

**RICOH
Europe**

**Office
Services**

RICOH
imagine. change.

26th November 2020

RICOH Europe, PLC

CEO David Mills

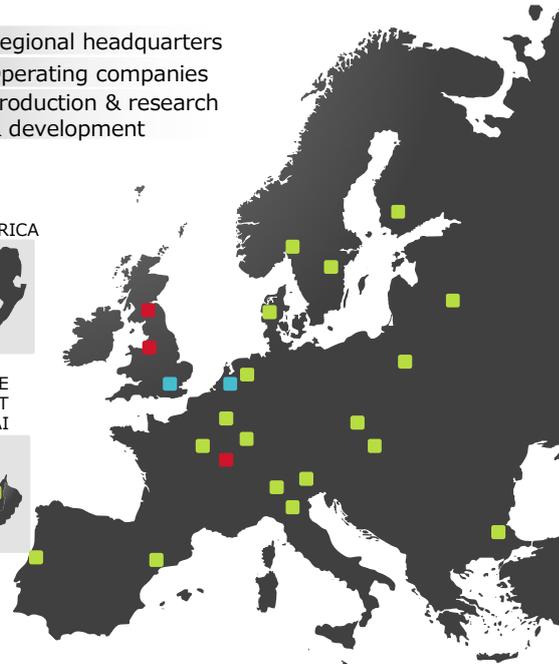
- I am David Mills, the CEO of Ricoh Europe.
- Let me take you through our journey from an office services prospective and our transformation into a digital services company.

- Regional headquarters
- Operating companies
- Production & research & development

SOUTH AFRICA



MIDDLE EAST
DUBAI



- **Financial** Rev: 407B JPY in FY19
- **Customer base** 1,400,000 MIF
- **Coverage** 24 Operating Companies
16 Leasing Companies
- **Distributors** 255
- **Employees** 15,000

Sales **3,300**

Customer Engineer **4,000**

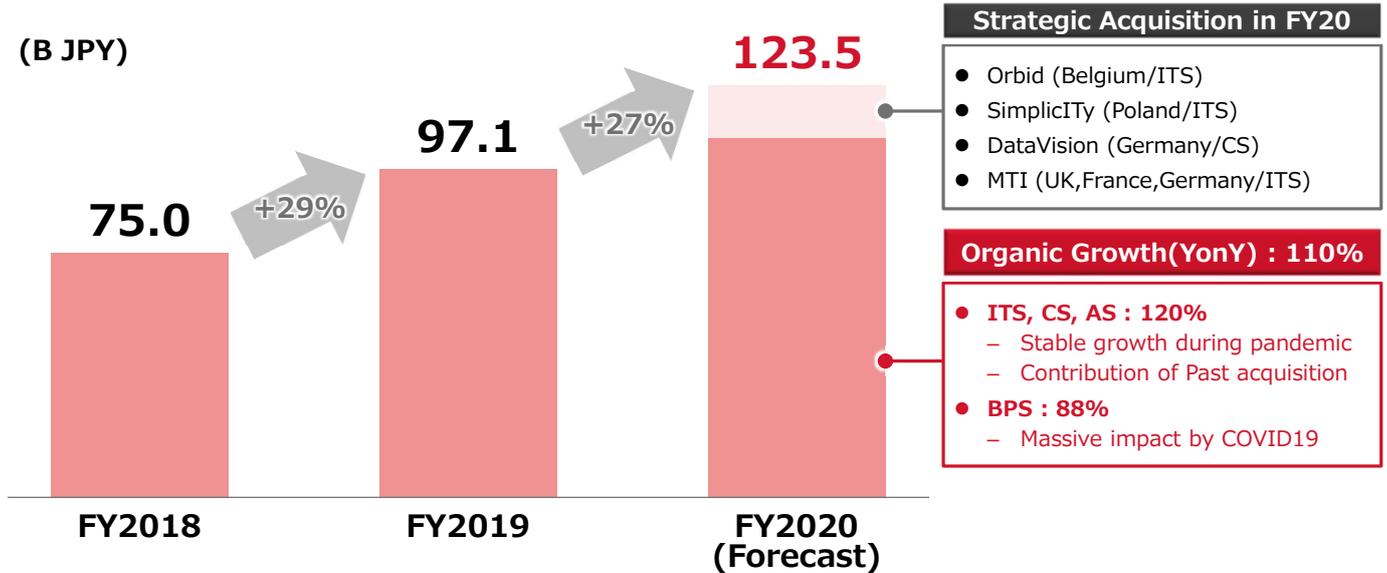
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- Let me first of all give you an overview on Ricoh Europe.
- Our revenue for FY19 is 407 billion Yen. We have a fantastic customer base in Ricoh Europe with 1.4 millions of MFPs in the field.
- We have got a coverage across Europe with 24 operating companies. Our distributors are really important to Ricoh Europe, because that's the way we cover Middle East and Africa. We have got 255 of them, so we have got absolute coverage in all markets across Europe and Middle East and Africa.
- We have 15,000 loyal employees, mainly based in sales and service technicians. We also have a lot of support staff helping us that deliver us solutions, and obviously admin and logistics that deliver across our sort of vast geography.
- You can see on the map here the main locations, and you can see we are mainly located in Western Europe and that's our main operations with sort of regional Headquarters in Amsterdam and London. And also, some production sites and research sites in France and in the UK. We are proud of those as we develop technology there and solutions for our customers.
- So, quite a coverage, quite an extensive operation, and we are proud of in Ricoh Europe to represent Ricoh.

● Achieve 100B JPY with significant growth from both organic & acquisition



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- Our office services journey has been absolute tremendous over the last few years. And we are very proud of what we are achieving.
- This has been achieved not only through acquisition but organic growth also. In the areas of IT service and communication services we have had very little impact from COVID-19. And really it has been an opportunity for us to expand these businesses as we move forward.
- Just recently we have made several acquisitions Orbid in Belgium an IT services company, SimplicITY in Poland also an IT services company. Very proud to pick up the largest AV & Workplace integrators in Germany which is DataVision with a strong reputation, and MTI that's focused on security and delivering IT services in the UK, France, and Germany. Those acquisitions over last six months expanded our network tremendously.
- But it is important we carried on growing organically and you can see our organic growth is sort of 10% year on year. That's mainly delivered from IT services, communication services, and application services.
- During the pandemic these companies have grown, and we have offered some great services to our customers where they can expand, deliver solutions and they can work remotely which is kind of very important in Europe at this period of time.
- Our BPS is mainly outsourcing business, where we have machines on site and operating, and kind of print rooms for major customers. Obviously BPS business suffered quite dramatically and we have had a 12% decline in that business. Many of our print rooms especially in the London area have been closed and some are not functioning, but hopefully will be returning to productivity and those operations soon.
- So, overall, our office services grew about 29% from FY18 to FY19 and we will probably do the same from FY19 to FY20. We kind of currently estimated 27% growth, but the business is really responding well for this moment in time.

Basic Direction	<ul style="list-style-type: none"> ● Aim to be No.1 company for customers digital transformation and innovation in EMEA ● OS business to be +50% of revenue in selected countries in EMEA within 20th MTP
Key Value Offerings	<p style="text-align: center;">Empowering Digital Workplaces</p>
	Reinforcing Structure

- Let's look at our basic strategy in Europe.
- The first thing we are trying to do is, we have got very big ambitions to be the number one company for customers, for their digital transformation, and really innovation as well. We are trying to innovate for our customers. It has been a great opportunity with COVID-19 to give them new solutions and new benefits.
- Our basic objective is for our office service is to be 50% of the revenue in selective countries, in the main markets in EMEA within the next mid-term plan
- "Empowering Digital Workplaces" is the overarching concept of what we are trying to deliver to our customers.
- The area that we found with IT infrastructure we benefitted the most out over the last three years is the hybrid cloud sort of high-end sort storage. Cyber security and data centre transformation is important. Most of our acquisitions have been based around this area. And we have enjoyed a great deal of success making them work together, sharing best practices, so we can deliver these best practices to our customers.
- About digitalizing workflows, we made the acquisition of DocuWare in 2019, a German based company, and also in the US in New York State. DocuWare is a professional company in delivering software services, enterprise content management, to their customers. We have used this as a bridge into Ricoh, and technicians and salespeople have been trained on how to deliver this to our customers. It has been a huge success. Because we are focused on delivering cloud services at the end of the day, we are building up that strong customer base. The retention rate of the customers is exceptional. In delivering these solutions we make sure the customers are happy and using the solutions and that is what we found to keep customers.

- The third area is digital workplace solutions on and around Microsoft Office 365. With the new working from home generally across Europe, this has been a strong initiative for us.
- I think one key thing is that we can start to connect everything together in Ricoh Smart Integration Platform. DocuWare is now probably on 20% MFPs that we actually deliver to our customers. Sometimes they take up the opportunity of using it sometimes they don't. But at the end of the day, it's all kind of linked together and that's the main basis that we are trying to move forward.
- Looking at the future, the key point is to keep reinforcing our geographical coverage. Many companies in Europe are looking to build a global organization to deliver services. They don't want a single country approach but pan European approach. We need to constantly keep enhancing our capabilities.
- The next thing we have to do is training our people to deliver these services and utilizing our resources. We got a shift of employees from Office Printing Business into Office Services Business, so that is key. We need to use loyal employees' talents in the new world.
- We are also developing our ERP systems. We need a consistent platform of our acquisitions across Europe and so we can share best practices.

Reinforcing Digital Service Structure

- Continue to reinforce our structure by acquiring new competencies and expanding coverage **+50%**
- Transform our business portfolio in key countries toward a Digital Service Company **+30%**

Key Countries	ICT		AS	— OS revenue ratio —		
	ITS	CS		FY18	FY19	FY20
UK		MTI (FY20.Oct)	Ridgian (FY15)	28%	32%	43%
Germany	ADA (FY13)	DataVision (FY20.Sep)		23%	26%	33%
France				9%	10%	11%
Italy	NPO (FY14)	Mauden (FY19)		35%	41%	50%
Spain	IPM (FY19)	TechnoTrends (FY15)	Aventia (FY13)	27%	39%	49%
Netherlands				15%	16%	17%
Switzerland	LAKE (FY19)			1%	34%	41%
Belgium	UpFront (FY15)	Orbid (FY20)	Pan-European business coverage	28%	27%	38%
Poland	SimpliciTY (FY20.Sep)			12%	11%	55%

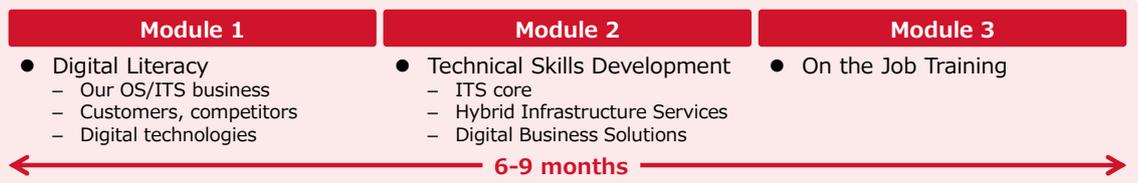
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- This gives a geographical perspective of what we have been doing over the last few years. It shows by sort of our nine main countries on the left the acquisitions that we made from the first one, ADA, in 2013 in Germany.
- We learnt a lot of lessons with that acquisition, and we have gone from strength to strength and accelerated as we need to transform ourselves to this digital services business. I previously mentioned our objective in this main market is to achieve 50% ratio of revenue in office services business. We are doing that in Italy and Poland. I think UK, Spain and also Switzerland would get to 50% ratio shortly.
- The acquisitions are in three main areas;
IT services focused on cloud storage and security. In communication services businesses, DataVision will be expanding across Europe in the next year. Application services businesses have been growing significantly with a latest acquisition of DocuWare in 2019.
- So, we have obviously got some work to do in France and Netherlands. We see that as an opportunity for the future and helping us to fulfil this geographical coverage operating uniquely as a service integrator in Europe.

- Taking advantage of highly experienced OP resources, train and shift them to support Office Services

RICOH Europe's Digital talent development Initiative

- RICOH's competitive advantage and objective
 - Over 4,000 OP engineers and technicians in EMEA – RICOH's differentiator
 - Develop and up-skill them to support our growing OS business with cross-skilling capabilities
 - Aim to fulfil customer needs and provide front-line support for our customers and partners
- Programme to develop digital specialists over 6-9 months along with an industry-recognised accreditation



- Current status and target
 - Launched in November FY20 and over 400 talents from OP and technical area already completed assessment
 - Identified 200 talents for first 2 cohorts from across 18 countries
 - Started cohort 1 with targeted 80 people

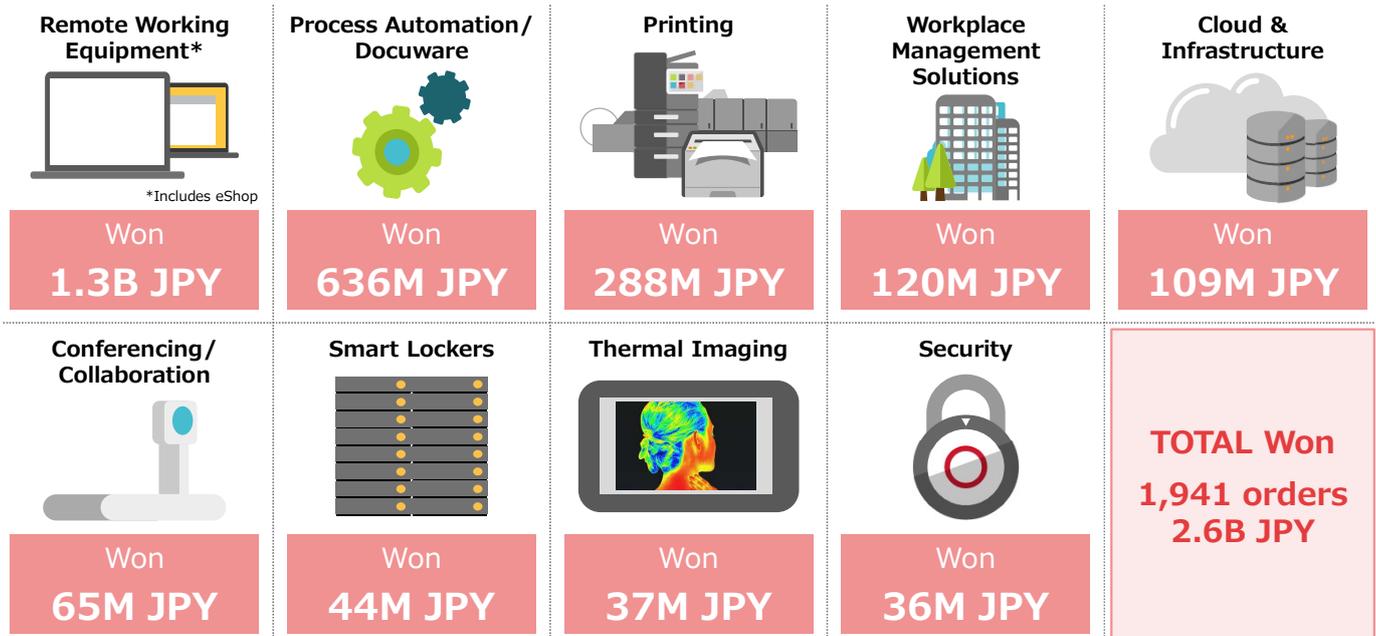
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- One of the big things that we got to do is utilizing and ~~this is~~ shifting our Office Printing resources to ensure that we can grow our Office Services business. We have 4,000 talented Office Printing customer engineers with good customer relationship and with high networks skill for setting machines. We start to gradually over the years change them to much more to the Office Services skills to fulfil customer needs.
- Now we have launched a program for them to develop themselves and move into new areas of IT services. It is quite a long program of nine months, but some people will probably do it in six months. A lot of it is online, a lot of it is working on the job.
- Module one is about basic digital literacy to make sure they have those skills. Module two is developing their technical skills of hybrid infrastructure services, digital business services and delivering professional services with DocuWare. Module three is gradually introducing them to the field and to customers so they can complete online training and also be mentored by the people who have specific expertise in this area.
- We have already started off with 400 talented people who have completed the assessment. First of all, we have identified 200, they are going to operate in two cohorts across 18 countries. The first cohort has already started successfully, and gives a great deal of opportunity for these engineers to move into a different area.

Packaged Services Won deals in FY20

Work Together, Anywhere campaign



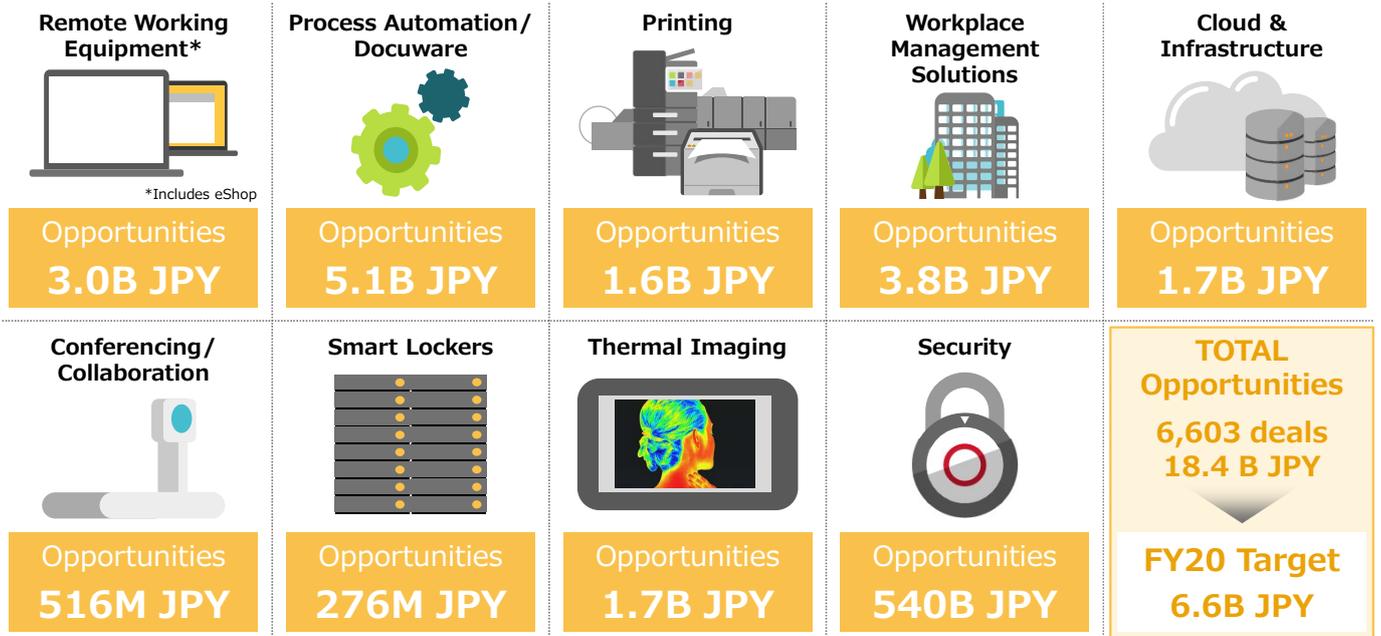
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- When COVID-19 hit in, our core business suffered somewhat. So, we launched a campaign, Work Together, Anywhere Campaign.
- This campaign is offering services in different areas. These are the kind of areas and the deals that we won so far. So, there is remote working with equipment, this process automation with DocuWare, still our core business with printing mainly focused on the home office, sort of workplace manage solutions and cloud and infrastructure.
- I would like to mention Smart Lockers, we have seen a great space for that. This helps many companies install locker systems in their operations which is helping through COVID-19.
- One thing to note is process automation in DocuWare is kind of the highest area that we are growing. Many companies want the capability to receive documents and manage workflow at home. DocuWare firmly fix into that space and is very helpful to companies. And our MFPs help the onboarding of documents.



Packaged Services Further Opportunities

Work Together, Anywhere campaign



- The opportunities are outstanding. We are all working very hard from home, but when we return to the office, I think many of these opportunities will come into fruition.
- You could see the tremendous opportunities in the process automation at DocuWare. People want to move that they are operating digitally forward and I think Ricoh is in great position to help them do that with the training of our people, a fantastic product of DocuWare and our MFPs to do the onboarding.
- So, I think we really are well-positioned for the future.

Customer circumstances

● Basic information

- The largest cloud software provider in Northern Europe
- Offices in 10 countries, 10K+ employees
- 3HQ main offices in Netherlands

● Lockdown in Netherlands

- 16th Mar, 1st Lockdown
 - Work from home
 - Closure of Schools, Universities, hospitalities
- 11th May, Lockdown released

● Customer's Challenges

- A safe return to their offices for their employees and managing it appropriately
- Empowerment for their people and companies to make own decisions
- Easy to use application in line with their environment

RICOH's value proposition

RICOH Spaces

- Enable the customer to manage safe & effective workplace environment quickly and to promote their collaboration at the office
- RUK developed this App based on customer needs, taking advantage of our acquired resources and **strong collaboration with Microsoft**
- FY20 600 desks, 45 rooms and 3 reception area. FY21 expansion in Netherlands and other countries with 55,000 desks and 2,000 rooms



Simple, fast booking

Multiple day booking

Desk Zoning

Check-in & Auto cancelling

Floorplan viewing

Visitor access

Meeting rooms

Analytics

● Customer's feedback – WHY RICOH ?

- Great to be launching partner for RICOH Spaces for our safe, orderly and user-friendly office in a short time
- **Customer focus, flexibility, speed, smooth collaboration with our team**

- The second thing we would be doing is to look at applications in this difficult time that will help our customers, and the Ricoh Spaces application is a great example of that.
- This shows a customer example where the application fits.
- The customer is a large cloud software provider in Northern Europe with 10 offices, and about 10,000 employees, with three main offices in the Netherlands. The lockdown occurred on 16th March 2020 and everybody had to work from home, and they were very conscious about how they are going to return to work, how they could maintain social distance in their offices, and how they could manage their offices well.
- We saw an opportunity early to develop an application to meet that requirements on the customers purchase stats. The Ricoh Spaces application enables you to book a desk and meeting room, to see floorplans, to book a car parking space and park your car, to order lunch. And it gives you the analytics, who's been about people in the office, how many spaces you used in the office, how social distancing occurred.
- This really has taken off as an application. A lot of companies are looking at it to return to the office. We are very proud of that solution that we developed for our customers during this COVID-19 crisis.

Synergies of acquisition

- Started increasing synergy cases between RICOH and acquired companies taking advantage of great relationship with customers and our capabilities
- Huge opportunities to duplicate and accelerate those synergies across EMEA

RICOH Italy (RTI) and NPO

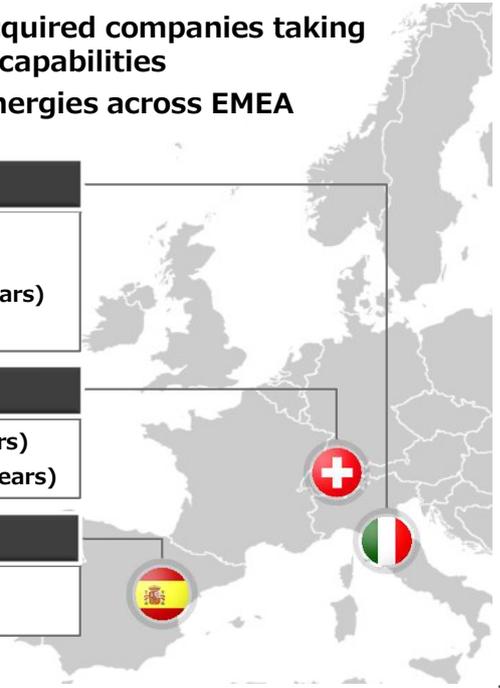
- NPO won **Digital IT infra & Workplace Services** deal with RIT insurance customer in FY18 (€1.3M in 3 years)
- RIT won OP deal with NPO engineering customer in FY19 (€700K in 5 years)
- RIT won OP deal with NPO pharma customer in FY20 (€800K)

RICOH Switzerland (RCH) and Lake

- Lake won ICT deal with existing RCH bank customer (€1M in several years)
- RCH won first **DocuWare project** to Lake customer in FY20 (€250K in 5 years)

RICOH Spain (RES) and Techno Trend

- Techno Trend won **Managed Collaboration Services** deal with RES energy customer in FY19 (€3M in 3 years/Recurring model)



- We have also had significant synergies from the acquisitions to our business.
- These are three great examples; I particularly like the middle one, with Ricoh Switzerland and Lake, selling DocuWare products through Lake. That's two acquisitions working together in their customer basis.
- Developing our sales force to sell these opportunities and sell the assets that we've acquired has been very important to us and we are celebrating these successes as we move forward.

Strong Points

- **Strong loyal customer base**
 - Existing RICOH OP customers
 - Acquired company's customers
- **The widest geographical coverage**
 - 24 Operating companies across EMEA
 - Only RICOH Europe can meet international customers requirements
- **Value proposition**
 - Empowering Digital Workplaces
- **Competency and resource**
 - Acquired competencies and resources
 - Hybrid-Cloud, Cyber security, Workplace solution etc
 - Great management and highly skilled talents
 - Service Operation Centres (SOC)
 - Experienced OP resources for OS business
- **Market reputation and partnership**
 - Trusted supplier and partner recognised as a Leader in Workplace services by Gartner Magic Quadrant 2019

Winning scenario

- **Develop customer value at frontline**
 - Take advantage of strong customer base, our competences and the widest geographical coverage in EMEA market
- **Maximise synergy with acquired company**
 - Cross selling synergies into existing RICOH customers and vice versa
 - Create synergies across EMEA
- **Go to market strategy by customer segment**
 - MA: Maximise international sales taking advantage of our coverage across EMEA
 - SMB: Drive packaged service and penetrate MSO (Multi Service Offering : 15K contracts)
⇒ **European Scrum Package**
- **Keep investing in growth area for future**
 - Further opportunities for acquisition to expand coverage and enhance competence
 - Train OP resources to be capable for OS business and digital services

- Finally, I would like to tell our strong points and what we have developed.
- The first one is our strong and very loyal customer base in Europe. We are very proud of that.
- We have got the widest geographical coverages operating in all the countries. And our distribution channel and our international customers are truly part of our network too.
- We are developing value propositions for empowering digital workplaces and the Ricoh Spaces app is a great example of that.
- We have acquired some great resources and companies and they continue to grow. We have also built some service operation centers we call it as SOC which helps customers maintain their IT networks and facilities. SOC has also been a great success and expanded significantly over the last two years.
- We have got a strong market reputation and great partnerships.
- The winning scenario going forward is developing our customers' values at the frontline. We are delivering solutions to our strong customer base.
- We need to maximize the acquisition synergies of the acquired companies. They are organically growing themselves but introducing the Ricoh customer base to them would be a winning formula.
- And our go-to-market around the customer segment is fundamental and key. We are trying to drive software packages and our multi service offering contract, where we are offering a wide variety of services to our customers. This is being replicated of the Scrum Packages that we are doing in Japan.
- We definitely need to keep investing in the future. This is geographical coverage is going to be so important, and trading and developing our people to move into this new arena is going to be a winning formula.
- Thank you for your time and thank you for listening.

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