

# RICOH Digital Services' Vision and Initiatives

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December 7, 2023

RICOH Digital Services

- **Recapping Progress with Enterprise Value Improvement Project** \*Reproduced
- **Accelerating Digital Services to Reinforce Customer Value Proposition**
- **Progress with Transformation into a Digital Services Company**
  - **Global** (Takahiro Irisa)
  - **Japan** (Toru Kasai)
  - **EMEA** (Nicola Downing)
  - **North America** (Carsten Bruhn)

# Recapping Progress with Enterprise Value Improvement Project



# Transformation to Digital Services Company

Reproduced from Progress Report on Enterprise Value Improvement Project presented on November 8, 2023

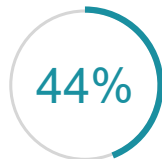
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- Focus all business resources on transforming into a digital services company

## Transition from an office automation manufacturer into a digital services company

### Digital services sales ratio

FY2022 result



FY2025 target



### Key initiatives

#### Profit growth in Office Services

Deploy Office Services to global customer base to generate recurring revenues while investing to improve profitability, such as by reinforcing products through acquisitions

#### Continuous structural transformation in Office Printing

Sustainably generate cash in maturing market to fund investments, becoming more cost competitive by enhancing sales model, pricing, and production efficiency and partnering with other companies

# Ricoh's vision as Digital Services Company and its strength

Reproduced from Progress Report on Enterprise Value Improvement Project presented on November 8, 2023

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- Becoming a global workplace services provider

## Vision

Serve as **workplace services provider** with global delivery capability in the changing workplace environment with increasing remote work and new role of office

## Focuses

### IT Services

Provide service to implement and manage information and communications infrastructure in workplaces

### Business Process Automation (BPA)

Improve customers' productivity by digitalizing and automating their business processes

### Communication Services (CS)

Drive customers creativity by delivering collaborative meeting rooms and hybrid work environments

## Strengths

### Customer base

Global customer base of 1.4 million companies, cultivated through Office Printing business

### Customer touchpoints

Regional sales and support networks with depth understanding of workplaces and customer trust

### Intellectual Property

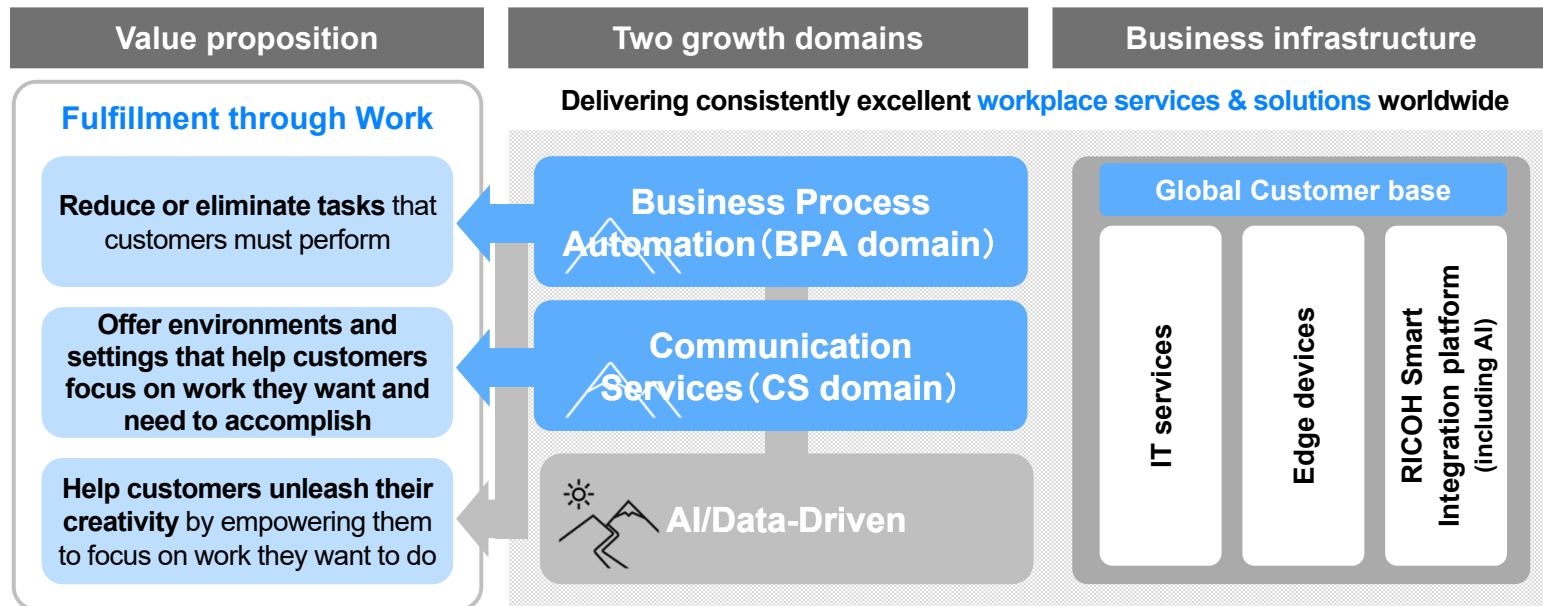
Ricoh's high-value-added products and services which can be offered as a total solution

# Accelerating Digital Services to Reinforce Customer Value Proposition



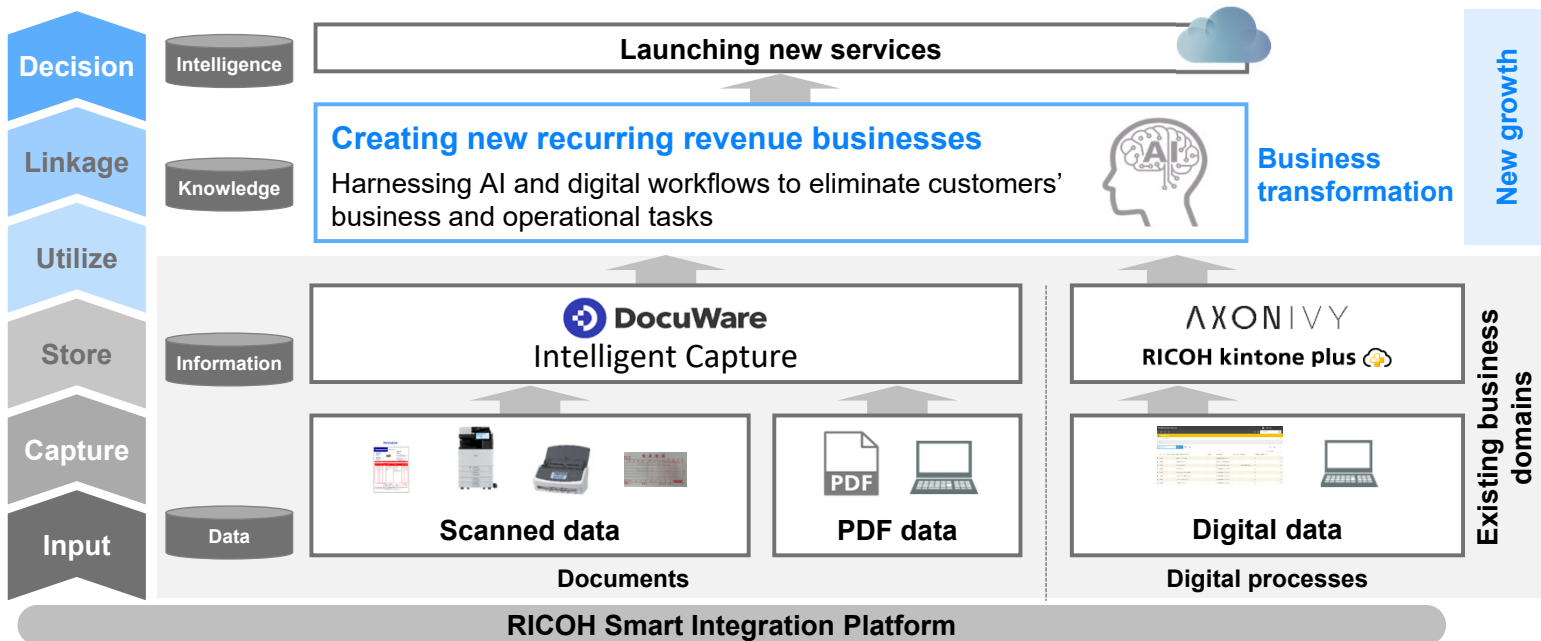
# The Path to Accelerating Digital Services

- Accelerate growth by concentrating management resources on Business Process Automation and Communication Services, delivering Fulfillment through Work and supporting those services by creating IT Services and RICOH Smart Integration platform (including AI) offerings



# Accelerating Business Process Automation Domain Cultivation

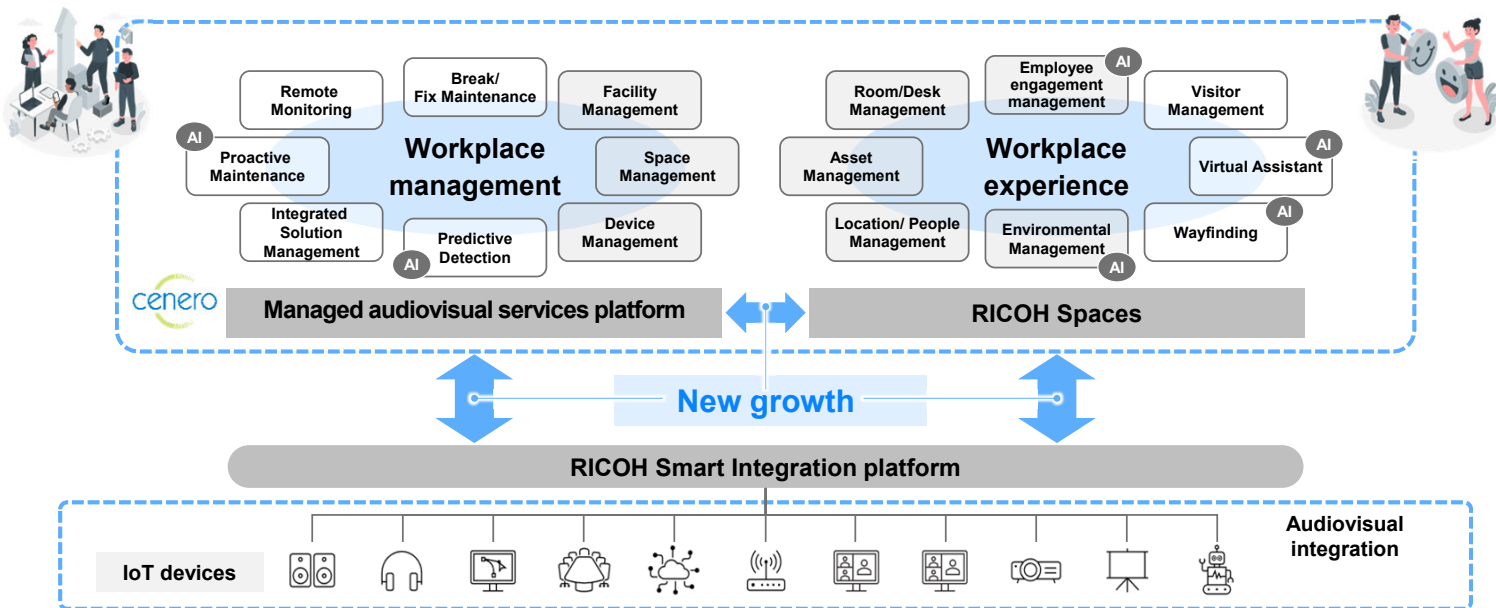
- Digital workflows linking all assets help enhance productivity by eliminating operational tasks
- Expand audiovisual integration capabilities to establish top global position in communication services market, which offers clear path to competitive success





# Accelerating Communication Services Domain Cultivation

- Help customers become more creative by providing globally standardized hybrid workspace services
- Expand audiovisual integration capabilities to establish leading position in global communication services market, which offers clear path to competitive success



# Progress with Transformation into a Digital Services Company

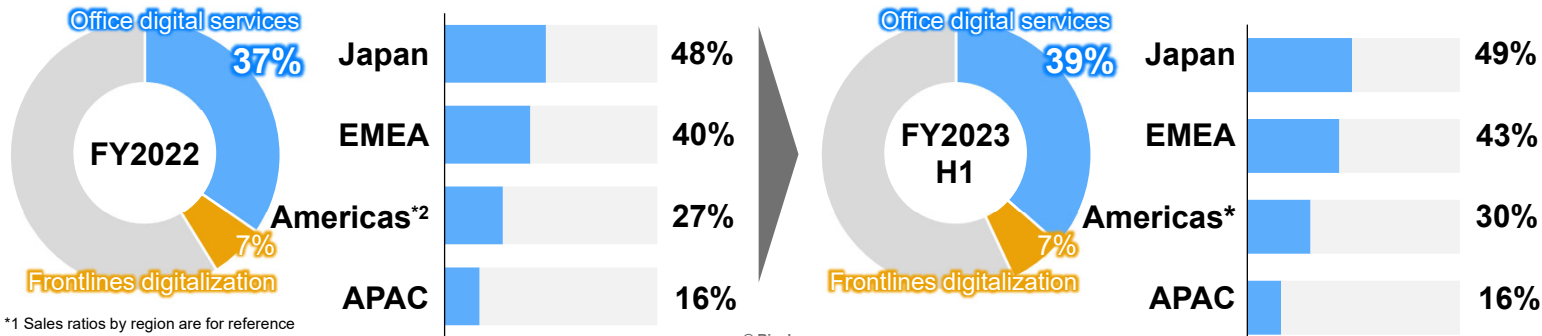


# Office Digital Services Sales Ratio

- Despite varying regional progress, on track globally to generate 50% of sales from office digital services by FY2025
- Japan and Europe driving global growth with, gains of 1 in Japan and 3 percentage points in Europe and North America

Digital services sales ratio	FY2022	FY2023 H1	FY2023 target	FY2025 target	<ul style="list-style-type: none"> <li>● Attain primarily through Office Services growth</li> <li>● Also benefit from overall growth</li> </ul>
Frontlines digitalization    Office digital services	44%	46%	49%	60%+	
	7%    37%	7%    39%	8%    40%	13%    50%	

## Office digital services sales ratios by region\*1

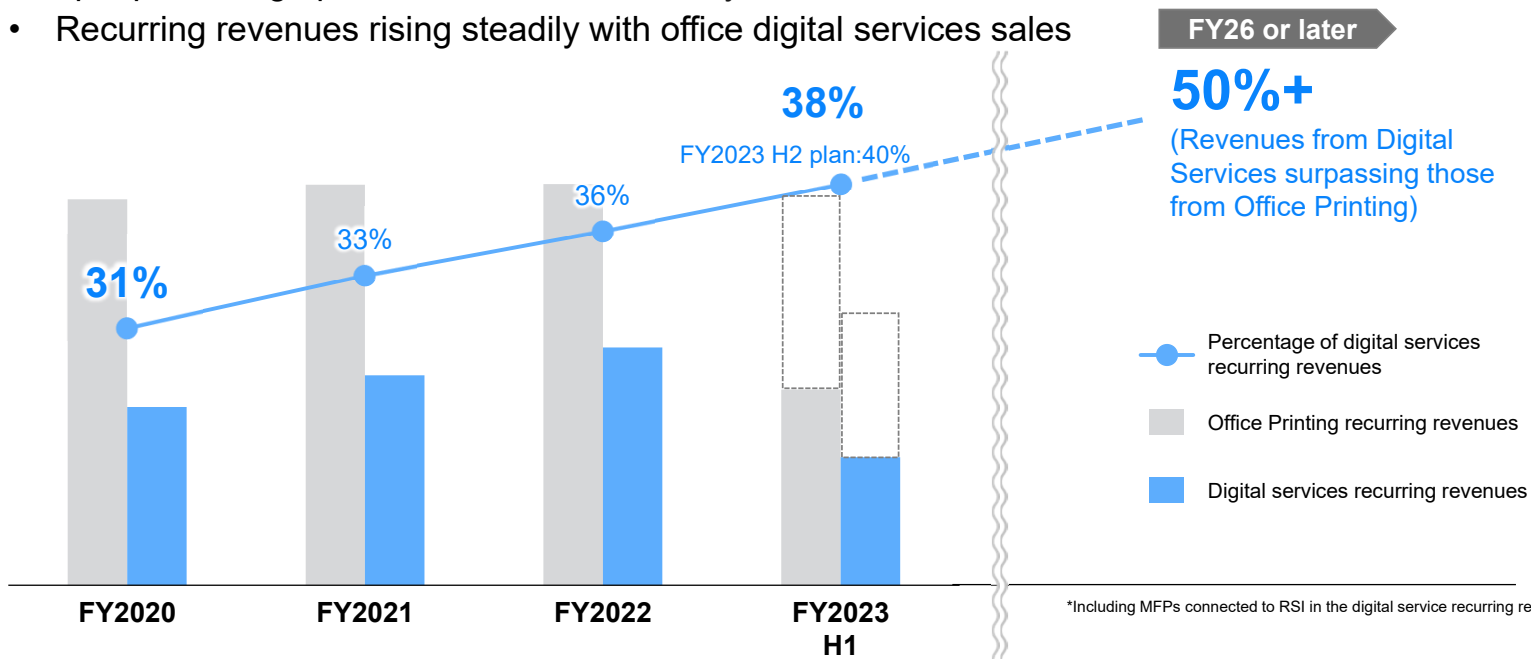


\*1 Sales ratios by region are for reference

\*\*2 North America and Latin America

# Business Unit's Digital Services Recurring Revenues

- Recurring revenues accounted for 38% of RICOH Digital Services sales in FY2023 H1, up 7 percentage points from two and a half years earlier
- Recurring revenues rising steadily with office digital services sales



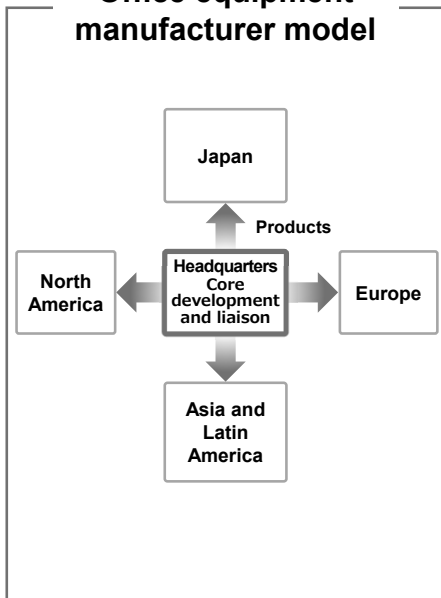
# Overall: Enhance Customer Touchpoint Value

Reproduced from 21<sup>st</sup> Mid-Term Management Strategy briefing in March 2023

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- Transition into a digital services company with regional strategy to create value with regional customers

## Office equipment manufacturer model



## Transform value creation model

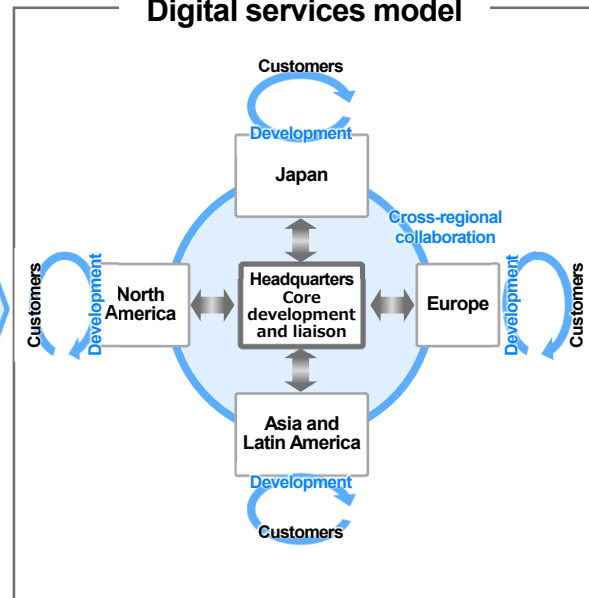
### ● Region roles

- Create value at customer touchpoints
- Develop local production and consumption solutions

### ● Headquarters roles

- Develop cores (edge devices, software, and platforms) of regional strategies and build future
- Push forward with Group strategies and foster cross-regional collaboration

## Digital services model



- Centered around four-region strategy to enhance ability to create value at customer touchpoints and foster collaboration between regions

## Transform value creation model

### ● Region roles

- Create value at customer touchpoints
- Develop local production and consumption solutions

### ● Headquarters roles

- Develop cores (edge devices, software, and platforms) of regional strategies and build future
- Push forward with Group strategies and foster cross-regional collaboration

## Key Initiatives

### Regions:

#### Steadily amassing recurring revenues by reinforcing regional strategies

- **Japan:** Expanding Scrum series and RICOH kintone plus
- **Europe:** Developing and expanding recurring revenue services and maximize synergies with acquired companies
- **North America:** Expanding services to major Business Process Services customers and strengthening Communication Services
- **APAC and Latin America:** Stepping up shift to Office Services, capturing new areas by leveraging machine-in-field positions

### Headquarters:

#### Advancing Group strategy and foster interregional collaboration

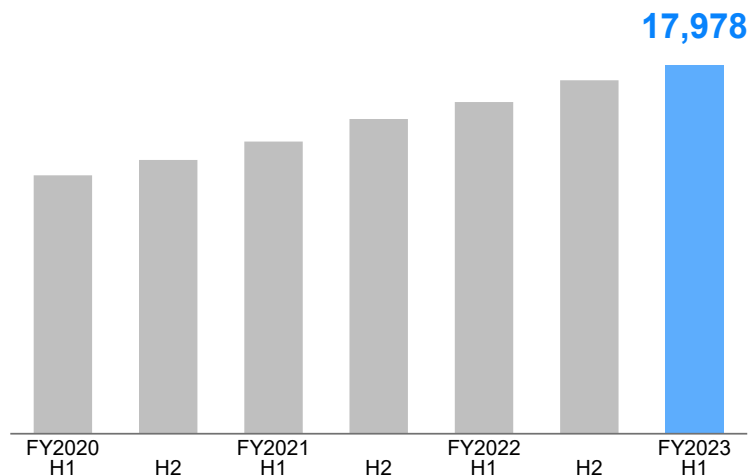
- Globally deploying proprietary software
- Strengthening global cross-border project capabilities
- Expanding services capabilities through acquisitions and capital alliances
- Boosting reputation as digital services company

# Deploying Global Proprietary Software: DocuWare

- +11 customer growth and +21 sales increase from FY2022 (YoY)
- Deployed in 45 countries, with number of qualified employees (Presales + Software construction engineer) exceeding 500
- Reinforcing global sales and support systems overall with emerging nations by sharing expertise from deployment front-runner Europe



### Cumulative number of Customers



### Number of DocuWare-certified employees



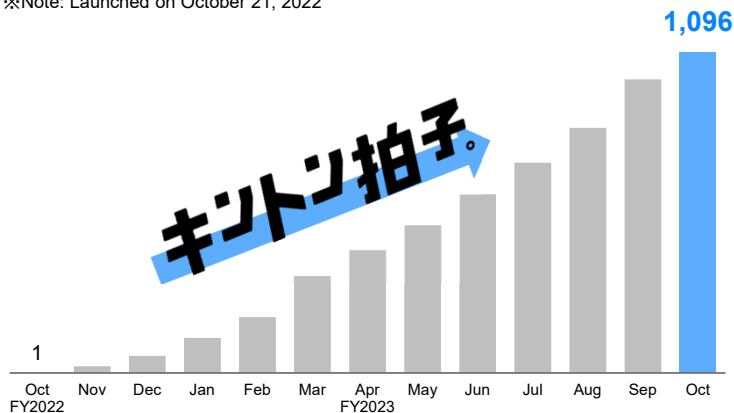
Number of employees completing training and obtaining certification through DocuWare's Partner Certification Program (Presales + Software construction engineer)  
Note: Japan figure includes employees completing DocuWare courses at Ricoh Japan

# Deploying Global Proprietary Software: RICOH kintone plus

- Ricoh Japan has acquired 1,000 new customers, primarily mainly SMEs struggling to digitalize business processes
- Have launched sales in Japan and North America, planning to roll out in Latin America from January 2024

## Cumulative Ricoh Japan customer acquisitions

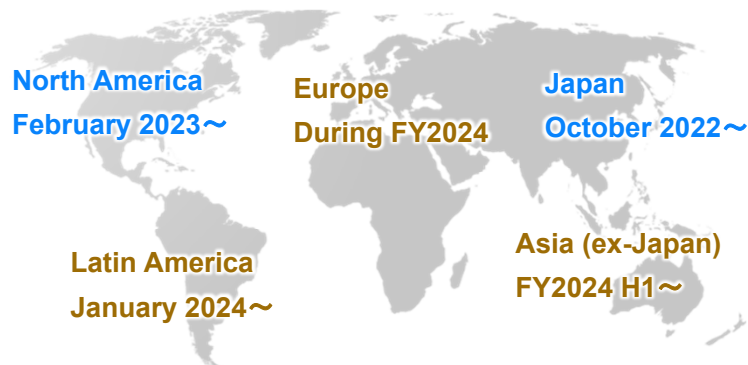
※Note: Launched on October 21, 2022



**Ricoh is Japan's no. 1 kintone-certified company**  
(401 employees qualified as of end-September 2023)

## RICOH kintone plus 🌐

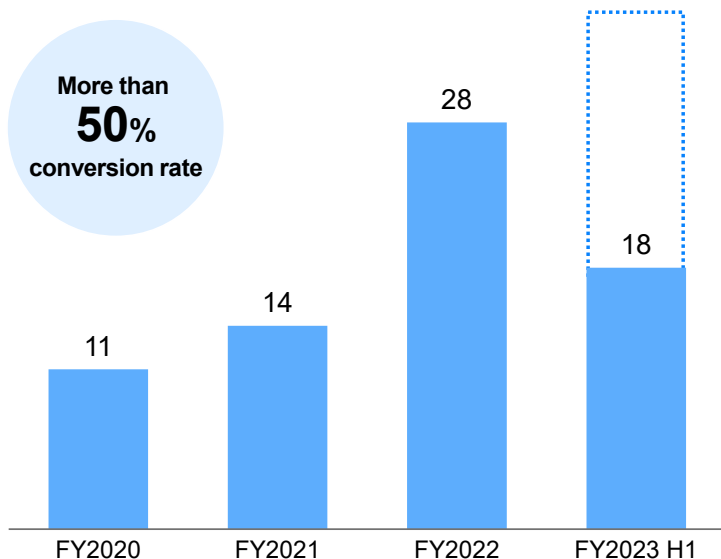
## Global rollouts of RICOH kintone plus





- Global deal negotiation numbers up on enhanced support structure for such efforts, with conversion rate of 50% for communication services (against around 20% for IT services and other areas)

## Number of global communication services deals negotiated



## Managed audiovisual service success story

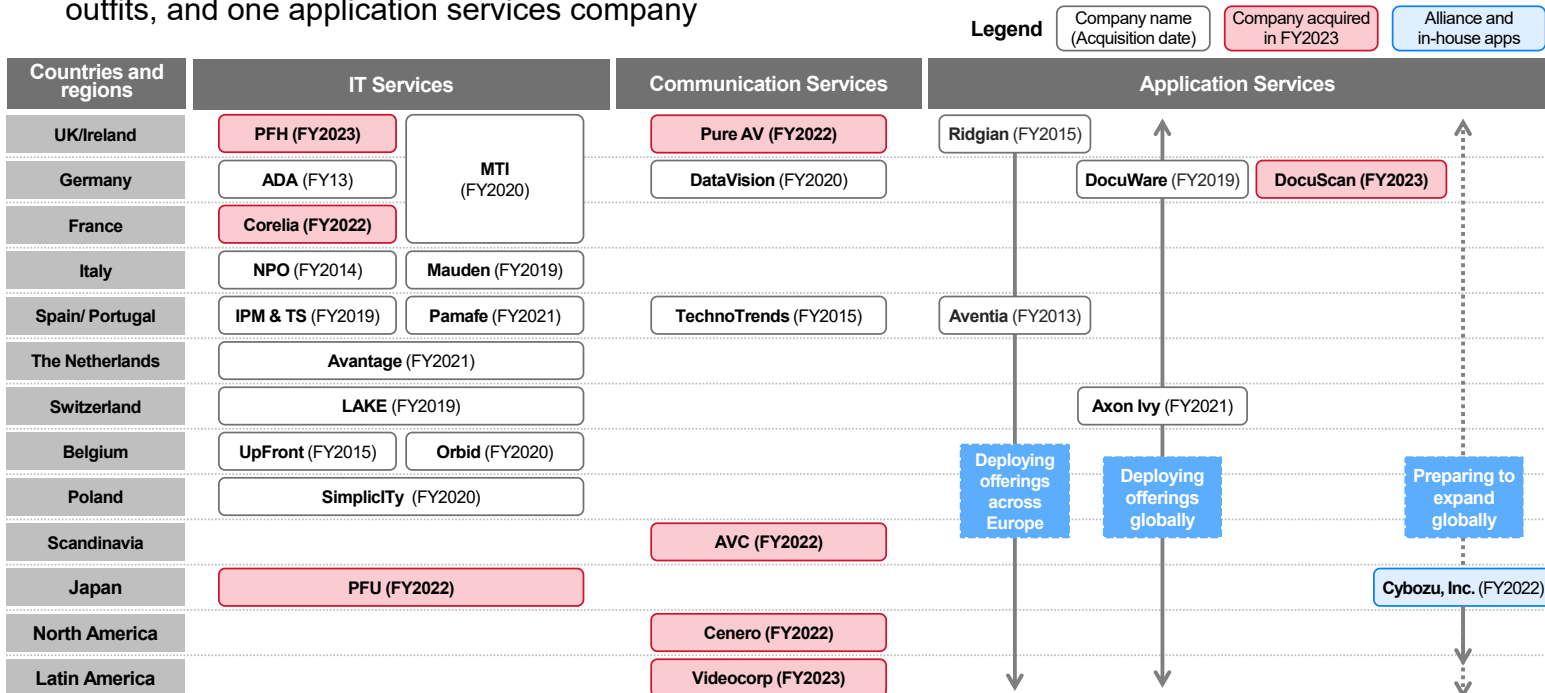
### €8 million deal across 27 countries for Major Global Telecommunications Company

- ✓ Provided recovery and repairs/replacements through remote and on-site maintenance from AV Network Operations Centre
- ✓ Rated highly for global customer footprint enabling us to deliver world-class audiovisual solutions and services across regions
- ✓ Customer requested completions of meeting spaces and systems in three sizes in six countries by end of December 2023, with followed by setups in other countries



# Expanding Capabilities through Acquisitions and Capital Alliances

- Have reinforced organization since FY2022 by acquiring three IT firms, four communication services outfits, and one application services company



# Enhancing Our Reputation as a Digital Services Company

- External institutions and partners increasingly viewing us as a digital services company
- Winning recognition for entering new markets and transitioning from print to digital services

## External recognition highlights for 2023

March	<ul style="list-style-type: none"><li>• British-American analytics company Clarivate names us in its Top 100 Global Innovators 2023 list</li><li>• <b>Gartner positions us in its Magic Quadrant for Outsourced Digital Workplace Services Worldwide report for 2023</b> <b>One of just 17 companies positioned thus (included for a second straight year)</b></li></ul>
June	<ul style="list-style-type: none"><li>• Ricoh Japan wins sales, integration, and two area awards in CYBOZU AWARD 2023 program</li><li>• Ricoh Japan scoops Microsoft Japan Partner of the Year 2023 award</li></ul>
September	<ul style="list-style-type: none"><li>• <b>Positioned in Leaders Category of 2023 IDC MarketScape for Worldwide Print Transformation Reflecting efforts to enter new markets by evolve from document-focused into data-centric organization</b></li><li>• Verdantix based in British independent research firm positions us as a Specialist in its 2023 Green Quadrant for Workplace Systems Integrators report</li></ul>

- Japan, EMEA, and North America regional leaders heads present digital services activities highlights



## EMEA

- Customer success stories in communication services
- Initiatives to strengthen digital service talent development

## North America

- Business process services customer success stories
- Communication services customer success story (Cenero)



## Japan

- Application Services customer success stories (Scrum package deployments)
- Initiatives to strengthen digital service talent development



## RDS headquarters

- Advancing Group strategy and foster interregional collaboration
- Globally deploying proprietary software
- Strengthening global cross-border project capabilities
- Expanding services capabilities through acquisitions and capital alliances
- Boosting reputation as digital services company

APAC and Latin America

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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

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**Note: These materials define fiscal years as:**

FY2023 (or fiscal 2023) = Fiscal year ended March 31, 2024, etc.

**Note:**

The financial data in this document are figures managed by each regional sales company. The definition is different from the figures of the financial announcement.

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