

Kodicom Understands Its Market

By JASON TAN

This year, large companies with varied businesses make up the bulk of the Top 50 list. What makes Kodicom Co. Ltd., a DVR manufacturer based in South Korea, worthy of a spot among these giants?

In 2003, Kodicom recorded US\$13 million in profit, 11 percent more than in 2002. Meanwhile, revenue increased 14 percent to \$28 million.

These results are impressive considering that the Korean economy has been sluggish for quite some time.

Laurels

Founded in October 1996, Kodicom developed the first DVR models in the industry with high-speed recording of 480 frames per second. It was also at the technology forefront in software zip programs, enabling 16 cameras to simultaneously record real time (30 frames per second).

The company was also selected a top company by the Ministry of Commerce, Industry and Energy of Korea in November 2001. It won Best Company in the first Digital Innovation Contest from the administrator of the Small and Medium Business Administration in December the same year.

Given that the DVR market in Korea has been overcrowded for a long time, how exactly did Kodicom manage to bag such a glittering handful of prizes?

"We jumped into DVRs earlier than our competitors. This helped us understand the market and find loyal partners in advanced countries. In addition, we try to reflect on our customers' opinions and feedback as much as we can," said Choy Namjin, sales manager for North America.

To score high profits, Kodicom reduced material costs and added more features to its DVR software. "With value-added

software, we could maintain our prices better since customers are more willing to pay for value-added products," he said.



Going Forward

This year, Kodicom expects 15 percent growth. "This is a bit lower than our target because of the severe competition among Korean makers as well as the added presence of fast-growing Taiwanese and Chinese companies," he said.

The company hopes to achieve 25 percent of sales profits in 2005, possibly through new product releases such as PC-based and standalone DVRs to meet needs from low to high-end markets.

"One solution will supply turnkey security systems capable of interfacing with access-control, time-attendance and central-monitoring systems," he added.

Another new standalone DVR is the KSR-716, which is scheduled for launch next March. This model has an easy user-operation interface with option to choose built-in CD-RW or DVD-RAM and high-quality images using modified MPEG-4.

The U.S., Europe and Japan account for 70 percent of company revenue. "We have been doing business with loyal customers in these markets for more than three years now," Choy stressed.

It also sees untapped potential in Brazil, Russia, India and China. These markets still prefer low-cost models, but have higher barriers to import products from overseas such as high import tax and difficult customs clearance.

However, Kodicom is confident to overcome these issues and expecting to see higher sales in Brazil and China very soon.

The company's ambitions extend to becoming world's digital-communications leader in five years.

"With our DVR know-how and technology, we can move into related industries. We are preparing to penetrate the home-security market next," added Choy.

To ensure success, he advises other companies to specialize in certain markets. "It is difficult to find good sales with products that are not dedicated to certain customers," he noted.

AS

Kodicom

2003 Sales Revenue:

US\$28.5 million

Revenue Growth:

14.1 percent

Profit in 2003:

US\$13.4 million

Profit Growth:

11.09 percent

Ranking

34th