. Subsidies, Legal Compliance toward Digitization Also Increasing ②

## Increasing subsidies & legal compliance

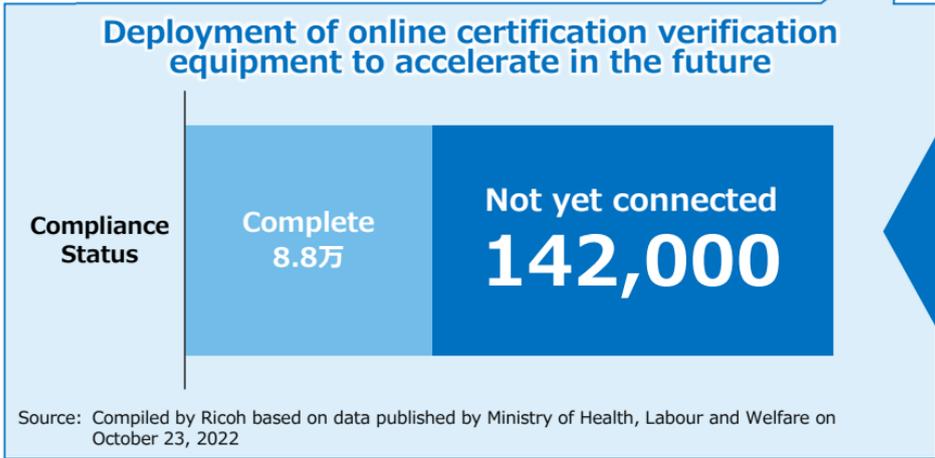
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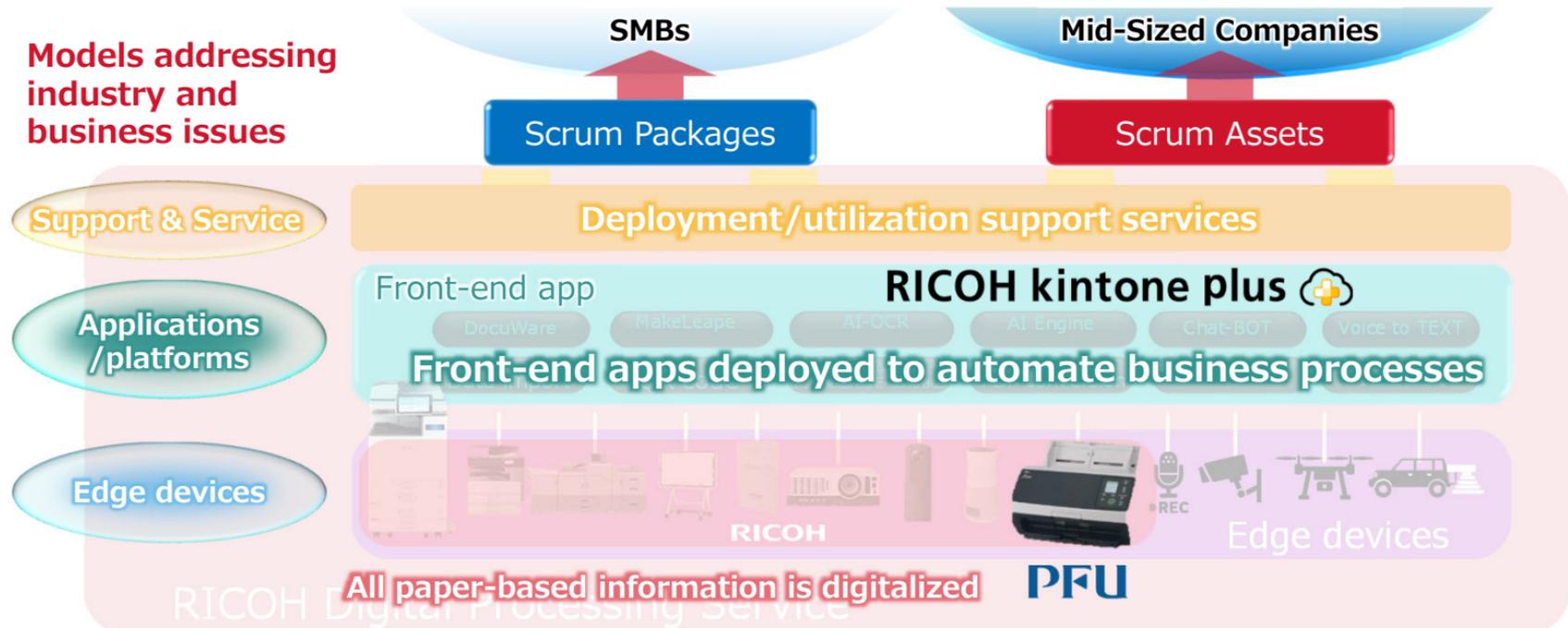


1. Develop business by leveraging nationwide response capabilities and promoting collaboration with partners  
Deployed at a total of **4,200** facilities (as of Sep. 2022)
2. Accelerating expansion to approx. **142,000** unconnected facilities

## 2. Further Strengthening & Expanding Digital Services Business

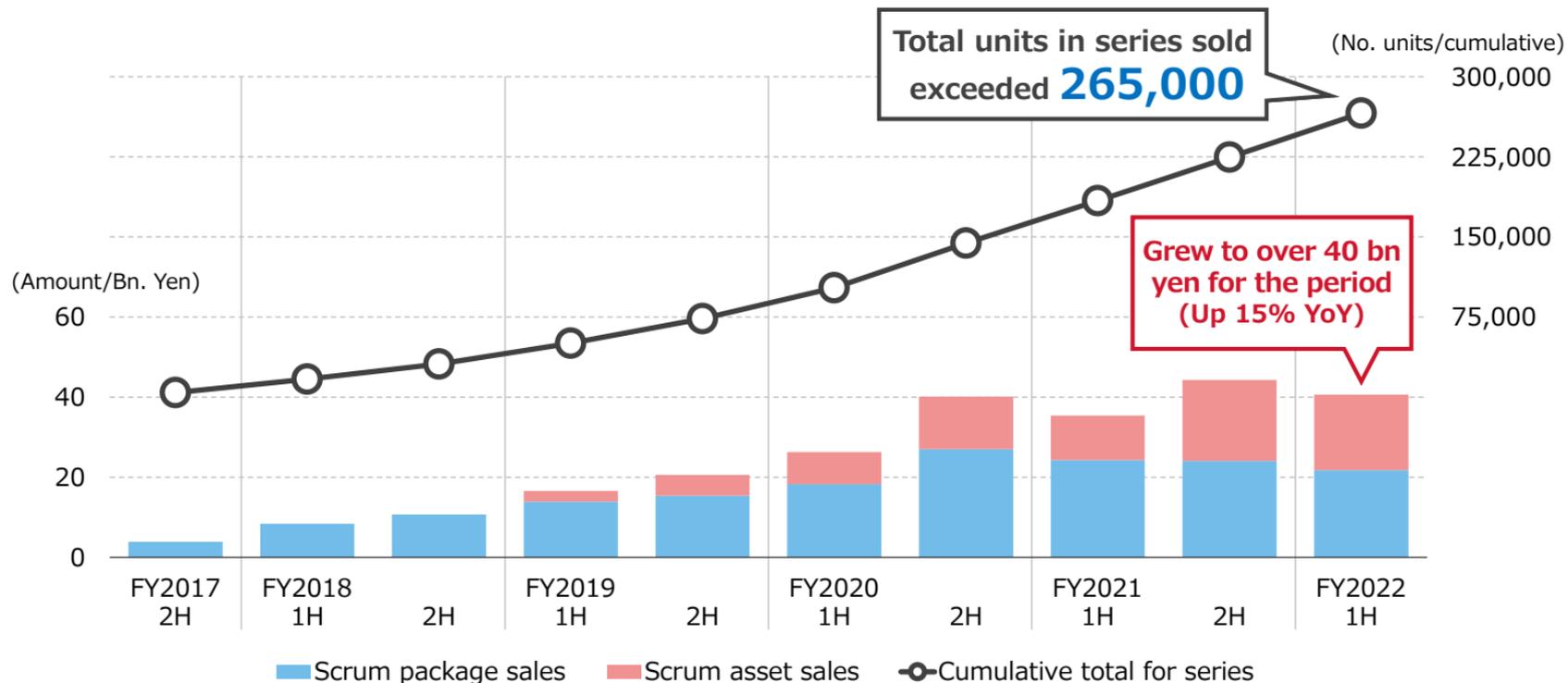
- Increasing “quality” and “quantity” of solutions that help solve customers’ industry and business issues
- Expanding in-house production of solutions/services to increase profitability

Models addressing industry and business issues



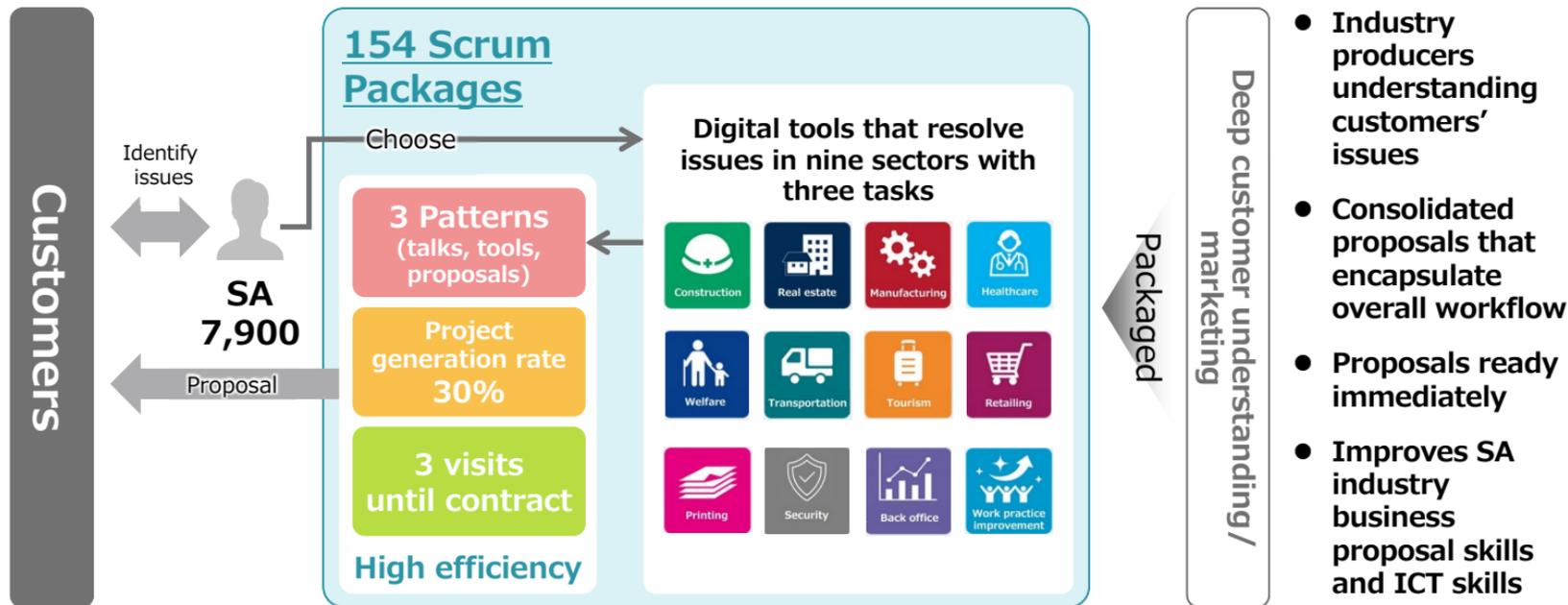
## 2. Performance of Scrum Series (Solutions-Based Sales) **RICOH** imagine. change.

Increased support for solving problems of our Mid-Sized Companies & SMB customers



## 2-1) Solving SMB Industry Business Process Issues: Scrum Packages

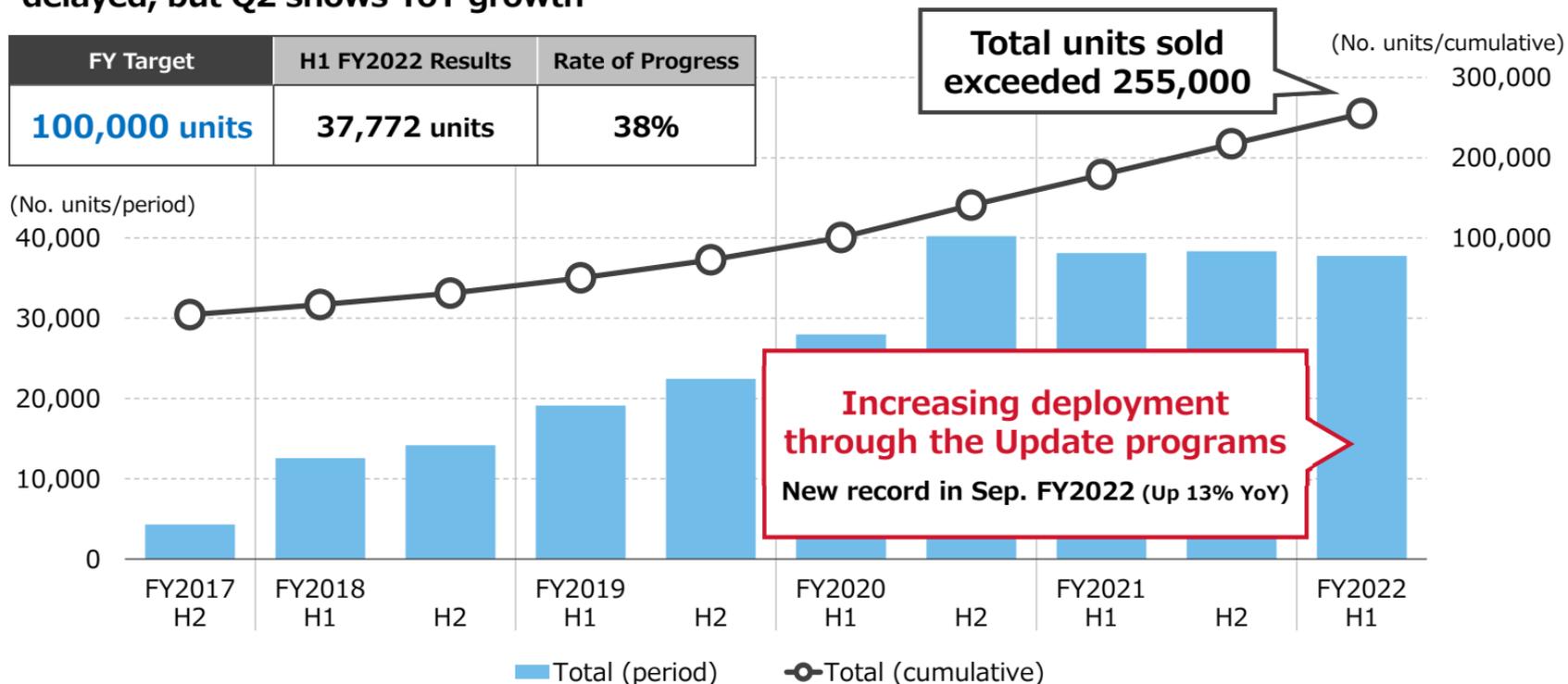
Highly-efficient sales model achieved through package- and pattern-based offerings that solve our customers' industry and business issues



# 2-1) Scrum Package Unit Sales

H1 FY2022 showed 99.1% YoY due to MFP and IT product shortages, so progress was delayed, but Q2 shows YoY growth

FY Target	H1 FY2022 Results	Rate of Progress
<b>100,000 units</b>	<b>37,772 units</b>	<b>38%</b>



# 2-1) Increasing Deployment along with Update Programs

Update program

Education  
(learning)

×

Promotion

×

Practice  
(action)

**1** FY2022 Q1



“Security” Month (May-June)

Results

Security pack  
Units sold **Up 27% YoY**

Study menu **87** Content types

Education

No. times attended **40,152** times

Attendance time **26,200** hours

Sales scenarios

Diagnostic approach

**3**

+

Threat and risk response

**2**

**5** scenarios

**2** FY2022 Q2



“Back-Office” Month (July-September)

Results

Back-office pack  
Units sold (in scenario) **Up 13% YoY**

Study menu **84** Content types

Education

No. times attended **59,892** times

Attendance time **39,000** hours

Sales scenarios

Compliance with Records Law

**8**

+

Invoice system

**5**

+

Core business improvement

**11**

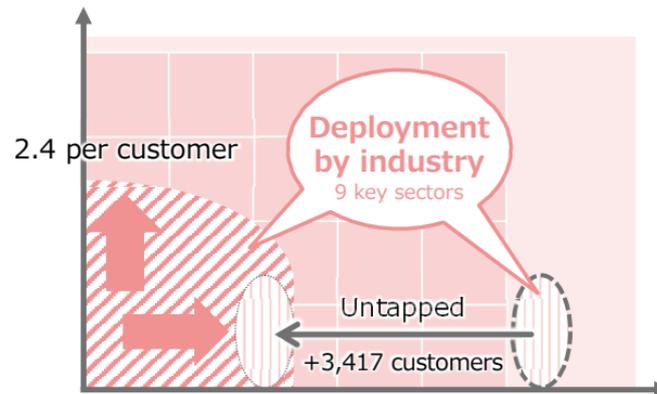
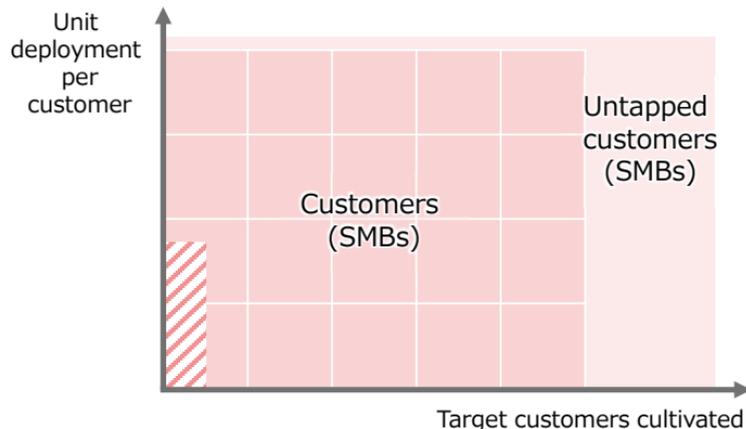
**24** scenarios

# 2-1) Scrum Package Uptake Rates

Customer uptake as of Sep. 30 FY2022 is 14.3%, so we will aim for further growth by expanding value provided per customer

As of Sep. 30 FY2021  
**11.4%** among SMBs  
**19.9%** among SMB customers for our MFPs

As of Sep. 30 FY2022  
**14.3%** among SMBs (FY Target of 15%)  
**24.2%** among SMB customers for our MFPs



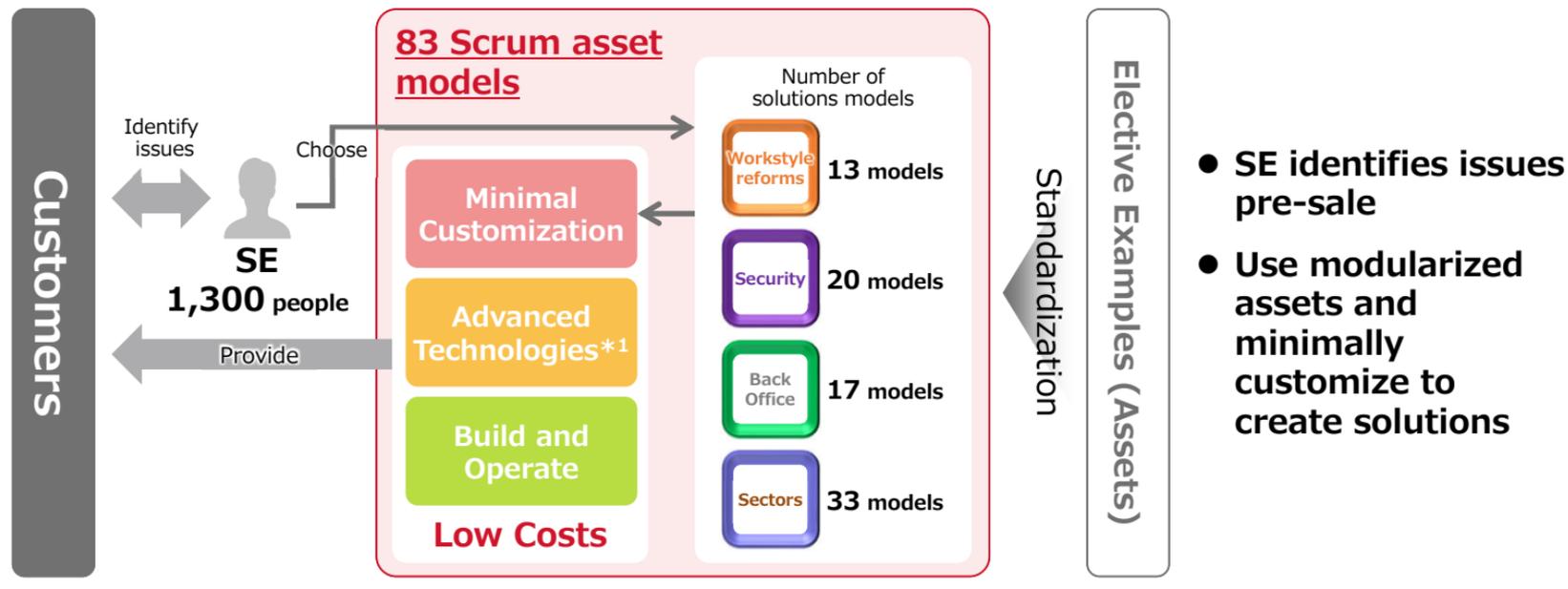
**Customers with Scrum Packages deployed**  
(compared to untapped customers)

**Customer Satisfaction**

**+9.7P**

## 2-2) Solving Industry and Business Issues for Medium-Sized Companies: Scrum Assets

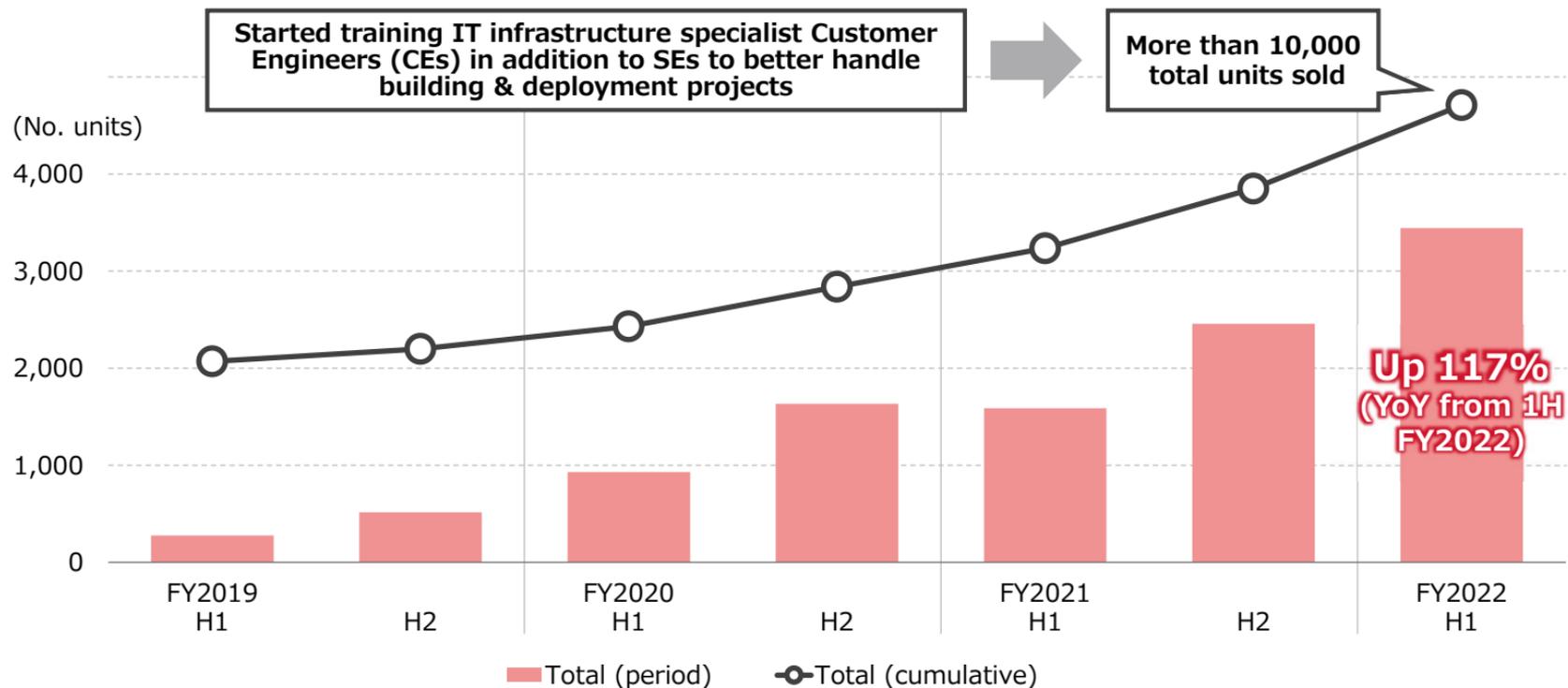
Mid-sized company solutions model combining assets from building experience of 1,300 systems engineers (applications deployment and operations) with advanced technologies\*1



\*1: Including artificial intelligence, robotic process automation, optical character recognition, cloud, and other technologies

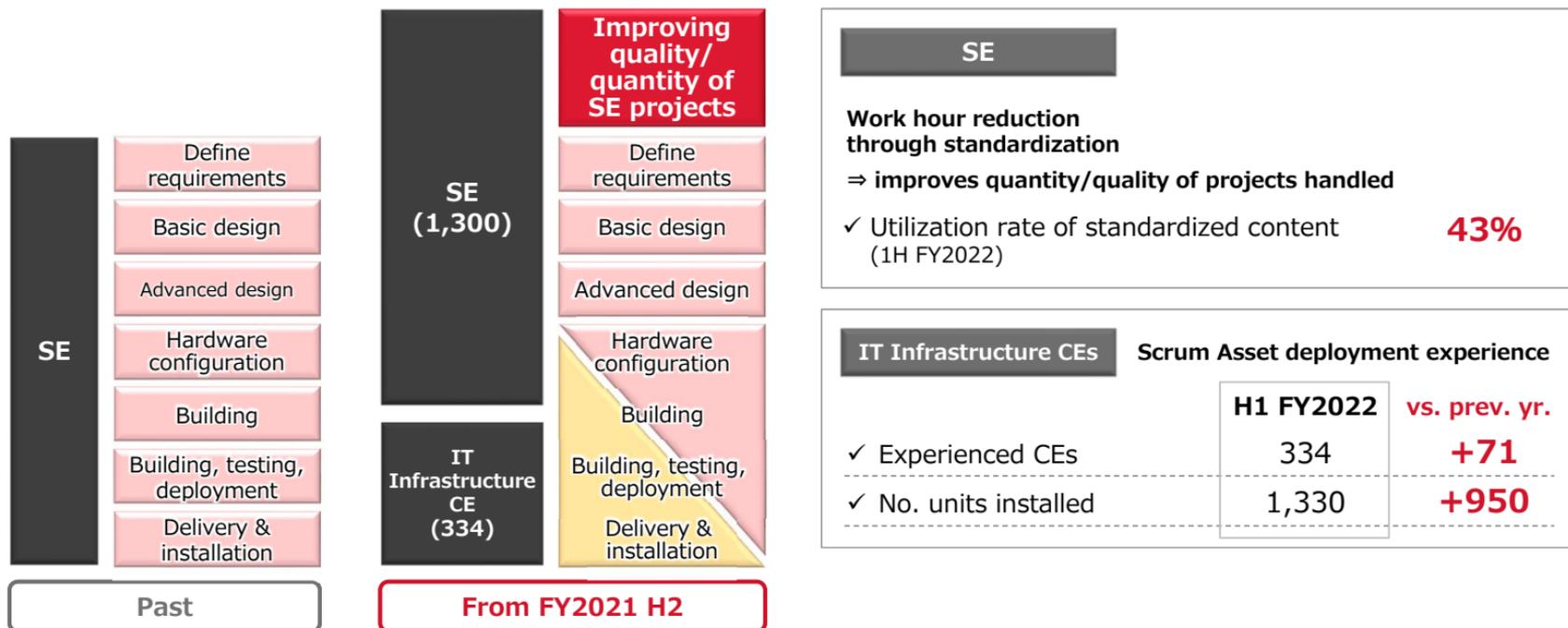
## 2-2) Scrum Asset Sales Volume

Since launch, sales have increased and produced continued YoY growth



## 2-2) Toward Expansion of Scrum Assets

1. Increase volume of projects handled by reducing work hours through standardization, enhance ability to handle advanced projects
2. Significantly increase deployment/building projects by IT infrastructure-related CEs





# Accelerating Growth

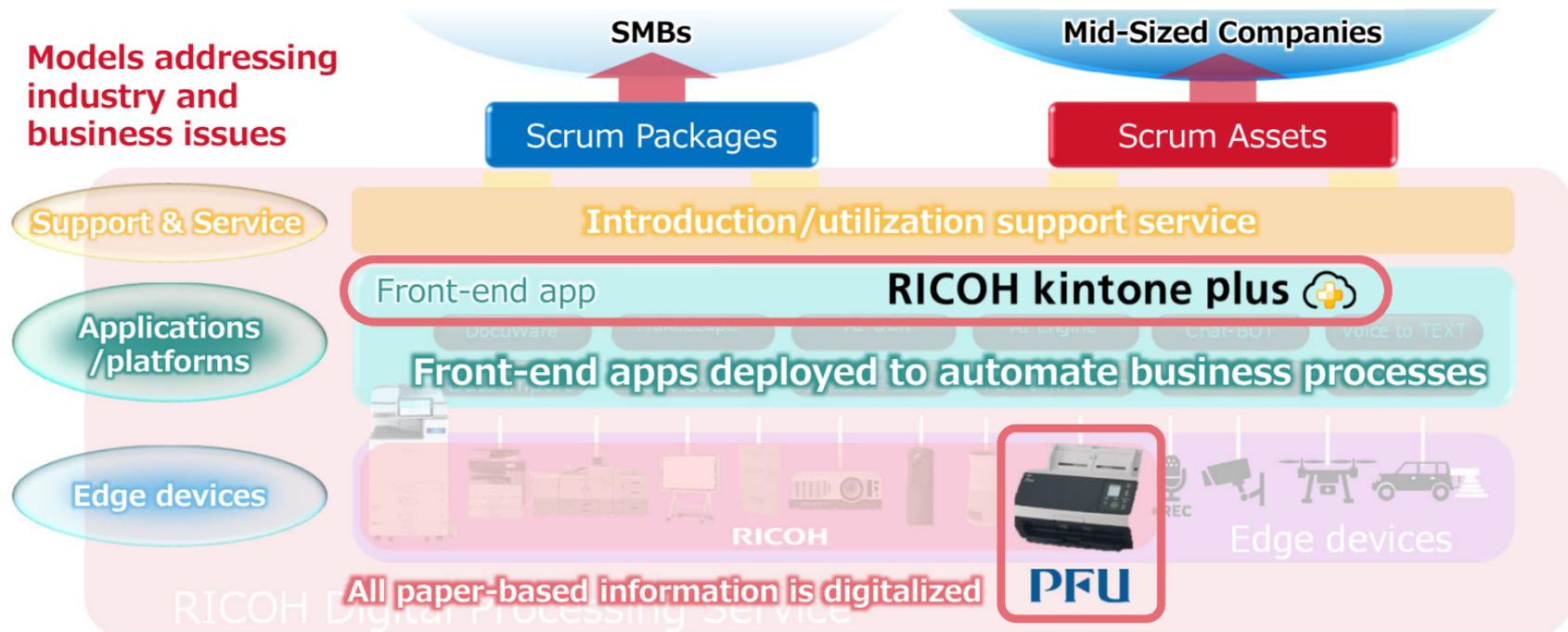


- 1. Toward Increasing Customer Value**
  - 1) RICOH kintone plus**
  - 2) Synergies with PFU**
- 2. Initiatives for Developing Digital Professionals**

# 1. Further Strengthening & Expanding Digital Services Business (Repost)

- Increasing “quality” and “quantity” of solutions that help solve customers’ industry and business issues
- Expanding in-house production of solutions/services to increase profitability

Models addressing industry and business issues



Increasing customer value (solving industry and business issues) - for SI businesses too

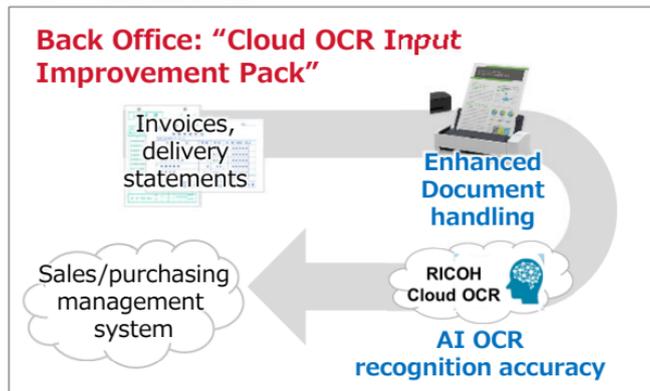


# 1-2) Bolstering Digital Service Deployment through Collaboration with PFU (Edge Devices)

Increased ability to handle diverse range of documents (sizes, weights, paper types) that vary by industry



## Accelerated Scrum Package deployment throughout industries & business ops



... Progressive expansion into these areas, too

# 1-2) Bolstering Digital Service Deployment through Collaboration with PFU (IT Services)

Increasing value proposition by fusing multi-cloud construction/operation with managed service functions

## Multi-Cloud Services

- Amazon Web Services (AWS)
- Google Cloud Platform (GCP)
- Microsoft Azure
- Nifcloud



\*PFU is a Certified AWS, GCP, and Nifcloud partner.

## Infrastructure Supporting Managed Services



## Strengthening IT service offerings & expanding customer proposals

### IT Service Human Resource: Increasing SEs (Japan)

- ✓ Building advanced infrastructure
- ✓ Developing individual systems
- ✓ Constructing cloud services

**Toward about 1,800 workers**  
(PFU + Ricoh Japan)

**1.4x** ↗

### Scrum Assets: bolstering deployment in mid-sized companies

**All 83 models**



➤ Models including managed services (existing)

**12 models**

**Embedded PFU services**  
(ongoing review)

- ✓ Increased customer value
- ✓ Strengthened competitiveness
- ✓ Group profitability



# Digital professionals Development Initiatives



## 2. Initiatives for Raising Professional Levels of All Employees

### Professional Certification Program

1. Defines professional levels for each job type & judges level based on combination of knowledge, skills, and results
2. Newly establishes Ricoh Japan Digital Academy, a self-directed learning platform

Check own abilities/skills



Self-directed efforts  
for growth



Demonstrate results  
of applying skills

Started Apr. 2019



Advanced specialist  
allowances and  
qualifications  
leapfrogging, too

Utilization

Support/Rewards

### Professional Personnel Structure

1. Shifts to evaluation/reward system based on professional levels for both regular and senior employees
2. Introduces multitrack personnel system; newly establishes Expert Course in addition to traditional manager route

System enabling employees to work at high  
professional level



Starting Apr. 2023

## Creating a Learning Platform for self-study

- Over **3,400** types of educational content
- Weekly company-wide Update Day to promote learning
- **All employees** have attended; total of **313,000 times** in in 1H FY2022

Business Knowledge

**1,045 units**

Design and Systems  
Concepts

**187 units**

ICT  
Technology

**1,459 units**

Communication  
Team Building

**396 units**

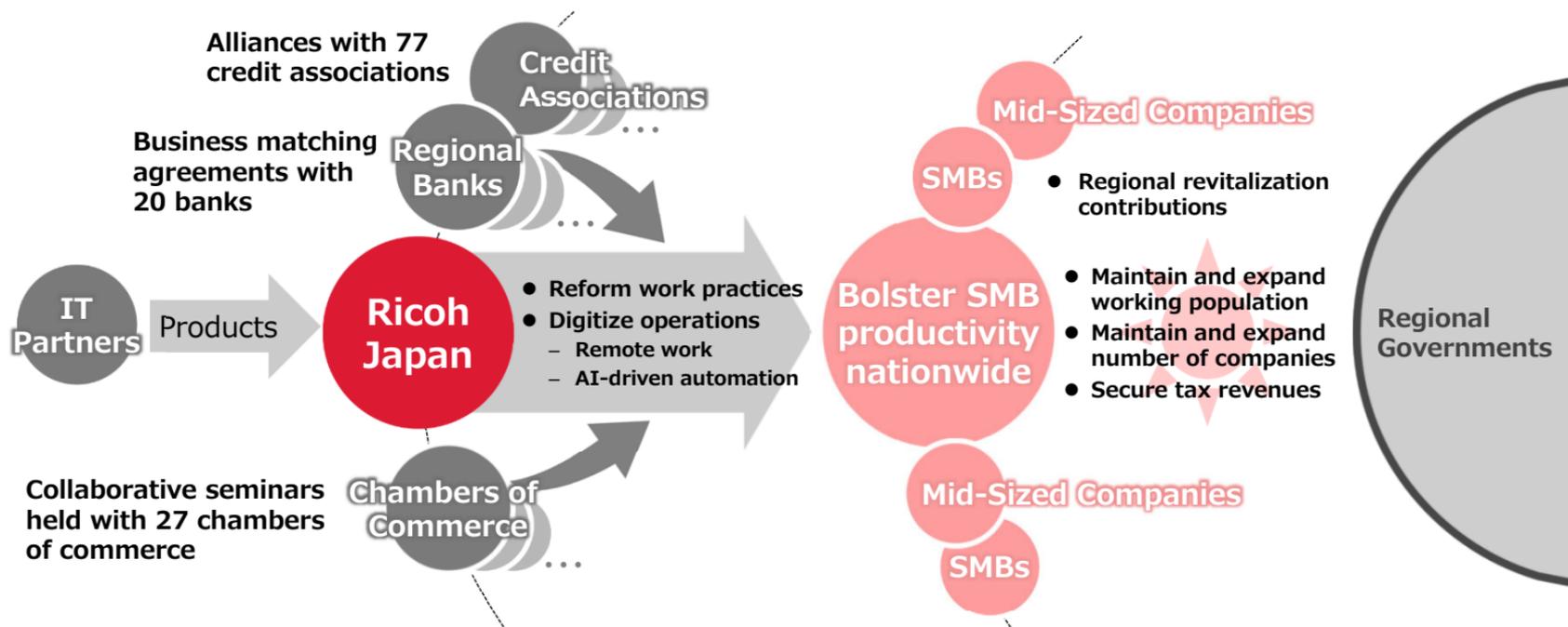
Digital Transformation  
Strategy  
Sales

**263 units**

Gaining Certifications

**83 units**

## 2. Digital Service HR Development Initiatives



**Supporting our customers' creativity and ensuring continued mutual growth as a partner essential for our customers' business growth**

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- a. General economic conditions and business trends
- b. Exchange rates and fluctuations
- c. Rapid technological innovations
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in intensely competitive markets. (See: "Business and Other Risks," <http://jp.ricoh.com/IR/risk.html>)

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FY 2022 (or fiscal 2022) = Fiscal year ended March 31, 2023, etc.