

Business unit overview



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Message from Business Unit President

Spearheading the Group's growth as a customer-centric player that is the leading global services integrator

The pandemic triggered the global adoption of hybrid work models and accelerated the need for DX. Advances in AI and other technologies are diversifying the work environments of customers.

The core strengths of RICOH Digital Services are its touchpoints from a global customer base of 1.4 million companies and its sales and support structure. Ricoh is becoming a digital services company that focuses on swiftly identifying and addressing evolving customer needs. We will spearhead the Ricoh Group's growth as

the world's most customer-centric services integrator. We will help customers achieve Fulfillment through Work by bringing together diverse products and services to deliver optimal value as a one-stop solutions provider.

Business features and strengths

- A global customer base of 1.4 million companies and organizations and a sales and support structure (customer touchpoints)
- Can handle cross-border deals and have secured new capabilities through acquisitions
- Can identify optimal combinations of products and services from in-house units and external partners, proposing one-stop solutions, drawing on specialist talent, and quickly delivering timely value

Business risks and opportunities

Global enterprise IT spending should rise at a compound annual growth rate of 6.4%*1 from ¥608 trillion in 2022, to ¥830 trillion in 2027. Expansion should be particularly robust in cloud-based services. During that period, this demand should increase at a compound annual growth rate of 18.9%*2 from ¥63 trillion to ¥151 trillion. Markets should also expand in Ricoh's managed services, security, document, and communications business areas.

We will amass recurring revenues from digital services by drawing on our strengths and investing business resources in areas that we should prioritize.

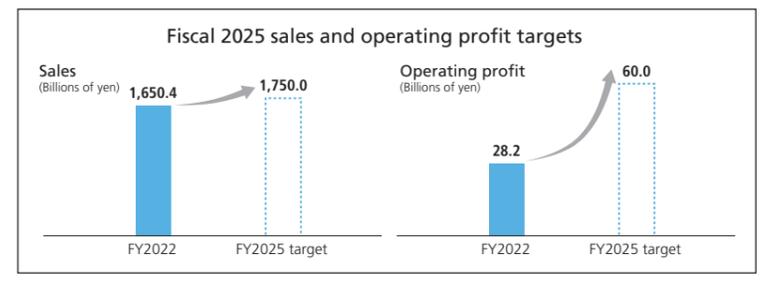
Risks

- Technological innovations transforming work far more than estimated
- Securing and training digital talent to drive strategies
- Delays in generating acquisition synergies

Earnings opportunities

- Increasing demand for services to digitalize offices, frontlines, and society at large
- Expanding communication services domain to cater to new workstyles
- Rising need for cloud-based services

Gartner market forecast (\$1=¥130)
*1 Source: Gartner® Market Databook, 2Q23 Update, John-David Lovelock, Linglan Wang et al., 30 June 2023, Enterprise IT expenditure = End-User Spending on IT Products and Services, 2022–27 CAGR in Constant U.S. Dollars
*2 Source: Gartner®, Forecast: Public Cloud Services, Worldwide, 2021–2027, 2Q23 Update, Colleen Graham et al. 10 July 2023, Cloud-based services area = Public Cloud Services End-User Spending, 2022–27 CAGR in Constant U.S. Dollars, CAGR calculated by Ricoh
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Medium- and long-term opportunities and strategies under 21st MTS

Opportunities

- Concentrate business resource investments in priority domains to materialize regional strategies
- Boost added value by building a digital services ecosystem
- Invest extensively in acquisitions, technological and talent development, and internal process digitalization to cater to constantly evolving customer needs in growth fields

Regional strategies

In expanding our businesses across Japan, Europe, North America, Asia, Central and South America, and other parts of the world, we recognize that customer segments, challenges, and needs vary regionally. Under the 21st MTS, we aim to broaden customer touchpoints to spearhead their work practice transformations while strengthening our development structure, which we have focused on local production for local consumption to swiftly generate value while staying close to customers.

Enhancing value at customer touchpoints and transforming business model

RICOH Digital Services aims to evolve Group management, including by creating a digital services ecosystem, and drive business growth while stabilizing operations by expanding its recurring revenue business.

Building a digital services ecosystem

Ricoh is becoming a digital services company that identifies worker issues in offices, on the frontlines, and in society at large and resolves them with digital technology. We look for digital services to account for more than 60% of our sales by fiscal 2025. Central to that objective is a digital services ecosystem that uses RICOH Smart Integration to connect edge devices with a range of services and applications.

- We combine RICOH Smart Integration with hybrid conferencing and other office management and operational solutions. We offer it as a managed workplace service to help clients overhaul workstyles and boost employee engagement.
- We provide managed IT services by connecting customers' IT equipment and applications with RICOH Smart Integration. We support customers' information systems departments while improving employee productivity.
- We can help customers digitalize their workflows and operations by using RICOH Smart Integration to link MFPs, PFU scanners, and other edge devices with in-house software offerings, such as from DocuWare and Axon Ivy, and RICOH kintone plus through an alliance with Cybozu, as well as with partner products.
- AI analysis of accumulated data visualizes customers' work and provides insights to support DX.

Pursuing operational excellence

By fully leveraging digital technology, we will reinforce supply chain management processes and visualize management information in real time to swiftly implement strategic measures.

Strategic initiatives

Resolving social issues through business

Drawing on synergies with DataVision subsidiary to provide new services to MFP customers

Jungheinrich AG of Germany has long used MFPs. It develops and manufactures logistics systems and has over 50 branches and plants worldwide. The COVID-19 pandemic prompted the company to adopt a hybrid work structure. Initially, there were issues with remote meeting environments that varied from location to location. We worked with DataVision Deutschland GmbH, which we acquired in 2020, to standardize meeting room specifications. We resolved these issues by taking care of everything from design to installing communication tools and supporting maintenance.

Few other companies can deliver consistent, world-class solutions and services around the globe. Our ability to deliver projects across borders is a unique strength, drawing on our operations in some 200 countries and regions. We will continue to leverage our global customer touchpoints and synergies with acquired companies to help customers transform their workplaces.