Q: Tell us about the business model for your Decarbonization Step Support Service in Japan (see page 25 of Initiatives Aligning ESG and Business Growth). While consulting services appear to be part of what you offer, will you focus on expanding paid services or on providing related decarbonization solutions and products?

A: While we offer fee-based services, much of our revenue comes from providing decarbonization solutions and products in Step 5 (Implementing CO_2 reduction measures). We provide proposals across four areas. These are to use less energy and to choose, generate, and share energy. Energy choice, for example, includes proposals for switching to renewables and installing and maintaining electric vehicle chargers.

Examples of paid services include the carbon emissions visualization tools in Step 2 (Visualizing CO_2 emissions) and AI quick diagnosis and energy-saving diagnostics in Step 3 (Tackling CO_2 reductions).

Q: You talked about eliminating the distinction between new and remanufactured MFPs. In view of reuse-related costs, what is the rough cost difference for parts on remanufactured and new machines with identical specifications?

A: We cannot disclose information on parts cost differences. For remanufactured models, we will keep striving to lower costs.

Q: Your environmental footprint is also a challenge for such RICOH Graphic Communications areas as commercial printing. Do you offer any unique eco-related solutions?

A: Print firms and their clients that are our Graphic Communications customers are highly sensitive to environmental responsiveness. While commercial printing is transitioning from analog to digital setups, these customers need simultaneous proposals for both efficiency and lowering environmental impact.

Several years ago, we established an in-house Circular Economy Working Group to reduce our environmental footprint and communicate our value to customers. This includes ways to curb the use of new resources, quantify and propose resource-reduction contributions to customers, and differentiate ourselves from competitors. We are linking these efforts to proposals for printing customers and their clients.

In Europe in particular, we also monitor regulatory trends, including toner chemical composition requirements and per- and polyfluoroalkyl substances rules.

Q: Have you noticed any recent changes in Ricoh customers' environmental concerns, particularly regarding decarbonization? From the investor side, we feel momentum peaked around 2015 when the Paris Agreement was adopted, and has stabilized over the past two years.

A: While broader public interest in decarbonization may have cooled somewhat, customer interest remains robust.

For example, among mid-sized and small-to-medium enterprises in Japan, the most frequent inquiries and requests for support relate to decarbonization. We have positioned decarbonization support as a priority area for further expansion and established a GX business unit to drive it.

Also, in tender processes, particularly in Europe, we are seeing increasingly stringent decarbonization requirements, including requests to meet the net-zero goals of Science Based Targets.

We believe that continuing to tackle decarbonization and translate it into customer proposals will remain a key priority in coming years.

Q: Have you noticed any changes in environmental initiatives among competitors or other product suppliers? For example, could Ricoh enhance its competitive edge by pushing ahead with proactive efforts while others tone down theirs?

A: While we pioneered decarbonization and resource circulation initiatives, leading competitors prompt us to step up our efforts. For example, we know that they are increasing their use of recycled materials to match our level. If we were to ease off, we would simply align with the standards set by others.

We aim to build a structure to more closely align our environmental initiatives with customer touchpoints in Japan and abroad, encompassing offerings beyond MFPs, and engage in manufacturing.

Q: Regarding your human capital strategy, you mentioned that you have trained a total of 4,658 individuals in Japan in key talent areas. How many of them did you add through specific initiatives (see page 8 of Human Capital Strategy and Our Progress).

A: That figure was at the end of January this year. Around two years earlier, before we rolled out our initiatives, headcount the four designated categories of business architecture, software engineering, data science, and cybersecurity roles was around one-tenth of our target. While we already had a reasonable number of software engineers, the other three categories were significantly underrepresented, and we increased those numbers through training.

Our latest headcount on December 10 showed that the number of people trained was 5,470, or almost 1,000 more than a year earlier. Training has risen especially in the increasingly prominent cybersecurity field.

Q: As you become a digital services company, do you expect the number of key development personnel to keep growing and eventually represent a significant share of your overall talent portfolio?

A: The four key talent development areas we designated under our mid-term management strategy represent foundational capabilities, and we will continue to expand them.

Also, our current targets focus on Level 2 talent, but we are also developing higher-level capabilities. We define Level 4 talent as individuals who can engage with customers to understand their challenges, define requirements, and make proposals. Starting this fiscal year, we launched new programs to develop Level 4 talent.