

Kodak's Downfall Wasn't About Technology

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A generation ago, a “Kodak moment” meant something that was worth saving and savoring. Today, the term increasingly serves as a corporate bogeyman that warns executives of the need to stand up and respond when disruptive developments encroach on their market. Unfortunately, as time marches on the subtleties of what actually happened to Eastman Kodak are being forgotten, leading executives to draw the wrong conclusions from its struggles.

Given that Kodak's core business was selling film, it is not hard to see why the last few decades proved challenging. Cameras went digital and then disappeared into cellphones. People went from printing pictures to sharing them online. Sure, people print nostalgic books and holiday cards, but that volume pales in comparison to Kodak's heyday. The company filed for bankruptcy protection in 2012, exited legacy businesses and sold off its patents before re-emerging as a sharply smaller company in 2013. Once one of the most powerful companies in the world, today the company has a market capitalization of less than \$1 billion.

Why did this happen?

An easy explanation is myopia. Kodak was so blinded by its success that it completely missed the rise of digital technologies. But that doesn't square with reality. After all, the first prototype of a digital camera was created in 1975 by Steve Sasson, an engineer working for ... Kodak. The camera was as big as a toaster, took 20 seconds to take an image, had low quality, and required complicated connections to a television to view, but it clearly had massive disruptive potential.

Spotting something and doing something about it are very different things. So, another explanation is that Kodak invented the technology but didn't invest in it. Sasson himself told [The New York Times](#) that management's response to his digital camera was “that's cute – but don't tell anyone about it.” A good line, but not

completely accurate. In fact, Kodak invested billions [to develop a range of digital cameras](#).

Doing something and doing the right thing are also different things. The next explanation is that Kodak mismanaged its investment in digital cameras, overshooting the market by trying to match performance of traditional film rather than embrace the simplicity of digital. That criticism perhaps held in early iterations of Kodak's digital cameras (the \$20,000 DCS-100, for example), but Kodak ultimately embraced simplicity, carving out a strong market position with technologies that made it easy to move pictures from cameras to computers.

All of that is moot, the next argument goes, because the real disruption occurred when cameras merged with phones, and people shifted from printing pictures to posting them on social media and mobile phone apps. And Kodak totally missed that.

But it didn't, entirely.

Before Mark Zuckerberg wrote a line of Facebook's code, Kodak made a prescient purchase, acquiring a photo sharing site called Ofoto in 2001. It was so close. Imagine if Kodak had truly embraced its historical tagline of "share memories, share life." Perhaps it could have rebranded Ofoto as Kodak Moments (instead of EasyShare Gallery), making it the pioneer of a new category called life networking where people could share pictures, personal updates, and links to news and information. Maybe in 2010 it would have lured a young engineer from Google named Kevin Systrom to create a mobile version of the site.

In real life, unfortunately, Kodak used Ofoto to try to get more people to print digital images. It [sold](#) the site to Shutterfly as part of its bankruptcy plan for less than \$25 million in April 2012. That same month Facebook plunked down \$1 billion to acquire Instagram, the 13-employee company [Systrom](#) had co-founded 18 months earlier.

There were other ways in which Kodak could have emerged from the digital disruption of its core business. Consider Fuji Photo Film. As Rita Gunther McGrath describes in her compelling [book](#) *The End of Competitive Advantage*, in the 1980s Fuji was a distant second in the film business to Kodak. While Kodak stagnated and ultimately stumbled, Fuji aggressively explored new opportunities, creating products adjacent to its film business, such as magnetic tape optics and videotape, and branching into copiers and office automation, notably through a joint venture with Xerox. Today the company has annual revenues above \$20 billion, competes in healthcare and electronics operations and derives significant revenues from document solutions.

The right lessons from Kodak are subtle. Companies often see the disruptive forces affecting their industry. They frequently divert sufficient resources to participate in emerging markets. Their failure is usually an inability to truly embrace the new business models the disruptive change opens up. Kodak created a digital camera, invested in the technology, and even understood that photos would be shared online. Where they failed was in realizing that online photo sharing was the new business, not just a way to expand the printing business.

So, if your company is beginning to talk about a digital transformation, make sure you ask three questions:

- What business are we in today? Don't answer the question with technologies, offerings, or categories. Instead, define the problem you are solving for customers, or, in our parlance "the job you are doing for them." For Kodak, that's the difference between framing itself as a chemical film company vs. an imaging company vs. a moment-sharing company.
- What new opportunities does the disruption open up? Our colleague Clark Gilbert described more than a decade ago a great irony of disruption. Perceived as a threat, disruption is actually a great growth opportunity. Disruption always grows markets, but it also always transforms business

models. Gilbert's research showed how executives who perceive threats are rigid in response; those who see opportunities are expansive.

- What capabilities do we need to realize these opportunities? Another great irony is that incumbents are best positioned to seize disruptive opportunities. After all, they have many capabilities that entrants are racing to replicate, such as access to markets, technologies, and healthy balance sheets. Of course, these capabilities impose constraints as well, and are almost always insufficient to compete in new markets in new ways. Approach new growth with appropriate humility.

Kodak remains a sad story of potential lost. The American icon had the talent, the money, and even the foresight to make the transition. Instead it ended up the victim of the aftershocks of a disruptive change. Learn the right lessons, and you can avoid its fate.



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前一代，“柯達時刻”意味著值得拯救和品嚐的東西。今天，這個術語越來越多地成為一個企業的bogeyman，警告高管在破壞性發展侵蝕市場時需要站起來應對。不幸的是，隨著時間的推移，伊朗柯達實際發生的微妙之處正在被遺忘，領先的高管從其鬥爭中得出錯誤的結論。

鑑於柯達的核心業務是出售電影，不難看出，為什麼過去幾十年來證明是有挑戰性的。攝像機數字化，然後消失在手機中。人們從打印圖片到在線分享。當然，人們打印懷舊的書籍和假期卡，但與柯達的全盛時期相比，這個數量減少了。該公司在2012年申請破產保護，退出了遺產業務，並在2013年重新出現之前將其專利賣空，成為一家規模較小的公司。作為世界上最強大的公司之一，今天公司的市值小於10億美元。為什麼會這樣呢？

一個簡單的解釋是近視。柯達因其成功而失明，完全無視數字技術的興起。但這不符合現實。畢竟，數碼相機的第一個原型是1975年由Kodak工程師Steve Sasson創建的。照相機和烤麵包機一樣大，花了20秒鐘拍攝，品質低下，需要復雜的電視連接才能觀看，但顯然具有巨大的破壞性潛力。

發現一些事情，做一些事情是非常不同的事情。所以，另一個解釋是柯達發明了這項技術，但沒有投入。Sasson自己告訴“紐約時報”，管理層對數碼相機的回應是“很可愛 - 但不要告訴任何人”。一條很好的線，但並不完全準確。事實上，柯達投資數十億美元開發數碼相機。

做某事，做正確的事情也是不同的。接下來的解釋是，柯達對數碼相機的投資管理不善，通過嘗試匹配傳統電影的表現，而不是擁抱數字化的簡單性，超越了市場。柯達的數碼相機（例如，DCS-100為20,000美元）的早期迭代可能持有這種批評，但柯達最終還是採用了簡單的技術，通過技術將照相機輕鬆移動到電腦上，形成了強大的市場地位。

所有這一切都是微不足道的，接下來的論點是，當攝像機與手機合併時，真正的中斷發生，人們從打印圖片轉移到社交媒體和手機應用程序上。柯達完全錯過了。但它並沒有完全。

在馬克·扎克伯格（Mark Zuckerberg）寫了一行Facebook的代碼之前，柯達作了一個預先的購買，在2001年收購了一個名為Ofoto的照片共享網站，這是非常接近的。想像一下，如果柯達真的擁抱了它的“分享回憶，分享生活”的歷史標語，也許可以將

Ofoto改名為柯達時刻（而不是EasyShare Gallery），使其成為人們可以分享圖片的新類別的先驅，個人更新，以及新聞和信息的鏈接。也許在2010年，它會引誘一名來自Google的年輕工程師Kevin Systrom來創建一個移動版本的網站。

在現實生活中，不幸的是，柯達使用Ofoto試圖讓更多的人打印數字圖像。在2012年4月份，該公司將該網站賣給了Shutterfly作為其破產計劃的一部分，價格低於2500萬美元。同一個月，Facebook共斥資10億美元收購Instagram，該公司的13名員工Systrom已於18個月前共同創立。

柯達也有其他方式可以從其核心業務的數字化中脫穎而出。考慮富士膠片。正如Rita Gunther McGrath在其強大的書“競爭優勢的終結”中所描述的，在20世紀80年代，富士在柯達的電影業務中遙遙領先。雖然柯達停滯不前，最終偶然發現，富士積極探索新的機會，創造了與電影業相鄰的產品，如磁帶光學和錄像帶，並分支到復印機和辦公自動化，特別是通過與施樂的合資企業。今天，公司年收入超過200億美元，在醫療保健和電子業務方面進行競爭，並從文件解決方案中獲得巨大收入。

柯達的正確課程是微妙的。公司經常看到影響其行業的破壞力。他們經常轉移足夠的資源參與新興市場。他們的失敗通常是無法真正接受破壞性變革開放的新商業模式。柯達創造了一台數碼相機，投資於該技術，甚至了解到照片將在線共享。他們失敗的是意識到在線照片共享是新的業務，而不僅僅是一個擴大印刷業務。

所以，如果你的公司開始談論數字轉型，請確定你提出三個問題：

- 我們今天有什麼業務？不要用技術，產品或類別回答問題。相反，定義您為客戶解決的問題，或以我們的說法“您正在為他們做的工作”。對於柯達，這是將自己作為一家化學電影公司與一家成像公司之間的區別，分享公司。
- 干擾開放的新機遇？我們的同事克拉克·吉爾伯特（Clark Gilbert）在十年前描述了一個很大的混亂的諷刺。被認為是威脅，中斷實際上是一個很大的增長機會。中斷總是增長市場，但也總是改變商業模式。吉爾伯特的研究表明，如何看待威脅的高管們是如此僵硬的回應；看到機會的人是廣泛的。
- 我們需要什麼能力來實現這些機會？另一個很大的諷刺是，現任者最有可能抓住破壞性的機會。畢竟，他們有許多進入者競爭複製的能力，如進入市場，技術和健康的資產負債表。當然，這些能力也施加了約束，而且幾乎總是不足以用新的方式在新市場上競爭。以適當的謙卑接近新的增長。

柯達仍然是一個潛在的失落的悲哀故事。美國的圖標有才能，金錢，甚至有遠見的過渡。相反，它最終成為破壞性變化的餘震的受害者。學習正確的課程，你可以避免它的命運。