

20th MTP  
Policy

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# Enhance business competitiveness

To achieve our financial targets, we are pushing ahead with PDCA\* cycles under our new business unit structure and manage a unique business portfolio in line with circumstances. We will thereby align digital services growth with the work needs of our customers.

\* PDCA: Plan-Do-Check-Act cycles are tools for constantly improving product and service processes.

## Deploying PDCA cycles under the new business unit structure

In April 2021, we adopted a structure of five business units and a Group headquarters to streamline capital management and accelerate decision-making by delegating authority to those units. We assessed the benefits and issues with this structure and are deploying PDCA cycles to drive improvements.

Delegating authority to business units has enabled them to respond flexibly and swiftly to changes in the business climate and overcome crises. Transitioning to a setup that integrates everything from development to production and sales has reinforced coordination between functions. This has enabled us to update pricing based on higher costs, modify designs to accommodate common parts, and reflect changes in production.

## Business unit structure benefits and issues

The autonomy of business units has begun to bear fruit, and we will continue to deploy PDCA cycles to foster improvements.

**Benefits** Business units are able to tackle and overcome crises

**Issues** Further strengthening integrated structures within business units and refining headquarters functions

Business units		Key achievements during year-to-date
RICOH Digital Services	RDS	<ul style="list-style-type: none"> <li>Japan: Expanded scrum assets sales</li> <li>Europe: Undertook acquisitions and transferring personnel to reinforce digital services infrastructure</li> <li>Enhanced global software portfolio and expanded sales</li> </ul>
RICOH Digital Products	RDP	<ul style="list-style-type: none"> <li>Cultivated operational excellence by reinforcing manufacturing structure and cutting costs</li> <li>Pursued collaboration within industry, such as by jointly developing modules and parts</li> </ul>
RICOH Graphic Communications	RGC	<ul style="list-style-type: none"> <li>Brought forward structural reforms, particularly in Commercial Printing</li> <li>Capitalized on print-demand recovery</li> </ul>
RICOH Industrial Solutions	RIS	<ul style="list-style-type: none"> <li>Evaluated digital services for Thermal Media</li> <li>Accelerated business selection and concentration</li> </ul>
RICOH Futures	RFS	<ul style="list-style-type: none"> <li>Expanded social infrastructure business by beginning to collaborate with local governments</li> <li>Business potential of PLAiR, a new plant-derived material, etc.</li> </ul>
<b>Group headquarters</b>		<ul style="list-style-type: none"> <li>Began business portfolio management</li> <li>Transformed human capital to become job- and digitally-based, switched to cloud computing for IT infrastructure, and overhauled R&amp;D</li> </ul>

## Managing Ricoh-style business portfolio

We will accelerate efforts to reduce our dependence on the Office Printing business and become a digital services company, with the Group headquarters carefully managing the business portfolio.

Under our business portfolio management setup, we augmented the portfolio elements of profitability and marketability with digital services compatibility. It is from these three perspectives that objectively assesses businesses and allocates them to four categories; growth acceleration, profit maximization, strategic transformation, and business revitalization.

### Initiating Ricoh-style business portfolio management

Four business categories (roles and direction)	Key relevant businesses and business units	Profitability [ROIC and earnings]	Marketability		Digital services compatibility [Compatibility and contributions]
			Success scenario	Market growth	
<b>Growth Acceleration</b> Drive Ricoh's growth	Office Services (RDS) Commercial Printing (RGC)	Meeting criteria	Success likely	Growth	High
<b>Profit Maximization</b> Stably generate cash as fund source	Office Printing (RDP and RDS)	Meeting criteria	Success likely	Low growth	Low
<b>Strategic Transformation</b> Maximize value through this shift	Thermal Media (RIS)	Meeting criteria	Success likely	N/A	Low
	Enterprise Printing (RGC)	Meeting criteria	Success unlikely	Low growth	High
<b>Business Revitalization</b> Explore ways to contribute to value	Industrial Products (RIS)	Meeting criteria	Unlikely		Low
	Cameras (Group headquarters)	Low	Unlikely		Low

\* New business will be nurtured, selected and focused separately at RFS.

The two businesses in the Growth Acceleration category are Office Services and Commercial Printing. They are very profitable, and their markets are expanding. We are reinforcing these businesses to drive growth because they can leverage Group strengths and are highly compatible with digital services.

The Office Printing business is in the Profit Maximization category, as it aims to keep stably generating cash while remaining highly profitable.

The Strategic Transformation category covers the Thermal Media and Enterprise Printing businesses. While their circumstances differ, they will endeavor to maximize value through this transformation where market expansion is unlikely or where there is little compatibility with digital services.

The Industrial Products and Cameras businesses are in the Business Revitalization category. They will explore ways to contribute to value.

### Ricoh Group digital services

Our business portfolio management goal is to boost corporate value by propelling digital services growth.

Our digital services will help customers be more productive by digitalizing processes to connect offices and frontlines and

transform entire workflows. Our business units will leverage their digital technology and edge device\* strengths and services aligned with customer work to help create new value that exceeds customer expectations.

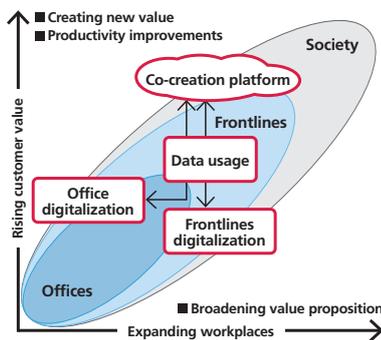
\* Edge devices are MFPs, cameras, and other networked systems with data processing capabilities that can input and output text, photos, audio, video, and other information.

### Our digital services

Each business unit tackles the growth of digital services that support our customers' "work" based on digital technology and devices.

#### EMPOWERING DIGITAL WORKPLACES

Leverage the power of people and digital technology to transform work for customers by connecting workers and workplaces

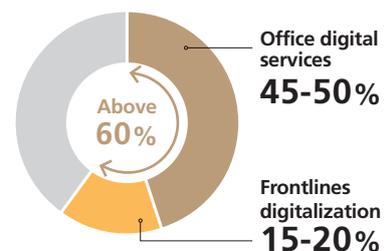
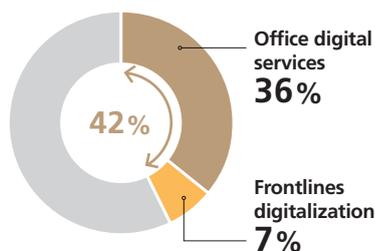


Business units		Businesses contributing to digital services
RICOH Digital Services	Resolve working people's challenges and deliver digital services to connect office and frontline people	Office Services
RICOH Digital Products	Manufacture products supporting digital services	Office Printing * Only devices connected to RICOH Smart Integration platform Edge devices
RICOH Graphic Communications	Deliver digital solutions for frontline people at printing sites	Commercial Printing Industrial Printing
RICOH Industrial Solutions	Provide digital solutions to challenges of frontline people at logistics, manufacturing and industrial sites	Thermal Products * Shifting to digital services
RICOH Futures	Create new businesses to resolve social issues through digital solutions	Smart Vision Social Infrastructure
Group headquarters	Strengthen business foundation to support digital services	

### Digital services sales ratio target

FY2021 actual **42%**

FY2025 targets **Above 60%**



Note: Office digital services and frontlines digitalization include the following businesses.

Office digital services: Office services, office printing<sup>\*1</sup>, and edge devices

Frontlines digitalization: Commercial printing<sup>\*2</sup>, industrial printing, thermal media, Smart Vision, and social infrastructure

Figures factor in the impact of discontinuous growth.

\*1 Only devices connected to RICOH Smart Integration platform

\*2 Excludes enterprise printing