TOSHIBA
Leading Innovation >>>

Growing Revenue in the Less Print Era

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TOGETHER INFORMATION ™

Print Industry "Key Business Factors"

- **Industry Business Model Based on Page Volume**
  – Dealer profit largely based on service & supplies
- **Data Shows that Office Print Volume is Flat and Not High Growth**
  – Gartner shows decline at 3% avg. annually
- **Hardware and Aftermarket Price Erosion**
  – Commoditized product offerings challenge margin sustainability

How do you ~~Survive~~ Thrive in this Environment?

- **Strategies and Tactics**
  - ***" 4 Digital Global Mega Trends"*** forcing the adoption of new "strategies"
  - *Influencers* driving "tactical" decisions in hardware mix and service offerings
- **Staffing**
  - Workforce structure, skills and behavior affect how business conducts commerce. Potential to address opportunity but also brings *risk*
- **Partnering**
  - A Strategic Business Component
    - There are many solutions, products & services available and directions to take
    - How do you know which to choose and whom to trust with your business?

Page Volumes Declining - Today's Reality

- **Key Catalysts**
  - Mobility: People are working away from the office / printers
  - Company Policies: Businesses, schools, doing more with less / trying to reduce costs / print less
  - Global Economics: "New Normal Economy" - reshaped business landscape
  - Print Management Solutions / Software: A variety of good applications cut down on wasted print and make print volume more visible

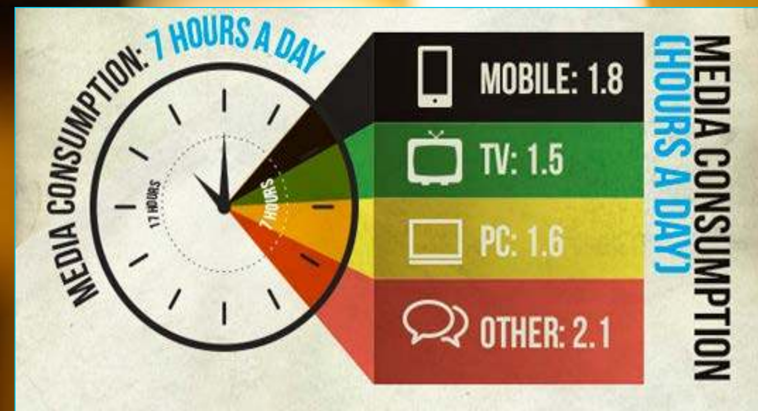
- **Where is the Volume Coming From?**
  - Single Function Monochrome Printers
  - Single Function Color Printers
  - Segment 1 - 3 Monochrome MFPs
  - Ink Jets


Computing is
Mobile

50%
of users

indicate that **mobile** is their primary means of getting online

Mobile is now the most favored platform for media consumption



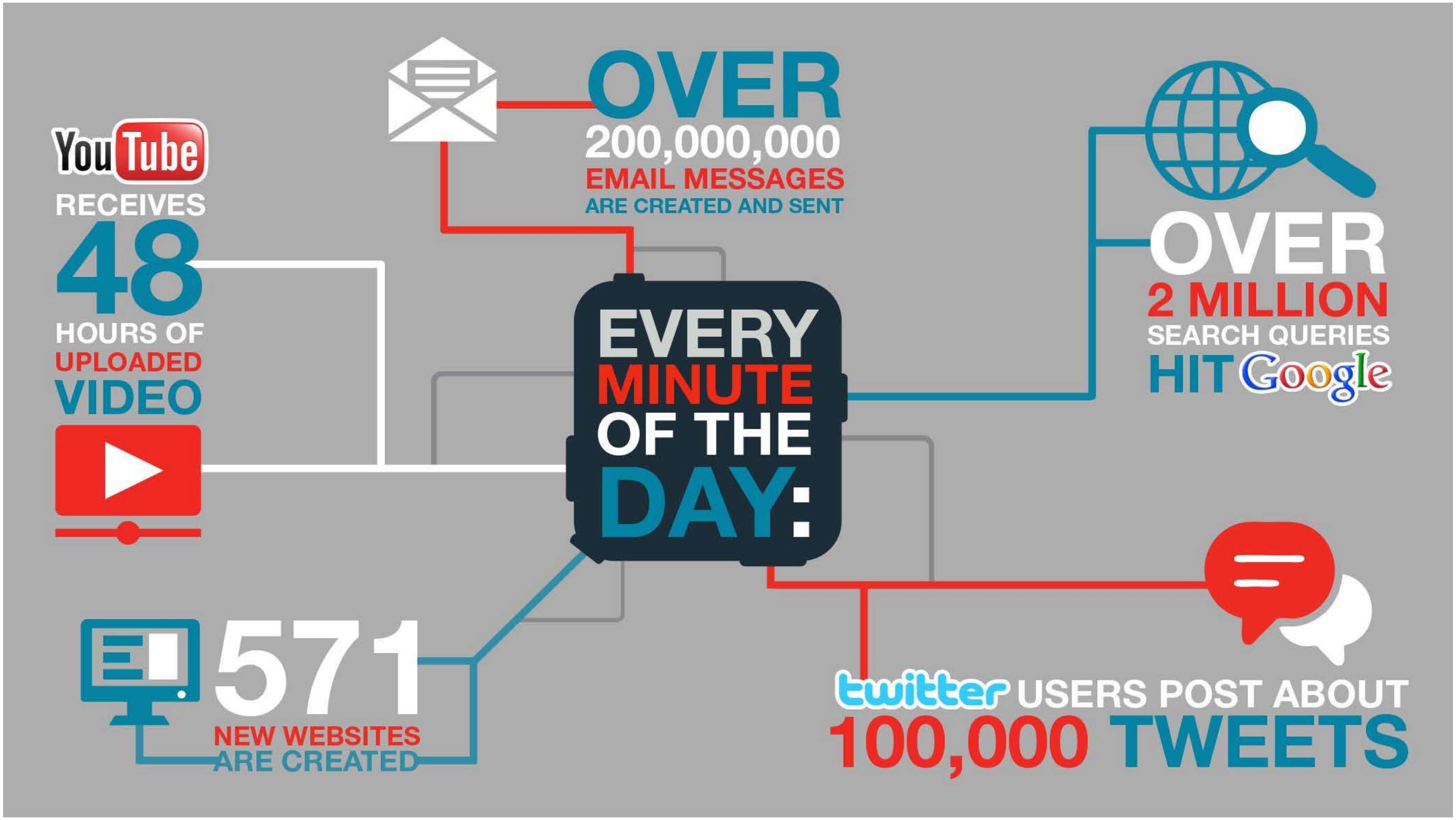

84%
of smartphone shoppers use their devices to help shop while in a store


FEATURE
XOOM TABLET
1 in 3
shoppers use their smartphones to find information instead of asking store employees
SHOP
$179.99
$499.99

How we shop is changing

In 5 years, half of mobile users will use mobile wallets as their preferred payment method

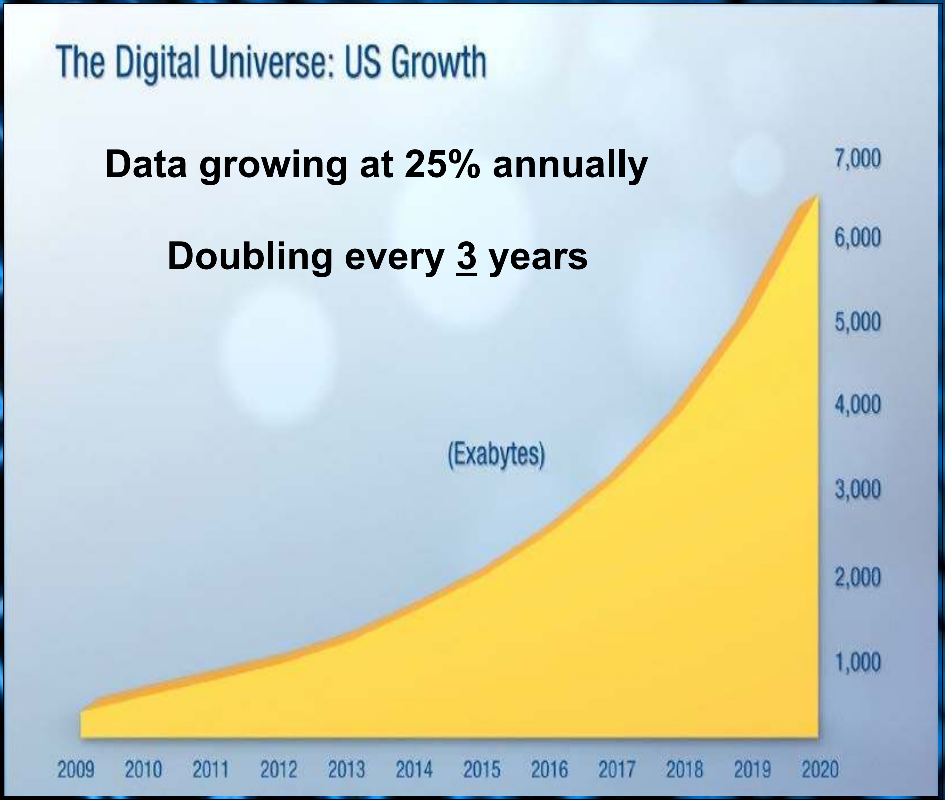

Social is DATA
yelp
CLICK HERE
to post your review
Add as Friend
Every post leaves a trace


YouTube
RECEIVES
48
HOURS OF
UPLOADED
VIDEO
OVER
200,000,000
EMAIL MESSAGES
ARE CREATED AND SENT
EVERY
MINUTE
OF THE
DAY:
OVER
2 MILLION
SEARCH QUERIES
HIT Google
571
NEW WEBSITES
ARE CREATED
twitter USERS POST ABOUT
100,000 TWEETS

The Emerging Information Society

GROWTH FACTORS

- Growth of internet usage, social networks and smart phone adoption
- Falling costs of technologies that create, capture, manage, protect and store information
- Growth of machine-generated data



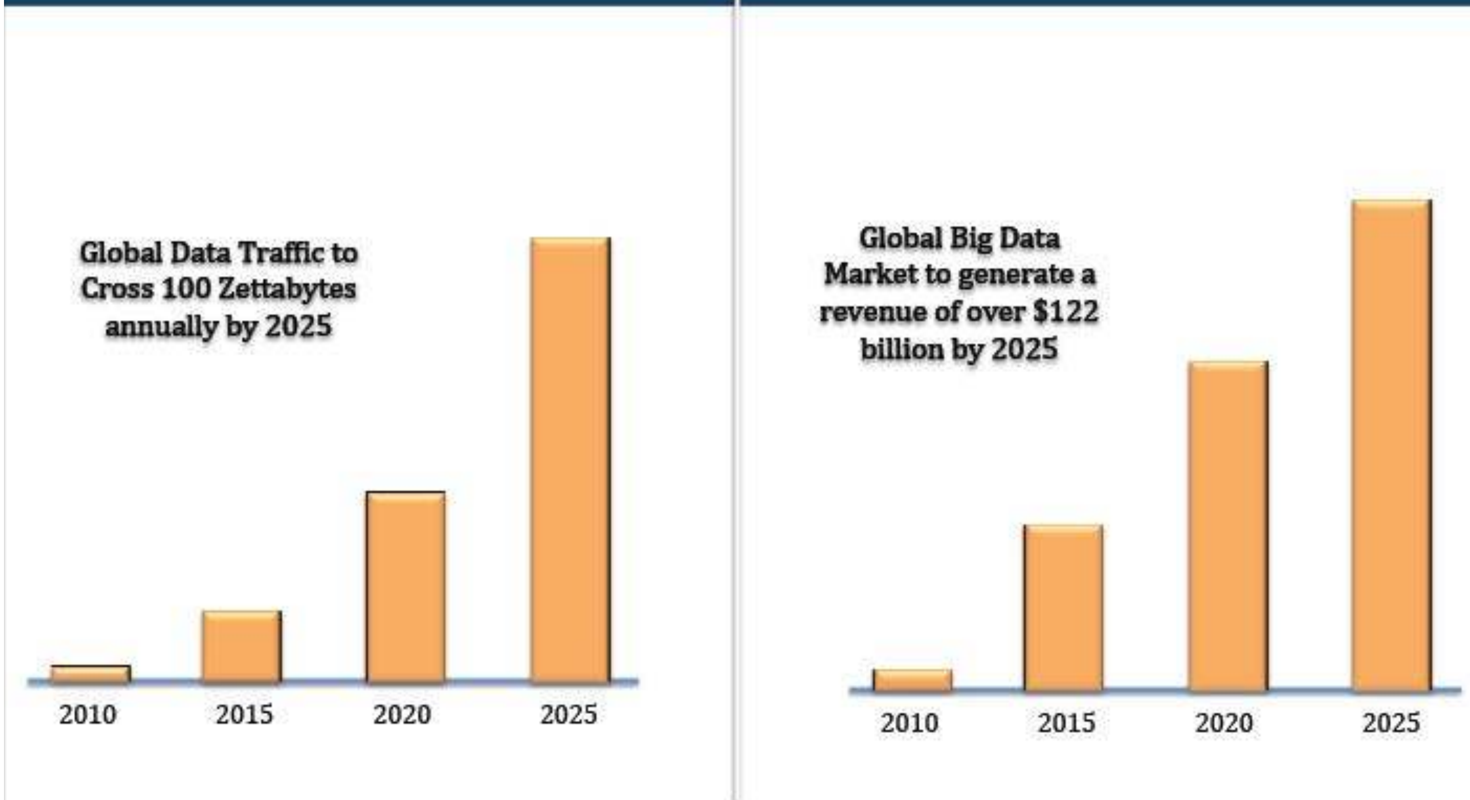
Source: IDC's Digital Universe Study, December 2012

90%

of the data users in the world has been created in the last two years

Sub Trend: Big Data Analytics

90% of the data in the world has been created in the last two years alone



Source: IBM, Cisco, Frost & Sullivan Analysis

Big Data

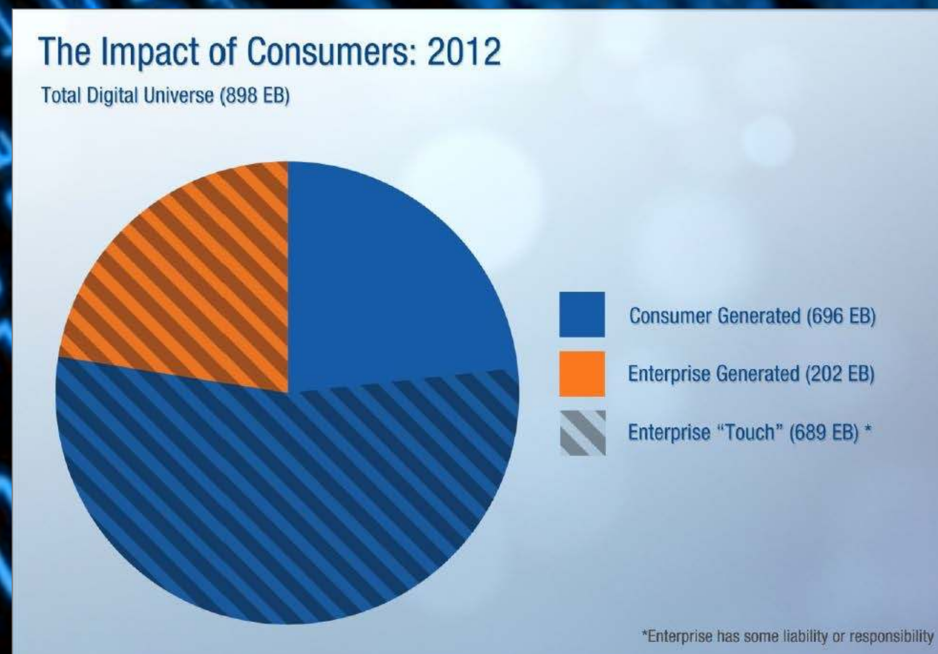

Management
data
big
analytics
volumes
Tweet
customers
organizations
company
performance
Source
high
use
solutions
business
processing
technologies
determine
Products
velocity
million
relevant
transactions
analyze
varieties
large
making
store
decision
Intelligence
SAS
day
time
optimize
provided
quickly
unstructured

The Emerging Information Society

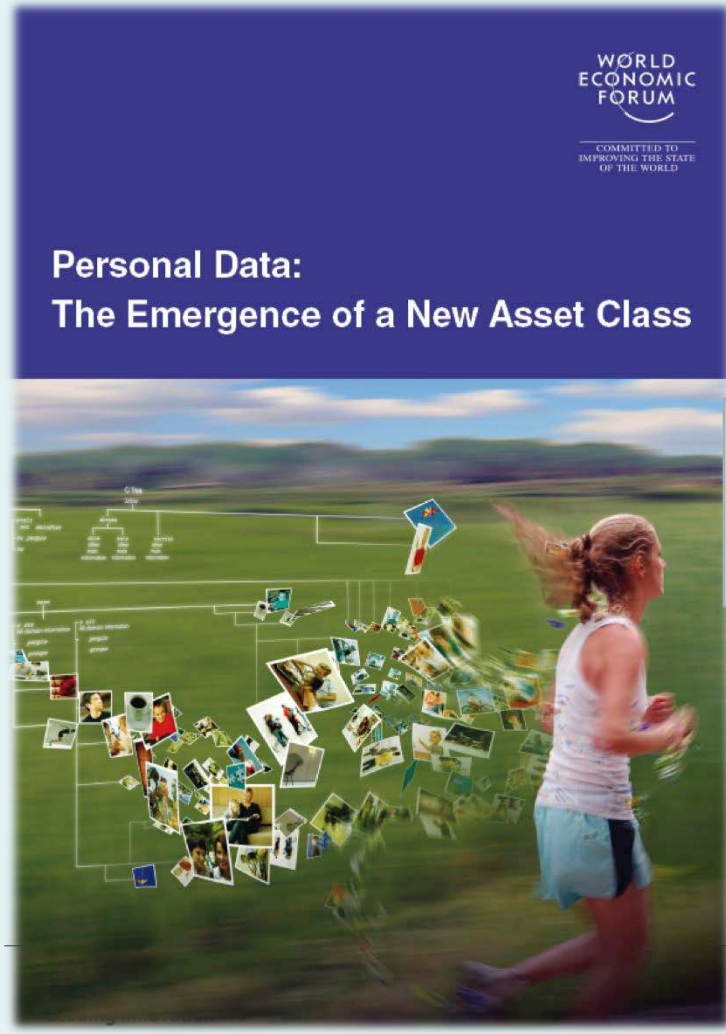
WHO'S

DRIVING THIS GROWTH?

- **Consumers** generate **78%** of data
- **Enterprises** only create **22%** but…
- Enterprises **have liability for 78%**



Source: IDC's Digital Universe Study, December 2012



And that's just the beginning. Increasing the control that individuals have over the manner in which personal data is collected, managed, and shared will spur a host of new services and applications. As some put it,

personal data will be the new 'oil' - a valuable resource of the 21st century. It will emerge as a new asset class touching all aspects of society.

The Emerging Information Society

WHAT ABOUT SECURITY?

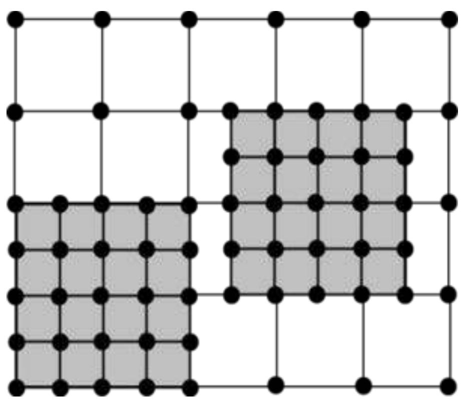
- While **25%** of data **requires security**
- **Less than 15% is actually secured**

Source: IDC's Digital Universe Study, December 2012

Data is largely unStructured

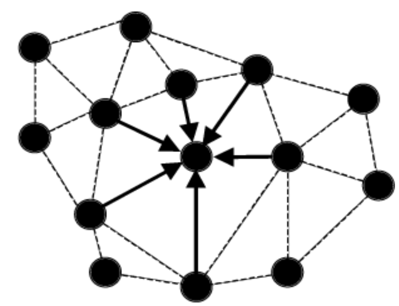
STRUCTURED Data

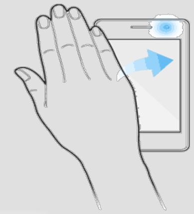
- **well-organized**
- **application ready**



UNSTRUCTURED Data

- **disorganized**
- **costly to manage**





Natural User Interfaces

The trend toward miniaturization will ultimately lead to a whole range of smart components that will be considered disposable. This low cost factor is especially interesting for wearables…the use of augmented reality overlays to provide context aware notifications that relieve us from having to reach in our pockets to read messages

Digital Signage Growth

- Intel projects 22 million digital signs by 2015
- ABI Research predicts digital signage spend ~ $4.5 billion by 2016
- The Economist predicts digital signage spend will be ~$5.2 billion by 2016

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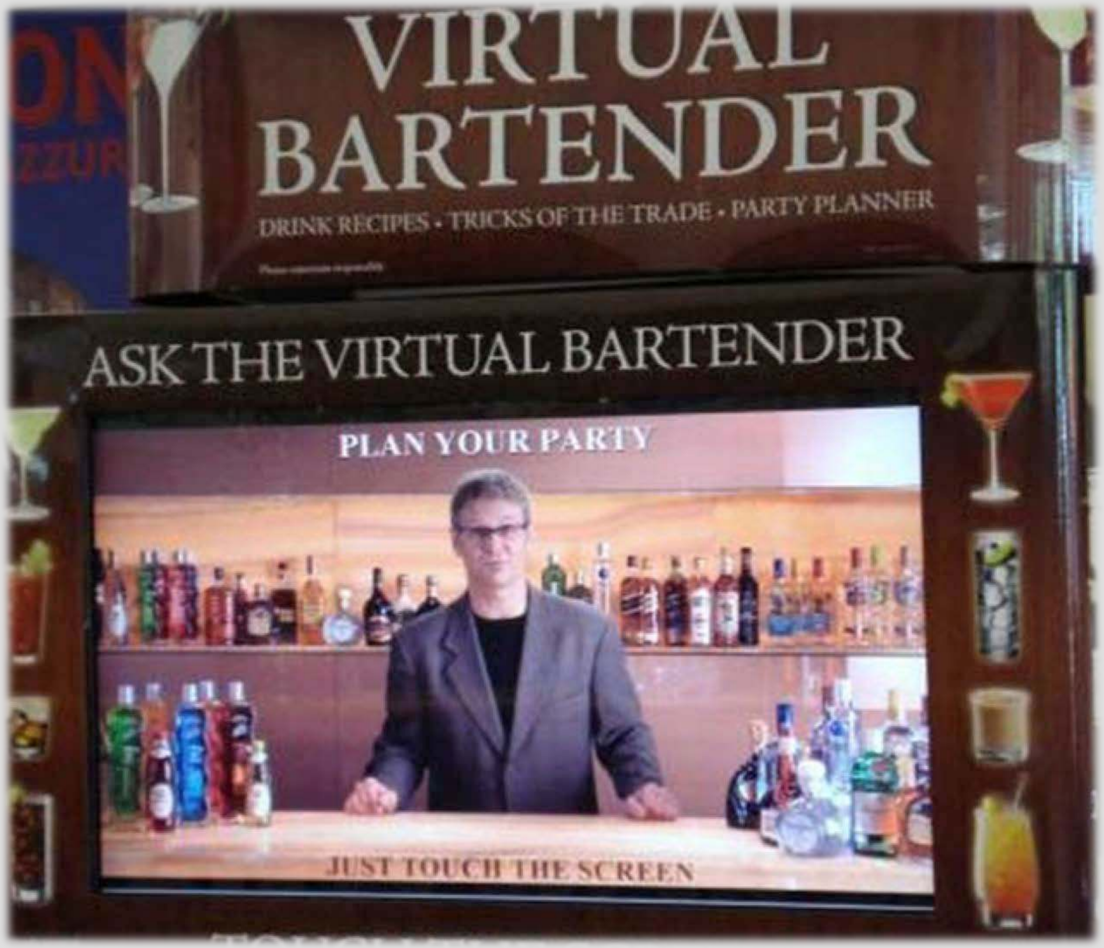


Do It Yourself

Experiences

technology

rather than

sales **staff**


What’s the Result
Of all
of these changes?

Case Study: Audi City London - First Digital Car Showroom

Example of Future Digital Car Showrooms that will be "Unlimited", Personalised, Socially Connected and Digitally Integrated

London Flagship Store

Fully Digital,
Retail-Style Cyberstore

One-stop Experience
for Entire Model Range

Highly personalized
customer dialogue

Gamification, Augmented
Reality Offers Tailor-
made services

Specially Trained Dealer
Personnel Interactivity

The
Future
of Retail

Fully
Connected

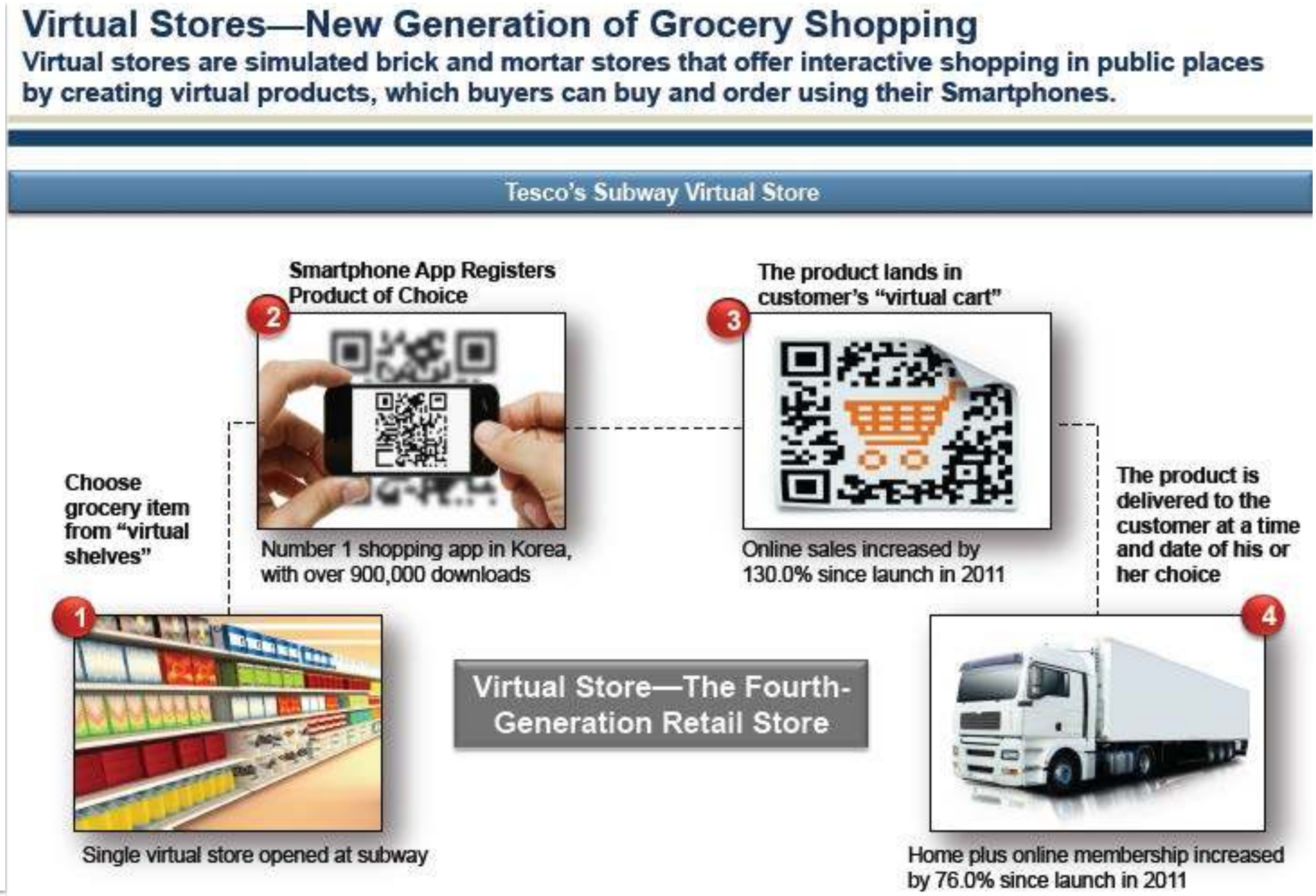
Fully
Integrated

Interactive

The **Future** of Grocery

Endless Aisles

Scheduled Delivery



HOW IS THE MOBILE WORLD AFFECTING OUR INDUSTRY?

Industry Business Model Continues to Evolve

- **A3 Hardware Units are Declining (2012 - 2013)**
  - Total A3 units decline by 3% year over year
  - All five manufacturers that certify their sales numbers decreased in monochrome A3 shipments
    - 2 % to 15% decline
    - Average of 9% decline year over year
  - Color A3 unit shipments <u>increased by 5%</u>
    - All five manufacturers saw increases ranging from 3 - 16%
- **Top Line Revenue Gains are Hard to Come By**
  - Only one of four manufacturers reporting for North America showed a revenue increase year over year

ASPs Declining

- **Hardware**
  - Commoditization of product
  - Viable A4 alternatives

- **Where is the Volume Coming From?**
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Click Volume and ASPs Declining

- Gartner and other industry analysts show that office page volume in the US is declining at a rate of 6% - 8% annually
- Dealers that have implemented successful MPS programs have likely seen an increase in overall pages serviced
- Rising color volume has helped to take the sting out of reduced total pages and average cost per page

KEY POINTS

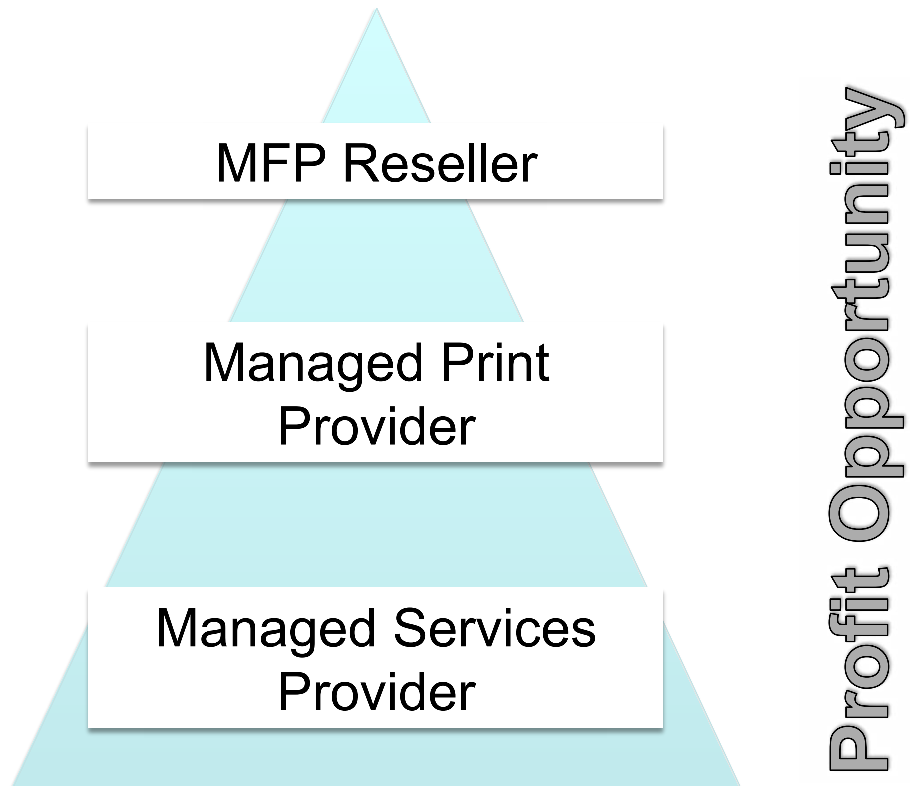
- **Color placements should be at least 50% of your total new machine placements**
- **Color pages should account for at least 12-15% of your total click volume**
- **MPS is a must-have program for your dealership**

Dealership Hierarchy

Provide customers with MFPs and printers from one or more manufacturers

Manage customer fleets including customer owned devices. Provide some document solutions

Become trusted advisor for all content related services including output management, workflow, security and digital signage



Managed Service Providers

- Provide document capture, workflow and security services for your customers
- Provide digital signage solutions
- Work with your manufacturer partners
  - Choose your partners wisely
  - Who works with you to help your standing with your customer
  - Whose IT services compete with you

Summary

- **Industry Economics are Changing**
  - Unit sales and document volumes are decreasing
  - Single function printer volume is vulnerable and available
  - The smart dealers are focusing on color and MPS
- **Partner well to Deliver Managed Services to Your Customers**
  - Document capture, workflow and security solutions
  - Digital Signage
  - Other IT related services as appropriate
- **Stay "Connected" and Informed with an Eye on Emerging Opportunity Spaces**
  - MCS will be a vehicle to expand consultative services & solutions
- **Toshiba Would Like to Work With You to Achieve Your Goals**
  - As a diversified technology company we have a broad and deep reach

THANK YOU

TOGETHER INFORMATION