

**IR Day**

**Digital Services  
Business  
Initiatives  
in Japan**

**RICOH**  
imagine. change.

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Ricoh Japan Corporation

December 1, 2021

RICOH Digital Services

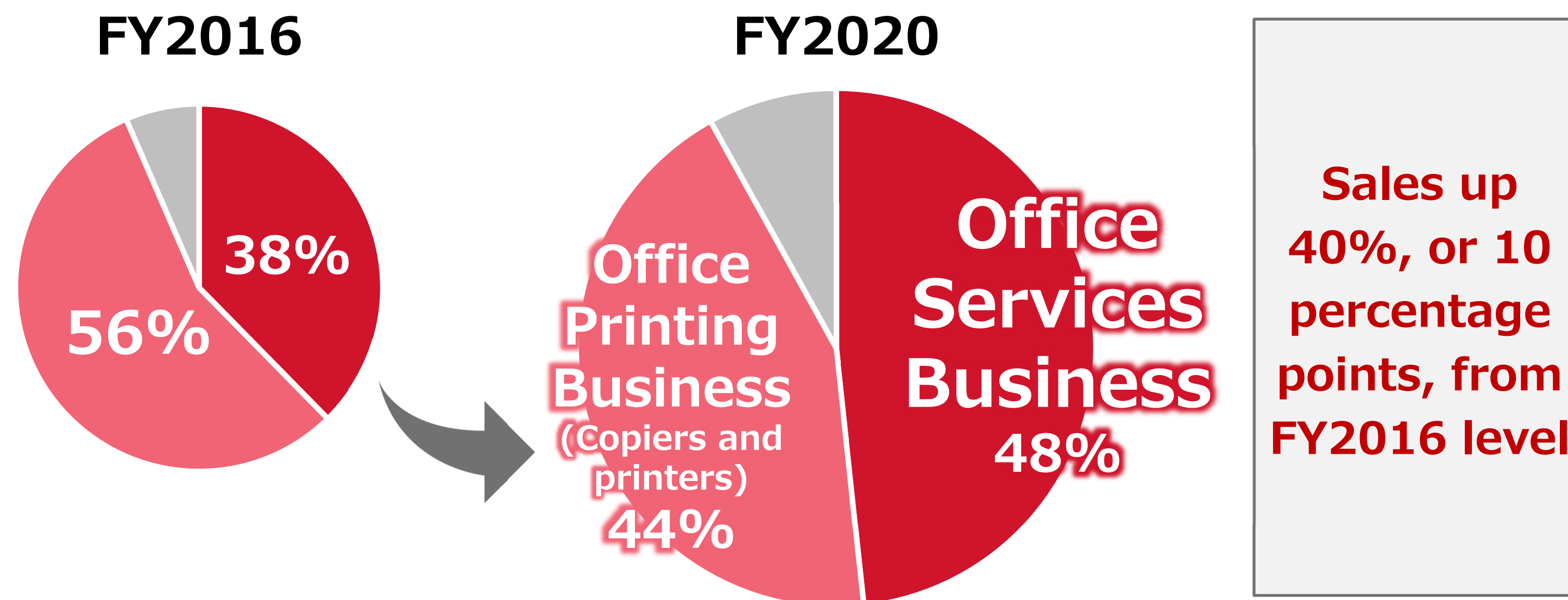


# Reforms to Become a Digital Services Provider

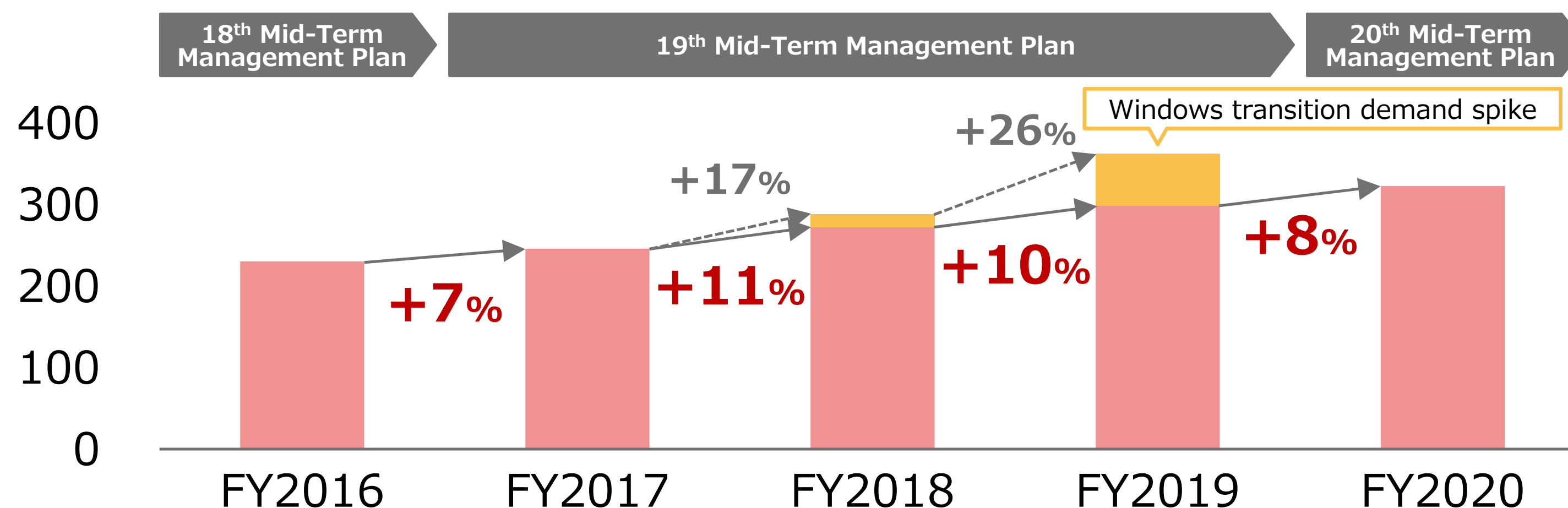


Office Services pivotal to operations of company, which has earned a solid reputation for its efforts

## Sales Composition



## Office Services Sales (billions of yen)

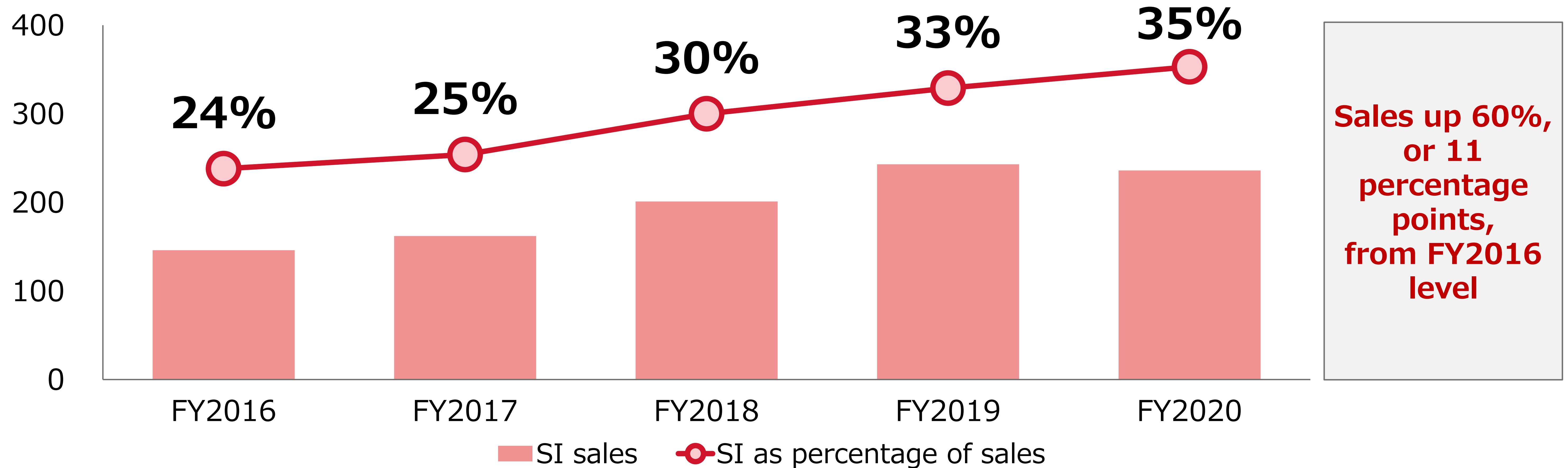


<p>J.D. Power customer satisfaction surveys (2021)</p> <ul style="list-style-type: none"> <li>● IT Solutions Provider</li> <li>● IT Equipment Maintenance</li> </ul>	<p><b>1<sup>st</sup></b> for 7 straight years</p>
<p>Number of grants from Ministry of Economy, Trade and Industry for IT deployments* (Source: Ricoh)</p> <p>* For projects supporting IT deployments to enhance productivity in services and other areas</p>	<p><b>1<sup>st</sup></b> for 3 straight years</p>
<p>Windows PC sales share for corporate customers in fiscal 2020 (Source: Ricoh)</p>	<p><b>Around 10%</b></p>
<p>Number of small and medium-sized business customers using Microsoft 365 (Source: Microsoft Japan)</p>	<p><b>1<sup>st</sup></b></p>
<p>Nikkei Computer Customer Satisfaction Survey 2021-2022</p> <p>Won awards in IT consulting systems integration-related categories of:</p> <ul style="list-style-type: none"> <li>● Upstream design</li> <li>● System development</li> <li>● System operation services</li> </ul>	<p><b>1<sup>st</sup></b> in 3 systems integration categories</p>

# Systems Integration (SI) Business Growth

## Achieving Steady Expansion

(Billions of yen)



### Ricoh Japan's SI Solutions Businesses Encompass:

1. Applications and support and services solutions
2. Applications and hardware (including edge device) combined with support and services and solutions

# Initiatives to Become Digital Services Company

## Goals

Formulate Digital Services business plans  
Target customer numbers for each value level delivered

## Development Structure

Ricoh Digital Services development work transferred to Ricoh Japan

## Customer Engagement Structure

Improve lifetime value through team formation

## Assessment System

Individual and organizational assessments reflect Digital Services plans

## Personnel Structure

Advanced specialist allowances and qualifications leapfrogging

## In-house Digital Transformation

Build information infrastructure for team-based value provision

## Human Resources Development

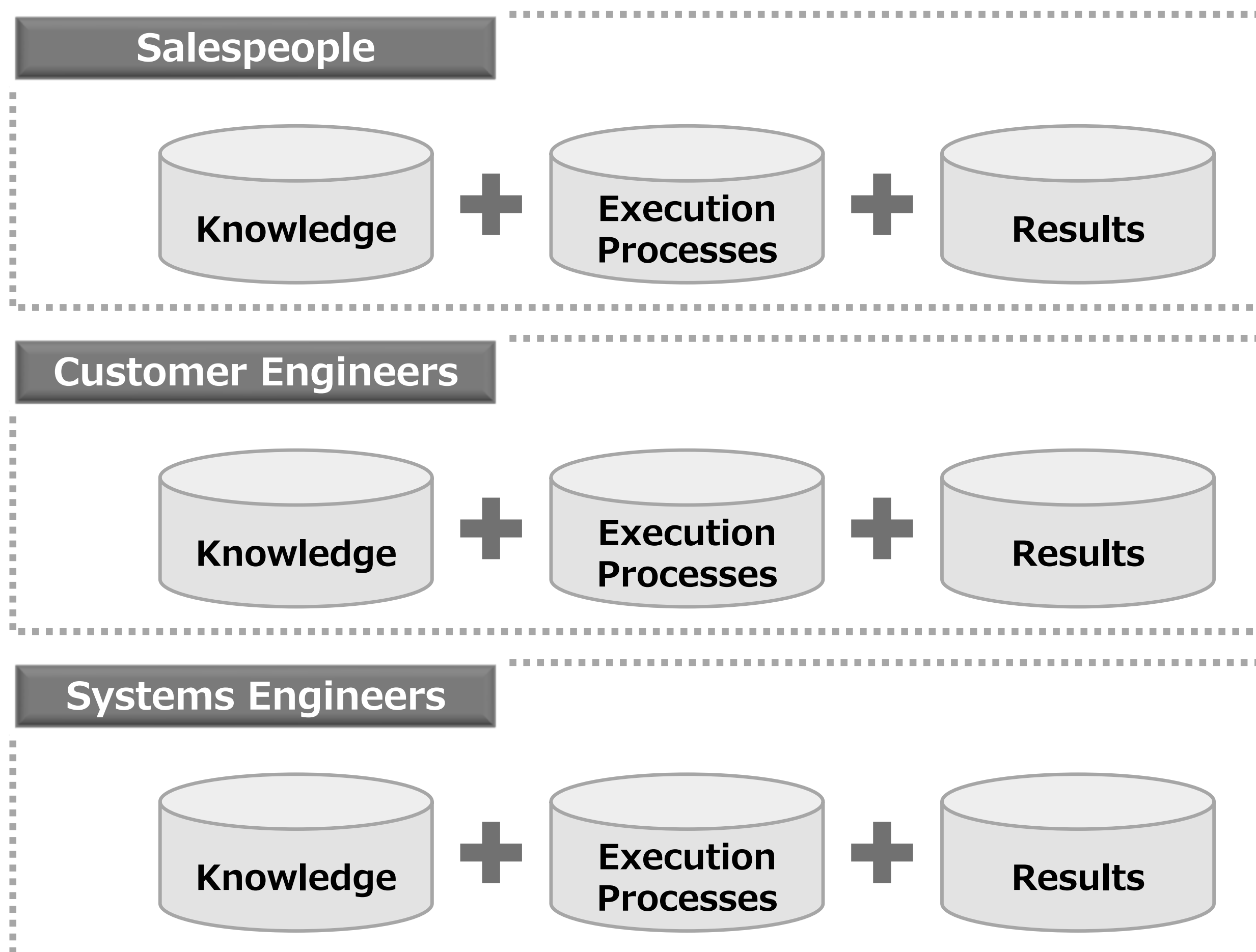
Professional certification system to improve individuals' skills  
(Certification based on knowledge + implementation processes + results)

✓ Discussed later in this presentation

Reacquire skills according to job category to offer and support optimal digital transformations for customers and strengthen customer handling

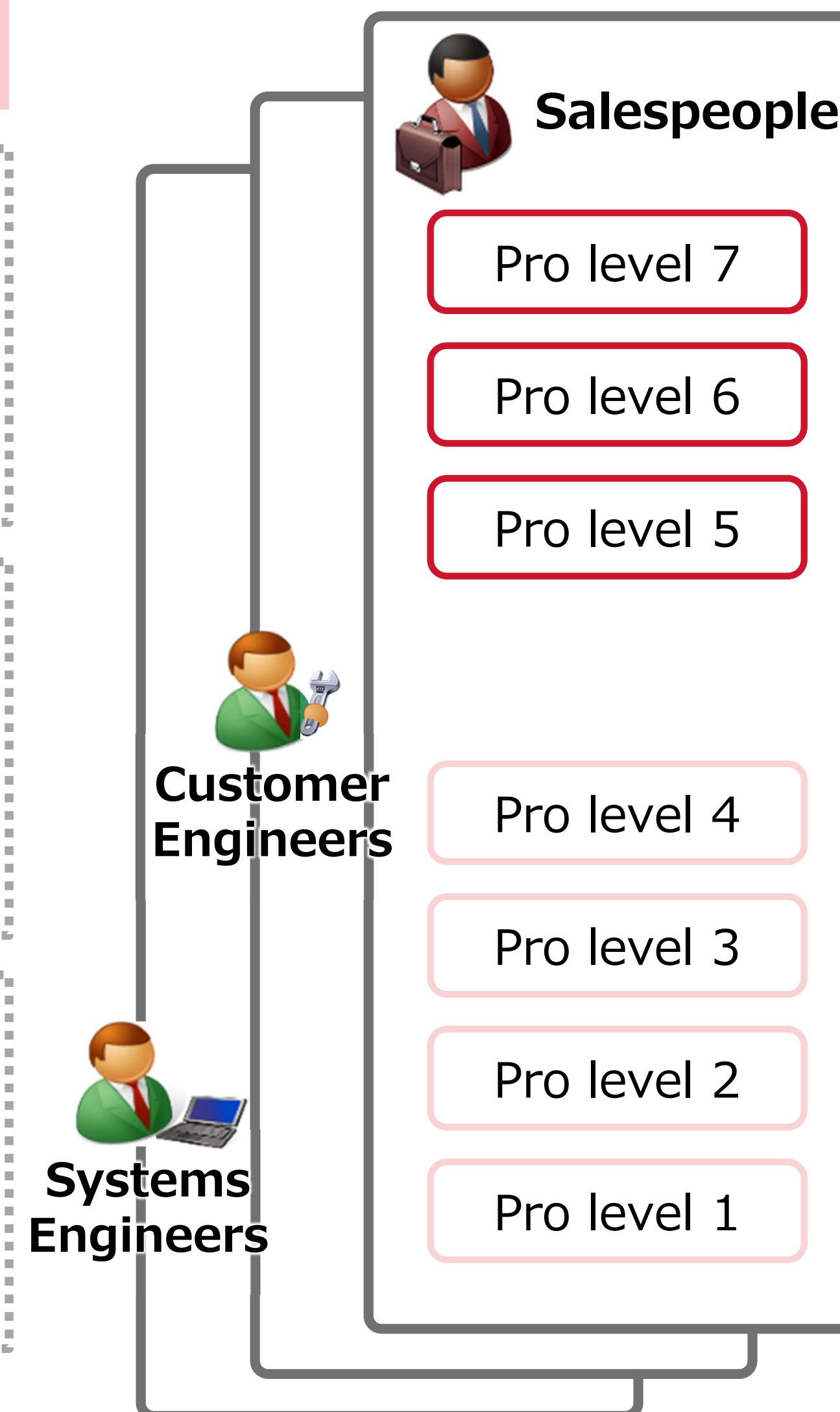
## Human Resources Development

Determine pro levels based on occupational and market (industry and business) knowledge, implementation processes, and results



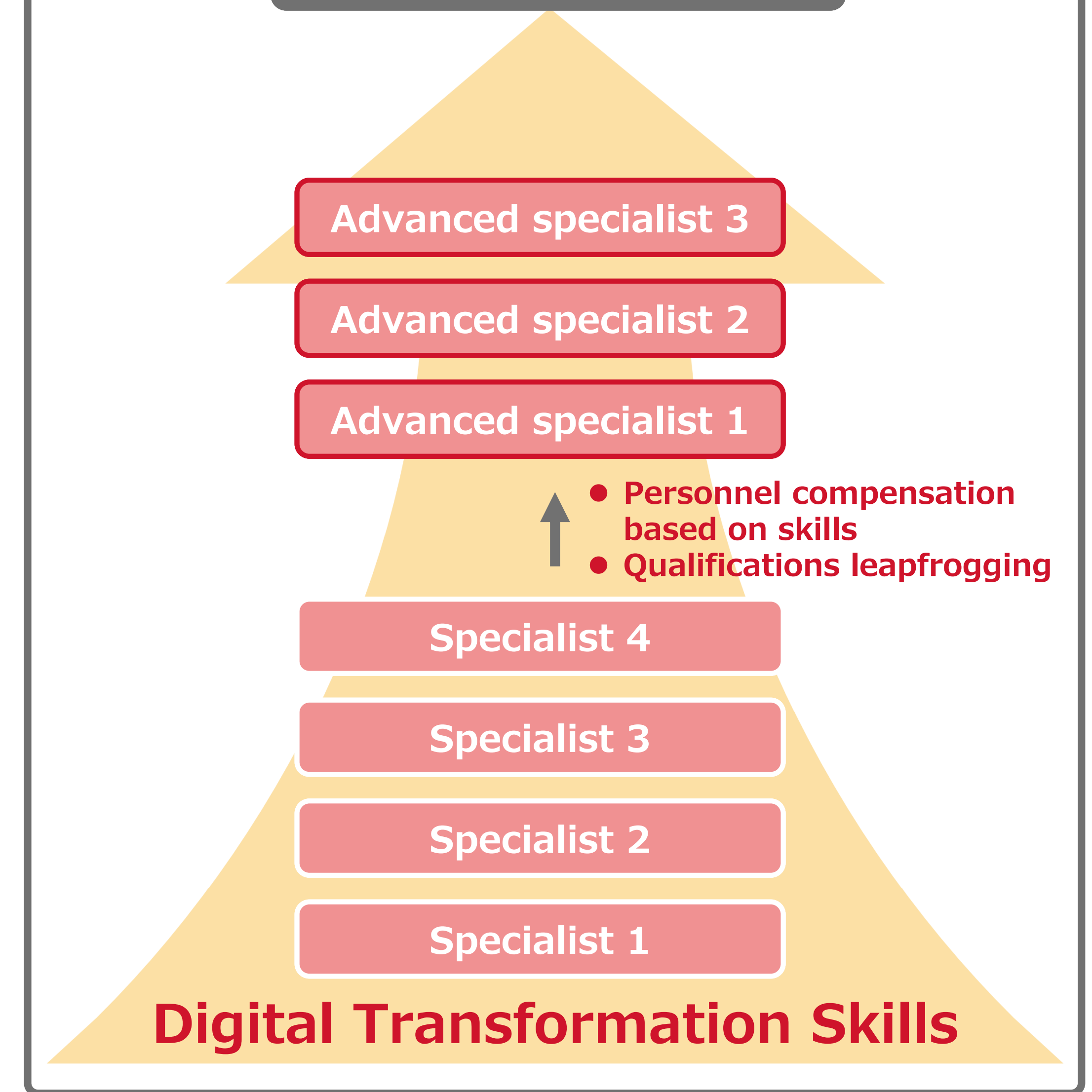
\* Determine by job category

## Certification



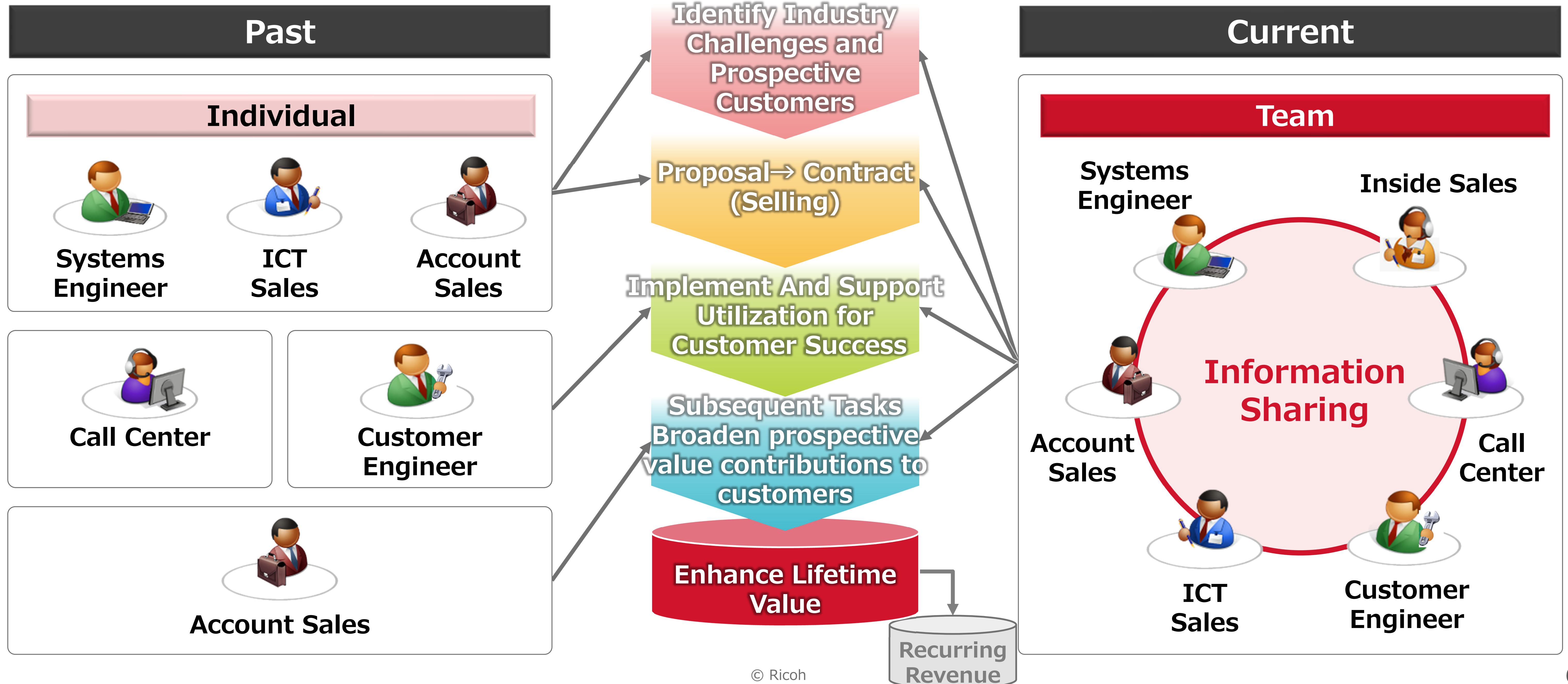
## Human Resources Structure

### Internal Skill Levels



# Customer Engagement Structure to Enhance Lifetime Value

Switch from individual to team formation activities to improve lifetime value by tackling new challenges

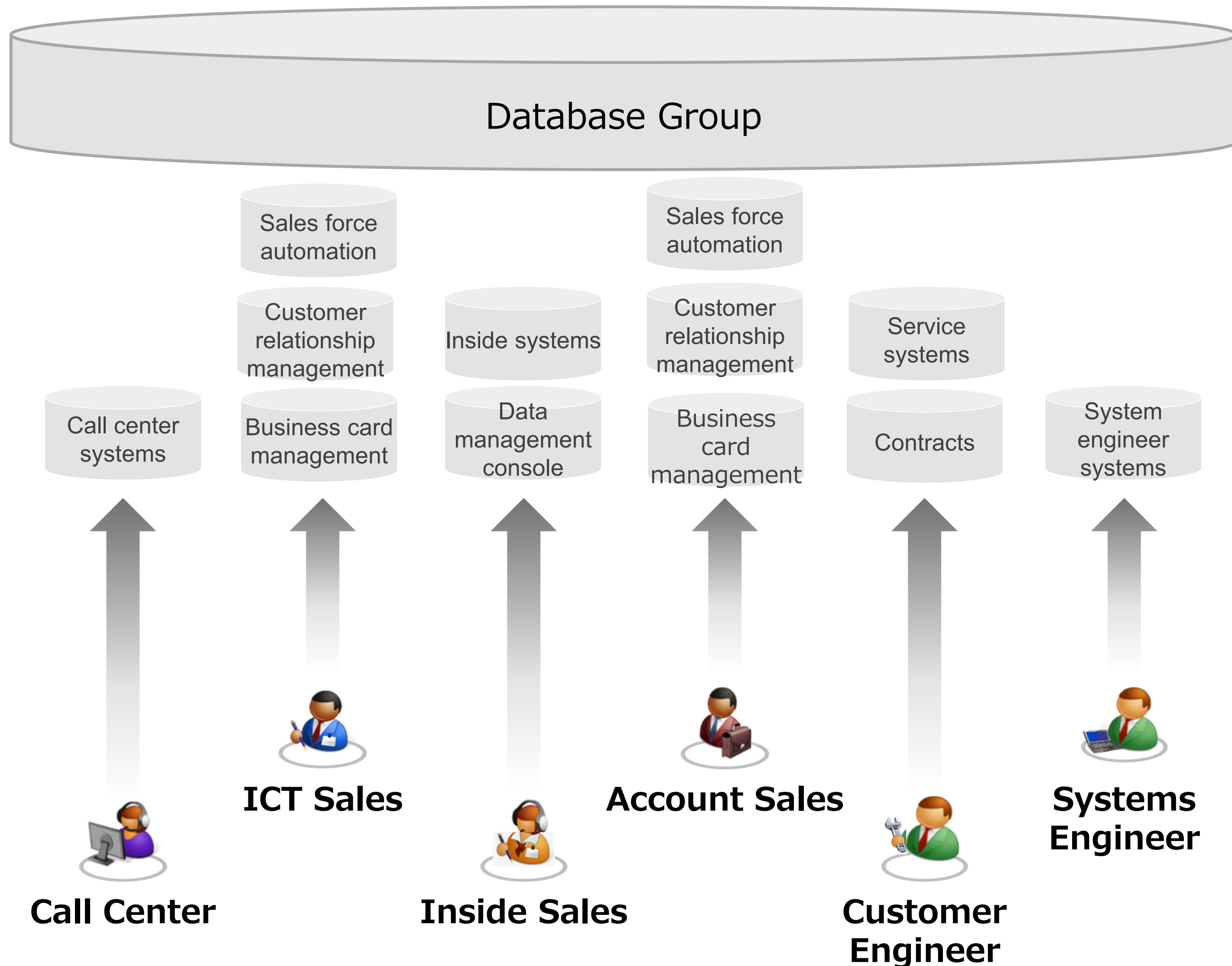


# In-House Digital Transformation

Share customer status with team, with right team member responding at right time

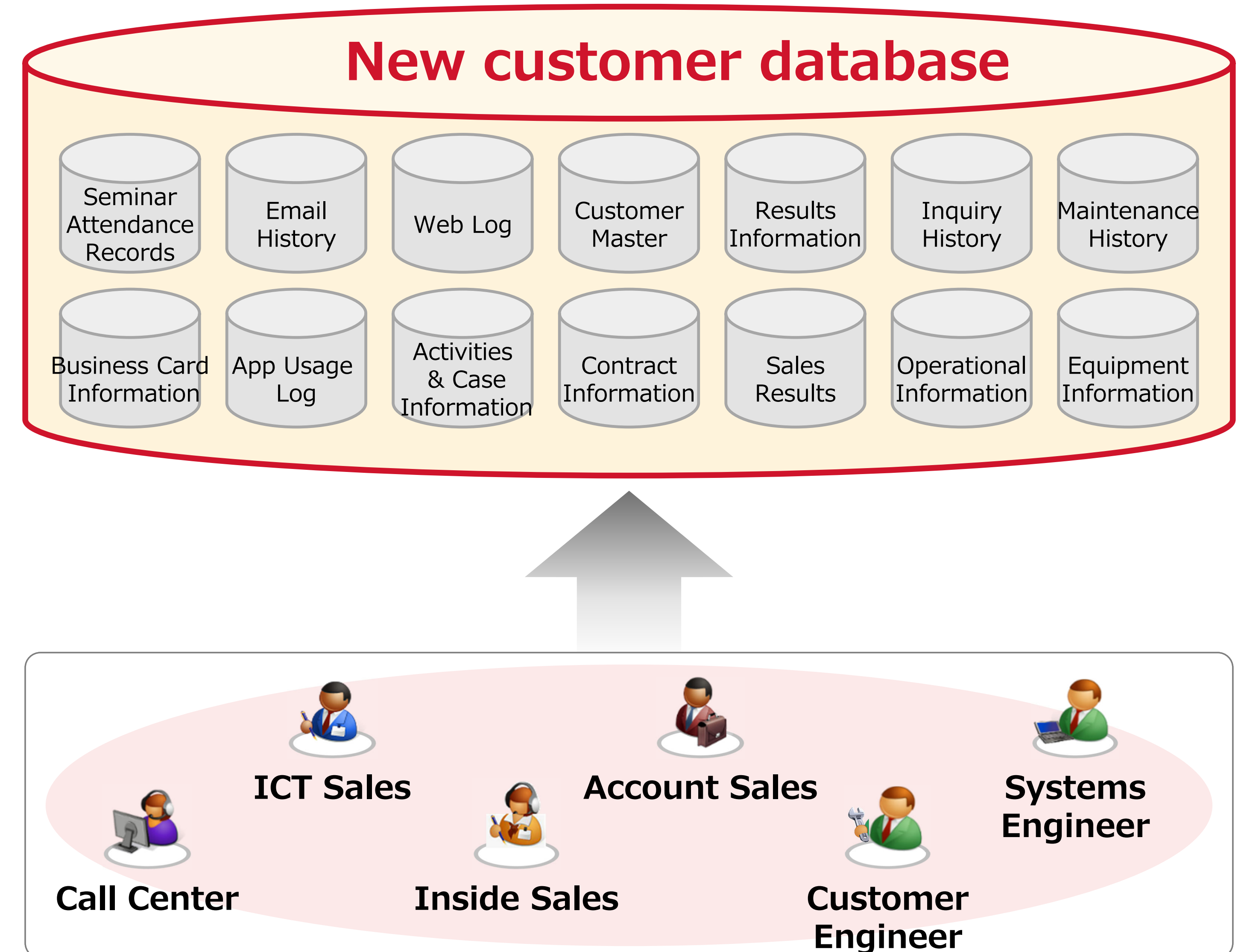
## Traditionally

Disparate information by job category



## Today

Integrated customer information



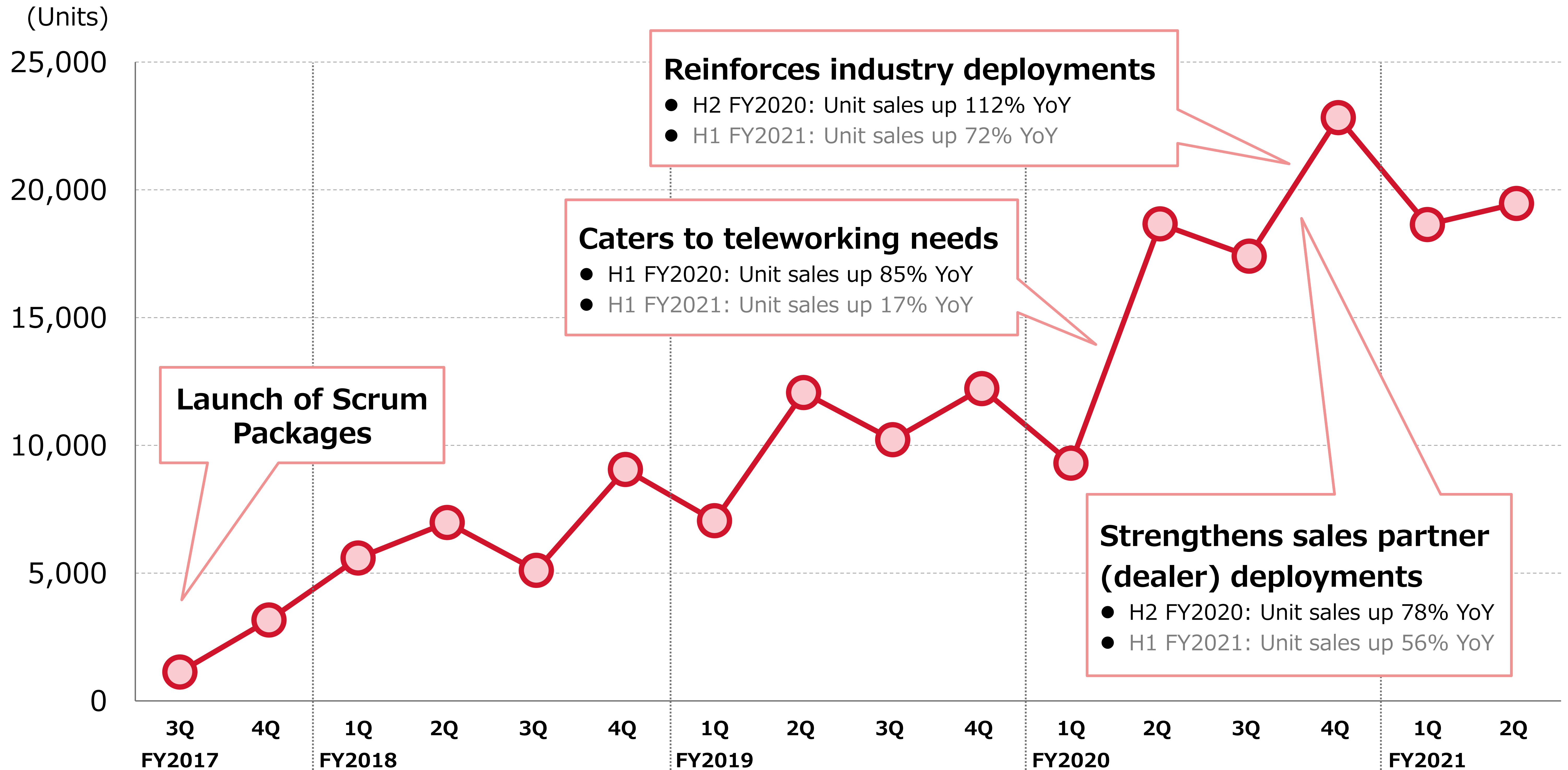




# Progress Toward Goals



# Scrum Package Unit Sales



# Scrum Package Sales over Past Year

Have sold 180,000 Scrum packages to date

## Cumulative Unit Sales

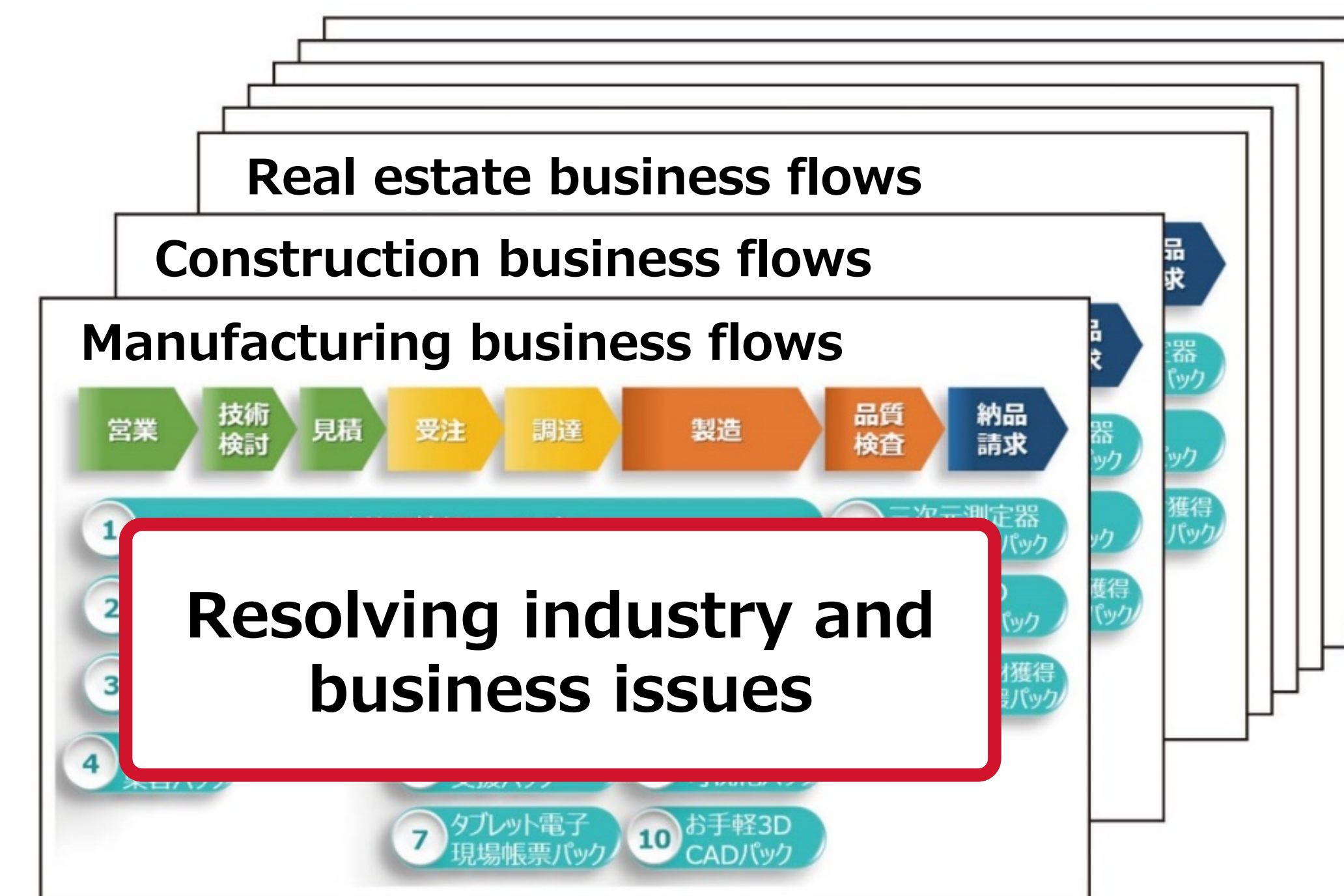
100,000 through Q2 FY2020

⇒ **180,000** through Q2 FY2021

## Number of Solutions Packs

121 by end-September FY2020

⇒ **154** by end-September FY2021



Solutions and sales packages combine optimal products, services, and support for overall business flows of customer industries

# Scrum Package Unit Sales Up YoY in H1 FY2021

Solutions for industry-specific issues increasingly popular

## Sector Pack Sales

Up **72%**



Up **54%**



Up **46%**



Up **54%**



Up **39%**



Up **109%**



Up **64%**



Up **10%**



Up **100%**



Up **1,585%**

## Task Pack Sales

Up **29%**



Up **48%**



Up **74%**



Down **4%**

**Total Scrum Package Sales Up 36%**

# Scrum Package Uptake Rates

Uptake rate at end-September 2021 was 11.4%, or 19.9% among MFP customers

## Uptake Rates

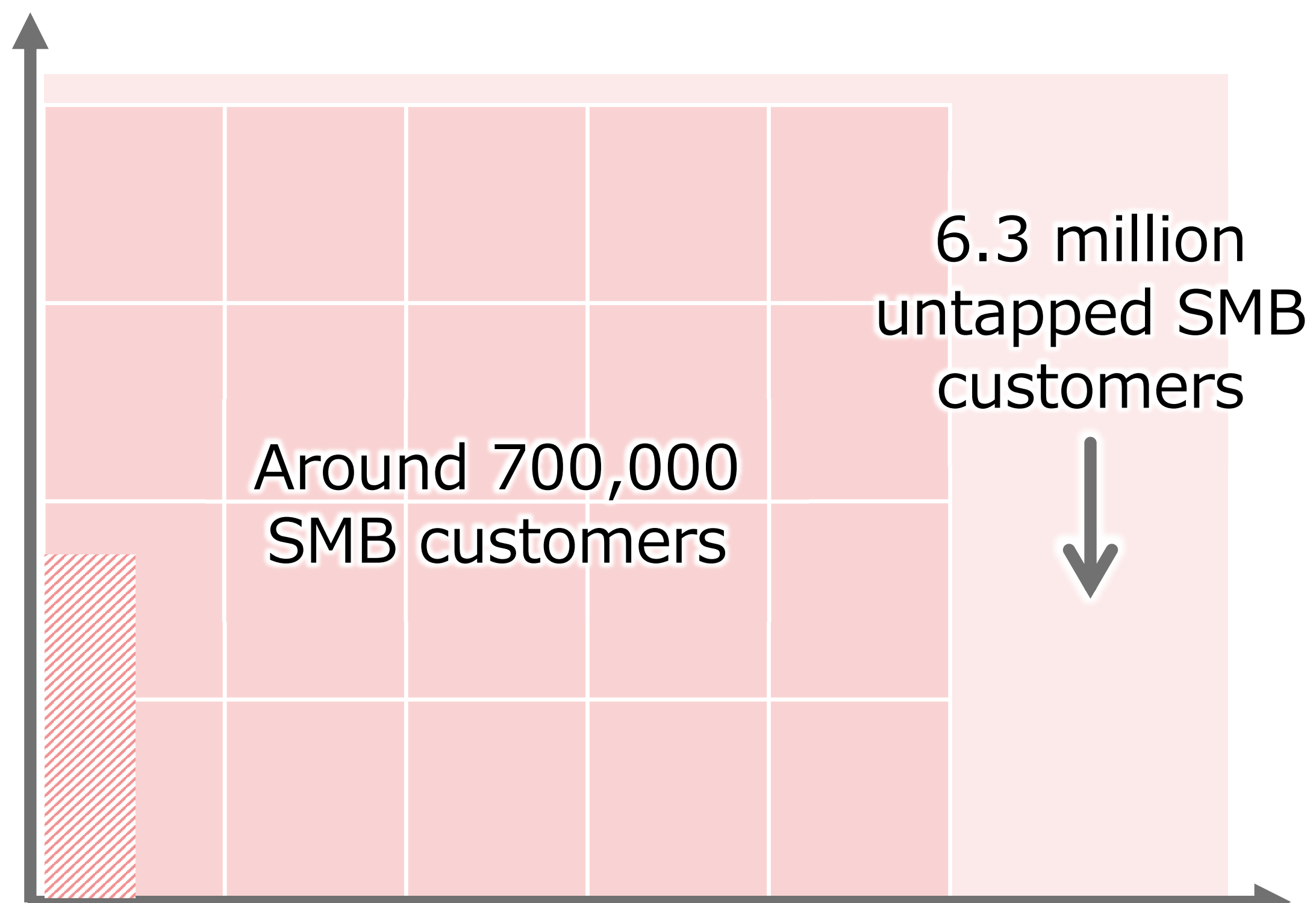
As of March  
31, 2020

**9.7%** among SMBs  
**17.9%** among SMB customers  
for our MFPs

As of  
September  
30, 2021

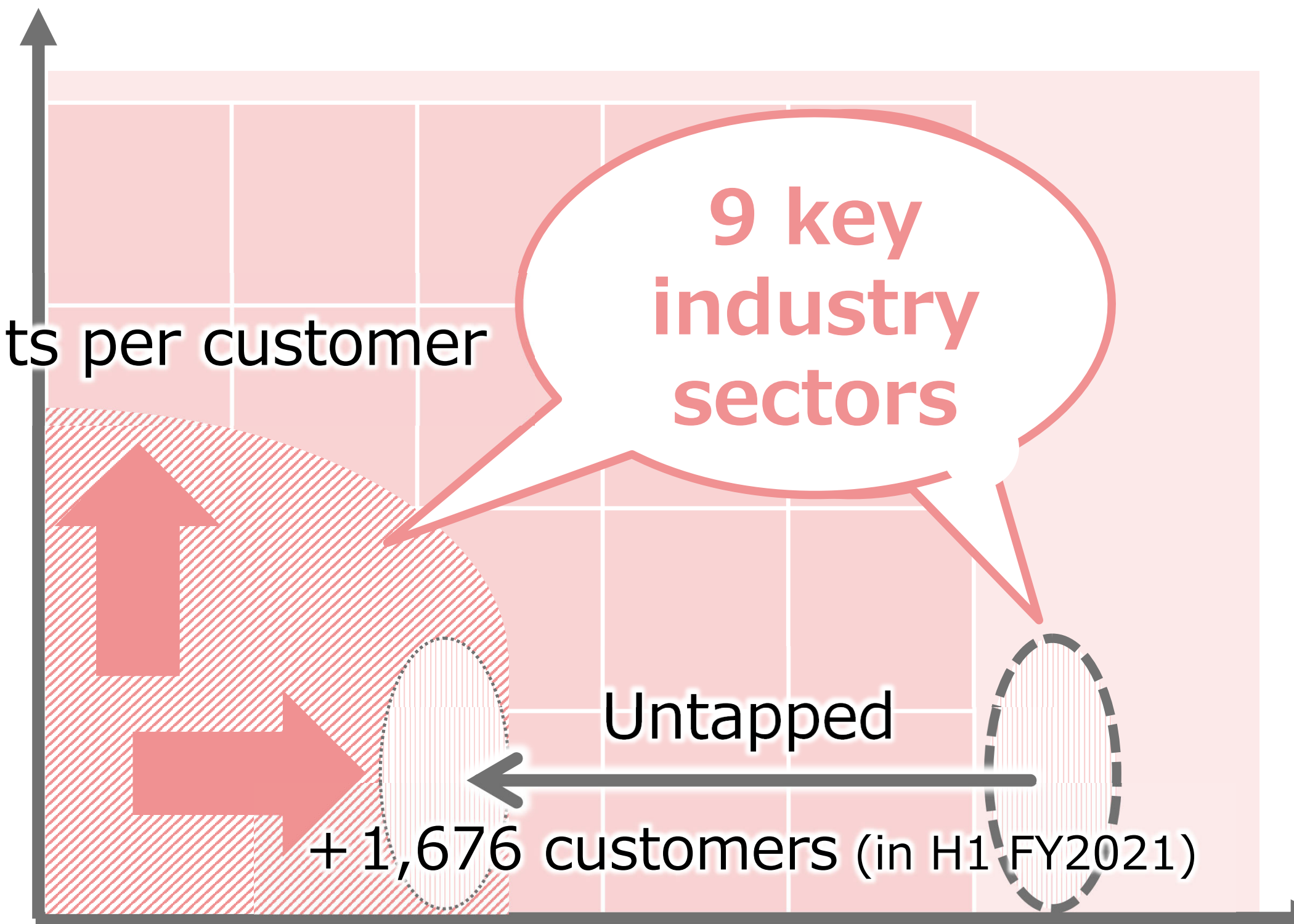
**11.4%** among SMBs  
**19.9%** among SMB customers  
for our MFPs

Unit  
deployments  
per customer



Target customers  
cultivated

2.1 units per customer

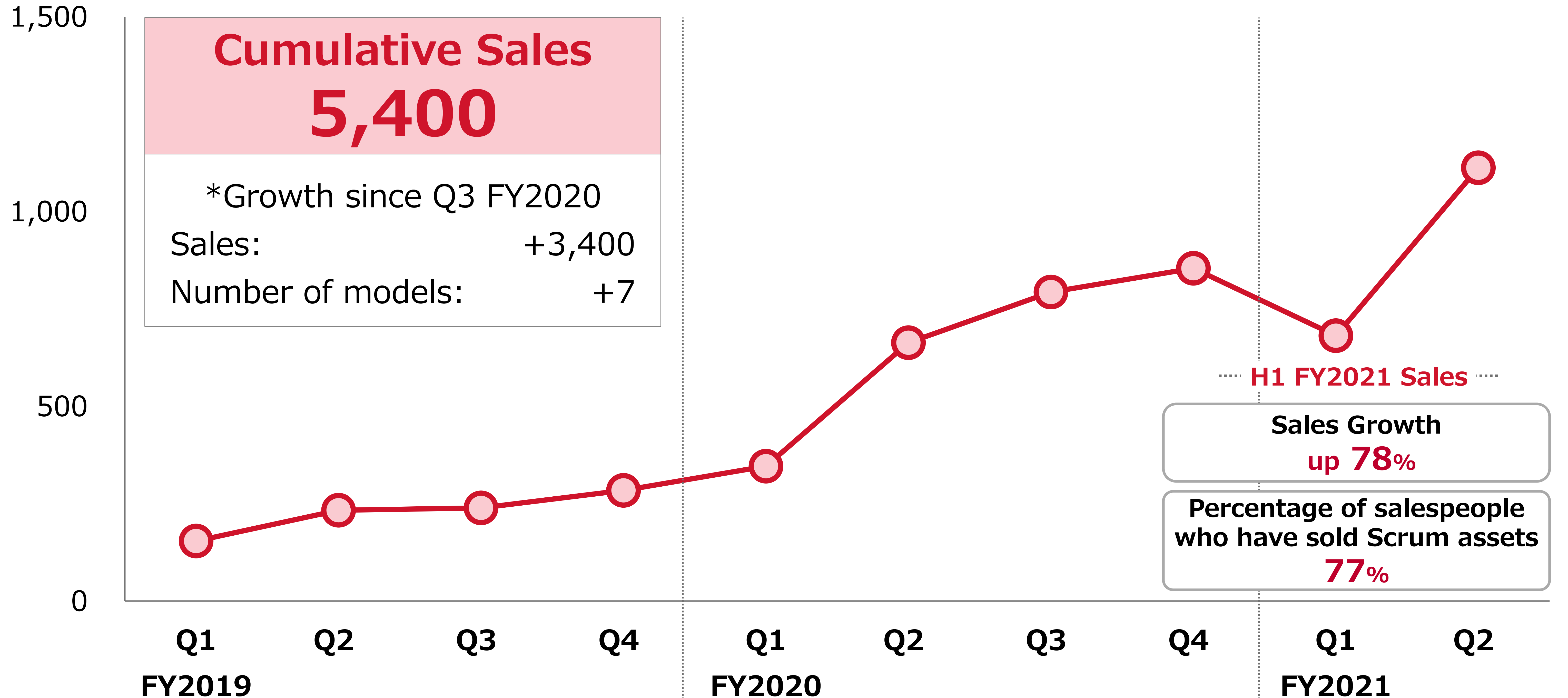


We presented a Japanese-language video titled, *Scrum Package Example of Construction and Civil Engineering*, through the following link,

<https://www.youtube.com/watch?v=CtXPvZkyY1M>

# Scrum Asset Sales Volume

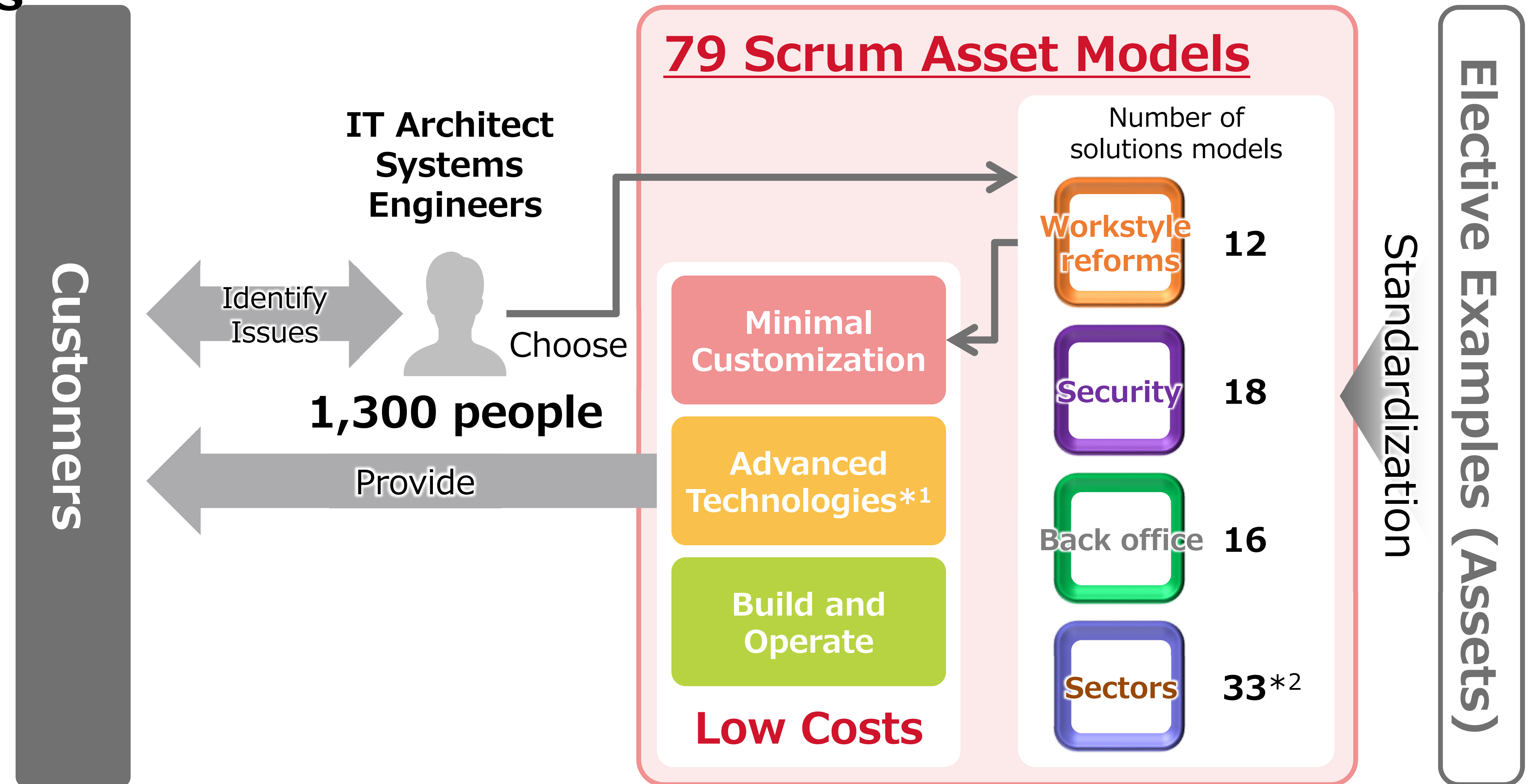
(Number of sales)



# Scrum Assets Solutions for Mid-Sized Companies

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

- IT architect systems engineers identify issues
- Use modularized assets and minimally customize to create solutions



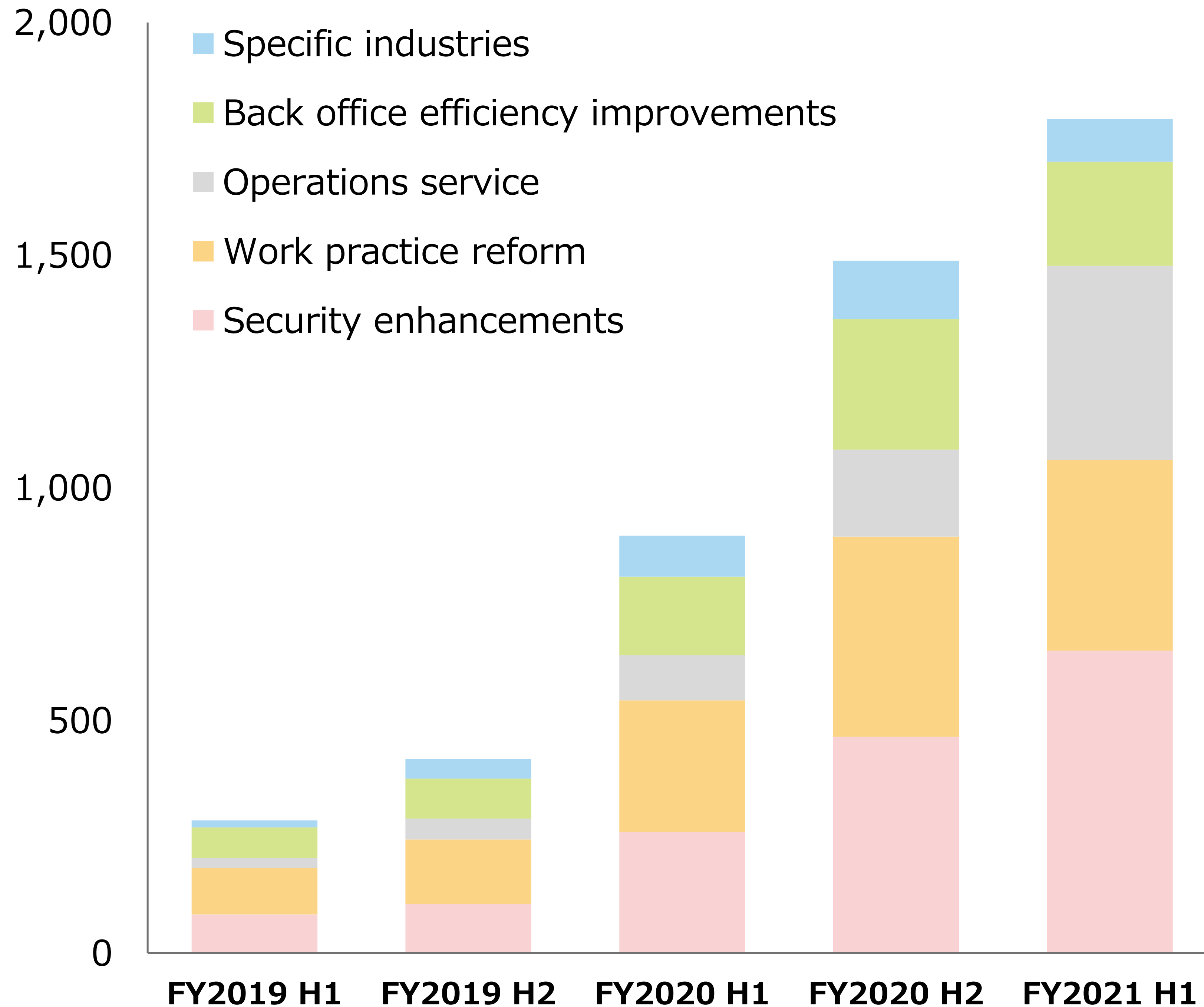
\*1: Including artificial intelligence, robotic process automation, optical character recognition, cloud, and other technologies

\*2: Manufacturing 15 models, Distribution and service 10 models, Other 8 models



# Support for Tiny IT Departments Driving Growth

(Number of Assets Sold)



## Mid-Sized Company IT Systems Department Support

### Operations support service

- Operations management and maintenance

### Work practice reforms support service

- Teleworking environment construction
- Information and communications infrastructure overhaul

### Security enhancements support service

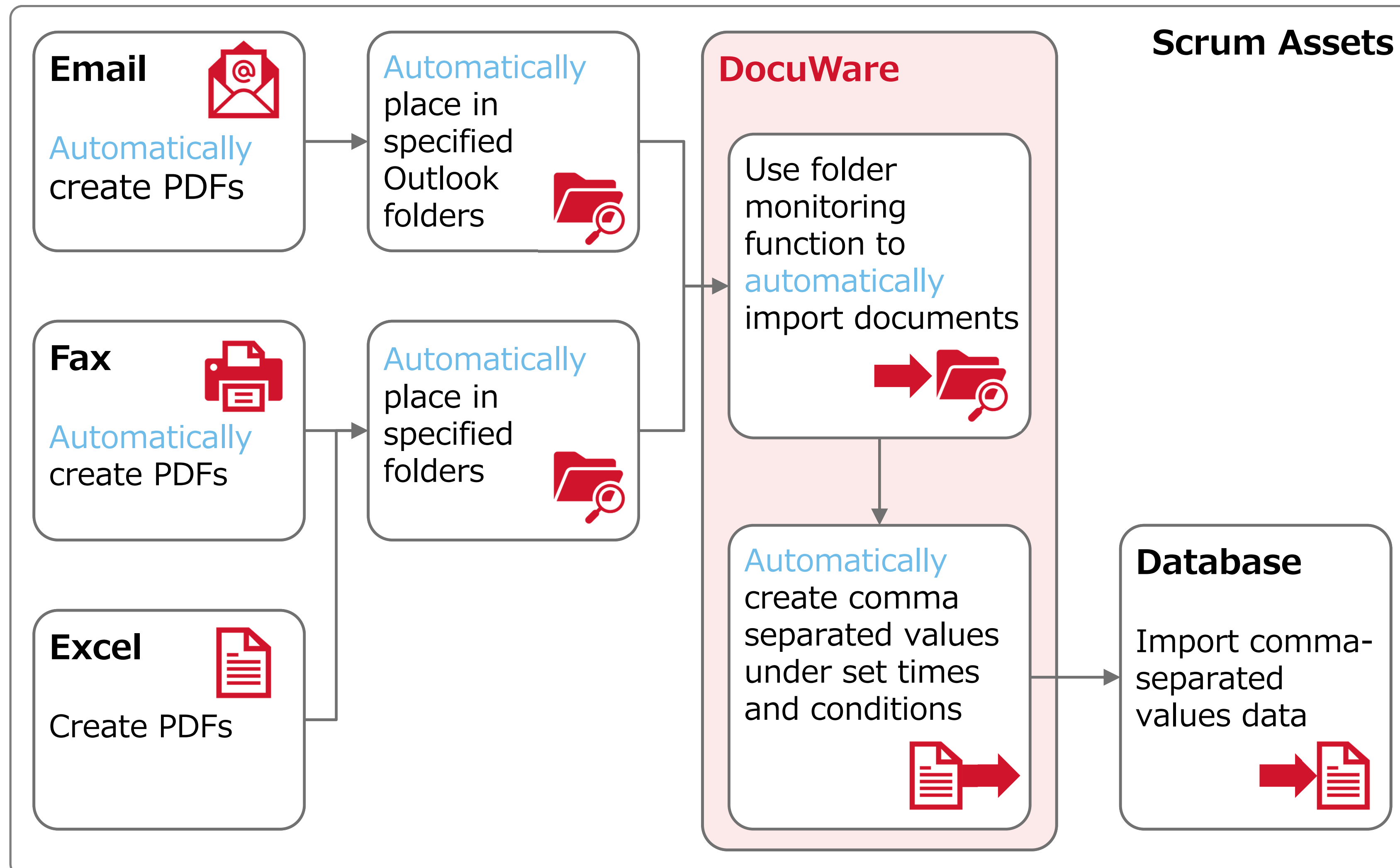
- Server virtualization and security enhancement
- Security network construction

# Scrum Asset Example (Insurance Sector)

## Customer issue: Increased caseload for auto accident insurance claims

Insurer manually registered cases in system based on investigation request forms and needs to overcome capacity limits of small team to accelerate subsequent processing

### Workflow After Deploying Scrum Assets



### Scrum Asset Benefits

OCR processing and entry Intelligent Indexing function saves labor and accelerates progress to subsequent processes

Key benefits of automation to reduce number of people to manually register new forms have been:

- Reduced workloads of registration workers
- Fewer inputting errors
- Faster data entry

### Monthly Work Hour Reduction

**3 fewer minutes per case**

**x**

**2,000 cases**

**= 100 hours saved**



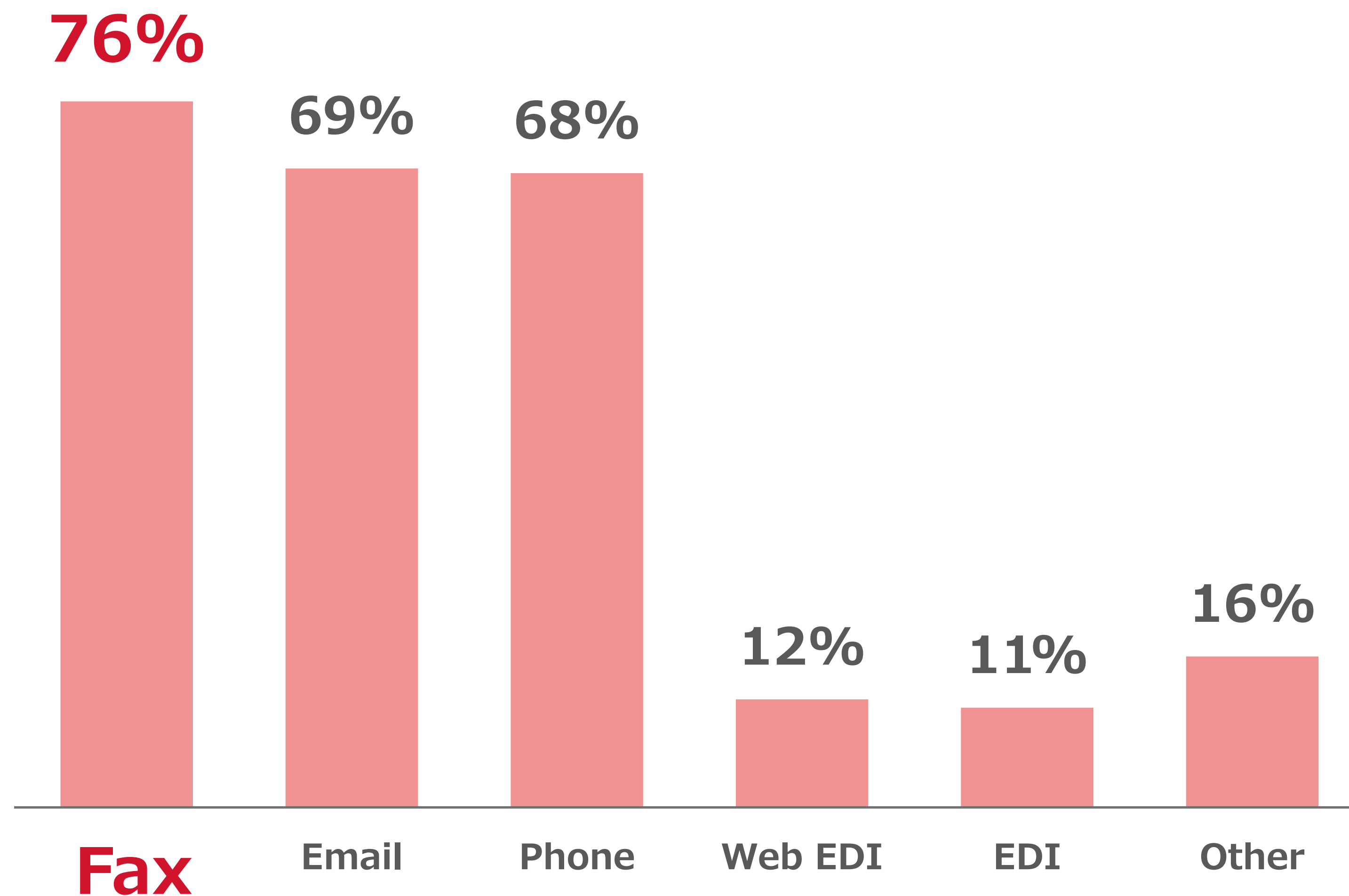
# Digital Services Business Vision and Goals



# Situations of SMBs and Mid-Sized Companies

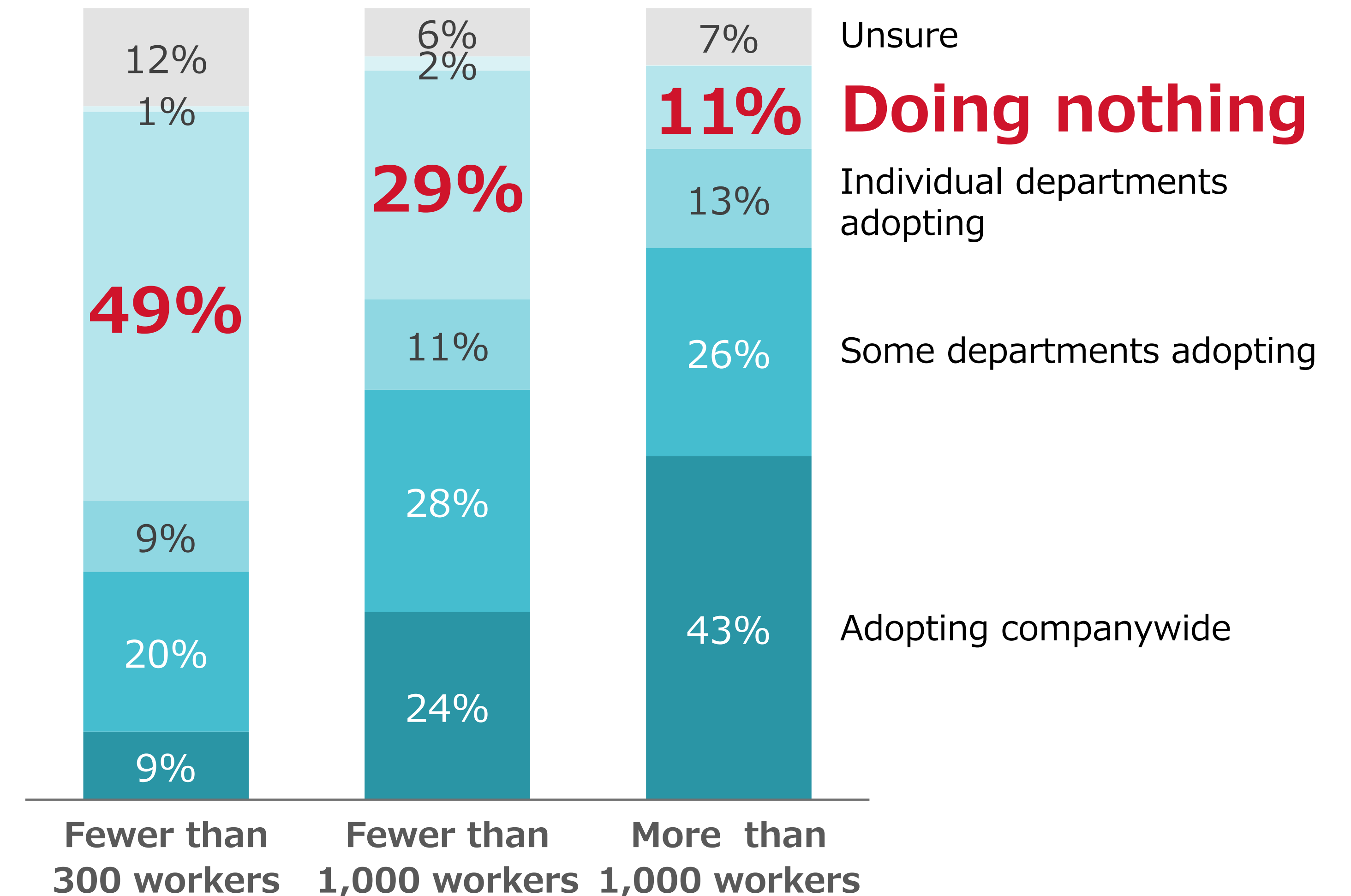
- Ordering by fax still predominates among SMBs and mid-sized companies
- Half of companies with fewer than 300 workers yet to adopt digital processes

Order Methods



Source: Ministry of Economy, Trade and Industry, Japan

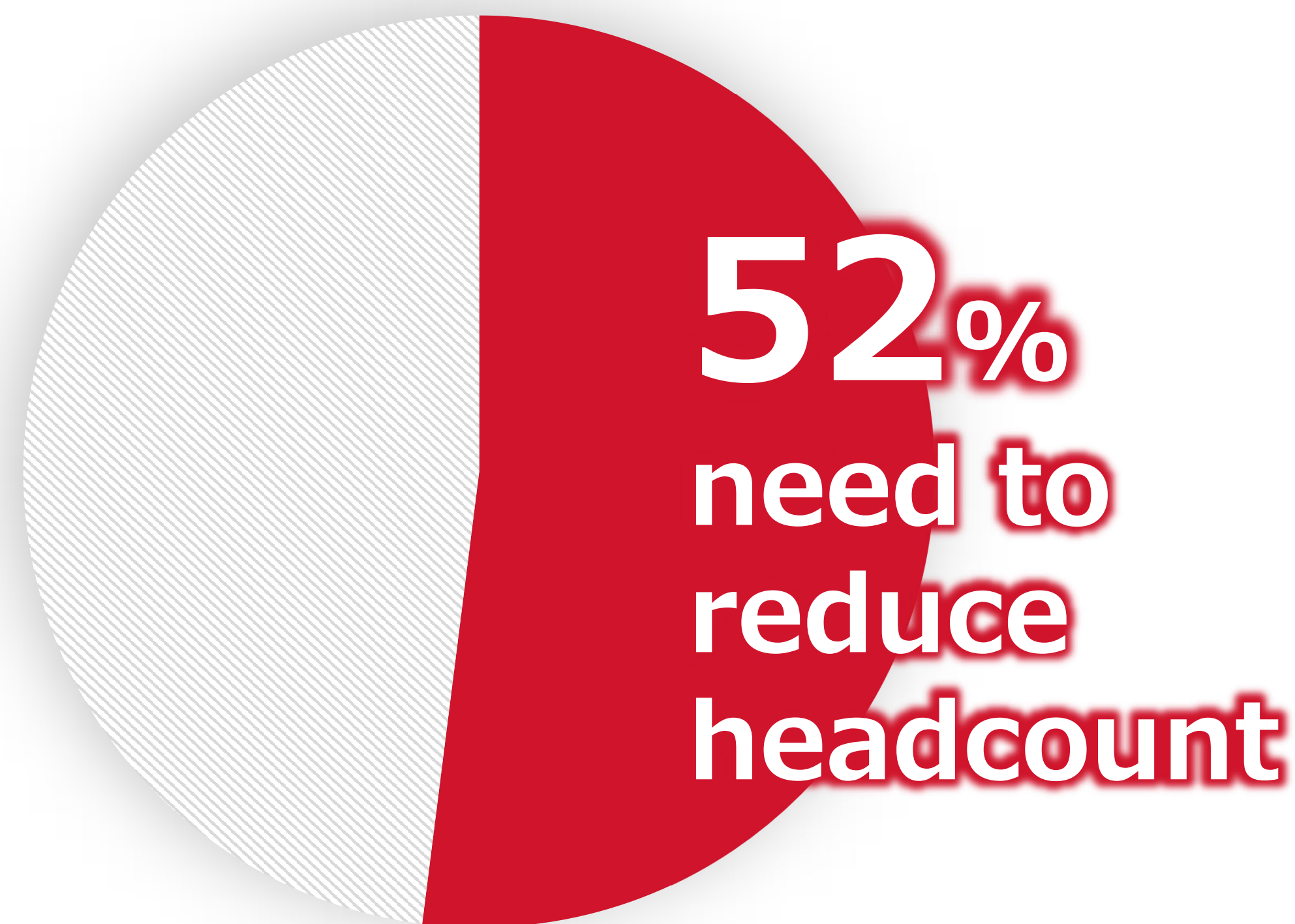
Digital Process Adoptions by Company Size



Source: Information-technology Promotion Agency, Japan

## Majority of mid-sized and large companies looking to cut business systems headcount

Survey of mid-sized and large company business efficiency and headcount reduction needs



### Breakdown

Management	80%
Department Heads	16%
Others	4%

### Headcount reduction needs identified in customer surveys

#### Data Entry

- ✓ Input daily sales reports
- ✓ Digitalize customer inquiries
- ✓ Streamline form logging and data entry (currently paper-based; companies would consider voice-based data entry)

#### Order Processing

- ✓ Automate ordering, production and inventory management, sales, billing, and accounting processes
- ✓ Import fax data in enterprise systems

#### Customer Information Management

- ✓ Support notifications, applications, receptions, and daily operations for big events

#### Data Analysis

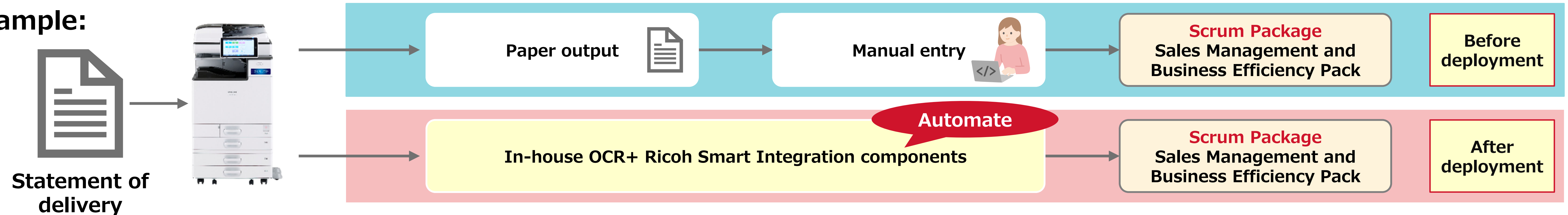
- ✓ Analyze and use daily reports
- ✓ Analyze athlete data and tactics

## Strategy: MFP customers to use digital services; revalue MFP machines in field

**Step 1.** Have MFP customers adopt Scrum series business solutions

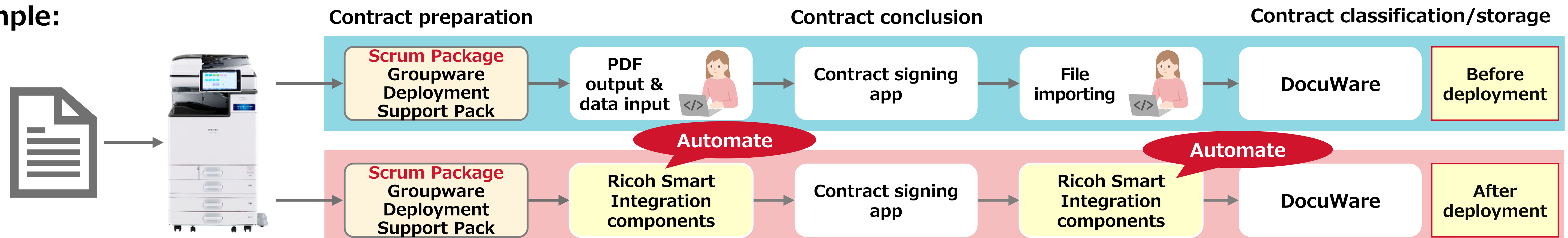
**Step 2.** Automate workflows outside scope of Scrum series task applications (Reduce paper-based data entry work hours)

**Example:**



**Step 3.** Link business processes (applications) and automate series of processes

**Example:**



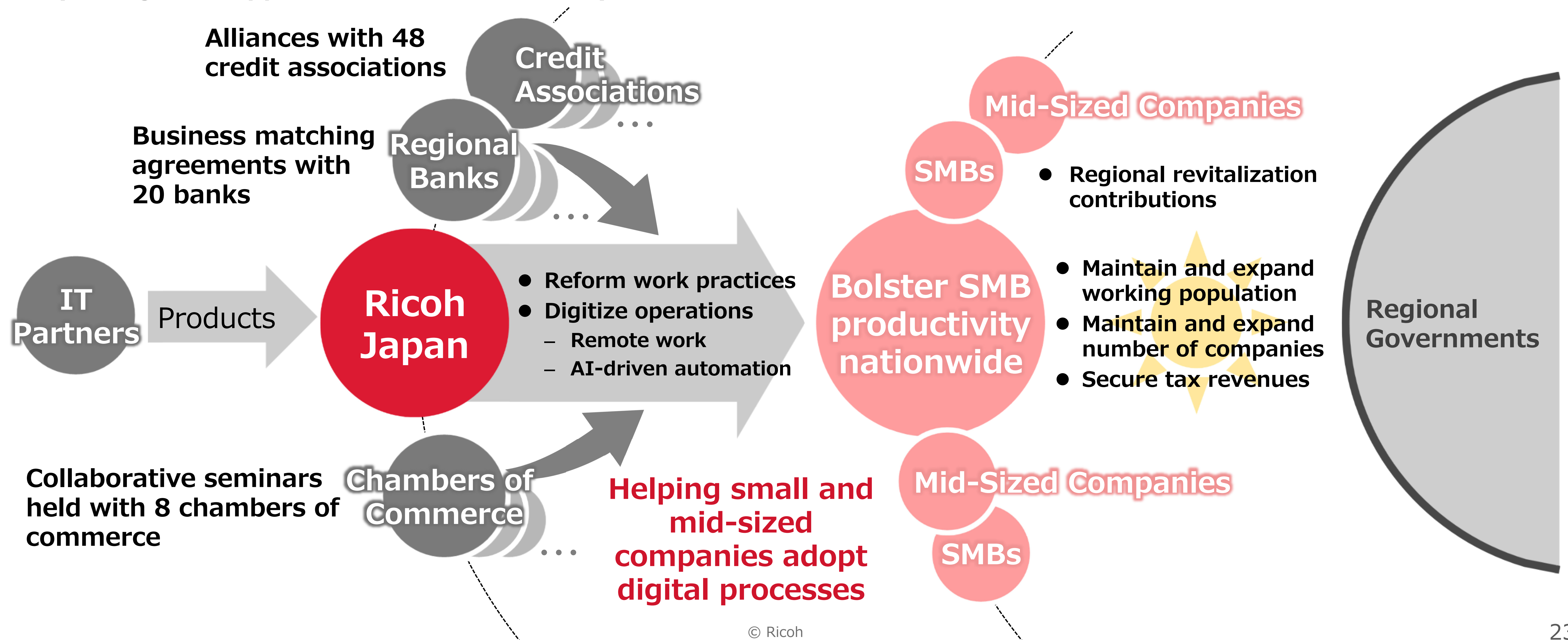


**We presented a video supplementing slide 21,  
available only on the day of the briefing.**

# Helping Businesses Adopt Digital Processes

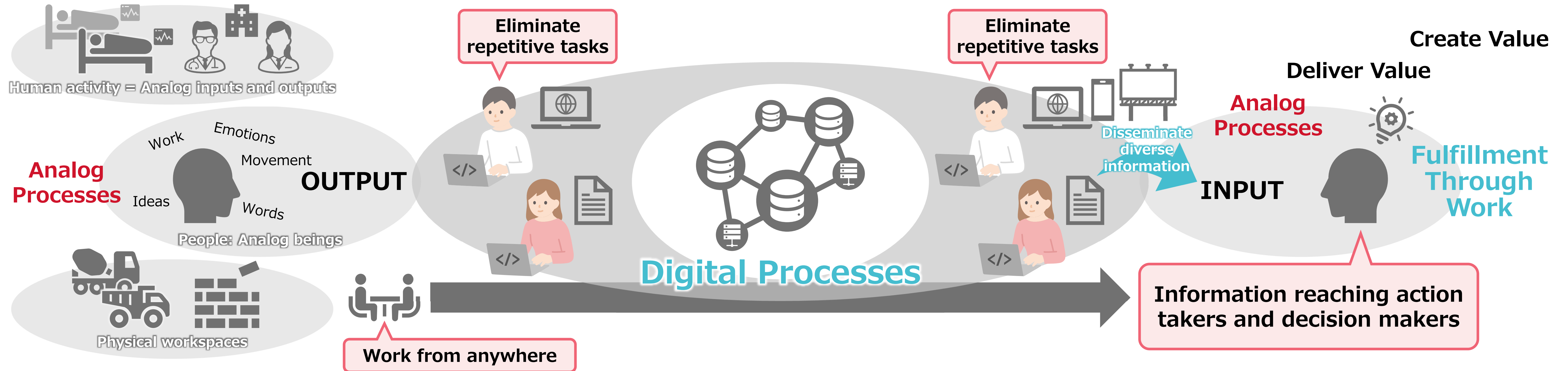
Collaborating with regional banks, credit associations, and chambers of commerce and industry to help SMBs and mid-sized companies adopt digital processes

⇒ Assist with adopting digital processes using IT deployment subsidies: Adoption rate of around 70% in 1,800 cases (through 3rd application round in FY2021)





# Customer Digital Transformation Support Goals



## Ricoh's Digital Services

### Frontlines Digitization

Edge devices capture and convert diverse analog records from people's work into formats that applications can easily process

### Office Digitization

Eliminate office tasks that are bothersome, must be error-free, and are routine to help companies reach business objectives efficiently

**Optimally convey results of application processing to aid understanding and action, analyzing processed data with customer consent to support intellectual and creative activities**

The plans, prospects, strategies and other statements, except for historical events mentioned in these materials are forward-looking statements with respect to future events and business results. Those statements were based on the judgment of Ricoh's Directors from available information. Results may differ materially from those projected or implied in such forward-looking statements and from historical trends. Refrain from judgments based only on these statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- 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:**  
FY2021 (or fiscal 2021) = Fiscal year ended March 31, 2022, etc.

## **Business category and other changes**

From fiscal 2021, Ricoh reclassified the Office Services segment as the Office Printing and Other segments. It also allocated some headquarter expenses to relevant business units. Prior year comparative figures have been retrospectively adjusted to reflect these changes.

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