

RANK XEROX

International Review 1979



The Mimizan Experiment

Rank Xerox brought a taste of the future to the inhabitants of Mimizan, a small town near Bordeaux, France. Advanced equipment which is the basis for future systems was installed in the usual working environment of the townsfolk for three months and included the Xerox 8.50 Page Display System, Telecopier 400 transceiver, 9400 high speed duplicator and the 3450 copier/duplicator with reduction facility. This experiment by our company in France is described on page 25. The cover shows (from top to bottom):

The past – the medieval abbey viewed from the Mimizan Health Centre

The future – the desk top Xerox 2300 in a doctor's surgery at the Health Centre

The Xerox 2600 goes to school

The Xerox 2300 in the car showroom of Yvan Caigneux

Introduction

I am delighted to introduce this year's International Review, the purpose of which is to provide information about our performance throughout Rank Xerox. Working in nearly half the countries of the world, we contribute individually but in different ways to engineering, manufacturing, marketing and servicing our products. We have a common interest in developing a prosperous and effective group worldwide. It is only through remaining competitive that we can, during the next decade, continue to create and maintain employment, develop new products, play our part in society and lead in a high technology industry.

While our copier and duplicator products today, and for many years to come, represent our main source of worldwide revenues, we are ready during the 1980s, thanks to our extensive research and development, to introduce the building blocks to develop integrated office systems. Leading this evolution in the office will require a readiness on our part to adapt to change, so that we can fully meet the new requirements of our customers. There is a challenge here for us all.

In the pages that follow, you can read a little about our history and rather more about our present capabilities and achievements. There are also some glimpses of our exciting new markets.

This year, we are providing more information about our activities in research, in engineering, in manufacturing, in marketing and in service. Our people worldwide give us confidence to face the next decade, and to meet the problems presented to us by complex economic, political and industrial environments.

I am sure you will all wish to join me in paying tribute to Mal Thomas, who retired as Chairman at the end of 1979, for his contribution to the group over many years.

I wish to thank you for your contribution. As we face the challenge of the 1980s, let us strive to ensure the continued success of Rank Xerox in a very competitive industry.

*Hamish Orr-Ewing,
Chairman of Rank Xerox Limited*



Review of the year

1979 was a good year for Rank Xerox. Revenues for the year to 31st October 1979 amounted to nearly \$2,500 million, an increase of 19 per cent over 1978. Profits before tax were \$533 million, an increase of 33 per cent over 1978.

Profits were favourably affected by the movement of currencies during the year but even if we exclude currency effects, profits attributable to our parent companies grew by 10 per cent. This performance, in an industry marked by intensifying competition in a period of high inflation and slow economic growth, is a notable achievement.

The results confirm our ability to respond to strong competition in the market. Our determination to meet this competition with new marketing methods, new products and above all greater cost-effectiveness is paying off. But we need to continue, and indeed increase our efforts in order to protect our place as leader in one of the most competitive industries in the world.

In 1979 we placed almost two-and-a-half times as many copier/duplicators as we did the previous year. Most operating companies beat their placement targets, and had an exceptional year in new business both for rental and for sale.

Established products such as the Rank Xerox 7000, 3600, and the 4000, did very well during the year, as did our newer products.

The Xerox 2300 and the Xerox 2600 were both launched to meet the requirements of the low volume sector. The Xerox 3450 came in to add a very important reduction capability to the successful Xerox 3400. At the high volume end, the Xerox 9400 established a firm reputation as the industry's most outstanding duplicator.

We have a range of products, able to cover the whole spectrum of copying and duplicating, that is unequalled in the industry.

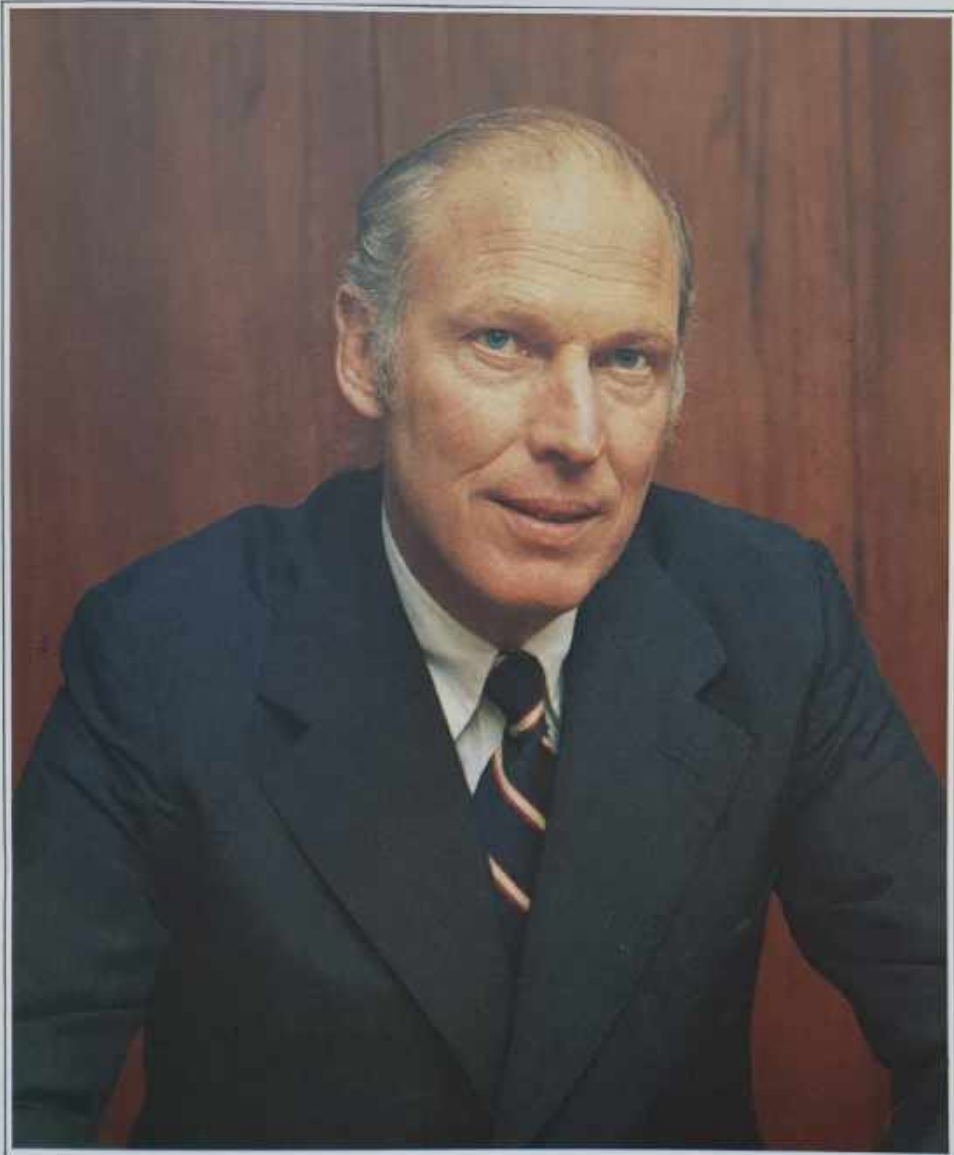
1979 was successful not only for our reprographic products but also for our Systems Business Division, which had a good year with its range of word

processors, facsimile terminals, and engineering products. The division placed a record number of machines. In addition, the Supplies Business area which sells paper and an increasing array of other supplies, made a valuable contribution to our results with a healthy growth.

We received excellent support throughout the year from the Manufacturing and Engineering groups. High standards on the production line, responsible people and effective systems enabled us to fulfil the orders that exceeded our original build programmes. Engineering support to our field activity, and for the many new product launches, was outstanding.

During the past three years we have demonstrated our ability to move ahead in a positive manner to maintain our leadership in a highly competitive market place.

Our success at removing unnecessary costs, improving and streamlining our mode of operation through better training, more reliable products, improved information flows and productivity improvements in all areas of our business has made it possible for us to introduce a number of very attractive, exciting new products into the market at competitive prices.



*William F. Glavin,
Managing Director of Rank Xerox Limited*

While we have every reason to be proud of these significant achievements, the 1980s will clearly bring greater challenges to us. In the market place, we can expect that competition will increase and if we are to continue to be leaders in our industry we must find new ways to improve old ways of doing things. Our productivity must continue to increase as we place more and more focus on satisfying the needs of our customers.

Every individual in Rank Xerox, in every type of job, at every level, has to make customer service his number one priority. It is not only our sales and service people, who interface directly with customers, who have the responsibility for customer service, it is everyone of us in the group. Our jobs exist because of our customers and we all must realise that we have a part providing the best products at competitive prices with outstanding customer service.

In closing, I would like to thank you for your excellent contributions in 1979 to making Rank Xerox successful. Through continued professionalism and teamwork, we can reaffirm our commitment to end the 1980s as we ended the 1970s as the recognised leader in our industry.

Financial Results

Revenues 1979 in \$ million

Australia	70
Austria	56
Belgium	71
Denmark	52
Eastern Europe	36
Finland	44
France	381
West Germany	360
Italy	155
Netherlands	104
New Zealand	30
Nigeria	29
Norway	34
South Africa	40
South East Asia	21
Spain	119
Sweden	97
Switzerland	68
United Kingdom	508
Others	175
Total	2450

Revenues for the year to 31st October 1979 totalled \$2,450 million, up 19 per cent compared with the previous year, and profits before tax amounted to \$533 million, an increase of 33 per cent.

These profits are after deducting our contribution to xerographic research and development and central costs of Xerox of \$100 million, against \$84 million in 1978. They include a record \$42 million from Fuji Xerox against \$10 million in 1978, reflecting successful trading as well as currency benefits.

Income taxes payable to governments amounted to \$228 million or 43 per cent of our profits. We are paying dividends to our shareholders, Xerox and The Rank Organisation, of \$94 million, and outside shareholders are allotted \$1 million. This has left \$210 million retained in the business for investment, growth and to finance the effects of inflation.

Our results were favourably affected by the movement of currencies during the year. A clearer indication of our performance is attained by excluding exchange rate effects. This shows that pre-tax profits attributable to our parent companies grew by 10 per cent over 1978.

We use the US dollar as the 'common language' between all the units around the world. However, we also publish our results in sterling and these are included in the annual report and accounts of The Rank Organisation.

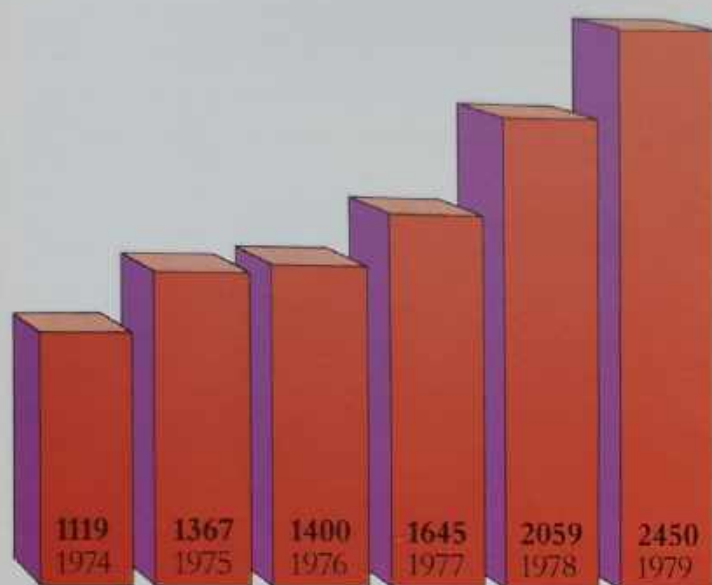
Our results in sterling were considerably different from our dollar results, because movements of the pound against major currencies during the year had different effects from those of dollar movements.

Our sterling revenues rose by 7 per cent to a record £1,165 million. Profits before tax and before our contribution to Xerox costs rose by 4 per cent to £303 million. This figure was exceeded only in 1977 when exceptional currency benefits helped to raise profits before tax to £316 million.

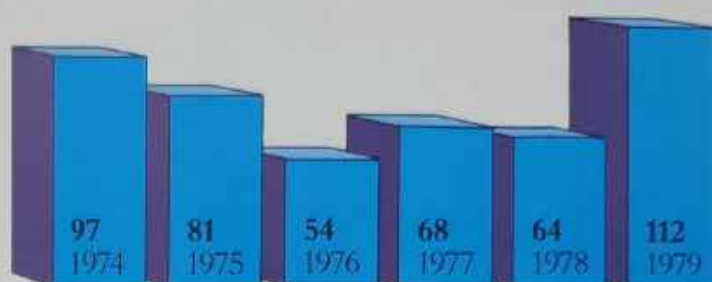
The sterling equivalent of the Xerox charges was £48 million against £41 million in 1978. Since the allocation of the profits from Rank Xerox is calculated before the deduction of these charges, the profit share of The Rank Organisation is not affected.

The summary accounts on page 6 are extracted from the full audited accounts of the jointly owned companies; copies are obtainable from Corporate Affairs Division, Rank Xerox House, 338 Euston Road, London NW1 3BH.

Rank Xerox – Revenues \$m 1974-79



Rank Xerox – Investments \$m 1974-79 Capital expenditure

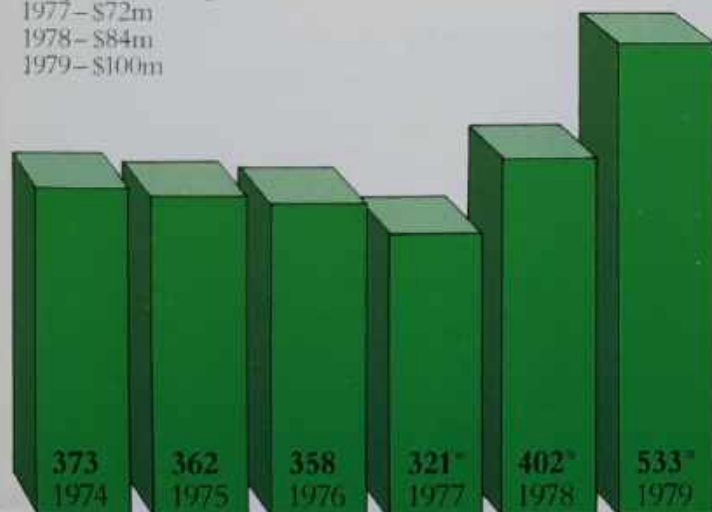


Rank Xerox – Investments \$m 1974-79 Additions to rental equipment



Rank Xerox Profits before taxes \$m 1974-79

*Profits before tax after Xerox Corporation charges of:-
1977 – \$72m
1978 – \$84m
1979 – \$100m



Rank Xerox Highlights

\$ millions	1979	1978	% Inc
Total operating revenues	2,450	2,059	19.0
Profits before taxes	533	402	32.6
Taxes	228	216	5.6
Profits before outside shareholders' interest	305	186	64.0
Outside shareholders' interest	1	1	-
Net profits	304	185	64.3
Capital expenditures	466	303	53.8
Number of employees	35,707	35,275	1.2

Xerox Corporation Highlights

\$ millions	1979	1978	% Inc
Total operating revenues	7,027	6,033	16.5
Profits before taxes	1,283	1,091	17.6
Taxes	592	528	12.1
Profits before outside shareholders' interest	691	563	22.7
Outside shareholders' interest	128	87	47.1
Net profits	563	476	18.2
Capital expenditures	1,227	911	34.7
Number of employees	115,705	107,679	7.5

Profit and loss account for the year ended 31 October 1979

This shows the results of the Group's trading during the year compared with 1978

<i>\$ millions</i>	1979	1978
Revenues	2,450	2,059
Materials and overheads	1,523	1,294
Depreciation	263	241
Interest	31	38
Share of Xerox costs	100	84
Total costs	1,917	1,657
Profits before taxes	533	402
Taxes	228	216
Profits after taxes	305	186
Dividends	94	102
Outside shareholders	1	1
Net profits retained in business	210	83

Balance sheet at 31 October 1979

This shows what assets we own, and how these are financed by shareholders' capital and retained profits and by loans.

WE OWN	<i>\$ millions</i>	1979	1978
Fixed assets:			
Land, buildings and plant		412	375
Rental equipment		687	597
Investment in Fuji Xerox		106	68
Other long term assets		56	63
Current assets	1,034	925	
Current liabilities	787	745	
Working capital		247	180
		1,508	1,283
FINANCED BY			
Shareholders' capital and retained earnings		1,107	875
Outside shareholders		16	15
Borrowings		311	346
Other long term liabilities		74	47
		1,508	1,283

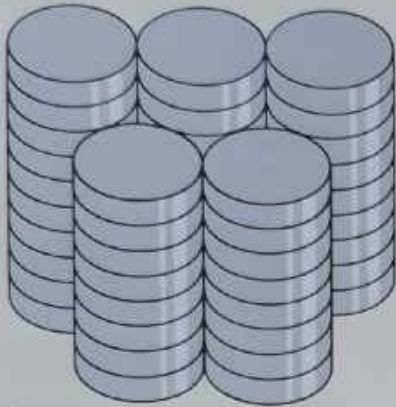
Source and application of funds

This shows how cash came into the business and how it was used.

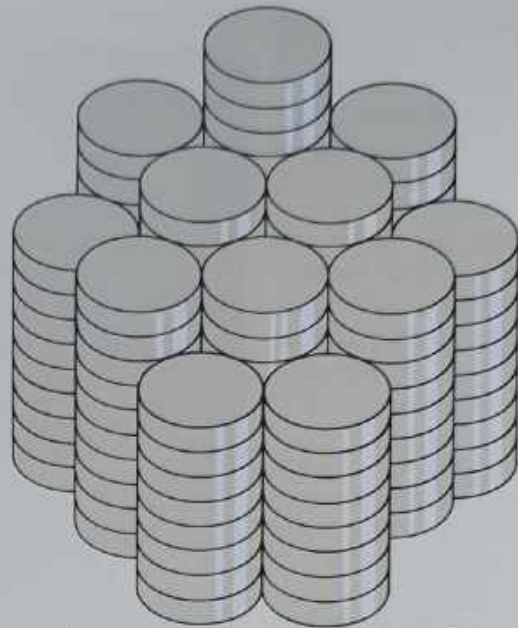
SOURCES OF FUNDS	<i>\$ millions</i>	1979	1978
Profits after taxes		305	186
Costs not requiring funds:			
Depreciation	263	241	
Other	75	104	
		338	345
Funds provided by operations		643	531
New loans received		33	47
Other sources		22	4
Total		698	582
APPLICATION OF FUNDS			
Additions to fixed assets:			
Rental equipment	356	239	
Land, buildings and plant	112	64	
		468	303
Reduction in long term loans		60	79
Dividends declared		95	104
Increase in working capital		67	82
Other applications		8	14
Total		698	582

Value added by the Group

This explains the new value created during the year and how this was distributed leaving enough in the business for the future

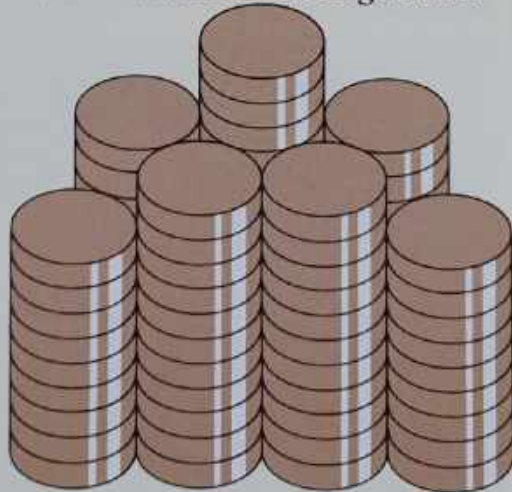


We paid out \$918m for goods and services

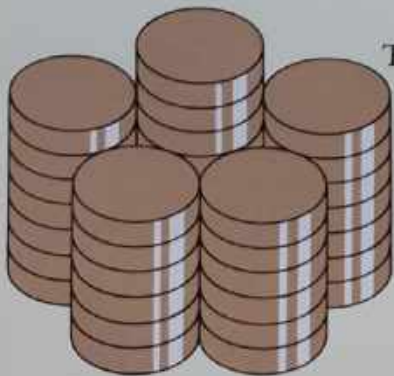


and we created revenues of \$2450m

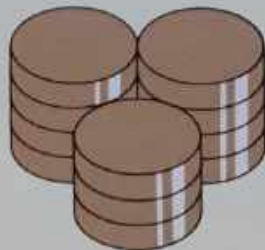
The value added by the Group was the difference between \$918m and \$2450m being \$1532m



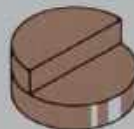
The value added of \$1532m was shared among:



Employees \$706m
Salaries, wages, social costs



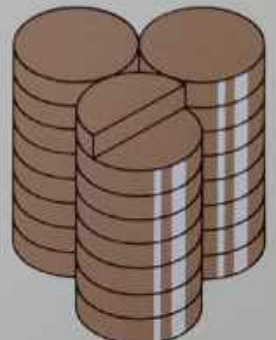
Governments \$228m
Taxes payable on profits



Providers of finance \$31m
Bank interest etc



Shareholders \$94m



Rank Xerox \$473m
Retained in the Group for the replacement of fixed assets and to help finance future growth

Profile of Rank Xerox

Few companies have grown as fast as Rank Xerox. We were founded in 1956. In the 1960s we launched our first automatic office copiers, built annual revenues up to \$300 million and profits up to \$120 million. By the end of the 1970s revenues went up over eightfold to nearly \$2,500 million and profits over fourfold to \$533 million. With this success behind us, we now manufacture in four countries, market our products in over eighty, and employ over 35,000 people.

Our parent companies are Xerox Corporation of the USA, which nurtured the invention of xerography from its infancy, and developed it commercially, and The Rank Organisation of the UK. Together they set up Rank Xerox to make and market Xerox copiers in the Eastern Hemisphere.

A change in the shareholders' agreements in 1969 resulted in Xerox Corporation assuming management control with approximately 51 per cent of the voting rights. Rank Xerox operates as part of the worldwide Xerox organisation.

The original agreement on profits, whereby the split was roughly two-thirds to Xerox and one-third to Rank, still stands. In 1979 we contributed about one-third of Xerox Corporation's net income and 78 per cent of The Rank Organisation's pre-tax profits.

The Xerox 850 Display Typewriter and Page Display System



First of the Rank Xerox factories – at Mitcheldean in the Forest of Dean, UK – now in its 20th year of production for the group

There are four holding companies each owned jointly by Xerox and Rank. The largest is Rank Xerox Limited, incorporated in England. It owns our marketing companies around the world, and the factories in the UK and Spain. The other main holding company is Rank Xerox Holding BV, incorporated in the Netherlands. It owns two factories in Europe. In 1978 a new company in Egypt was set up under Rank Xerox Investments Ltd, and in 1979 Rank Xerox Business Equipment Inc was formed, as an umbrella organisation for certain Xerox enterprises operating in Europe.

The associated company is Fuji Xerox Co Ltd, owned fifty-fifty by Rank Xerox Limited and Fuji Photo Film Co Ltd of Japan. It has three manufacturing plants in Japan, and markets in five countries in the Far East. In Australia, New Zealand and Nigeria we have local shareholders in the marketing companies.

We are what is known as a 'vertically integrated' group. In other words, we make our own products, and have our own sales and service forces in most of our markets. In terms of the original shareholders' agreement Xerox Cor-

poration performs the majority of our research and development efforts.

Our sales and service force is one of the largest in Europe. We market through 24 subsidiary companies or through distributors and branches where we do not have companies.

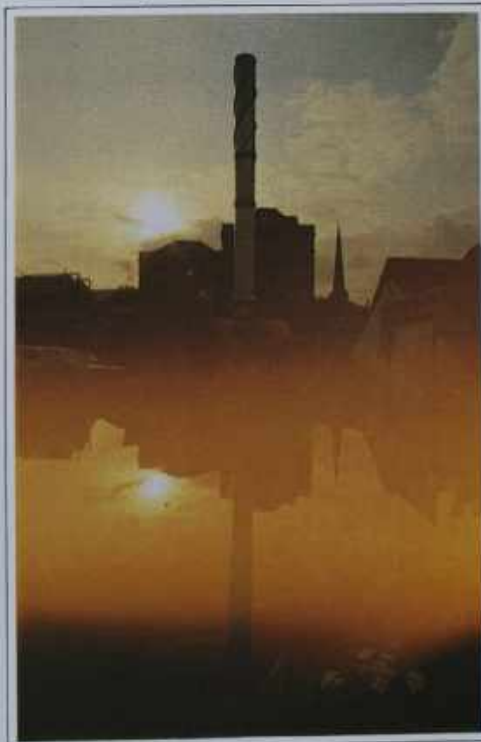
We manufacture at five sites. The largest is in the west of England at Mitcheldean where over 4,000 people are employed. Once there was only a small brewery there: its fabric, still intact, continues to be part of the offices.

Our plant at Venray, in the south east of the Netherlands, is the next largest production unit, with just over 2,500 employees. Our three other factories are at Welwyn Garden City (England), Lille (France), and Coslada (Spain). At Welwyn, some 2,000 people

make electronic components and photoreceptors. At Lille, 700 people specialise in the work of refurbishing machines and at Coslada a modern, fully equipped plant, 70 people manufacture toner.

Xerox has research and development facilities in the USA, Canada and the UK. The facility in England is at Milton Keynes and will shortly move to our site at Welwyn Garden City. In 1979 Xerox invested \$376 million, over five per cent of worldwide revenue - in research and development, of which the greater part went into xerography. In addition, a substantial part was to develop technologies for a market in embryo - the 'Office of the Future'. Also, Xerox expansion into high technologies in the 1970s was achieved through a number of important acquisitions.

The first results of these efforts are already available. The Xerox 800 and 850 word processors have been launched, and there is heavy demand for these exciting products. We expect word processors to be one of the most important components of any office of the future, and it is therefore vital for us to have this capability. Other new developments are well advanced.



The original building at the Mitcheldean plant was this brewery - its fabric, still intact, is now part of the offices

Seven more new products

Xerox 740

The first microfiche reader/printer in its price bracket to bring the benefits of plain paper to microfiche users. Wide range of drop-in lenses. Built by Rank Xerox operating companies in Germany and Spain.



Xerox 2600

Compact, quiet, delivers 12 copies a minute, lets you copy from bound volumes. Made in Venray.

Xerox 2300

Desk top copier weighing only 16.5lbs (7.5kgs). Takes bound volumes. Distinctive mechanical action: the platen moves to-and-fro while the original is scanned. Assembled at Lydney - satellite factory of Mitcheldean.



Xerox Telecopier 485

High speed facsimile terminal. Saves telephone time by ignoring white space between lines, and just scans the text. Can take under one minute to transmit a facsimile letter, and makes a specimen copy at the sender's end. Ready for delivery by mid-1980. Made by Fuji Xerox.



Xerox 3450

A variation of the 3400 - can make reduction copies. The 3450 features a sorter, so that instead of producing batches of pages in sequence, it delivers complete documents.

Made in Venray.

As far ahead as we can see into the future, copiers and duplicators will be the backbone of our business. They generate more than three-quarters of Xerox worldwide revenues and over ninety per cent of Rank Xerox revenues. They claim more than half Xerox's investment in research and development.

In 1978 Rank Xerox launched four new xerographic products to satisfy different customer demands: the Xerox 2202, the Xerox 3400, the Xerox 5400 and the Xerox 9400. They all performed well. They contributed to our more than doubling the number of machines that our sales force placed with customers in 1979, and to the significant increase in our copy volume.

Seven more new products were launched in 1979, and they are all shown here. We have a larger range of plain paper copier/duplicators than any of our competitors. From our customers' point of view, the comprehensiveness of our range is a considerable benefit - especially to those who need copiers of more than one size.

Xerox 2080

Versatile

*large document printer
with both reduction and
enlargement capability.*

*Had its European
debut at office equipment
exhibition in Paris in September
and the first order was
taken in 10 minutes. Produces prints
of any length in any ratio from
45 per cent to 141 per cent of the original
—from solid, line or half-tone.
Made by Fuji Xerox.*



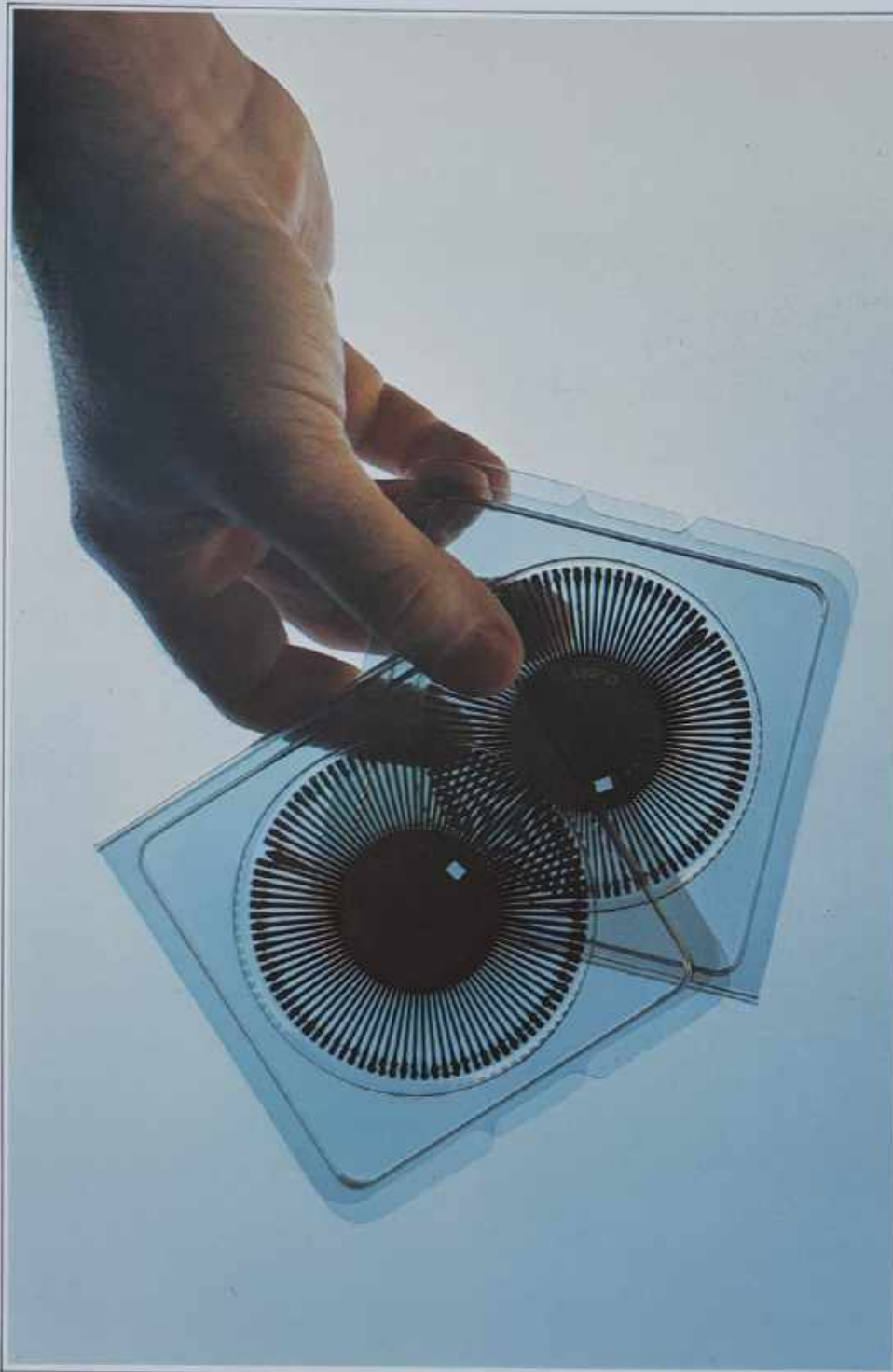
Xerox 960

*Fast copier that simultaneously
prints forms and fills them in.*

*The forms are carried on transparent
overlays, and the operator can
programme the machine to print a
series of different completed forms
from one original typing. Developed
by Rank Xerox in Sweden, now
available internationally*



The Nineteen Eighties—



Print wheels for the Xerox word processing systems. These metal and plastic Daisy wheels are made by Diablo Systems Inc., a Xerox company located near San Francisco on the West Coast of the USA

The office of 1980 is full of nineteenth century technology. Pitman's shorthand dates from 1837, the typewriter from 1875 and the telephone from 1897.

In the past the office has had a low priority for investment. Why should the 1980s see any change? Because the pressure for change is overwhelming. For a start, the office is now very big business. As an employer of labour, it is the biggest business. Tonight, the world's largest work force in most developed countries will go home not from fields or factories, but from their desks.

When business uses unsophisticated tools, the pressure for investing in better productivity is strong. It becomes irresistible when—as is happening now—the cost of labour is rising, and the cost of electronics is falling. With employment in offices likely to grow for many years yet, it is important that the most cost-effective methods of working are used.

As we see it at Rank Xerox, although the office of the future will make greater use of electronics, for the next decade at least offices will use more paper, not less. Even after that, as different parts of the world develop industrial economies, there will be growth in demand for paper in those regions.

We expect the office of the future to develop through evolution rather than revolution—a succession of steps.

There will be many ways of designing the office of the future and Xerox has been developing the most important building blocks that are likely to be used in the various configurations. And as this new, exciting market develops, it will create more and better job prospects for Rank Xerox people.

Decade of new technology

We have developed a strong position in word processing. Our 850 display typing system has been especially well-received in our markets. Word processing is strategically important because document creation is the first step in the office information process, the point where we can capture information electronically. It therefore provides opportunities in other areas, storage and transmission and – most important – reproduction of information.

We have a still larger base in machines that copy and duplicate. In the near future, we will be marketing machines which combine xerography, micro-processors and laser technology, machines that can produce originals from electronic signals.

We are one of the world's biggest suppliers of facsimile terminals – machines linked by telephone to make facsimile copies.

Xerox has hardware that generates and edits data; that stores it and retrieves it; that sends it and receives it over distances; that produces words and graphics on video monitors and as hard paper originals and copies.

As customer requirements emerge over time, we expect succeeding generations of these products to be the building blocks and that they will be connected electronically in a variety of patterns to provide solutions to information management needs.

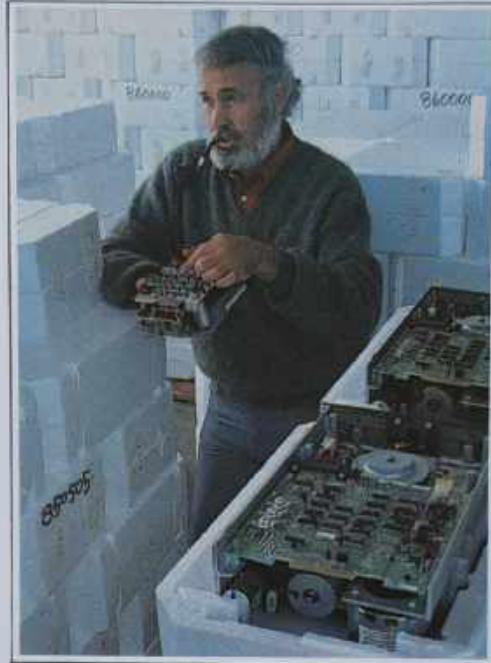
Prototypes of some of the Xerox systems are being tested in the USA. In 1979 Rank Xerox installed a prototype in an experimental office in Sweden.

The start of the experiment was a decision by Televerket (the Swedish telecommunications authority), Volvo (car and truck makers), ASEA (electricity)



The disc drive assembly room of Century Data Systems Inc., a Xerox company in the USA. The disc drive can store up to three million pages of typed information, any part of which is easily retrievable. The disc drive forms part of advanced office systems.

Joseph Salisbury, a senior engineer with Shugart Associates Inc., with floppy disc drives. Shugart is the Xerox company which makes floppy disc drives for the Xerox 850 as well as for the worldwide OEM market.



cal engineering group) to work on a joint project to gain insight into the electronic office of the mid-1980s. The consortium asked the world's leading companies in the field to tender, and Xerox was chosen as the major supplier of office equipment.

The prototype handles inventories, ledgers and filing, and communicates with other offices — on screen and on paper.

Faster communication of information will be a vital part of the future office. Looking ahead, Xerox Corporation has applied to the US Federal Communications Commission (FCC) to launch the Xerox Telecommunications Network — XTEN.

The proposal is that XTEN would be a US telecommunications network that uses radio distribution facilities within various US cities and communications satellites across the country. Xerox has also acquired the international carrier, Western Union International.

While there are many good stories

from the frontier, let us not forget that the greater part of our research effort goes into making better and better copies, and it is these which will provide the bulk of our business for so far into the future as we can reasonably predict.

With the smaller copiers, research has led to simpler design using more common parts and fewer parts altogether. And in an increasing number of models there are micro-processors that help the customer to help himself: when a fault occurs they tell him where it is and how to fix it. Self-diagnostics are an expression of the Xerox belief in the importance of making machines that are 'friendly' to work with and do not baffle the operator with science.



Bert Bremander (right) and Bjorn Mathisen of Rank Xerox in Sweden with an advanced experimental office station that is part of a pilot study.

Opposite: WUI Inc., a recent Xerox acquisition, provides links throughout the world via a network of communication pathways employing both satellites and undersea cables. Shown here is a satellite picture of the West Coast of the USA.



Manufacturing and Engineering

Mitcheldean and Lydney

Producing 9400, 5400 and 2300 assembly
4,128 employees

Welwyn Garden City

Producing photoreceptors, electronics
2,098 employees

Venray

Producing 2600, 3400, 3450, toners and 9400 sorter
2,679 employees

Lille

Refurbishing machines
700 employees

Coslada

Producing toners
70 employees

Venray

Built in 1964 to produce special materials, Venray has grown to 93 acres and now makes several products for our worldwide markets.

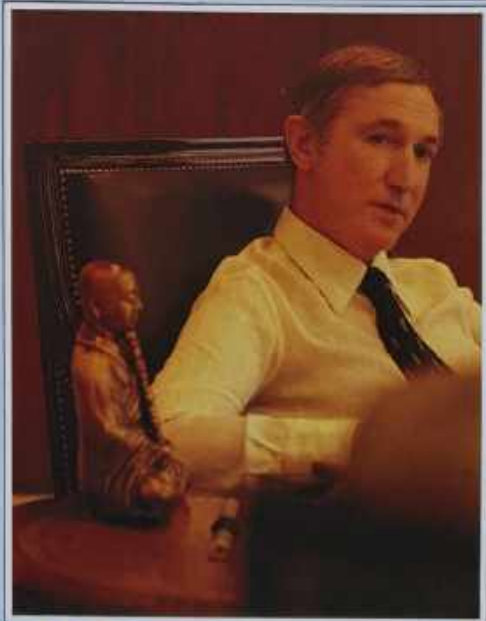
During 1979 Venray began making the 2600 and 3450 and stepped up production of the 3400.

The Dutch plant has become an important link in the multinational character of the organization. Its senior management reflects this and is staffed with managers from Germany, the USA, the UK as well as the Netherlands.

Programmes started several years ago to improve quality and improve cost effectiveness have continued to show good results. Because of the quality improvement programme, Venray-produced machines require even fewer service calls at customer locations. Cost effectiveness programmes have reduced manufacturing time in some cases by 30 percent from four years ago. Material costs for the expensive power supply component, for example, have been cut by two-thirds. With helpful suggestions from employees, work stations have been re-designed for additional efficiencies in production time and materials costs.

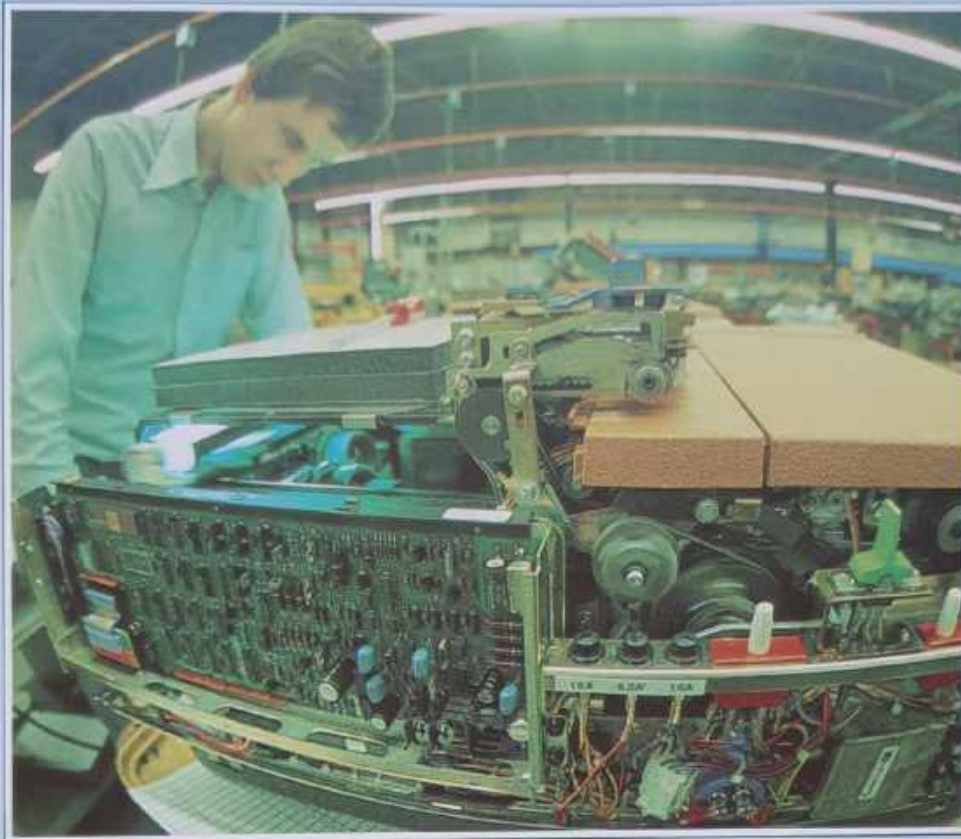
The Venray complex over the years has become an integral part of the community and makes a significant contribution to the Dutch economy. The plant buys 30 percent of its raw materials from within the Netherlands and exports 95 percent of its products.

This is one of the stories conveyed to the community through a highly publicised programme of open days for employees, families, friends and the local press.



*Fuji Xerox designers of the Xerox 2300 – Seated: Chief engineer Y Sasaki
Left to right: A Yamaguchi, T Yamada, K Asai, M Toyota, M Yoshida, Y Tanaka*

David English, Director of Planning and Control, Manufacturing and Supply, at the new base in Hampden House, Aylesbury, UK



Fish eye shot of the Xerox 3107 being tested on the assembly line at Venray by Leo Raymakers, a quality control inspector.

Leendert Stierman, Director of Manufacturing at Venray, and Managing Director of Rank Xerox Holding BV. He is also responsible for manufacturing operations in France and Spain.

Control Panels of the Xerox 3450 on the assembly line at Venray.



Leo Custers, stores hand, sitting in a crane of the narrow-aisle system in the supply centre at Venray. This system provides higher storage capacity. It stores 5,300 pallets within an area of 2,300 m².

Assembly of the Xerox 2300 at Lydney starts with this frame, being checked here by Hazel Jones.



Mitcheldean

Mitcheldean, in the Forest of Dean, is now in its twentieth year of machine production for Rank Xerox. During 1979, despite a major work stoppage and difficulties caused by the national engineering strike, the factory was able to increase its production of the 9400 and 5400.

A satellite factory at Lydney, on the other side of the Forest of Dean, began assembly of the new 2300. Because of the demand for the machine, Lydney

is expected to turn out as many 2300s as Webster in the US and more than the Fuji Xerox plant in Iwatsuki, Japan.

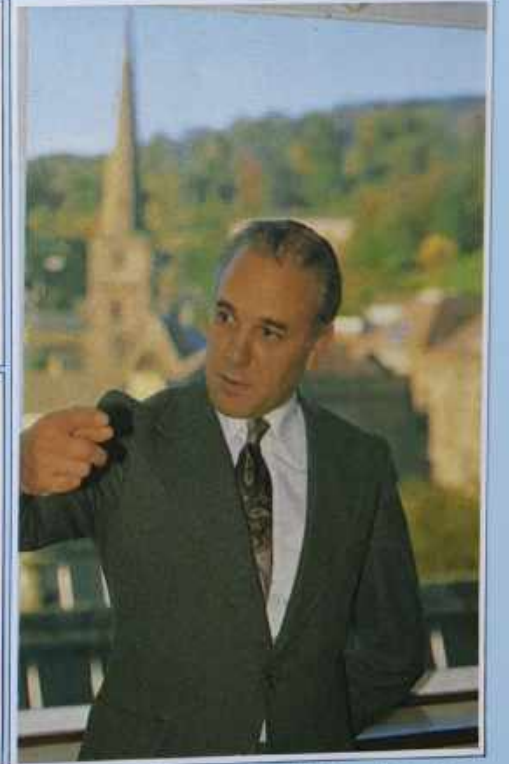
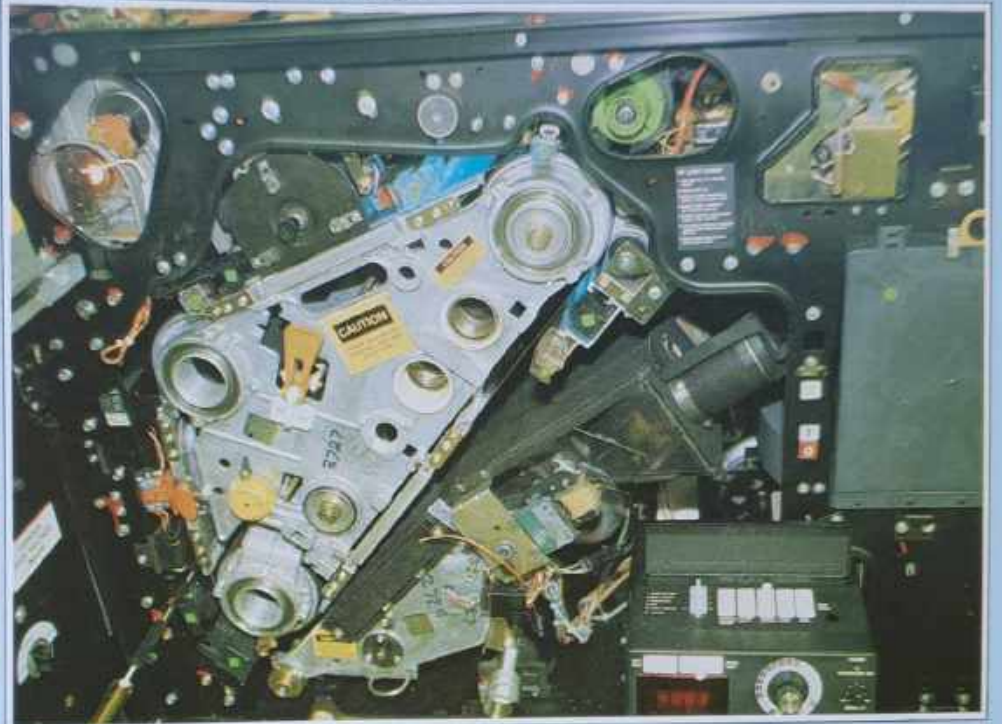
Lydney employees helped develop a conveyer system which speeds the 2300 along the production line with its own trolley containing all the parts needed for assembly.

The system has saved time and reduced the number of possible production errors.

Assembly of the Xerox 2300 is made easier and faster by this conveyor system – the tandem trollies contain all parts for the machine. Shown here is Quality Inspector, Peter Wood.



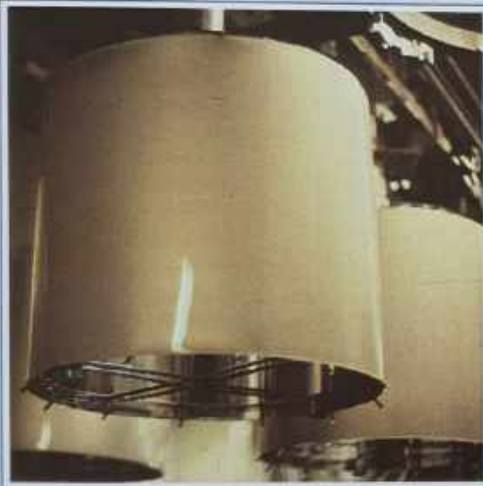
A Xerox 9400 processor being built at Mitcheldean. This sub-assembly is where the image is transferred from the photoreceptor belt to the paper by a process of negative and positive electrical charges.



Cable harnesses for the Xerox 9400 being assembled at Mitcheldean by Joan Jones (left) and Eileen Gladwyn.

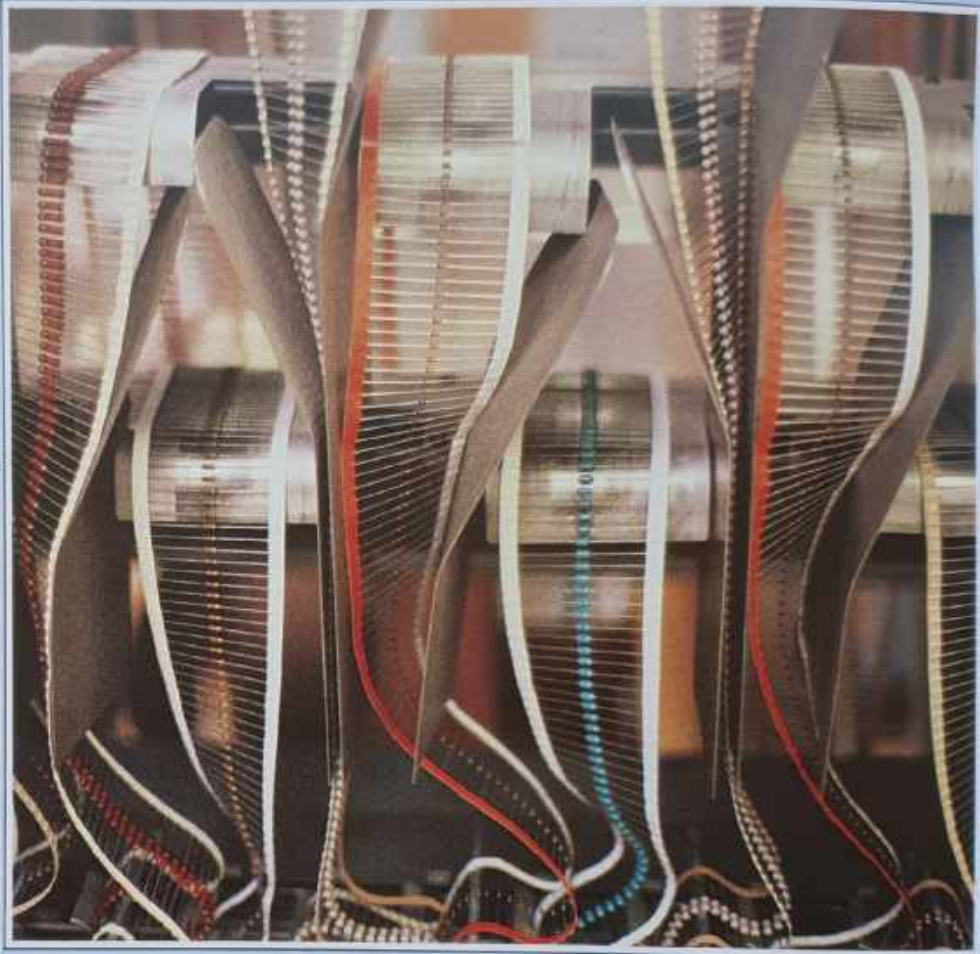
Ronald Morfee, Director of Manufacturing at Mitcheldean.

Photoreceptor belts for the Xerox 9400 being washed at Welwyn Garden City. The belts need to be flawless to ensure outstanding copy quality

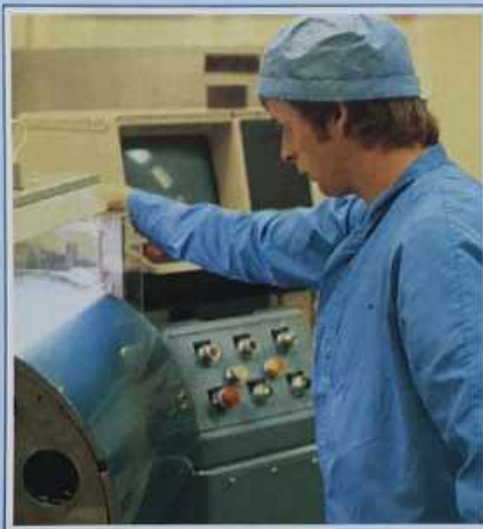


Photoreceptor belts being dried

Rank Xerox produces sophisticated electronic components at Welwyn Garden City. The bandoleers shown here contain components – in a programmed sequence – that are automatically punched onto a printed wire board.



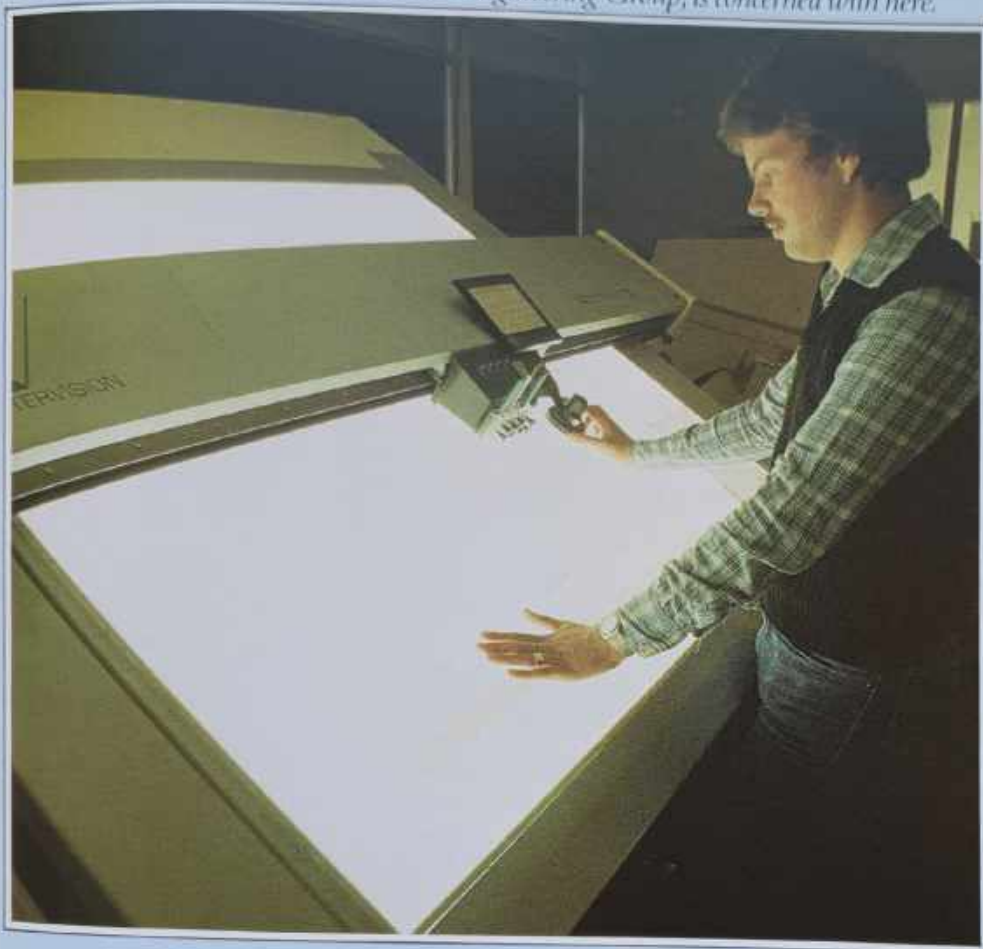
Below: Printed wire boards are meticulously tested before being installed in Rank Xerox machines, to ensure high quality and reliability. Here, Phillip Ludgrove, a foreman in the test department, traces a PWB to initiate the process.



Above: Iain Graham inspecting a photoreceptor belt for blemishes. The belt is also trimmed to ensure a precise fit in a Xerox 9400.



This drawing board is linked to a computer to aid the design of new products and components. The computer not only stores details of each drawing made on the board, but it can also be programmed to produce the most economical track of, say, a printed circuit board – a task which Ian Hirst, in Rank Xerox Engineering Group, is concerned with here.



Welwyn Garden City

At Welwyn, 1979 proved to be a year of advance for its electronic and photo receptor production.

Electronic output increased by 250 percent while at the same time the cost of each unit was reduced by 20 percent. Welwyn also has improved its yield of photoreceptors to the extent that it is more efficient than other photoreceptor producers.

Engineering

Rank Xerox Engineering Group (RXEG) designs and develops future reprographic products. It also supports Manufacturing and Supply staff on a daily basis. RXEG works closely with the USA staff responsible for Xerox office information systems and advises them on the technical needs of markets in the Eastern Hemisphere. Engineers, designers and draughtsmen operate from Milton Keynes, Welwyn Garden City, Mitcheldean and Venray.

Below: Steven Lyon is checking the noise level on an automatic stapler designed and developed by Rank Xerox Engineering Group for products like the Xerox 5600.



For Milton Keynes – which has responsibility for developing products and output devices – 1979 was a highly productive year, and the end of an era. In April, the 450 engineers there will be reunited with 150 colleagues when they transfer to the Rank Xerox site at Welwyn Garden City.

During the year, new working methods were introduced to ensure that service and manufacturing engineers are involved in the earliest design stages of new machines. In this way, problems can be anticipated and corrected easier, faster and more economically.

In 1979 too, RXEG was given responsibility for developing output devices such as collators, staplers and sorters for reprographic products. The Xerox 5600 launched in the USA recently included a stapling facility that was designed and developed at Milton Keynes.

Marketing— The record of a year of records

Plain paper copying is the fastest growing sector of the reprographic market. The sector is a highly competitive one. There are now more than 30 companies in the USA, Europe and in particular Japan, who make and market more than 100 different plain paper copiers. They include some of the world's largest corporations.

Despite the competition, however, we more than doubled our net placements of machines for the second year running. There was also a significant increase in the number of copies made on our machines.

These achievements, and the advances we made in our Systems Business Division, and in service and supplies to customers, all contributed towards the increase in revenues.

In 1979 we gained a lot of new customers as well as satisfying the needs of our existing customers. We had success with the products launched in 1978 and brought a number of new products into the market in 1979. Many of our operating units reached, or exceeded, their plan and two of them are highlighted in this year's review.

In 1979 Rank Xerox completed the planned metamorphosis that has taken us from being a rental only business into one providing a variety of financial plans for customers including rental, lease and sale.

In 1978 we more than doubled our net placements of machines, and in 1979 we doubled them again. The 2202, 2600 and the 2300—our small copiers—are all winners and made a major contribution to our placements in the marketplace.

The need for service—at an acceptable cost to customers and to ourselves—increased as our machine population grew. We met that need in many ways, in part by recruiting more service engineers, and in part by increasing the productivity and effectiveness of our service force. And to those of our customers who bought our machines outright, we presented our service for what it is—a valuable product worth buying. Service agreements from such customers already represent a stream of new revenue that promises to grow.

Throughout the year, our attack upon costs continued according to plan—as an efficiency drive, not an economy drive. Part of the plan was to reorganise our marketing companies, and structure sales areas into standard business units. The idea was that each such unit should have roughly the same number of installed machines, the same revenue, the same number of people and the same way of working. The objective was to free sales and service forces to concentrate on customers, and to back them up with new, streamlined procedures that would be common to all operating companies.



The Honourable R.D. Muldoon, Prime Minister of New Zealand, with Donna Read, Public Relations Officer of Rank Xerox New Zealand, in front of a Xerox 9400

This duplicator, installed in the Executive Wing of Parliament Buildings in Wellington in September 1979, is the southernmost 9400 in the world. It is used mainly in the preparation of cabinet papers.

Rank Xerox France

1979 was the best year ever for Rank Xerox in France, with revenues of \$381 million. Profits and machine placements were above target and well ahead of the previous year.

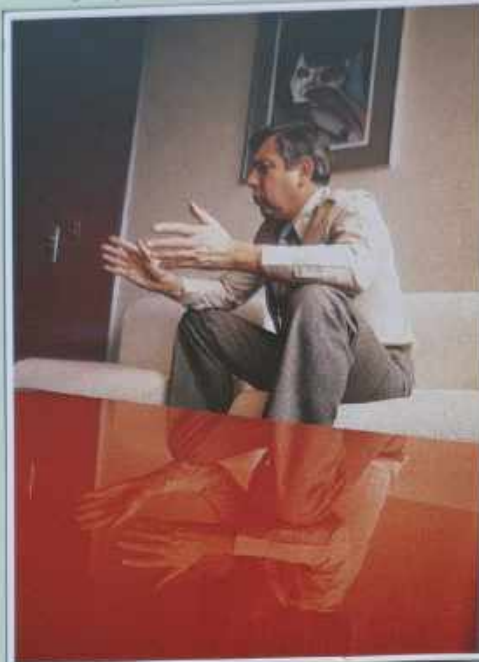
Roland Magnin, the Managing Director, attributes these record successes to four factors: motivated people, a stable and efficient sales structure, new products and a strong advertising campaign.

Since one of the objectives of the advertising was to project Rank Xerox as having wider interests than photocopying, it is encouraging that major customers and prospects very quickly showed a growing interest in Rank Xerox's expertise in the office of the future.

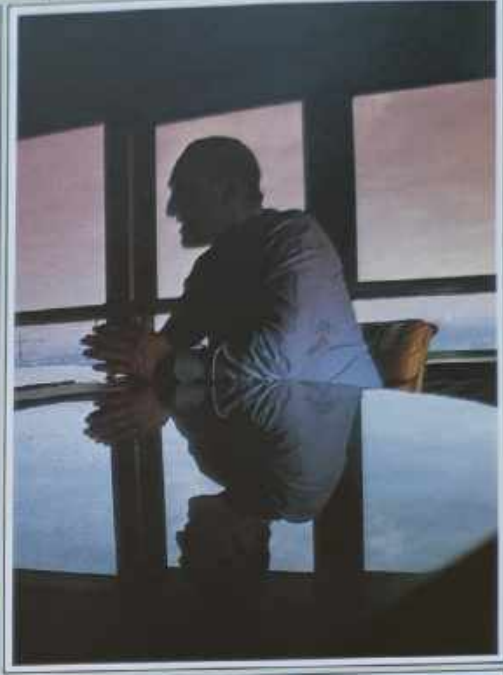
A major promotion was at the important SICOB trade fair held in Paris in late September. Traditionally the big French office equipment companies hold back their promotional efforts until then. We launched our advertising campaign just before so that by the time the fair opened, interest in the Rank Xerox exhibits was strong. This interest was heightened all the more by the launch at SICOB of a number of new products including the 960, the 2080 and the Telecopier 485.

Rank Xerox France provides a case history in promotion which deserves to become a classic—a campaign where advertising and public relations were combined with total effectiveness. It began as a trial to see how people in a small town called Mimizan would get on with some of the elements of the office of the future—in 1979.

Roland Magnin, Managing Director of Rank Xerox SA in France: a very successful year



Bernard Fournier, Assistant General Manager, Operations, of Rank Xerox SA in France: machine placements well above target



Symbol of our times: Pompidou Centre Museum in Paris

The 'Café Destruhaut' in the main street of Mimizan, opposite the Town Hall



Mimizan's medieval abbey



The Mimizan Experiment

You may be forgiven if you have not heard of Mimizan, a picturesque town about 60 miles south west of Bordeaux, on the Bay of Biscay. That was until September of last year, when Rank Xerox France provided a taste of the office of the future for three months.

A Xerox Telecopier 400 transceiver and a Xerox 9400 high speed duplicator were installed in the Town Hall, and 2300, 2600, 3450 and 850 machines went into the local trade centre and various business and other premises.

The local rugby team found themselves using the Xerox 2300 to improve their strategy, by studying plans of games; Mimizan's mayor, M. Dugrand, saw a dream come true when the first-ever local news-sheet, the 'Gazette de Mimizan', was run off at the town hall in a nifty bit of two-sided copying on the 9400; and various local enterprises had their customer lists committed to the infallible memory of a Xerox 850 page display system.

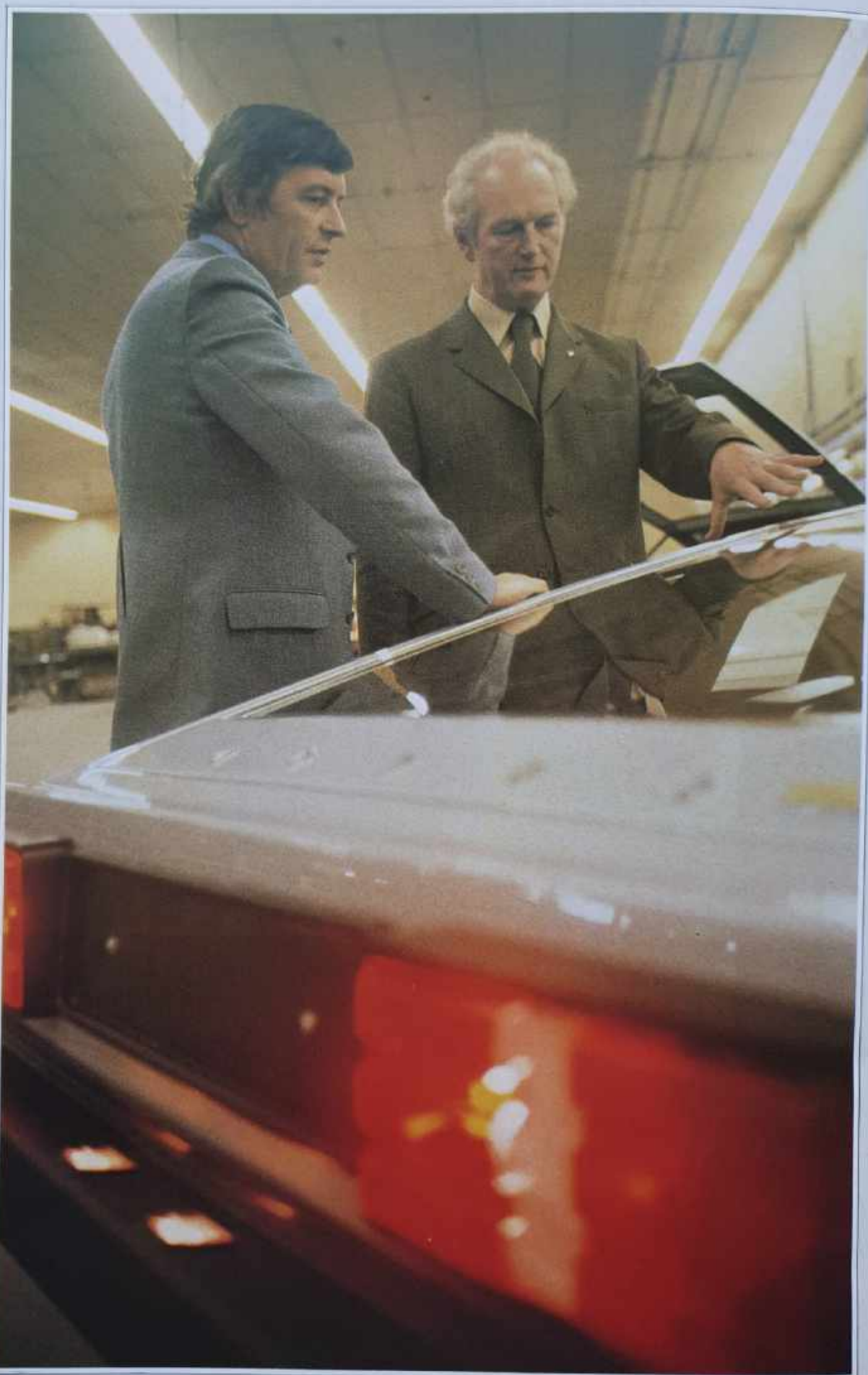
Mimizan was chosen because of its size and the social and professional composition of its population, and their way of life, which make it the very model of a French small town.

While Mimizan's citizens lived for three months with the office of the future in their midst, a research team from Bordeaux University monitored the experiment. The study will provide a useful contribution to our knowledge of peoples' reactions to the use of advanced office equipment. Meanwhile, our French company's advertising majored on the proud claim: 'When you know how to equip a town you know how to equip everyone.'



At the Felix Plantier company, a specialist in flooring and pine wall lining, the file of customers was committed to the unfailing memory of the Xerox 850

Lotus cars are built to high standards of precision and are hand-finished. Shown here is the 'Eclat' model, just off the assembly line in the workshop at Hethel, near Norwich, UK. The company uses a wide range of Rank Xerox copier/duplicators from the 660 to the 9200. Grant Macdonald (left), Rank Xerox Account Sales Executive, is talking to Ray Bowers, Manager, Plant Engineering, Lotus Cars.



Rank Xerox UK

By a combination of innovative sales and marketing strategies, together with significant productivity gains, the UK company was able to exceed all its key targets in a very competitive market. Revenues were \$508 million, profits set a new record, net placements were up sharply and the considerable outright sales target was comfortably surpassed.

Introduction of three low volume products – the 2202, 2300 and 2600 – contributed to the successful drive in new business with revenue from this area up by one third. Outright sales moved ahead rapidly and copy volume advanced strongly. The launch of the Xerox 9400 further strengthened the company's position in the high volume sector. Rank Xerox UK was one of the first operating companies to set up standardised business units and in 1979 the country was divided into nine units, which is making a big improvement in marketing effectiveness.

Rank Xerox UK has been particularly active in pioneering new ways of increasing sales productivity to improve our competitiveness. One experiment has been with the concept of team selling. In this approach, teams of telephone sales representatives contact potential customers to make appointments for field representatives. Results to date show this system has led to an enhanced use of sales representatives time on more productive visits, and has also significantly increased the quality and quantity of our market information base.

A second trial initiated in the UK is the employment of Customer Support Sales staff. With the success of the machine sale programme, the need to maintain regular contact with customers who have purchased machines has increased. Our new sales staff contact all customers with single low volume placements on a quarterly basis to investigate further business potential,

take supplies orders and resolve queries and generally ensure that customers are satisfied with the total service.

A third experiment involves direct product retailing, to reinforce the vigorous drive for new business. In the city of Norwich, a shared presence between the UK company and a Rank Xerox copy bureau takes the form of a retail shop where low volume products are sold to the customer over the counter.

One of the main factors behind the

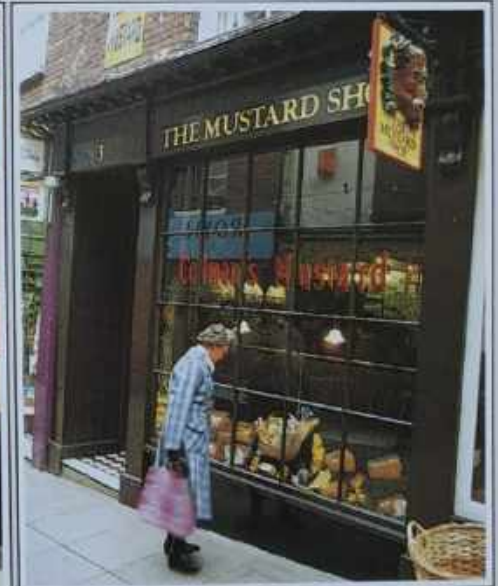


company's successes in 1979 was a pooling of the incentive programme – service, supply and administrative staff and the sales force are all together in one scheme. This pooling enhanced the team spirit being engendered in standard business units.

For the second successive year, the UK Systems Business Division achieved the top installation performance in the Rank Xerox world. This was a major achievement in the face of competition from over 40 suppliers.

UK Supplies now contributes a third of the total Rank Xerox supplies business profit. Sales and profit were well ahead of plan. During 1979, the UK supplies business integrated sales, administration and supplies within each business unit. This structure will facilitate significant expansion in the 1980s.

Graham Clark, who joined the UK company as a salesman in 1966 and held the post of Director of Operations, succeeded Wayland Hicks as Managing Director in November 1979.



Left: The copy shop in Norwich, where our low volume copiers are sold over the counter. Tony Schindler, Senior Government Account Executive of Rank Xerox (Copy Bureaux), using the Xerox 2600.

Above: The Colmans Mustard shop and museum in Norwich. The Reckitt and Colman group is a major user of Rank Xerox copier/duplicators.

Systems Business Division

The Systems Business Division, formed in 1977, is the fastest growing part of Rank Xerox. Its products include word processors, Telecopiers, micrographic, electronic and computer printers, keyboard inputs and engineering and drafting systems. For hospitals, we have the Xerox 125 which sharpens the definition of X-ray

pictures and delivers them as instant print-outs.

SBD placed a record number of machines in 1979. The division is our leading edge in the world of advanced electronics and its 900 people have brought new and exciting business opportunities to Rank Xerox.

**Supplies Business:
Paper, Toners, Special Materials**
1979 was a year of fast growth – for the fourth year running.

The Supplies Business buys paper from 20 mills round the world, adding value worth \$42 million to the countries where these mills are sited.

We are the largest distributors in the Rank Xerox world of cut-sheet paper to the reprographic market – not only xerographic paper, but offset paper, too. If the sheets we sold in 1979 were laid end to end, they would reach to the moon and back twelve times.

What makes these quantities the more remarkable is that our standards of quality are so demanding. Our paper has to cope with extremes of temperature and climate, since our markets range from the sub-arctic to the tropics and the desert. It can take up to eighteen months to develop a suitable quality paper to pass our tests with a prospective supplier, who is then added to the list of mills from which we buy.

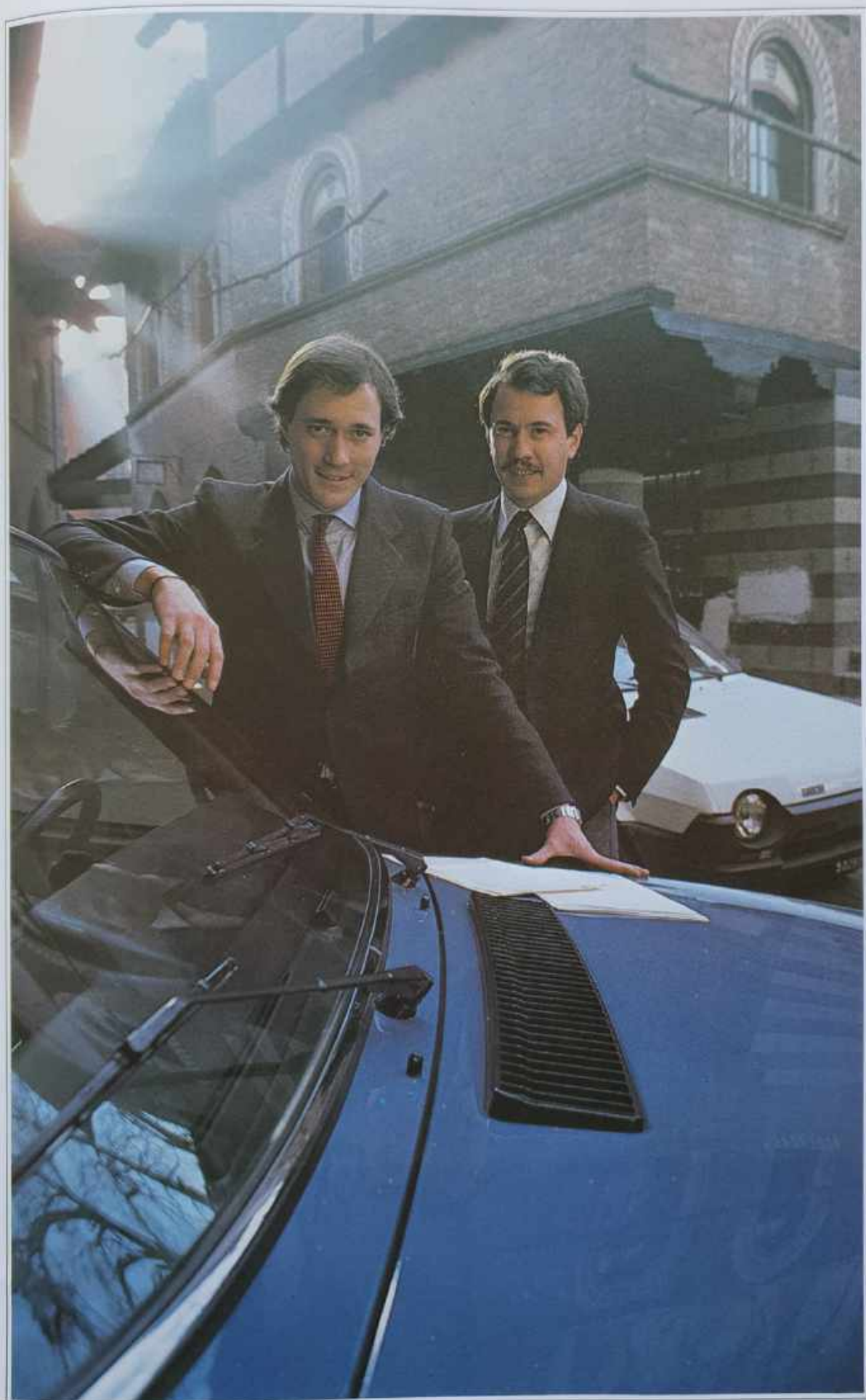
Paper is a commodity with an unusually wide range of discounts; buying hundreds of thousands of tons a year, we benefit from discounts at the highest prevailing rate. Our customers also benefit – in 1979 our paper prices went up less than the market average.

Because of our awareness of the importance of conserving scarce resources, the Supplies Business introduced recycled paper for photocopying in 1979.



Lynne Eyers, Programme Data Processor of Paper Technology Group at Welwyn Garden City, is measuring the hygro-expansivity of Rank Xerox paper. The data is then fed into a computer to predict the curl characteristics. This is one of the many important properties that Rank

Xerox controls during the manufacture of paper for the group's customers by 20 mills around the world. During the production of each batch, 22 tests are carried out to maintain our high standards of quality. Failure to meet any of these standards results in the whole batch being rejected.



A success story in automation is the entire assembly of the Fiat Strada car by robots, at the factory in Turin, Italy. Fiat is a major account for Xerox word processing systems. Seen here are Renato Carola (left), National Account Manager, and Donato Filon, Sales Manager for the Xerox 800 and 850 typing systems.

Service – One of our products and one of our best

1979 was a busy and significant year for Technical Service and Distribution. Over four million direct calls were made on our customers.

Many of our customers rent our machines, but a growing proportion prefer to buy and own machines themselves. For these customers, service is a product we market and our aim is to provide them the same excellent service at an acceptable cost, that we give our rental customers. Evidence of our success is that four out of five custom-

customers and engineers from the electronic diagnostic systems in our machines.

During 1979 we introduced a number of programmes to help improve our servicing. Major progress has been made through the introduction of improved training, both for our own engineers and for customers, better servicing procedures and more support for service engineers in fault diagnosis and prevention. If a machine does break down, we are bringing in systems to ensure that the right parts are available for a faster repair. All of these improvements have given us increased productivity in our service force which is allowing us to become more price competitive in our expanding markets.

We aim to be more responsive to customer needs, to improve service still further in 1980. To this end, a significant investment in computer systems is being made and two major information systems are already being introduced.

The importance of service to all customers is emphasised by the fact that one out of every three Rank Xerox people is employed in Technical Service and Distribution and their activities make up half the group's total operating costs.

Service is what business is all about, not only after a product is in place with a customer but in R&D, manufacture and marketing. The right product, in the right place, at the right time. The provision of service ensures our markets and job opportunities. The tougher the competition – and it is getting tougher – the more Rank Xerox depends on service.

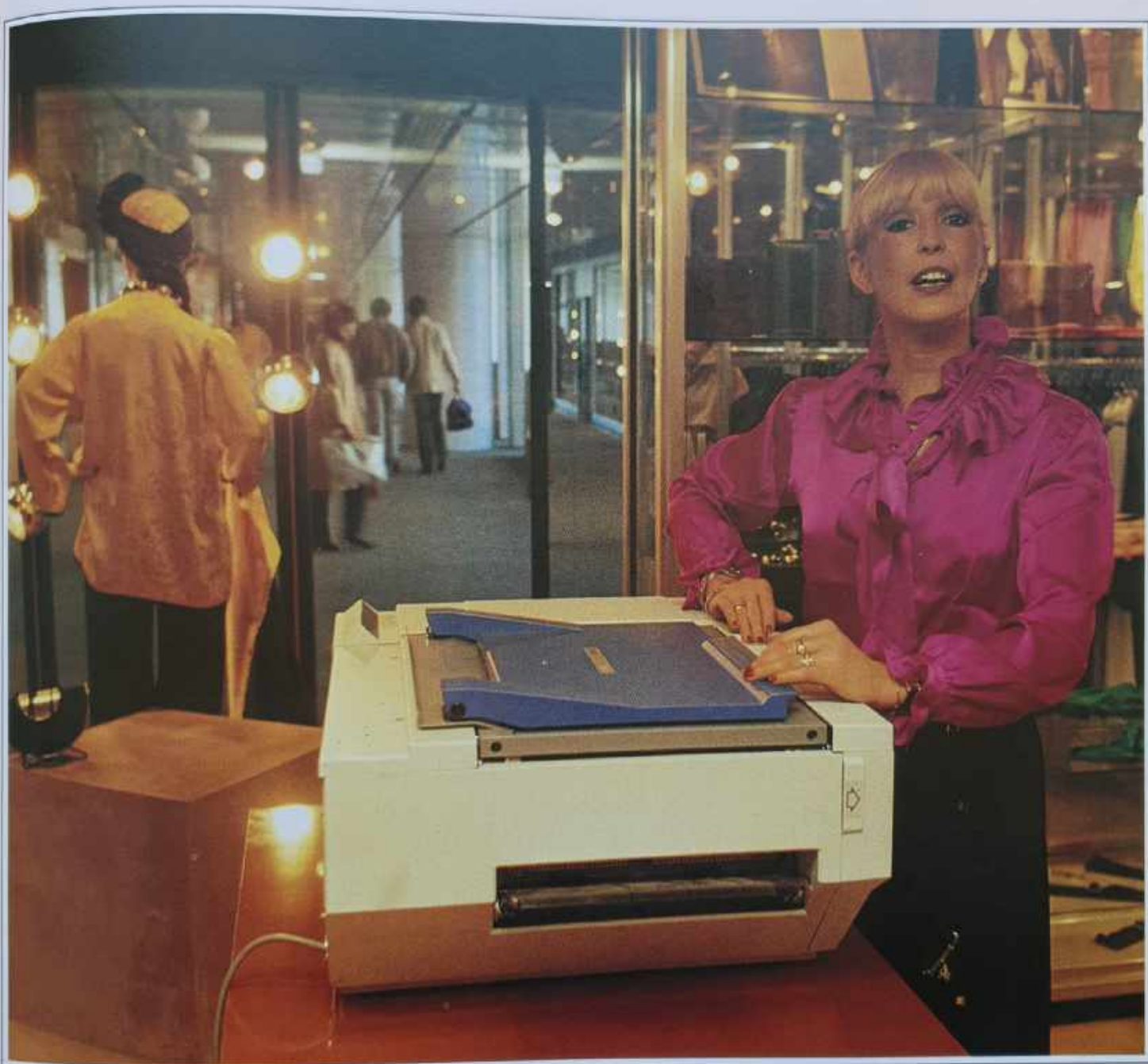


Customer care in the beautiful setting of Table Mountain in Cape Town. Larry Voegt, Technical Representative, is the winner of the first Golden Award for Outstanding Customer Care presented by Rank Xerox in South Africa.

ers who prefer to buy machines choose to contract with us for full service maintenance agreements, and the rest continue to use our resources on a time and material basis.

A key to successful marketing in a competitive industry is the passing of increased benefits to our customers.

Considerable benefits have been achieved with the introduction of microprocessors in our new machines. Each new product we launch pushes forward the application of technical innovation. Of increasing importance among these are the aids to



The famous French couturier, Yves Saint Laurent, is marketing his high fashion clothes through his own boutiques scattered around France and Europe. In this boutique, in the Forum Des Halles in Paris, Martine Marouchenko shows off a Xerox 2300. Selling our quality service is a product for Rank Xerox too

In what other ways did we contribute to the communities in which we operate? We paid \$342 million in income, payroll and other taxes. We bought equipment, components, parts and supplies from many countries. We carried out technical service in every country. And by training and management development, we added value to that most valuable of assets – people.

We are about the same strength in terms of number of people as we were last year. Some parts of the group

(notably service and distribution) have expanded, others have stayed the same or reduced.

We continue to place emphasis on training – to give people the means to make progress and gain promotion. For the individual employee and for the group, the benefits are plain. For the countries in which we work, the benefits are collectively large. Our biggest assets are our human resources: to nurture them is one of our most important contributions to the international community.

We take pride in keeping ourselves informed. This International Review is one voice among many. Great importance is attached to communicating effectively with our employees. This entails not only the timely explanation of company policies and decisions to everyone affected by them, but also the 'upward transmission' of our employees' own views and concerns. Several mechanisms exist for this process, and they are being improved all the time. In recent years there has developed a system of person-to-person discussions of matters affecting individual employees' performance and careers: this system, which is still evolving, is proving invaluable in the task of selecting the right people for promotion.

Communication alone is not enough. We want to help our employees understand the principles on which a business operates and to help achieve this we have a programme of economic and financial information about the group and business in general which has been well received.

A new initiative of importance to employees was taken in December 1979, when Bill Glavin launched the Managing Director's Award Scheme. Awards will be given to employees who make an outstanding contribution 'beyond the normal call of duty.' They will be in the form of a lump-sum payment of up to 20 per cent of the winner's salary.

The whole group, after all, developed from the inspiration of one man, the inventor of xerography – Chester Carlson. This new scheme symbolises the importance of enhancing and rewarding employees' creative and innovative energies and harnessing them to work for the continued success of the business in the future.



Above: Will Brouwers is a store clerk at Venray and a keen amateur cross country cyclist. He was runner-up in his section in the 1979/80 World Championship.

Right: Göran Granström of Rank Xerox in Sweden with one of his Siberian husky pups. His hobby of dog sled racing has already brought three club championships and a national championship.



Mitcheldean: three full-time gardeners in the greenhouse – creating a landscaped environment in the 67-acre site. Left to right: George Arnold, Christopher Phelps and George Nicholls.



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