

What Ricoh's acquisition of IKON means for Xerox - Thursday, August 28, 2008

Commenting on today's news that Ricoh intends to buy IKON, Xerox Office Group president Russell Peacock shared his views on Xerox's strong competitive position and Ricoh's interesting move in the marketplace.

"Ricoh's announcement today of its intent to purchase IKON for \$2.2 billion (including the assumption of \$600 million in debt) is an indication that Ricoh needs to play catch up following our acquisition of Global Imaging last May.

"It was well known throughout the industry that IKON was actively putting itself in the shop window. We looked at the fundamentals of the IKON business model and concluded that our position was significantly stronger – multiple sales channels through dealers, resellers, agents, Global Imaging, direct sales and telesales. So, we see this move for what it is: a defensive play by Ricoh to try and keep pace with the industry's leader – Xerox, while also placing Canon and Konica Minolta in a difficult position, especially considering that IKON delivers 35-40 percent of Canon's total revenue in the U.S.

"It is widely acknowledged that Xerox has the industry's broadest portfolio of products, brought to market by the most extensive sales channel network. It's a business that is delivering. In the first half of this year:

- installs of Xerox office color multifunction systems were up 37 percent
- installs of black and white systems were up 22 percent
- and total revenue from our office business was up 12 percent

"We're building more momentum in this area with the recent launch of 12 multifunction systems and printers, competitively priced to meet the needs of workplaces small to large – and sold through various sales channels so our customers can buy from Xerox direct, indirect, through their local Global Imaging company or whichever way best meets their needs.

"We believe this change in the industry structure will be positive for Xerox and intend to aggressively leverage the opportunity presented by this disruption. Our competitors have a ways to go and we fully intend to keep racing ahead to capture more new customers and delight our current customers."