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WHITE PAPER

THE GREAT INDUSTRY REBOOT

Prepared for Ricoh Americas

JANUARY 2018





Introduction

The office print and copy equipment industry has experienced its fair share of change and transformation over the past 25 years, with a whirlwind of significant changes in the last 10. This includes the shift from “analog to digital”, as well as the move towards selling “software and solutions” and eventually “services.” These shifts have not been without challenges. For instance, the introduction of managed print services (MPS) merged traditional A4 devices and A3 devices into a single managed engagement—sparking a fierce battle between these two platforms that would upend business models, pricing, and margins.

Concurrently, solutions, verticals, business process improvement, and even managed IT services became a new hope for additional revenue and higher margins. Nevertheless, it became clear that new “solutions” strategies were not easy, took time to implement, and produced revenues and margins that were still a fraction of the core print business. With significant diversification of OEM vendor strategies, there was optimism that customers and channels would see some differentiation in an often-standardized office equipment world. Vendors believed these new offerings could lead to the stickiness that would ensure an ever-coveted renewal. At the same time, some manufacturers diversified so far away from the box and they lost their focus along the way. This would eventually lead to a day of reckoning in which they reaffirmed their roots, realigned, and reset once again.

Compounding the situation, the market conditions of print had not aligned with growth in other businesses. Worldwide GDP increased over a six-year period, but overall office equipment sales remained stagnant during that same time frame. Print volumes, meanwhile, showed a decline. While it was clear that print was not going away any time soon, it seemed there were still too many players to share the entire pie. Manufacturers had difficulties maintaining business volumes, revenues, and margins over time.

In the past two to three years, these tensions came to a head. Keypoint Intelligence has termed this convergence of factors and its impact as the “The Great Industry Reboot.” During this period, almost every manufacturer realized the need for change, realigned its strategy, reset its business, and in some cases underwent its most significant transformation in decades. Each vendor strengthening its strategy, in hopes to be one of the last industry players standing.



Ricoh Americas

An interview with Glenn Laverty, Senior Vice President, Marketing, Ricoh Americas, and President & Chief Executive Officer

"We feel like we are leading the Great Industry Reboot," stated Glenn Laverty, Senior Vice President, Marketing, Ricoh Americas, and President & Chief Executive Officer, Ricoh Canada, Inc.. "Ricoh's transition strategy has been happening for several years now and this shift for the company to "services" began a few years ago, which we have been talking about in our strategy at our "Convergence" dealer meetings. Now with our new dealer approach, this has become more of a collaborative strategy and the results with our dealers so far has been very good."



GLENN LAVERTY

Senior Vice President,
Marketing, Ricoh
Americas, and President &
Chief Executive Officer

"We are demonstrating the courage to change and believe that others will also eventually take these steps as we lead the great industry reboot."

Transition and transformation for Ricoh is not all that new. In the late 1990s through early 2000s, Ricoh grew to become one of the largest copier manufacturers in the world. During this time, Ricoh acquired Savin, Gestetner, Lanier, Rex-Rotary, Monroe, Nashuatec, IBM Printing Systems Division, and IKON. Ricoh kept most of the brand names and respective channels, though there has been some restructuring to alleviate confusion and overlap. Having so many companies and cultures to integrate in a short period of time was not an easy task; conversion and integration had to occur quickly as a way of survival. In addition, in 2014, Ricoh purchased a US national IT service provider organization—mindSHIFT, allowing Ricoh to enter the managed IT services space and become more of a services company.

Earlier this year, Yoshinori Yamashita, President and CEO of Ricoh Company, Ltd. Japan, spoke about Ricoh Resurgent—which describes Ricoh's commitment to breaking from past practices and embarking on new beginnings under its 19th mid-term management plan. There were three main pillars to this plan: 1) reform cost structure to match the business climate and Ricoh's capabilities, 2) prioritize growth businesses centered on Ricoh's strengths, and 3) implement this plan in a way that delivers results and has clear accountability. These pillars aligned with Ricoh Americas' strategy this year to optimize the dealer and direct sales structure for North American small and medium-sized businesses. On April 1, Ricoh announced the sale of its SMB MFP machines in field (MIF) from its branches to selected dealers across the country. According to Jim Coriddi, Vice President, Dealer Division at Ricoh USA, Inc., "These changes were a testament to Ricoh's commitment to the Ricoh Family Group of dealers and their proven results of providing superior customer service to the industry. The bottom line is this move has had an overall benefit to the overall greater channel." Glenn Laverty further explained, "And for Ricoh, this should help further alleviate channel conflict between the direct and indirect organizations as well as allow the company to focus on strategic initiatives to transform and position its organization for the future."



Ricoh is continuing this transformation journey, and wants to be recognized as more than just a print company. For example, with its partnerships with IBM, it is transforming the customer conferencing experience with intelligent conferencing systems and whiteboards. Through analytics, these new systems can serve up the right content for meeting attendees. This, alongside other Ricoh technologies—such as short throw projectors, 360-degree cameras, and virtual assistants—shows how Ricoh has become more visionary in office of the future technologies.

Lavery added: "Channels are also part of this new journey into the future office and services vision. We also look to our dealers to adopt services and we very much want to partner with those that show high willingness and capability to invest. We can also provide services for those dealers that may not have the infrastructure by partnering with them to provide those services on their behalf. We have also invested in a huge inside sales infrastructure that can help support the channel in developing leads or just supporting them throughout the sales process." This partnering approach has become an integral and impactful part of Ricoh's new strategy. Ricoh is very committed to making it work, as it is not only better for the company but also the channels and ultimately the customer—becoming a win, win, win situation. According to Lavery, "We are demonstrating the courage to change and believe that others (manufacturers) will also eventually take these steps as we lead the great industry reboot."

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