EASTMAN KODAK COMPANY

ANGEL BRENS

GRA 2406

COMPANY OVERVIEW

Eastman Kodak Company, commonly known as Kodak, is an American technology company focused on imaging solutions and services for businesses. Founded in 1888, the company is headquartered in Rochester, NY, US. Since 2012 the company has 13,094 employees, 29 Offices, and 13 Main distributor.

Kodak provides packaging, functional printing, graphic communications and professional services for businesses around the world. Its main business segments are Digital Printing & Enterprise and Graphics, Entertainment & Commercial Films.

HISTORY

- 1888 – Inaugural Year

- 1892 - The company, which would eventually be called Kodak, was founded in Rochester, New York.

- 1900 - The Brownie camera was launched with a price of $1, bringing photography to the mass market. Taking square images on two and a quarter film.

- 1930 - The Eastman Kodak Company launched on the Dow Jones Industrial Average index, where it would remain for 74 years.

- 1935 – Kodachrome was introduced by Eastman Kodak. It was one of the first successful color materials and was used for both cinematography and still photography.

- 1969 – Kodak manufactured the film used on the Apollo 11 missions. Each double-perforated 70mm roll could capture 160 color pictures or 200 black and white images.

HISTORY

- 1975 - Kodak was the first company to build a working digital camera. An Eastman Kodak engineer named Steven Sasson created the 3.6kg device that stored images on cassette tape, had a 0.01mp resolution and took 23 seconds to expose each image.

- 1976 - New KODAK EK6 Instant Cameras, and a print film for self-developing color prints, were announced.

- 1980 - Kodak celebrated its 100th anniversary.

- 1981 - Company sales surpassed the $10 billion mark

- 1994 - Apple launched one of the first consumer digital cameras, the Quick Take. It was actually designed by Kodak and had been released months before Apple's version in Japan under its own brand name. The camera took photos at a resolution of 640 by 480 pixels.

- 2004 - Kodak stopped selling film cameras in the face of increasingly popular digital alternatives.

HISTORY

- 2005 - Kodak was the largest seller of digital cameras in the US, with revenue reaching $5.7 billion. By 2007 it had fallen to fourth place and by 2010 to seventh.

- 2009 - Kodak stopped selling 35mm color film after 74 years of production.

- 2011 - Over the course of the year Kodak shares fell by more than 80pc as it struggled to maintain market share and was hit with huge pension costs for workers.

- 2012 - Kodak files for chapter 11 bankruptcy.

KEY INDIVIDUALS
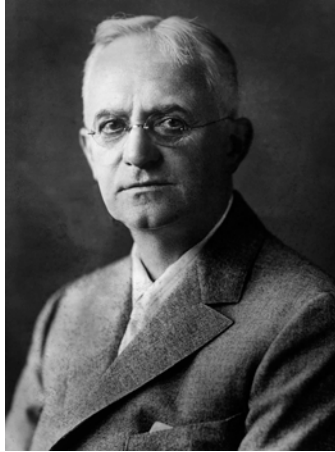
George Eastman – President from 1921 – April 7, 1925

Founded the Eastman Kodak Company and popularized the use of roll film, helping to bring photography to the mainstream

William S. Vaughn – President and CEO from 1960 – December 31, 1968

During his tenure, he committed to the training and employment of more African-Americans.
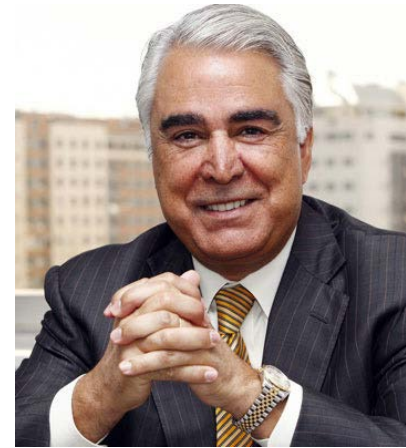
Antonio M. Pérez – Chairman and CEO from June 1, 2005 – 2014

The company has tried to reinvent itself by focusing on printers, packaging and work force software, however, under Pérez's leadership the number of Kodak employees has been reduced to about 7000. Pérez was named one of the worst CEOs of 2011 by several online financial news source and online publications.

KEY FINANCIALS

Income Statement [6]

Income Statement	2012	2011	2010	2009	2008
Revenue	$4,114	$6,022	$7,187	$7,606	$9,416
Gross Profit	$591	$887	$1,951	$1,768	$2,169
Operating Income	$-573	$-600	$-336	$-28	$-36
Net Income	$-1,379	$-764	$-687	$-210	$-442
Diluted EPS	$-5.07	$-2.84	$-2.56	$-0.78	$-1.57

(Tabs: Income Statement | Cash Flow | Balance Sheet | Credit Rating)

Competitors [7]

Direct Competitor Comparison

	KODK	PVT1	HPQ	SNE	Industry
Market Cap:	1.09B	N/A	55.09B	17.82B	597.60M
Employees:	13,000	80,322[1]	317,500	N/A	1.11K
Qtrly Rev Growth (yoy):	-0.15	N/A	-0.01	0.24	0.16
Revenue (ttm):	3.87B	23.50B[1]	112.09B	96.65B	533.40M
Gross Margin (ttm):	0.21	N/A	0.23	0.23	0.23
EBITDA (ttm):	169.00M	N/A	13.18B	4.44B	25.17M
Operating Margin (ttm):	-0.00	N/A	0.08	0.01	0.04
Net Income (ttm):	1.79B	575.80M[1]	5.31B	1.34B	N/A
EPS (ttm):	6.50	N/A	2.73	1.12	0.04
P/E (ttm):	4.01	N/A	10.65	15.36	18.09
PEG (5 yr expected):	N/A	N/A	2.05	-0.36	1.12
P/S (ttm):	0.29	N/A	0.49	0.19	0.93

Pvt1 = FUJIFILM Holdings Corporation
HPQ = Hewlett-Packard Company
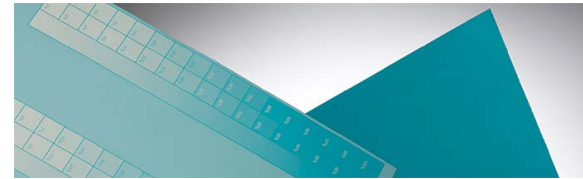**SNE** = Sony Corporation
Industry = Electronic Equipment
[1] = As of 2013

PRODUCTS

Kodak provides packaging, functional printing, graphic communications and professional services for businesses around the world. Its main business segments are Digital Printing & Enterprise and Graphics, Entertainment & Commercial Films.

KODAK NEXPRESS SE PLATFORM

KODAK PLATES

KODAK PROFESSIONAL ENDURA

KODAK OFFSET CTP SYSTEM

PRODUCTS

KODAK NEXPRESS SE Platform enables significant gains in image quality, productivity and growth. Featuring a new 36"/914 mm long sheet option, HD Dry Inks and a Matte Finish Option.

Kodak NexPress SE3600 Digital Production Color Press

Technical specifications

Base configuration	
5-color print engine	
4 feeders with total capacity of 11,000 sheets / 1100 mm pile height*	
1 high-capacity delivery with total capacity of 5000 sheets /500 mm pile height*	
Choice of Front Ends: Kodak NexPress V and NexPress Vp Front Ends	

| Printing speed (single sided 4/0 or 5/0) |
|---|
| 7200 A4/letter/legal sheets per hour (120 ppm) |
| 6545 C4 sheets per hour |
| 4909 B4 sheets per hour |
| 3600 A3/tabloid sheets per hour or 3600 5/5 A4 sheets per hour |
| 3300 B3 sheets per hour |

Imaging technology
Dry electrophotography, 600 dpi, multi-bit (up to 8-bit)
Screens: classic, line, optimum, supra, and Kodak Staccato DX Screening

Maximum imageable area
340 x 510 mm (13.4 x 20 in.)

Substrate format
Maximum sheet size: 356 x 520 mm (A x B) (14 x 20.47 in.)
Minimum sheet size: 279 x 200 mm (A x B) (11 x 7.9 in.)
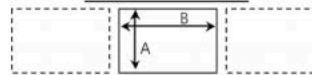
Dimension A (min-max) 279 to 356 mm (11 to 14 in.)
Dimension B (min-max) 200 to 520 mm (7.9 to 20.47 in.)

Substrates
Paper: uncoated, matte coated, glossy coated, cast coated and textured, wood free, and recycled, including a wide selection of standard offset papers
Special substrates: uncoated, matte coated, glossy coated labels, paper-backed transparencies, select opaque foils, magnetic, photo book paper, synthetics, pre-perforated and scored specialty stocks

Paper weight	
60 to 350 g/m² (16 lb. bond/40 lb. text up to 130 lb. cover) uncoated	
80 to 350 g/m² (20 lb. bond up to 130 lb. cover) coated	

Paper feeding
Two 1000-sheet feeders, each with 100 mm (4 in.) pile height*
Two 4500-sheet feeders, each with 450 mm (18 in.) pile height*

Paper delivery
High-capacity delivery:
Total capacity of 5000 sheets / 500 mm (19.5 in.) pile height*
Proof delivery of 500 sheets / 50 mm (2 in.) pile height*
Paper cart

Dimensions of base configuration (LxWxH)
6036 x 2045 x 1769 mm (19 ft. 9 in. x 6 ft. 7 in. x 5 ft. 9 in.)

Weight of base configuration
3,873 kg (8,538 lb.)

Modular options/accessories
Fifth imaging unit to create 5-color print engine configuration and to enable Kodak NexPress Fifth Imaging Unit Solutions, listed below:
Kodak NexPress Intelligent Color Solution, gamut expanding (RGB)
Kodak NexPress Intelligent Coating Solution
Kodak NexPress Intelligent Glossing Solution
Kodak NexPress Glossing Unit for Intelligent Glossing Solution
Additional high-capacity delivery
Additional paper cart
Additional node for Kodak NexPress Front End
Roll feeder - up to 60,000 pages as a fifth paper supply

*Capacity measured with 100 g/m² paper.

Note: Actual measurements are in metric units. Conversions to English units have been rounded.

PRODUCT COMPETITION

- The Table to the right compares three cut-sheet production color printers. These vendors were selected for the Table because they occupy the top three market share positions in the 1 to 10 million duty cycle category and are most comparable to the SE3600.

|	HP Indigo 7000	Kodak NexPress SE3600	Xerox iGen4
Four-color speed[16]	120 ipm[17]	120 ipm	110 ipm
Print resolution	812 & 1,219 dpi, 8 bits/pixel[18]	600 dpi, multi-bit	600 x 4,800 dpi
Color capability	Up to 7 colors[19]	5 color[20]	4 color
Max. paper size	13" x 19" 330 x 483 mm (approx.)	14" x 20.47" 356 x 520 mm	14.33" x 20.5" (standard)[21] 364 x 521 mm
Max. print size	12.48" x 18.26" 317 x 464 mm	13.3" x 20" 340 x 510 mm	362 x 519 mm (standard)[22] 362 x 569 mm (optional)
Supported papers	Coated: 55 lb. text to 130 lb. cover (80 to 350 gsm) Uncoated: 40 lb. text to 120 lb. cover (60 to 320 gsm)	Coated: 20 lb. bond to 130 lb. cover (80 to 350 gsm) Uncoated: 40 lb. text to 130 lb. cover (60 to 350 gsm)	Coated: 60 lb. text to 130 lb. cover (90 to 350 gsm) Uncoated: 16 lb. bond to 130 lb. cover (60 to 350 gsm)
Paper input	Four trays with a capacity of 6,100 sheets[23] Normal drawers: 3 x 1,800 sheet capacity Special jobs drawer: 1 x 700 sheet capacity	Four feeders with a total capacity of 11,000 sheets[24] Two 1,000 sheet feeders Two 4,500 sheet feeders	Up to six feeder modules (12 trays) with a total capacity of 30,000 sheets[25]
Paper output	6,000 sheet output capacity 1 stacker (600 mm stack height) Proof tray (60 mm height)	5,000 sheet paper delivery 500 sheet proof delivery Paper cart	Up to four stackers (two carts per stacker) with a total capacity of 12,000 sheets (3,000 sheets per stacker) Stacker top tray
Feeding and stacking options	1 additional feeding module with three drawers, each capable of handling 1,800 sheets 1 additional 6,000 sheet stacking model	Additional 5,000 sheet delivery Additional paper cart Roll-to-cut-sheet unit	In-line booklet maker In-line perfect binder In-line punch unit In-line UV coater Post-fuser two-tray inserter Roll-to-cut-sheet unit
List price	$623,000	$695,000	$640,000
Price includes:	Four-color device including delivery, installation, and training	Five-station print engine, front end with system software, and a starter kit of supplies	Print engine, two-feeder configuration, one stacker, the FreeFlow print server, and 15 days of training

SWOT ANALYSIS OF THE NEW NEXPRESS SE PLATFORM

Strengths	Weaknesses
• Higher speed of the SE3600 product • Fifth station capability and the associated colors or effects • Improved quality/consistency • Kodak focus on workflow • Upgradability of most of the installed base • Larger sheet size in comparison to HP Indigo competition • Operator replaceable component (ORC) service model • Processing power of Adobe PDF Print Engine 2 • Range of environmental advantages	• Limited in-line finishing options • Lack of a consistent front-end strategy across its black & white and color digital print products • Smaller sheet size in comparison to Xerox iGen • No light production offering below the M700
Opportunities	**Threats**
• Expanded product line provides broader opportunity than a point product or two • Higher volume and quality conscious print service providers • Unique fifth station applications • Upgrading its installed base	• Competitive cut-sheet production color offerings in the 1 to 10 million impression per month duty cycle class • Lower priced printer models in the 301,000 to one million impression per month duty cycle class • Potential delay in the approval or adoption of the PDF/VT format standard • Kodak's focus on the Stream/Prosper Color XL news takes away resources and media attention from the SE platform announcements

PRODUCTS

The KODAK ACHIEVE T400 Platesetter is a robust, entry-level output device that delivers high image quality with excellent reliability and consistency. A technology in which the image is transferred directly from the digital files to the image carrier already mounted on a press. An offset press with this capability is known as a direct imaging press.
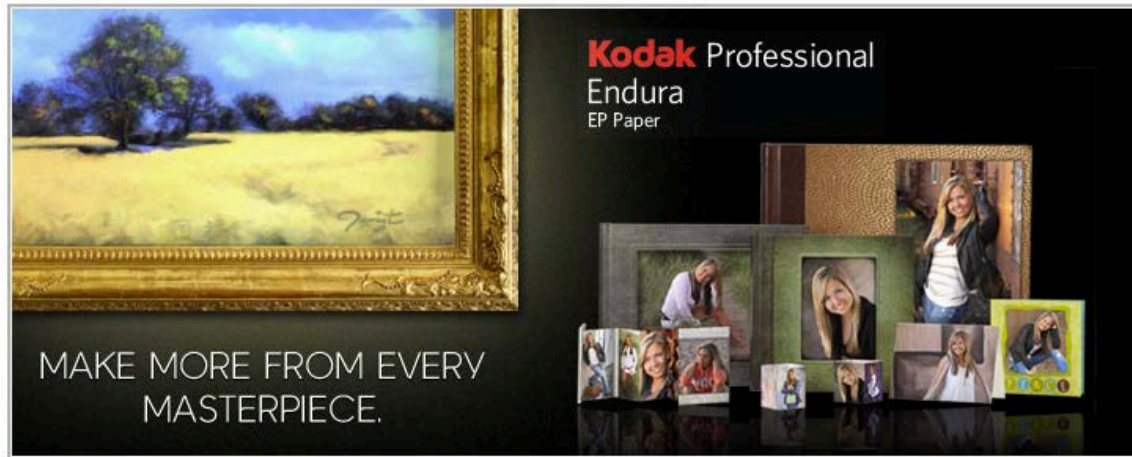
PRODUCTS
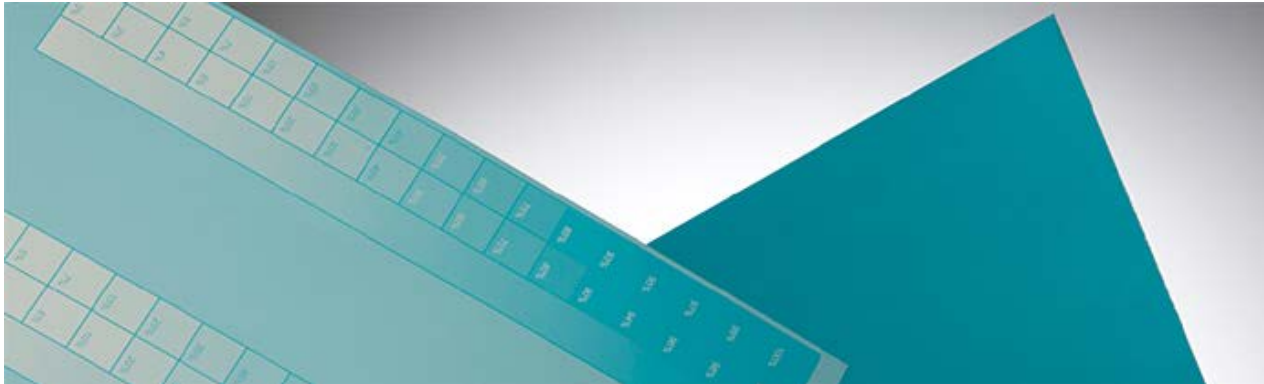
KODAK TRILLIAN SP Thermal Plates help printers meet these challenges with an impressive combination of outstanding productivity and performance, significantly lower total cost of use, and reduced environmental impact when compared with typical digital processed plates in the market today.

PRODUCTS

Kodak Endura real photo papers is designed to deliver exceptional performance for between 100 and 200 years. it delivers rich, vibrant colors and flattering flesh tones for consumers.

Feature	Standard press paper	KODAK PROFESSIONAL ENDURA EP Paper
True look and feel of KODAK PROFESSIONAL, Lustre (E) surface	⎯	✔ ✔ ✔
Image quality	✔	✔ ✔
Printing cost — single-sided	✔ ✔ ✔	✔ ✔
Printing cost — double-sided	✔ ✔ ✔	✔ ✔
Versatility to create photo-quality companion products	⎯	✔ ✔ ✔

✔Good   ✔ ✔Better   ✔ ✔ ✔Best

SWOT ANALYSIS

STRENGTHS

Kodak has been the center of innovation and development of photographic images. This gave Kodak tremendous depth of understanding of recording and processing images. Kodak possessed a powerful set of technologies in color management and thermal printing.

It has been able to maintain a huge market coverage. Kodak still has an world wide distribution presence, through retail photography stores, film processors, and professional photographers.

- Many products lines

- Broad market coverage

- Manufacturing competence

- Brand name reputation

- Diversifying its product lines depth and width

SWOT ANALYSIS

WEAKNESSES

It had weak product innovation capabilities. Also, the market share was declining because the competitors were providing the market needs.

- Poor marketing plan

- Loss of corporate control

- Growth without direction

SWOT ANALYSIS

OPPORTUNITIES

Due to Kodak's successful history and good reputation they have the ability to easily obtain government contracts. According to the Kodak official website there are six services departments: Consumer Imaging, Digital & Applied Imaging, Entertainment Imaging, Health Imaging, and Kodak Professional and Document Imaging. These departments give Kodak the opportunity to move into government and big business ventures.

- Expand core business

- Exploit new market segments

- Widen product range

- Diversify into new growth business

SWOT ANALYSIS

THREATS

The threats mainly come from competitors. There were 45 digital camera manufacturers producing more than 100 models priced below $1000 in 1997. Kodak produces various types of products, but their competitors also produce these products.

- Attacks on core business

- Increase in domestic and foreign competition

- Change in customer tastes

- Risk in new product

- Increase in industry rivalry

- Slower market growth

RECENT NEWS

- March 1, 2012: Following the bankruptcy of Kodak, Shutterfly purchased Kodak Gallery for $23.8 million.

- July 2, 2012: Kodak Gallery was shut down, photos were transferred to Shutterfly.

- December 20, 2012: Kodak announced that it plans to sell its digital imaging patents for about $525 million to some of the world's biggest technology companies, thus making a step to end bankruptcy.

- April 29, 2013: Kodak announced an agreement with the U.K. Kodak Pension Plan (KPP) to spin off Kodak's Personalized Imaging and Document Imaging businesses and settle $2.8 Billion in KPP claims.

- September 3, 2013: Kodak announces that it has emerged from Chapter 11 Bankruptcy Protection as a company focused on serving commercial customers.

- April 28, 2014: Eric-Yves Mahe Named Kodak Senior Vice President, Director of Sales Strategy and Operations, first moved done by new Kodak CEO Jeff Clarke.

BIBLIOGRAPHY

1. "Historical Timeline." *Digital Printing Solutions, Packaging, Commercial Imaging*. Kodak, n.d. Web. 17 Mar. 2014.
    http://www.kodak.com/ek/US/en/NewCo_Home_Top/About_Us/Historical_Timeline.htm.

2. " 1878-1929." *1878-1929*. Kodak, n.d. Web. 16 Mar. 2014.
    http://www.kodak.com/ek/US/en/Our_Company/History_of_Kodak/Milestones_-_chronology/1878-1929.htm.

3. "Building the Foundation." *Building the Foundation*. Kodak, n.d. Web. 17 Mar. 2014.
    http://www.kodak.com/ek/US/en/Our_Company/History_of_Kodak/Building_the_Foundation.htm.

4. "Eastman Kodak." *Wikipedia*. Wikimedia Foundation, 16 Mar. 2014. Web. 17 Mar. 2014. http://en.wikipedia.org/wiki/Eastman_Kodak.

5. "Kodak Distributor List." *Kodak Distributor List*. Kodak, n.d. Web. 17 Mar. 2014.
    http://www.kodak.com/ek/US/en/Kodak_Distributor_List.htm.

6. "Eastman Kodak Company Revenue and Financial Data." *Hoovers.com*. Hoover's Inc, n.d. Web. 17 Mar. 2014.
    http://www.hoovers.com/company-information/cs/revenue-financial.Eastman_Kodak_Company.fb2ed2945cb15c51.html.

7. "KODK Competitors." *Http://finance.yahoo.com*. Commodity Systems, Inc., n.d. Web. 17 Mar. 2014.
    http://finance.yahoo.com/q/co?s=KODK+Competitors.

8. "KODAK ENDURA METALLIC Photo Paper | There's Nothing like It." KODAK ENDURA METALLIC Photo Paper | There's Nothing like It. N.p.,
    n.d. Web. 29 Apr. 2014. http://www.realenduraphotographs.com/endura_metallic_photos.htm.

9. "Kodak Gallery." Wikipedia. Wikimedia Foundation, 05 May 2014. Web. 20 May 2014. <http://en.wikipedia.org/wiki/Kodak_Gallery>.

10. "Leading Printing Executives into the Future." Drupa News from Rochester: Kodak and Xerox. Web. 20 May 2014. <http://
    whattheythink.com/articles/57744-drupa-news-rochester-kodak-xerox/>.

11. "Kodak NexPress." Kodak NexPress. Web. 20 May 2014. <http://www.freshcolorpress.com/NexPress/>.