

Business unit overview

RIS

RICOH Industrial Solutions



Yasutomo Mori
President of RICOH Industrial Solutions Business Unit

Message from Business Unit President

Grow by transforming and creating digital service businesses in manufacturing, logistics, and industry frontlines

We aim to become a new business pillar for the Ricoh Group by pursuing high profitability. We will do that by streamlining core businesses and accelerating investments to create digital services that help improve on-site operations for customers in the manufacturing, logistics, and industrial fields.

We are fully leveraging the strengths that Ricoh has amassed over the years in optical, precision processing, thermal, and image processing technologies. We go well beyond just providing hardware and supplies to deliver total solutions that expand our value chain.

In continuing to deliver value to our customers, we pursue Sustainable Development Goals and help resolve social issues. We will endeavor to provide high-value-added digital services and create businesses that deliver Fulfillment through Work for customers and ourselves alike.

Business features and strengths

Thermal business

- Proprietary thermal processing and coating technologies and a global production and sales network have enabled us to capture top shares of the world markets for thermal paper and thermal transfer ribbons for logistics, retailing, medical care, transportation infrastructure, and other applications
- Developing label-free thermal printing system that combines optical and thermal technologies for fast, high-resolution printing of variable information, primarily for the food industry. This setup enhances operational and resource efficiency, thereby helping to resolve social issues, such as by shrinking environmental footprints

Industrial Products business

- Providing products and solutions primarily to the automotive industry by tapping our optical and image processing technologies
- Proprietary jetting technology transforms automotive coating processes

Business risks and opportunities

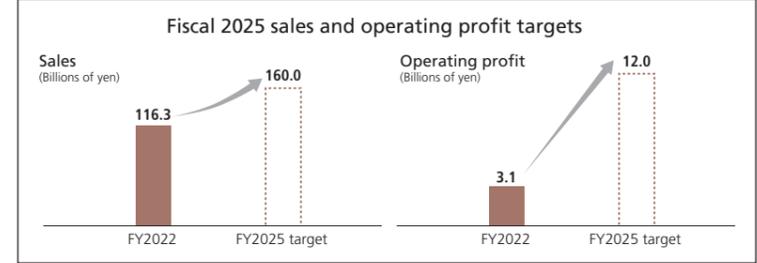
Demand is stable in the thermal market, with process automation needs rising in manufacturing and other fields. At the same time, we expect that market growth slowdowns will continue to hamper operations for some time beyond fiscal 2023. This is because growing geopolitical risks, supply chain disruptions, and an automotive industry downturn stemming from semiconductor shortages will prompt customers to put off installing new facilities. In our core businesses, we will respond flexibly to changes in the business climate through optimal price adjustments and other measures. At the same time, we will create digital services that match emerging frontlines needs, evolving into a business portfolio that keeps growing over the medium through long terms.

Risks

- Market growth slowing owing to prolonged conflict in Ukraine and a delayed Chinese economic recovery
- Earnings declining amid chronically high raw materials and energy costs
- Downturn in automotive industry because of semiconductor shortages

Earnings opportunities

- Catering to stable thermal market demand and an increasing need for detailed product information disclosure
- Leveraging process automation progress to meet demand for greater reliability and speeds
- Responding to expanding frontlines digitalization needs
- Expanding demand for products and services that shrink environmental footprints and help reach Sustainable Development Goals



Medium- and long-term opportunities and strategies under 21st MTS

Opportunities

- Further enhance earnings by pursuing operational excellence in core businesses
- Expand business by providing total solutions to enlarge the value chain and strengthen touchpoints with end users
- Tap accumulated expertise and technologies to create new digital services for manufacturing, logistics, and industry frontlines

Strategic initiatives

Digitalizing frontlines in three steps
We provide optimal digital services in three steps to help customers resolve their issues and unleash their creativity.
Step 1: Frontlines analog-to-digital (AD) conversion: Digitalizing frontlines analog data and automating manual tasks
Step 2: Frontlines DX and manufacturing: Using data to digitalize frontlines business processes
Step 3: Frontlines data usage: Helping customers leverage data (including to overhaul production, streamline businesses, and enhance quality) to unleash their creativity
 We will expand the thermal business by providing conventional thermal media to drive frontlines analog-to-digital conversions (Step 1), reinforcing end-user touchpoints, and providing total solutions (Step 2). We will harness the world's fastest variable information on-demand printing technology, which makes it possible to assign individual product IDs without compromising high-volume production efficiency. We will secure more segmented data to meet the challenges of using frontlines data, such as for product traceability and new marketing techniques (Step 3).
 In the industrial equipment business, we have endeavored to automate inspections (Step 1) as part of coating processes with a system that draws on our image capture and recognition technologies to inspect vehicle coatings. We look to expand our business to provide equipment and services, including for pre- and post-inspection processes (Step 2). We will significantly increase the volumes of production site data to contribute to quality improvements, warranties, traceability, and upstream and downstream process innovations (Step 3).
 We will maximize our value proposition in various ways, including by investing extensively in collaborating with and acquiring other companies as necessary.

Enhancing the profitability of core businesses
 We will keep reinforcing our corporate structure by enhancing internal efficiency, such as through steps we took through fiscal 2022 to streamline production and cut costs, while making timely price adjustments in response to fluctuating expenses. We will thus create a business structure that is more resilient to changes in the operating climate.

Resolving social issues through business

Label-free thermal printing

Convenience store chain operators Seven-Eleven Japan Co., Ltd., and Lawson, Inc., adopted a Ricoh-developed technology that eliminates the need for paper labels by enabling direct thermal or laser head printing on transparent film. In April 2023, we expanded our business in this area by establishing Ricoh Nakamoto Smart Packaging with Nakamoto Packs Co., Ltd. Because direct printing on film is label-free, it helps shrink environmental footprints. We aim to generate annual sales with this technology of at least ¥10 billion by fiscal 2025. We look to also offer this technology in Europe and other overseas markets in which eco-consciousnesses are particularly strong.

Vehicle painting line builder

We have built a presence in the vehicle coating business centered on equipment that leverages proprietary jetting technology to apply highly viscous inks and inks incorporating solids. Augmenting that offering are exterior inspection and paint repair equipment. We will tap data that we amass on coating lines to set up a digital service that helps improve upstream and downstream processes while stabilizing and enhancing the quality of the complete production process. We thereby aim to lead the global vehicle coating market with inkjet technology.