

E-ink: financing growth

Business



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E Ink was getting easy financing opportunities, which a new company could not get that easily. Another opportunity that was knocking the door of E Ink was the potential of its product for acceptance in market and growth.

Three-Stage Approach to Achieving Their Long Term Goal

The three-stage approach adapted by E Ink to achieve their long term goal was strategically sound. The Corporation in its first stage manufactured large-area displays for retail signs. Large area display market provided E Ink a good opportunity for the launch of its product as it was a wise decision to offer a commercially feasible product as their first step in the market.

Its second stage of flat panel display helped E Ink to identify different types of the market. Although there was already a tough competition in the flat-panel market and E Ink had to face severe problems in updating its technology from large area display to flat panel display. Eventually, E Ink's effective combination of technology and price made it easy to capture the flat-panel market.

The ultimate objective of E Ink was to make radio paper. Till now, E Ink had secured a safe place in the market through its both of the technologically advanced products. It had also improved in technology and James Iuliano, the President, and CEO of E Ink's idea were to use this technology for making radio paper.

The three-stage approach helped E Ink in the development and attainment of its ultimate goal of manufacturing radio paper.

How Much Money Should The Company Raise? From Whom? On What Terms?

In its second-round financing, E Ink needed around \$16 million for funding its large area display project. It already has \$9 million in its bank out of \$15. 8

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million of first-round financing. If the scenario can be looked at from the long term perspective, the company should raise only \$20 million from Newstime Publishing. As Newstime Publishing was attracted to the product of E Ink, it would be easy and less expensive for the company to raise money from them. Financing will increase the availability of funds with the company to \$29 million. In the future, again E Ink would need money for funding its flat panel display project and radio ink project. The company can use \$16 million for its large panel display project and keep the remaining capital for funding the other projects that are in the pipeline.