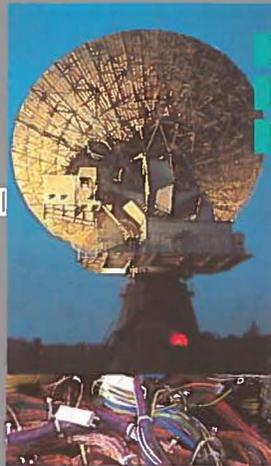
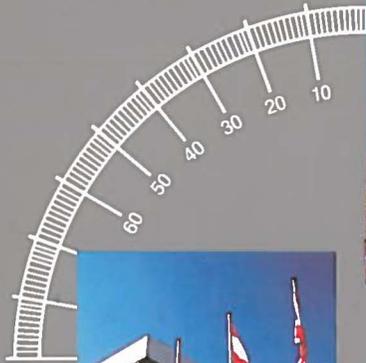


## 1988 INTERNATIONAL REPORT



Rank Xerox adds value by  
helping people make better  
use of information in their  
business



2	REVIEW OF THE YEAR
6	DEVELOPMENT AND ENGINEERING
8	MANUFACTURING
10	MARKETING
13	DOCUMENT PROCESSING
16	CUSTOMER SERVICE
18	INTO THE 1990s
20	PRINCIPAL LOCATIONS

Rank Xerox is a leading supplier of document processing equipment in over 80 countries in the Eastern Hemisphere. A complete range of products and services is provided to meet customers' needs in the creation, printing, copying, distribution, filing and publishing of paper and electronic documents.

Five factories in Europe produce the widest range of copiers and duplicators in the industry. Rank Xerox has one of the largest sales and service organisations in any industry, operating through 25 direct marketing organisations and complemented by numerous distributors, agents and dealers.

Commercial success has been achieved by concentrating on three corporate priorities:

#### CUSTOMER SATISFACTION

Meeting customers' needs in all respects.

1

#### RETURN ON ASSETS

Ensuring that all operations are carried out in the most cost effective manner.

#### MARKET SHARE

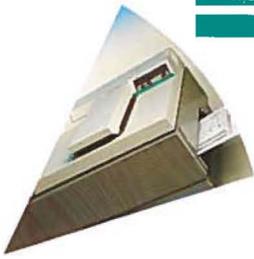
Improving market share by meeting customers' needs better than competitors.

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## CONTENTS

The Xerox 4045 table top

laser printer



*Roland Magnin,  
Managing Director  
and Chief  
Executive Officer*

2

## REVIEW OF THE YEAR

I am delighted to report record revenues and profits for Rank Xerox for the year ended October 31, 1987.

Revenues rose by 15 per cent to £2.2 billion. Profits before tax (and before our contribution to Xerox research and development and central overhead costs) increased by 49 per cent to £317.9 million. These financial results were accomplished by record placements of our products.

After the fourth successive profits increase a new growth phase is now beginning. The virtual doubling of profits (before tax and Xerox charges) since 1983 to record levels reflects the success of the 10 Series copiers and duplicators as well as the range of our other document processing products and systems. It also reflects the success of our Leadership Through Quality strategy and the dedication to satisfying the needs of customers.

It is most gratifying that the success over the past four years was achieved during a period of competitive pressure, mainly from Japanese manufacturers, as intense as any industry has experienced. My congratulations to each of the 29,969 people at Rank Xerox for their dedication and achievement.

### CUSTOMER SATISFACTION

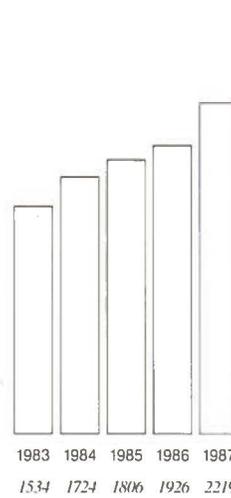
Satisfying the needs of our customers was the first of our three corporate priorities for 1987. Substantial programmes have been put in place to ensure that our customers are the most satisfied in the industry.

The Leadership Through Quality process, first instituted in 1984, has resulted in the vast majority of our employees being trained extensively in identifying and meeting customer needs. This ethos reaches all parts of the organisation - from design and manufacture of products, through marketing, service, customer billing and provision of supplies.

Extensive tests are conducted to benchmark each of our operations against competitors as well as non-related industries to ensure our practices are among the best. We have also improved our system of measuring customer satisfaction and results to date are positive. It is also gratifying to receive external recognition of the standards we are achieving and in 1987 our plant at Lille received the national quality award in France. This is the fourth of our European plants to receive national recognition and follows Mitcheldean and Welwyn Garden City each winning the British Quality Award and Venray in the Netherlands receiving a national award.



Sales of professional workstations in 1987 were well ahead of 1986



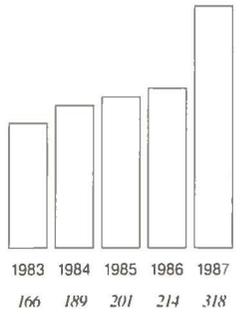
Revenues (£ms)  
Revenue has increased by 45 per cent since 1983



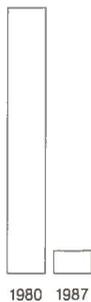
Net placements of copiers rose by 42 per cent



The Xerox 5046 mid-range copier. Developed and manufactured in Rank Xerox



Profits (£ms) before tax and Xerox recharges  
Profit has almost doubled in the last five years



European Manufacturing has reduced the defects in newly built products by 92 per cent since 1980

4



European Manufacturing has reduced the level of inventory by 72 per cent since 1980

### MARKET SHARE

Improvement in market share was another of our three corporate goals for 1987. This was achieved in virtually every sector of our market.

Net placements of copiers and duplicators increased by 42 per cent.

We achieved this with a combination of competitive prices, highly effective direct and indirect sales coverage, dedicated customer service and quality products. Rank Xerox has the finest range of copiers and duplicators in its history. The 10 Series, the third generation reprographic products launched in 1983, is still setting industry standards for performance, reliability and features, with frequent new model introductions. The latest mid-range copier, the Xerox 5046, designed and built in the United Kingdom, is the first in a new series of fourth generation copiers and duplicators that raises performance even further and puts Rank Xerox ahead of its competitors.

1988 will see the launch of many new products. The fact that we are able to develop and launch these products before our competitors have matched the existing range is a tribute to the skills of everybody within the company.

The increase in copier placements was achieved alongside a trend towards price stability. The combination of the yen appreciation and the imposition of duties by the European Commission on copiers being dumped by Japanese manufacturers has brought a level of price stability last seen in the mid-1970s.

The imposition of duties has laid the ground for fair competition in the copier industry, but these duties will only be fully effective if the manufacturers cannot circumvent them by shifting final assembly to the Community. An amendment to the EC anti-dumping regulation, passed in June 1987, now enables the Commission to levy anti-dumping duties on products resulting from such assembly operations.

Net placements of our office systems and related products rose substantially. There was a twofold increase in net placements of electronic printing systems with the result that revenues for electronic printing and office systems were up by 33 per cent. Placements of the Xerox 4045 desk top laser printer assembled at our plant in Coslada, Spain, were particularly strong.

Rapidly growing demand for facsimile products resulted in a threefold increase in placements. There was strong demand for our range of electronic typewriters, with the millionth typewriter from Xerox and Rank Xerox leaving our plant in Lille, France in 1987. Placements of professional workstations were well ahead of 1986, led by the Documenter desk-top publishing system. In total, there was a 28 per cent rise in net placements of office systems and related products.

## RETURN ON ASSETS

The third of our corporate priorities was Return on Assets. I have already described our record financial results. In line with these our return on assets also improved. We will continue to strive for further improvement and to implement our stringent control of asset utilisation that has been a feature of the past few years.

## CONCLUSION

Under the present economic conditions our success in 1987 should be carried forward into 1988, when we celebrate 50 years of xerography, the technology which started the office copying revolution.

Our next big challenge is to do for document processing what has already been done so effectively for traditional data and word processing.

As a corporation, we have the technology, the manufacturing skills, the range of products, and the marketing skills. The key to our success is meeting the needs of customers. I have maintained this as our most important priority for 1988 and have made it the major criterion for senior management salary reviews.

At the same time we will continue to pursue vigorously further improvements in market share and Return on Assets.

1988 will be an exciting year for new product introductions, further expansion into China, additional expansion of our leasing activities, and even greater achievements in establishing Rank Xerox as a quality company.

Our financial results should reflect these developments and I am confident that we will start a new growth era in 1988.

Roland Magnin  
*Managing Director and  
Chief Executive Officer*

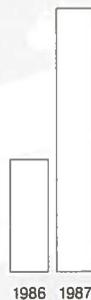
February 1988



International headquarters  
at Marlow



The move to Marlow  
reduced central costs  
significantly



Sales of decentralised  
electronic printers more  
than doubled in 1987

Responsibility for the design and development of mid range systems product printers, in addition to mid range copiers, has introduced a change in title for the Business Unit at Welwyn Garden City. "The Mid Range Products and Systems Business Unit has had an exciting, busy and successful year" said Joe Marino, Vice President and General Manager. "I am delighted by the Xerox 1040 and 1050 sales and by our customers' satisfaction with the products which has strengthened our position in the market place."

Some of the highest revenues in the corporation are now generated from this market sector.

The most significant event in 1988 is the launch of the Xerox 5046. This totally new mid range copier was designed at Welwyn Garden City for customers around the world.

The 5046 comes in a range of configurations and is designed

to be extremely competitive in this sector.

The machine's unique design incorporates a print cartridge which provides excellent copy quality and is replaceable by the customer. The Print Cartridge Design Team were winners of the Xerox Team Excellence Award for 1987.

There is a challenging order book for 1988. Further new products will be announced and several initiatives are under development.

In order to meet the demands of these, two Computer Aided Design (CAD) facilities have been installed with over 40 Intergraph workstations. Design engineers work closely with suppliers and, in a state of the art application of computer integrated design and manufacturing, are able to transfer designs from Rank Xerox CAD to suppliers automated machine tools.

The CAD facilities confirm the heavy commitment Rank Xerox has made in product development and design.

#### CUSTOMERS' NEEDS

Meeting the needs of customers is the top priority in the Business Unit as everywhere else in Rank Xerox.

The Strategic Business Office monitors customer requirements for future products. In the early stages of the development of a product, meetings are held with customers. Insights from these are built into the design. Prior to launch this is repeated with a number of trial users.

The Mid Range Products and Systems Business Unit is now a cornerstone of new product

development in Xerox and Rank Xerox and represents a substantial commitment to the use of European technology.

#### SYSTEMS ENGINEERING

Also based at Welwyn is the Systems Business Division Engineering (SBD-E) group. The division is responsible for the provision of technical expertise for the development, launch and enhancement of a wide range of products within the document processing businesses.

Among its many activities, SBD-E is responsible for preparing all new core systems products for launch, for assisting marketing units in solving equipment and software problems, for developing new applications to improve customer productivity and for developing systems integration devices for major accounts.

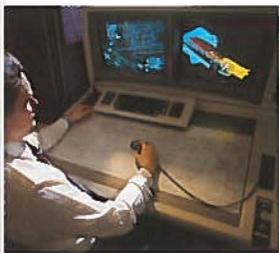
#### NEW FACILITY

The increasing importance of SBD-E activity is reflected in the planned investment during 1988 of £5 million to provide a new purpose built facility for the group. With two hundred software and systems engineers, SBD-E is responsible for a wide range of products including electronic typewriters, information processors, professional workstations, electronic publishing, electronic printing, and facsimile systems.

SBD-E also provides technical support to nine European universities, including those participating in the Rank Xerox University Grant Programme, and provides support to EuroPARC.

## DEVELOPMENT AND ENGINEERING

Seventy per cent of the staff who will use the system have now been trained on CAD



## EUROPARC

Rank Xerox EuroPARC is a European systems research laboratory in Cambridge, England, focussing on human-computer interaction. Started in 1986 the building was opened in November 1987. Top grade scientists from five countries were recruited and worked at Welwyn until then. EuroPARC emphasises the benefits to be gained from increased research into office systems and applications issues of European significance.



Net sales of the Xerox 1050 increased by over 200 per cent

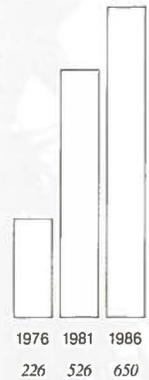
## UNIVERSITY GRANT PROGRAMME

The Rank Xerox University Grant Programme provided advanced hardware and software worth £4 million to eight universities in Europe to stimulate research in office systems.



Close attention to detail takes place at every stage of design and manufacture

7



Xerox expenditure on R&D has grown by almost 200 per cent in ten years



Productivity, reliability, ease of use and copy quality are the main features of the Xerox 5046



8

LILLE QUALITY AWARD

Pierre Van Coppernelle  
 Director of Lille  
 Manufacturing Operations,  
 receives the French Quality  
 Award on behalf of the Lille  
 manufacturing plant, an  
 outstanding achievement  
 for Rank Xerox, following  
 national quality awards to  
 Mitcheldean in 1984, and  
 Welwyn and Venray in  
 1986

AN OUTSTANDING YEAR

"1987 has again been a year of outstanding achievement for Manufacturing Operations" said Dick Holmes, Director of Manufacturing. "We successfully met all the production, cost and quality demands placed upon us and have steadily improved our competitive position. We are gaining a reputation in the external market place as a high quality contract manufacturer to major multinational companies.

"Our plants have harnessed our reputation for customer satisfaction and quality, together with price competitiveness and a flexible prompt delivery performance, to compete effectively with and win business away from Far East companies. These contract activities also provide the most effective form of competitive benchmarking - orders received from prime multinational companies endorse our competitive position."

This report takes a special look at Mitcheldean. In future International Reports it is intended that other plants will be featured in similar detail.

MITCHELDEAN

1987 has been a very encouraging year for Mitcheldean. The range of challenges and activities undertaken has been considerable and they have had a significant impact on business performance.

They include:

The successful support and management of the Xerox 5046 copier pre-production activities.

The continued rationalisation of the space used for manufacturing operations.

The growth in Low Volume Copier output, on the way to the major milestone of the 500,000th small copier, assembled early in 1988.

Local parts sourcing of the Xerox 1012.

The continued growth of refurbishing.

The expansion of the wire harness operation.

THE MAKING OF A NEW PRODUCT, THE XEROX 5046

The Xerox 5046 provided Mitcheldean with a new opportunity. For the first time it was awarded the Manufacturing Managing Unit role with responsibility for working closely with the Welwyn Garden City-based product development team to bring the product from the design and engineering prototype stage into full scale production at Mitcheldean.

The pilot plant was first established at Welwyn and tested

the qualities of everything, a total business quality approach realised through teamwork. The bringing together of the design engineers and the manufacturing staff into one team, at one location, eliminated any delays in feedback on the product design and enabled changes to be made quickly.

Early in 1987 the pilot plant activity was transferred to Mitcheldean and the team moved with it.

David Stokes, delighted with the benefits provided by the pilot plant approach, said "The interchange of people and experience at every level is an outstanding feature of this programme. Having experienced staff from all areas of manufacturing actively supporting the programme during the pilot build phases has helped to ensure a smooth transition and start up of production at Mitcheldean. This product is extremely important to Mitcheldean. The motivation, enthusiasm and flexibility shown by all employees has been tremendous."

## BUSINESS PARK

Following the successful launch of the Mitcheldean Enterprise Workshops project in 1984, plans were developed to consolidate the Rank Xerox manufacturing operations into fewer buildings occupying considerably less space. In parallel, plans were produced to convert the buildings vacated into the Rank Xerox Business Park, opened in July 1986.

Businesses were quickly attracted to the site. At the end of 1987 there were six major tenants in occupation and several enquiries from other companies were under active consideration.

The Business Park success has made a major contribution to the cost-effectiveness of Mitcheldean Manufacturing Operations because of the efficiencies gained in occupying less space, and the significant revenue generated from tenants.

## NATIONAL INTEGRATION OF 1012

After the successful launch of the Xerox 1012 copier a dedicated team was established at Mitcheldean to transfer parts sourcing from the Japanese vendors who supported the initial production needs, to the regular European supplier base. This was another major achievement for Mitcheldean in 1987.

Staffed by members from Mitcheldean, Venray and Webster, USA, this multifunctional team worked to an aggressive timetable to produce innovative and creative solutions to a wide range of problems. In every instance the project team used the Leadership Through Quality processes.

The group's success in using teamwork was recognised by its being selected as one of two project teams from Rank Xerox manufacturing operations to participate in the worldwide Business Products and Systems Group's Team Excellence convention in Leesburg, USA in December 1987. After being chosen as a BP & SG President's Team Excellence Award winner, the team went on to gain a corporate Team Excellence Award, the highest award a team can gain in the corporation.

Summing up 1987, David Stokes says, "The focus has been on the application of our Leadership Through Quality training to the general benefit of the plant, improving product quality, cost competitiveness and customer service levels."

"Throughout 1988 we shall seek to build on this solid base, utilising the massive resources of energy, skills and experience available within our workforce."

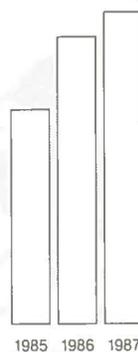
"Our thrust in 1988 will concentrate on customer satisfaction and attacking the cost of quality. Mitcheldean's quality, cost and delivery targets will be aimed at beating the very best of world competition."

Product quality is a top priority for all staff



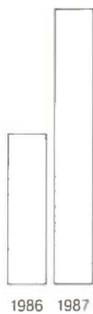
9

"Mitcheldean today is a vibrant and happy place to work in," says David Stokes, Director of Mitcheldean Manufacturing Operations



The number of processors and accessories produced at Mitcheldean has increased by 46 per cent since 1985





Electronic printing showed  
strong growth in 1987

In 1987 Rank Xerox revenue increased by 15 per cent to £2.2 billion. This was a good performance that demonstrated the strength of Rank Xerox people and strategy. Strong demand was evident in most product areas.

#### ELECTRONIC PRINTING

Electronic Printing placements increased significantly. Sales of centralised products rose by 22 per cent and decentralised products by over 100 per cent. The Xerox 4050 centralised electronic printer was launched in 1987 and is now established as the leading product in the market. The 4050 forms the basis for a whole family of electronic printing products.

The Xerox 4045, a table top laser printer, had major success in the distributed printing environment. Interfaces which enabled the 4045 to be so effective in distributed printing were developed by Rank Xerox in Europe and led to many major installations in a number of countries.

The largest order was in the UK where Lloyds Bank ordered 1000 Xerox 4045 laser printers to print branch reports and customers' statements locally.

Indosuez, France's seventh largest financial establishment, needed to replace its impact printers with higher performance machines and reorganise centralised operations into a decentralised system.

"We wanted to choose a supplier that offers a coherent range of printers" says Dominique Jaquet, a director at Indosuez. "This is why we chose Rank Xerox, equipping our central site with a Xerox 9790 and a Xerox 4050, departments with the Xerox 3700 and individual users with the Xerox 4045. The result has been a marked improvement in the quality of our documents, and costs have been cut considerably."

In Australia the entire banking industry has committed to the use of non-impact printing and Xerox Magnetic Ink Character Recognition (MICR) for the production of personal cheques and other security-related documents. This is the first time that the entire banking industry of a country has accepted the use of non-impact printing for the production of MICR documents.

As a result of this decision, CPE, a leading security printer ordered six 9790 laser printers.

## COPIERS

Sales of copiers also showed tremendous growth through the year. The number of placements increased faster than the market. Low volume net placements increased by 45 per cent and mid volume net placements by 32 per cent with the Xerox 1050 and 1040 gaining particularly good reaction from customers. High volume net placements increased by 54 per cent.

Overall copier and duplicator net placements were 42 per cent higher than 1986.

Favourable circumstances have supported this increase in sales. The trend towards price stability which started in 1986 continued in 1987. This was due to further strengthening of the yen and the imposition of anti-dumping duties on Japanese products exported to the European Community.

## DOCUMENT SYSTEMS

Document Systems sales grew quickly. During 1987 we trebled the number of our workstations in the market both stand alone and connected to networks.

1987 also saw a substantial increase in the number of software packages sold.

For example, the Xerox Ventura software package was launched in Rank Xerox early in 1987. This is the leading software for desk-top publishing on IBM PCs and compatibles and has been widely acclaimed.

## ELECTRONIC TYPEWRITERS

Demand for electronic typewriters has levelled out but Rank Xerox has been able to gain in market share by continuing to offer competitively priced products of superior design.

In November 1987 a new range of Xerox 60 series electronic typewriters was announced at the first ever dealers convention which was held at Lille, where electronic typewriters are produced. This was the first occasion on which a new range of products had been announced to dealers first.

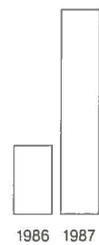
In the future an increasing proportion of sales will be made through indirect channels in order to achieve our objectives.

## FACSIMILE

The facsimile market experienced explosive growth in 1987 growing by 70 per cent. Rank Xerox sales increased threefold.

The market is expecting higher copy quality, greater speed and more automation. Facsimile will also increasingly become a gateway for vendors to electronic document management systems and is of crucial importance to Rank Xerox.

Rank Xerox will continue to succeed in this market by giving a high priority to development of new facsimile products and by expanding rapidly the sales channels available to the market so that the increase in demand can be met.



Net placements of facsimile products increased threefold in 1987



The Xerox 4045 table top laser printer is a major success in distributed printing

By the end of 1987 Xerox and Rank Xerox had sold more than one million typewriters



## COMPLEMENTARY CHANNELS

In 1987 a third of Rank Xerox sales activity was through complementary channels of distribution. The intention is to distribute more than half of the total product placements through channels other than the direct salesforce.

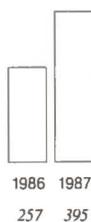
Rank Xerox has spent a great deal of time listening to dealers in order to understand their needs and during 1987 several new initiatives were taken to build a closer and stronger partnership with this vital sector.

There will be a limited number of quality dealers in each area. This will be determined by market potential and each dealer will be given a corresponding sales quota. Dealers will also be able to service the equipment they sell and will be asked to achieve the same high standards of quality so that the end user receives the same level of service.

## FINANCING

Rank Xerox has established its own leasing operations in many countries so that a comprehensive range of lease products and financing options are offered to customers.

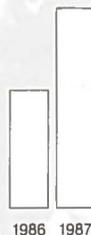
1987 has seen tremendous growth. Total lease values are £395 million which is £138 million more than in 1986. Around 50 per cent of machine sales are financed through leasing.



Lease values (£ms)

Increasing numbers of customers use the financing options offered by Rank Xerox. Total lease values grew by over 50 per cent in 1987

12



Countertrade is of increasing importance in trading with Eastern Europe. The value of Rank Xerox countertrade grew by 60 per cent in 1987

MEETING THE  
NEEDS OF  
CUSTOMERS  
IN DOCUMENT  
PROCESSING

## SERVIER

### MULTILINGUAL TEXT AND GRAPHICS

The Servier research group is the third largest pharmaceutical laboratory in France. For each patent application for a new drug, Servier has to receive approval from the country's ministry of health. As Servier exports to some 118 countries, the company has to prepare detailed dossiers and certification applications that can be between 100,000 and 150,000 pages each.

Creation of the documents is made more complex because the authors are at three separate locations. What is more, the documents contain multilingual text and graphics sent from different data processing centres including some in Japan and Great Britain.

Servier decided to find a more effective way of dealing with this vast volume of documentation. Following a rigorous look at a number of proposals, Servier chose Rank Xerox. It has been so satisfied with the performance that the installation has grown and now consists of 120 Xerox 860s and 50 Xerox 6085s with laser printers connected by three Ethernet networks.

### PARTNERS WITH THE CLIENT

Rank Xerox has worked closely with the client throughout. Toussaint Coppolani, Technical Director of Servier says: "Xerox has been more than just an equipment supplier. They have become partners in our work."

Over the last thirty years Rank Xerox has developed a product range that is one of the broadest in the office equipment industry.

Traditionally Rank Xerox has described its activities as being in two main segments, reprographics and office systems. Changes in technology and market requirements are starting to integrate these product groups and increasingly this whole range of products is viewed as document processing.

Document processing encompasses the creation, printing, copying, distribution, filing and publishing of paper and electronic documents.

Rank Xerox is concentrating on the document processing market because it is the natural development for a company which is the leader in the reprographic market.

This section of the International Report describes a number of customer installations. They are only a few out of many but they show the Rank Xerox commitment and capability to meet customers' needs for document processing.



Rank Xerox uses  
technology to develop  
product leadership

13

The ability to handle  
multilingual text and  
graphics is a key demand  
of many customers



## LOGICA

### QUALITY DOCUMENTATION

Logica is one of the most prominent British companies in the information technology business. It develops computer software for clients all over the world and for many sorts of applications.

For some years the company used word processors to generate documents but identified a need to update and improve its document production capability with systems that mix text with graphics. Logica also wanted to use a standard document style and format in its offices throughout the world and to establish a means of transmitting documents between offices in a form that could be changed and enhanced by any recipient.

The company also needed a supplier that could maintain equipment at Logica premises everywhere, including the United States, Australia, Europe and the UK.

### FULL RANGE OF PRODUCTS

After rigorously evaluating the products available on the market Logica placed an order worth £1.5 million for an array of Rank Xerox products including laser printers, document scanners, facsimile machines and about two hundred 6085 workstations.

Within individual locations the workstations are linked to each other and to other equipment by a Xerox Network System local area network. These are connected by public wide area networks so that any workstation at any Logica location is able to communicate with any other workstation anywhere in the world.

"The communications capabilities offered by the Rank Xerox system were very important," says John Pyne, Logica's head of Information Systems. The other major attraction is the ViewPoint software. Logica was especially attracted by ViewPoint's multi-lingual character sets. It supports

operations in more than a dozen different languages including Russian.

The capability of Rank Xerox to supply most of the hardware for the total system, not just workstations, was another factor influencing Logica's decision to buy from Rank Xerox. For example, the electronic printers form an integral part of the networked system.

### OPEN SYSTEMS INTERCONNECTION

As a leading information technology company Logica fully appreciates the strategic significance of Open Systems Interconnection, the set of standards which will enable users of computers from different manufacturers to communicate with each other.

Rank Xerox' commitment to support OSI standards in its products was therefore another important reason for winning the contract. John Pyne observes that there is much scope for further development in the communications capabilities of its Rank Xerox systems and Logica is reassured by Rank Xerox' total long term commitment to office systems and the office systems market.



Rank Xerox commitment to  
office systems is an  
important consideration for  
many customers such as  
Logica

## LEHMKUHL

### SECURITY AND SPEED

Lehmkuhl Elektronikk A/S is a major Norwegian company producing advanced electronic equipment. Its case illustrates the capability of Rank Xerox products in stand-alone situations.

Øystein Røed Johansen is the senior engineer for defence products. Much of the documentation he has to create and manage is under strict security and has to be created in-house. Production of the originals was the bottleneck.

Many documents consist of more than 100 pages with many diagrams and tables and they usually have to be produced to a very tight time schedule. Mr Johansen decided that he had to either recruit more people or buy suitable equipment. He decided to buy a Xerox Documenter and is delighted with his decision. "For a job that I spent four weeks on one year ago, I now spend five or six days. With Documenter the company saves a great deal of money but in addition, we can produce professional documentation without making any compromises."

## INTECSA

### CUSTOMER LOYALTY

Intecsa is Spain's largest engineering consultancy. Its needs have grown over the years and illustrate the importance of customer loyalty. By working closely with clients and understanding their needs, Rank Xerox is more likely to be the supplier chosen by the clients when they are adding to or updating their products.

Intecsa took delivery of fifteen Xerox 860s in 1981, solving an acute need for improved word processing capability. In 1982 the first Ethernet network in Spain was installed in Intecsa, based on a Xerox 8032 processor with services including filing, administration, electronic mail and communications between Barcelona, Seville and Madrid.

This has developed steadily with Rank Xerox and Intecsa working closely together at each stage. They now have several networks incorporating twenty-five Xerox 860s, two 8012s, four 6085s, one 8046 and four 4045s.



The Xerox 4050 centralised electronic printer is the leading product in the market

15



Top quality paper is a vital ingredient in document processing



Rigorous checks of copy  
quality are made by  
manufacturing staff

16

Customer satisfaction is the top priority for the corporation throughout the world. Concern for meeting the needs of customers is not altruism. It is the key to the future profitability of Rank Xerox.

The needs of customers are paramount through the whole process of developing, manufacturing and marketing Rank Xerox products and services. But customer satisfaction does not stop there.

Existing customers with Rank Xerox products are also potential future customers for Rank Xerox products and services. It is clearly vital that customers feel satisfied and loyal to Rank Xerox so that they are more inclined to choose Rank Xerox when buying office equipment in the future.

Rank Xerox strategy on customer satisfaction is to ensure that the company understands customer satisfaction as the customer sees it. Rank Xerox then strives to work on these issues so that it can meet customers' needs more closely.

#### KEY FACTORS

From the customer's perspective there are several main factors. For example, the responsiveness of Rank Xerox to queries and continuity with whom the customer deals. Frequent changes of sales territory or a variety of different telephone numbers can be irritating for customers.

Any problems with equipment are also of great importance but this does not only concern reliability. It includes, for example, value for money and usefulness of features. Billing quality is also vitally important for customers, particularly the clarity of invoices and pricing.

Equally important, of course, is the customer's perception of the attitudes that Rank Xerox employees have about them.

In recent years there has been intense activity throughout the company to improve Rank Xerox' performance in all of these areas. Using the Leadership Through Quality processes, many issues have been identified and actions taken which are improving customer satisfaction.

#### A WAY OF LIFE

Customer satisfaction is a way of life in Rank Xerox. At the 'kick off' meeting in November 1987 for sales, marketing and service directors, the key theme was customer satisfaction. Managers from several different parts of the company presented actions which they had taken to improve customer satisfaction so that 'best practice' could be spread through the company.

At the same meeting a number of customers made presentations on their views of Rank Xerox, an important opportunity for them and for Rank Xerox senior management.

#### EQUIPMENT MANAGEMENT

Particular attention has also been paid during 1987 to improving delivery and inventory management, ensuring that products are available where and when customers want them while at the same time ensuring that Rank Xerox does not have excess stocks. By improving this, Rank Xerox satisfies customers but also improves return on assets.

The European Logistics Centre (ELC) at Venray plays a key part in this, containing, on a single site, the full range of components and materials used in Rank Xerox equipment.

In November 1987 the ELC and the rest of the international supply operations were transferred into the Customer Service function, which means that they are now part of the marketing operation. This will enable further improvements to be made which will simplify logistics even more and make it possible to forge a closer link

## CUSTOMER SERVICE

between the cost of distribution, the level of inventory and the service level.

Two other quite major initiatives are underway in the Customer Service area.

### UPTIME

The first is concerned with improving the amount of 'uptime': the amount of time when the product is fully available for use. A crucial element in improving uptime is the detection of potential breakdowns before they occur. Advanced technology is now becoming available which will allow Rank Xerox to do this.

### CUSTOMER CONTACT

The second major exercise is concerned with the many aspects of making it easier for customers to deal with Rank Xerox. Multifunctional teams are devising better processes including, for example, billing and sales procedures. Benchmarking is also being used to support this.

### TOP PRIORITY

Customer satisfaction was Rank Xerox' top priority in 1987 and will continue to be so in the future. The ultimate proof of the company's efforts to meet customers' needs will be the loyalty shown by customers to Rank Xerox as they buy further document processing products in the future. Attention to customer satisfaction results in continued commercial success.



The European Logistics Centre at Venray



All parts used have to be free of defects



Customers' needs are the major influence on the development and manufacture of products



Training in Leadership Through Quality produces a more effective operation to meet the needs of customers



Electronics are changing all  
areas of work

## INTO THE 1990s

1986 saw the thirtieth anniversary of Rank Xerox. In 1987 Fuji Xerox celebrated twenty five years of success. In 1988 xerography will be fifty years old.

The invention of xerography created an enormous business opportunity. By bringing the xerographic process to the market, Xerox and Rank Xerox experienced unprecedented growth and revolutionised the face of the office.

This rate of growth has obviously diminished but the industry still presents many opportunities.

For example, total market revenues from stand alone copiers are no longer increasing by the 20 to 30 per cent they once did but by 1 or 2 per cent each year. It is nonetheless a business that will be worth over £20 billion worldwide in 1990. Rank Xerox sales growth in 1987 shows the gains that can be made.



Particular sectors are growing faster. For example, demand for high speed copiers is strong and the market for full colour copiers is expected to take off sharply.

As xerography revolutionised the office in the 1960s, so the use of electronics is changing the face of the office today. Future growth in the office equipment industry will be made by those companies able to offer a range of products to meet customers' needs in every area of document processing. From creation through printing, copying, distribution, filing and publishing.

Rank Xerox is well placed to meet this need. It has an outstanding range of products in every area of document processing and its traditional strength is in reprographics which is at the heart of this. Capability in reprographics is a key factor because this produces the finished product, the output of document processing. Rank Xerox' strength in laser printing demonstrates this. Laser printing is an area which is growing particularly strongly (the market in 1991 is forecast to be four times larger than 1986) and Rank Xerox is acknowledged as the market leader.

"We are concentrating on the document processing market" says Roland Magnin "because it is a natural development for a company like ours which is so well known for its contribution to the reprographic market. I am confident about the development

of our copier business but our intention is to develop strongly our activity and business in office systems. This is growing fast and we expect to make 50 per cent of our revenues with products other than copiers by the early 1990s.

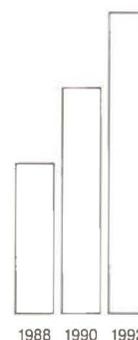
"1987 saw Rank Xerox achieve record profits and 1988 should be a year of further growth. We must continue to be alert to the activities of our competitors and above all, strive every day to meet the needs of our customers."

The products to be launched in 1988 will re-emphasise Rank Xerox' ability to maintain product leadership. This product leadership will yield further results as Rank Xerox employees continue to concentrate on the three corporate priorities:

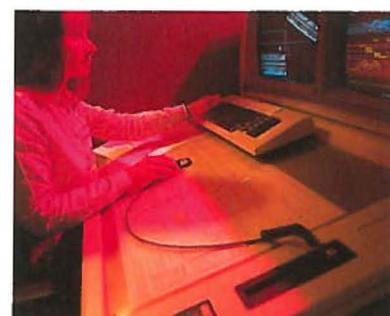
CUSTOMER SATISFACTION

MARKET SHARE

RETURN ON ASSETS



The number of workstations in use in Europe is forecast to double by 1992



Computer Aided Design helps Rank Xerox maintain product leadership

INTERNATIONAL  
HEADQUARTERS

Rank Xerox Limited  
Parkway Marlow  
Buckinghamshire SL7 1YL

Rank Xerox Leasing  
International Limited  
Parkway Marlow  
Buckinghamshire SL7 1YL

FUJI XEROX CO LTD  
*Associated Company*

3-5 Asaka 3 Chrome  
Minato-ku  
Tokyo 107  
Japan

Korea Fuji Xerox Co. Ltd  
120-20 Seosun-Dong  
Choong-Ku Seoul  
Korea

Philippine Fuji Xerox Corporation  
IFC House Corner Alfaro  
and Gallardo Streets  
Salcedo Village Makati  
Metro Manila  
Philippines

PT Astra-Graphia  
JL Kramat Raya 43  
Jakarta  
Indonesia

Taiwan Fuji Xerox Corporation  
Section 1-56  
Chung King South Road  
Taipei Taiwan

Thai Xerographic Systems Co. Ltd.  
K & Y Building No 16 Surasak Road  
Bangkok  
Thailand

MODI XEROX LIMITED  
*Associated Company*

Hemkunt Tower 98 Nehru Place  
New Delhi 110 019  
India

MANUFACTURING  
ENGINEERING AND  
RESEARCH

**France**  
**Lille**

Société Industrielle  
Rank Xerox SA  
Zone Industrielle  
Route de Reckham  
59960 Neuville en Ferrain  
Lille

**The Netherlands**  
**Venray**

Rank Xerox Manufacturing  
(Nederland) BV  
PO Box 43  
5800 MA Venray

**Spain**  
**Coslada**

Rank Xerox Española SA  
Fabricacion  
Avenida de Fuentemar  
No 20 Pologono  
Industrial de Coslada  
Madrid

**UK**  
**Cambridge**

Rank Xerox EuroPARC  
Ravenscroft House  
61 Regent Street  
Cambridge CB2 1AB

**UK**  
**Mitcheldean**

Rank Xerox Limited  
Mitcheldean  
Gloucestershire GL17 0DD

**UK**  
**Welwyn Garden City**

Rank Xerox Limited  
PO Box 17  
Bessemer Road  
Welwyn Garden City  
Hertfordshire AL7 1HE

PRINCIPAL  
LOCATIONS

## MARKETING OPERATIONS

### **Australia**

Rank Xerox (Australia) Pty Limited  
970 Pacific Highway  
Pymble  
New South Wales 2073

### **Austria**

Rank Xerox Austria GmbH  
Nussdorfer Lände 29/33  
PO Box 300  
A-1190 Wien

### **Belgium**

NV Rank Xerox SA  
Leuvensesteenweg 555  
B-1930 Zaventem

### **Côte d'Ivoire**

Rank Xerox Côte d'Ivoire SA  
L'Immeuble le Mons  
Abidjan Plateau  
Avenue Botreau Roussel  
01 BP 402 Abidjan

### **Denmark**

Rank Xerox A/S  
Borupvang 5  
DK-2750 Ballerup

### **Eastern Export Operations**

Rank Xerox Limited  
Eastern Export Operations  
Westbourne House  
14-16 Westbourne Grove  
London W2

### **Egypt**

Xerox Egypt SAE  
2 Lebanon Street  
Mohandiseen, El Giza  
Cairo

### **Finland**

Rank Xerox Oy  
PO Box 55  
SF-02631 Espoo 63

### **France**

Rank Xerox SA  
Tour Arago, 5 Rue Bellini  
92806 Puteaux

### **Germany (FDR)**

Rank Xerox GmbH  
Emmanuel-Leutze-Str. 20  
D-4000 Düsseldorf-Lorick

### **Greece**

Rank Xerox Greece SA  
154 Syngrou Avenue  
17671 Kalithea  
Athens TT 404

### **Hong Kong**

Rank Xerox (Hong Kong) Limited  
5th Floor, Fortress Tower  
250 King's Road  
North Point  
Hong Kong

### **Republic of Ireland**

Rank Xerox (Ireland) Limited  
Glasnevin Industrial Estate  
Finglas Road  
Dublin 11

### **Italy**

Rank Xerox SpA  
PO Box 3095  
I-20100 Milan

### **Kenya**

Rank Xerox Kenya Limited  
Kenyatta Avenue  
PO Box 20410  
Nairobi

### **Malaysia**

Rank Xerox Limited  
1-Jalan Bersatu  
13/4 Petaling Jaya  
Kuala Lumpur 46100

### **Morocco**

Xerox Maroc SA  
30 Avenue des FAR  
Casablanca 01

### **The Netherlands**

Rank Xerox (Nederland) BV  
Maasluistraat 2  
1062 GD Amsterdam-West

### **New Zealand**

Rank Xerox New Zealand Limited  
New Park Centre Short Street  
Newmarket, PO Box 5948  
Auckland

### **Nigeria**

Rank Xerox (Nigeria) Limited  
Block C, Plot 3  
Matori Scheme Oshodi  
PMB 21314 Ikeja  
Lagos

### **Norway**

Rank Xerox A/S  
PO Box 905  
N-1301 Sandvika

### **Portugal**

Rank Xerox Portugal  
Equipamentos de Escritorio  
Limitada  
Av Antonio Augusto de Aguiar 106  
Lisbon 1000

### **Singapore**

Rank Xerox (Singapore) Pte Ltd  
190 Middle Road 18-01  
Fortune Centre  
Singapore 0718

### **Spain**

Rank Xerox Española SA  
Calle Josefa Valcarcel 26  
Madrid 27

### **Sweden**

Rank Xerox AB  
Domnavvsgatan 11  
16387 Stockholm

### **Switzerland**

Rank Xerox AG Postfach 8050  
Thurgauerstrasse 40  
Zurich 7

### **UK**

Rank Xerox (UK) Limited  
Bridge House Oxford Road  
Uxbridge  
Middlesex UB8 1HS

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