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Dublin's Pandigital helps reinvent digital photo frame

By David Morrill
 Contra Costa Times
 Posted: 02/25/2010 01:21:20 PM PST
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DUBLIN — Ugly. Clunky. Expensive. Impractical.

Dean Finnegan has heard his share of unfavorable descriptions for digital picture frames. When the founder of Pandigital decided to get into this industry in 2006, he decided to look at digital frames in terms of potential.

This is not a "happened to be in the right place at the right time kind of story," he chimes.

"They were glorified DVD players that were not made to be plugged in 24/7," he said. "What we did with the photo frame business is reinvent it, and lead the breakout of new acceptance of the concept."

While Sony and Kodak are major digital frame manufacturers that have the advantage of being household names, Pandigital products can be found in major stores such as Macy's, BestBuy, and Fry's Electronics. The Dublin-based business wanted to have frames that were simple so that anyone could use them easily.

"Pandigital is absolutely one of the leaders, and were in the market before a lot of the giants," said Jake Fishman, industry analyst for Gap Intelligence, Inc. "They have done a couple of creative things that have made them much more nimble compared to other manufacturers."

Between 2007 and 2008, Pandigital saw its revenues jump from \$108 million to \$194 million. A 40 percent decline in average selling price brought revenues down to \$130 million in 2009, but the company is expecting a 12 percent growth in 2010. In 2009, about 2.2 million units of their

frames were sold.

For picture frames themselves, the 2007 holiday season ignited a huge boom in their popularity. Many stores were caught off guard and didn't have the supply to match the demand. To compensate and avoid missed opportunity again, the following season many stores loaded up on supply.

"That was just when the economy went down the toilet, and retailers were left holding product they couldn't get rid of," Fishman said.

In 2009 the inventory that most of the retailers sold were out dated. Some of it was 20 months old. Now, manufacturers hope that 2010 will be the year consumers will give the product a fresh look.

"I think with purse strings starting to loosen and lot of new innovation coming in, this could be a banner year," said Carrie Sylvester, senior researcher of Infotrends. "We are expecting double digit growth for the industry in 2010."

In 2007, most frames cost more than \$150. Many Pandigital frames are less than \$100, with a 5.6 inch frame less than \$50.

Instead of having to push and pull images in and out via memory cards, the next generation products are able to connect to computers via wireless.

In March, the company will release its latest generation digital frame, Photo Mail, that will allow consumers to e-mail photos directly to the frame.

Each frame will come with an e-mail address built into it that users can give to their friends to send e-mails through. Expected to sell for about \$199, the frame uses AT&T broadband, instead of Wi-Fi to deliver the photos. Each one comes with the capability of loading 300 before additional packages need to be purchased.

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Pandigital CEO Dean Finnega, with a variety of digital... (Jim Stevens, Bay Area News Group)

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"In the past, digital frames weren't picked up by the everyday Joe, because it was too cumbersome to put the photos in," Sylvester said. "If they're not turned on or updated, they're just going to be dust collectors.

"This could change that."

One of the strategies utilized by Pandigital was to embrace the department and home decor stores, instead of just electronic and camera stores as other manufacturers have done.

"By having a centric focus on the female market, the company was able to make a name for themselves," Fishman said. "Pandigital is the only digital frame you'll see at a Bed Bath and Beyond."

While digital frames are Pandigital's bread-and-butter market, the company has found photo scanners to be a natural market to shift into as well. Its Pandigital Personal Photo Scanner, which retails for \$97, allows users to scan photos in one at a time without having to rely on flatbed scanners.

"The key to all our products is they're extremely easy to use," Finnegan said.

For a small company like Pandigital, with just 62 employees, Finnegan realizes that if he finds the recipes for success, that the giants will be close behind.

Therefore, he has put together a road map of future innovations held close to the chest that will always keep them ahead. He purposely has made his company hyper efficient, so when a new product is developed, the time to market is very short.

"As long as we continue to innovate, we will be fine," he said.

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