

Good old Polaroid photographs. Almost everyone knows them, but hardly anyone makes them anymore. Modern-day photography is almost completely dominated by digital cameras and mobile phones. Polaroid has become obsolete. Or has it? Because the brand is working hard on a comeback. In a new market, with innovative products. All it needed was a suitable financier ready to embark on this adventure. Polaroid went in search of one together with Zanders.



Background: the glory days of Polaroid's past.
Foreground: Richard Roering and Marc Roskam with today's instant experience, the PoGo.

Instant working capital financing

Marc Roskam, Director of European Finance and International Treasury at Polaroid, slides the device across the table proudly. "This is it, the PoGo. Look, here's where you can connect your digital camera or mobile phone." He unfolds the little printer to reveal a tiny stack of photo paper the size of a large business card.

"What sets the Polaroid PoGo apart is the 'Zink', or Zero Ink, Technology. In other words, it doesn't need ink cartridges but uses special photo paper containing colour crystals that come to life by heating them for a short time. Burning in a picture like this takes half a minute and you can do it wherever and whenever you want, because the PoGo works with rechargeable batteries. That's why we call this our 'digital rediscovery of the instant experience.'"

Two-track process

The PoGo's components are produced in Asia. Assembly, distribution and marketing for Europe are undertaken from the Netherlands. "And you need working capital for that," says

Roskam. "After all, you're building up stocks and need to pay suppliers. But in this sector, clients take an average of around two months to pay an invoice. You have to handle this 'mismatch' with proper advance financing. At the time of the Polaroid Corporation we could turn to a corporate credit line. Now we had to look outside the company." After Roskam had mapped out the financing requirement with his American colleagues, they decided to seek a European solution from both a central and a Dutch vantage point. "I needed some support here, because such a regional approach was fairly unique for us. I was also busy working on Polaroid's transformation, which involved issues like reorganisations and shutting down our plant in Enschede (NL), while also keeping the growing Consumer Electronics division in Europe on the right course." Roskam thought of Zanders. "They carried out an ALM study for our pension fund some years ago and gave us advice about structuring our International Cash Management. They did a good job. That's why I called them again in February and simply presented my issue to them. They sent Richard Roering as a solution," he says, pointing at the man seated next to him.

Who dares?

Roering, Associate Director of Zanders' Corporate Clients

"The trick is to look beyond attractive margins."

Polaroid – old glory and new market

Polaroid's history dates back almost a century. The success story begins with Edwin Land, who developed the synthetic polarisation filter in 1928 to reduce troublesome light reflections. After establishing the Polaroid Corporation, Polaroid went on to become a household name in photography, sunglasses, aircraft windows and microscopic equipment.

The Polaroid Land Camera hit the market in 1948. Direct development of film in the camera itself made it a true novelty. Polaroid introduced the first camera with autofocus just over 20 years later, and 1972 saw the introduction of the world-renowned SX-70 instant colour camera. For decades this and subsequent models were the corporation's showpieces, but Polaroid too proved unequal to the unstoppable advance of digital cameras and multifunctional mobile phones.

Polaroid USA applied for a moratorium in 2001, and the company was taken over after a restructuring by One Equity Partners. In 2005 Petters Group Worldwide acquired the entire Polaroid Corporation, maintaining the Polaroid brand but wanting to use it to focus on innovative products for the digital photography, printer and LCD television markets. Take photo frames with an LCD screen for instance, which display digital photographs stored on a memory card. Or the Polaroid PoGo: a pocket-sized printer put on the market this year, which allows you to print photos directly – via Bluetooth, for instance – from your camera or mobile phone.



sought

department, set to work immediately. First Roskam and Roering drew up a Request For Proposal (RFP). Then they invited a number of banks for talks. The key question: Who dares to join Polaroid in its new adventure? Roskam: "The timing was far from advantageous. We were in the news because of our plant shut-down, there was a credit crisis, and with an innovative product we wanted to venture into a market that was new for us. A market that was expanding rapidly, and consequently so was our time pressure." Roering: "The banks were initially reserved and had an enormous range of questions. Fortunately we were backed by a high-quality and very extensive RFP. We did everything in our power to provide as much insight as possible. Not just the figures, but also the story behind them. The bank's account manager also had to get a feeling for the material. Because ultimately, he would need to convince the credit committee."

Give-and-go

ING Commercial Finance turned out to be the bank that produced the click. "They were eager, just like us," says Roskam. "We developed a pleasant working relationship, with short lines of communication. But we still had to move from a proposal to a contract." Roskam focused on the requirements and interests within Polaroid. Roering maintained an overall picture of the

financial aspects and checked the offer for details. "The trick is to look beyond attractive margins," explains Roering, "by also taking matters like the market basis and commissions into account, for instance. These can have a considerable impact and you want to avoid that kind of surprise. Some of the clauses also turned out to be unworkable for Polaroid. Eventually we added quite a few points. But these were all valid and ING was more than willing to talk about them." "The most exciting part was that the Polaroid head office in the US would also be going in search of a solution," explains Roskam. "But at the end of May I received an e-mail: 'Well done!' It had become our deal." Polaroid entered into a two-year financing contract with ING, with an option for an extension. The two men can look back on a successful collaboration. "Yes, we formed a good team," they now accept. "We complemented each others' expertise, we didn't mind playing the devil's advocate, we enjoyed the challenge and above all, we got results." <



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