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## Kodak Tries to Bring Its Digital Revival into Focus

Its venerable film business has faded faster than new digital lines have grown

By [Chris Burritt](#)

When Jim Lucanish was shopping for new inkjet presses for his Los Angeles printing company, he considered buying from Eastman Kodak ([EK](#)). After all, it's widely considered a leader in digital imaging technology. But he knew Kodak's six-year-old turnaround effort was faltering and that gave him pause. "I was really nervous about what was going to happen," he says. "They're burning through a lot of cash." In the end Lucanish went with Hewlett-Packard ([HPQ](#)) and recently bought a fifth HP press, which starts at \$1.8 million a pop. "We looked at HP," he says, "and they were a lot more stable."

Such fears about Kodak's viability threaten to overwhelm Chief Executive Officer Antonio M. Perez's efforts to rescue the iconic American brand. Since taking the reins in 2005, Perez has struggled to shift the 131-year-old company into the Digital Age. Racing the clock, he's been managing the decline of the film business even as he invests in the new product lines on which he's betting the company's future: printers for consumers and printing and imaging equipment for businesses. Vows the 65-year-old Perez: "It's a matter of time and execution, and we will get there."

The uncertain economic recovery, lingering housing slump, and gyrating stock market haven't helped. The tough times have hit corporate and consumer spending, and rising commodity prices have boosted Kodak's costs. As a result, the company is burning through the cash it needs to reinvent itself. That prompted Perez in July to put about 1,100 of the company's patents on the block, which could raise as much as \$3 billion.

That's a humbling turnabout for the inventor of the Instamatic camera, which once handily dominated its industry. But efforts to protect its film and photo-finishing franchise, which as recently as 2004 generated most of its revenue, proved Kodak's undoing. In 1975, the company invented the digital camera—then stuck it in a safe lest it destroy its lucrative film business. By the time Kodak was ready to unleash its digital prowess, everyone from Canon ([CAJ](#)) to Sony ([SNE](#)) was selling their own digital cameras. Preoccupied with cutting costs, Kodak also fell behind in inkjet



