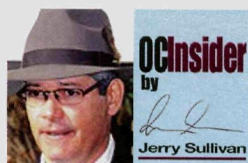




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Jannard's 'Behemoth,' Cash Crop of Yesteryear; Arte Drills Down

What's **Jim Jannard** up to in the Trousdale neighborhood of Beverly Hills? The founder of **Oakley Inc.** and boss of Irvine-based camera maker **Red Digital** is putting up a "concrete behemoth" in place of a home designed by famed 20th century architect-to-the-stars **Harold W. Levitt**, according to the **New York Times**. Don't know if that's faint praise, but the Insider



figures Jannard's track record gives him the benefit of the doubt on style points. He'll need them, too, with

Elton John, Jane Fonda and Vera Wang among his new neighbors ... Who remembers when oranges were a cash crop in Orange County? A three-bedroom house in Emerald Bay that's listed for \$10.5 million tracks back to those days. It was designed by **Ted Grenzbach**—also known as an architect to Hollywood stars—for late citrus growers **June and Victor Andrews**, the latter of whom served as **Richard Nixon's** OC campaign chair in 1968 and 1972. It's now owned by their daughter, **June Ireland**, who told the **Wall Street Journal** she plans to move to Texas to be nearer to her children and grandchildren ... Speaking of cash crops: Largely unnoted in coverage of **Pimco** cofounder **Bill Gross'** call last week on fellow "**One Percenters**" to pony up more taxes on capital gains and carried interest: His **Total Return Fund** has \$87.5 billion invested in U.S. bonds—about 35% of its total portfolio—which no doubt gives him a unique perspective and stake in the fiscal health of the federal government ... **Arte Moreno** is taking his share of knocks lately—so much so that the Insider is inclined to give him a tip of the hat just for standing in there. Just look how far Moreno drilled down to find some statistics that offered a bright spot in a recent letter to season ticket holders. The Angels were "the only club in baseball with three players (**Mike Trout, Josh Hamilton and Mark Trumbo**) to produce at least 20 home runs, 30 doubles, 70 runs and 75 RBI." Moreno also wrote that he hopes to wrap up negotiations with the city on a new **Angel Stadium lease** "within the next few months" ... Moreno's role as top heat-taker left pitcher **Jerome Williams**, Bullpen Coach **Steve Soliz**, former Angels **Jim Abbott, Bobby Grich, Clyde Wright, Justin Speier** and Chairman **Dennis Kuhl** clear for kudos on last weekend's **Bank of America Orange County Little League Challenger Classic**, which gave more than **900 children** with physical and mental disabilities the chance to play in the annual tournament at Angel Stadium ... **Hai Di Lao Hot Pot**, a China-based restaurant chain that will put its first U.S. location in Arcadia—part of the suburban Chinatown in the San Gabriel Valley—plans to open its second U.S. restaurant in Irvine. Where? Here's a bet on **Diamond Jamboree**, where Taiwan-based **85°C Bakery Café** regularly has lines out the door ... Hai Di Lao execs back in China can get a read of the landscape in the Sept. 26 edition of the **Business Journal**, which included an advertising supplement about Irvine. City staffers took a bunch of issues along with them on a trade mission to Asia and had one-sheet summaries translated in Korean and Chinese.

Solis Capital Takes Stake in Irvine Telecom

FINANCE: Cites potential for scale at Horizon Communications

By JANE YU

Irvine-based telecommunications company **Horizon Communications Technologies** has sold a "significant" ownership stake to **Solis Capital Partners LLC**, a private equity firm in Newport Beach.

The purchase price and percentage of ownership were undisclosed.

Horizon Chief Executive **Mike DeGraw**, who bought the company in 2010 after working in the telecom industry for about two decades, said he remains a "significant

shareholder" under terms of the deal.

Horizon for several years has provided cabling services for office buildings, including those owned by Newport Beach-based **Irvine Company**, which is the largest office landlord in Orange County and has acquired substantial holdings in the San Diego and Silicon Valley markets in recent years.



DeGraw: ran several companies for New York-based holding company before buying own

DeGraw brought additional business for Horizon, which now gets a substantial portion of its revenue from installing wireless networks at sports stadiums, as well as designing and building infrastructure for large data centers.

Horizon's list of past and ongoing projects includes work for **Twitter Inc.** and **Salesforce.com Inc.**, both based in San Francisco. The company also has worked on the Honda Center in Anaheim and the Chase Field in Phoenix. It's currently halfway through a project at Dodger Stadium in Los Angeles.

"The stadiums part is about 70% of our business," DeGraw said. "Data centers are big as well, but just not the sheer size and

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UCI Spinout's Software Set for HTC Phones

TECHNOLOGY: Licensing deal for search engine software

By CHRIS CASACCHIA

SRCH2 Inc., a spinout of **University of California, Irvine**, has struck a licensing deal with **HTC Corp.** that's expected to add millions in revenue and put the startup on the map.

The company's search engine software will be embedded in several next-generation phone models slated to begin shipping next year from Taiwan-based HTC.

"We're talking millions of phones here," said Chief Executive **Dev Bhatia**. "You



Bhatia: company targets "gap in what search is on a phone to what is on the desktop right now"

can get a sense of the magnitude of a deal like this."

It's not uncommon in the industry for software makers to rake in upward of \$2 per unit on licensing operating-system-class software.

Consider SRCH2's offering a notch or two below that grade.

The company's universal search

software was created in UCI labs about five years ago by computer science professor

and former **Google Inc.** engineer **Chen Li**.

The software allows users to simultaneously rifle through emails, music databases, contacts and the Internet in milliseconds.

The system doesn't rely on mobile networks, so passing through tunnels or long, desolate stretches on the Highway 101 or the 15 Freeway won't disrupt feeds. It's billed to provide several other coveted features for phone makers and consumers, such as "search-as-you-type" prompts; rapid geosearch on local places of interest; error tolerance, which mitigates search typos; real-time data updates; and the capability to weigh ranked results without custom coding.

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NB Investment Bank Eyes New SEC Regs

FINANCE: Digital Offering to link issuers, investors online

By JANE YU

Newport Beach-based investment bank **Digital Offering LLC** is betting on recent changes that allow companies to publicly advertise and solicit investors as they seek to raise private placement capital.

The technology-oriented firm operates an online platform and provides broker-dealer services to link issuers and potential investors.

Previously, companies seeking to sell securities could either register with the U.S. Securities and Exchange Commission or get an exemption by agreeing to a prohibition on general solicitation and advertising in connection with their private offerings.

The recent change, part of the federal 2012 Jumpstart Our Business Startups Act, or JOBS Act, means companies now can market more broadly, although actual sales of securities are still restricted to "accredited investors" who meet certain income or net-worth thresholds.

The SEC approved the regulatory changes in July, and the rules took effect on Sept. 23, the same day Digital Offering officially rolled

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McBean: link to Connecticut-based advisory firm is key

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Horizon

► from page 3

scope of putting in a network in a 60,000-seat stadium.”

Horizon has annual revenue of about \$16.5 million and about 100 employees, according to DeGraw—“big changes” compared with when he bought the struggling company.

“There wasn’t a whole lot going on at the time,” he said. “The company really just had a riser-management contract with the Irvine Company. By riser-management I mean the telecommunications infrastructure that runs vertically in a building. We still value that business and maintain it. But the problem was, in 2008, 2009, nobody

was moving.”

DeGraw oversaw a shift in company culture and helped it grow about 50% the first year after he took over.

It helped that he was able to bring in relationships built up from his previous stints. He most recently served as part of executive management at **Leucadia National Corp.**, a New York City-based holding company that operates through its investment banking, energy and telecommunications arms, among others.

DeGraw ran several of Leucadia’s oper-



Solis Capital's Lubeck: “pretty unusual for us to invest in a contractor”

ating companies, including **WilTel Communications Group LLC**, which was acquired by Broomfield, Colo.-based **Level 3 Communications Inc.** in 2005 for nearly \$800 million. He also launched and managed **TeleBarbados Inc.**, a local phone company in Barbados.

Years of corporate experience and constant travel pushed DeGraw to seek an opportunity to own a business.

“No one believes me when I say this,” DeGraw said, “but I found [Horizon] on **Businessforsale.com**. I truly did. It was a long shot.”

It’s worked so far.

DeGraw has led the company to notch consistent double- and triple-digit growths in the past three years, gains that have helped land Horizon on the Business Journal’s list of fastest-growing private compa-

nies for each of those years.

That also was a period during which Solis Managing Director **Dan Lubeck** consulted and kept close watch on Horizon.

“Really, at that point, it was not an investment that we would have pursued,” Lubeck said, referring to the first of his conversations with DeGraw in 2010, when they met through a mutual acquaintance.

Investments

Solis typically invests in companies with between \$15 million and \$100 million in revenue. Its investments range from \$2 million to \$20 million.

Horizon’s fast growth over time eventually led Solis to make an investment, although Lubeck said it was “pretty unusual for us to invest in a contractor.”

Acquisitions of contractors tend to be “tougher investments ... because there’s no scalable revenue model,” Lubeck said. “But we overcame our bias because of Mike and what he’s been able to do at the company, and the potential we saw. There are going to be companies that will want to buy us, but we’re not in any hurry to sell. We have a lot of things we want to do.”

High on the to-do list is a goal to strengthen Horizon’s foothold in the convergence of sports and information technology, DeGraw said.

Changing Demand

That means being able to cater to the needs of sports venues as they adapt to changing consumer demands.

“What stadiums are wanting to do is create the home-viewing environment while enjoying the live version,” DeGraw said, adding that there are projects in the works that could allow spectators to use their own mobile devices to connect to certain cameras and see their own replays.

Mobile applications that link arena seats to concessions stands also are in development, he said.

“We need Wi-Fi in the picture,” DeGraw said. “It’s where everyone is going. This is a really fascinating industry. Horizon really has a good head start in this space and a good reputation. As technology evolves, stadiums are going to need to augment their networks to adapt. So there’s longevity in our strategy. It’s not just, ‘Let’s get as many as we can in the next year.’ It’s establishing relationships with the teams.”

DeGraw said he’s in conversations with the NBA and MLB.

“This is all very topical for them,” he said. “They all know their clubs really need to have some type of network in place. We [also] have a dialogue going with **International Speedway Corp.**, which owns 11 of the Nascar tracks. If you look at a Daytona event, it holds 120,000 people.”

Mobilitie

Horizon faces competition from the likes of **Mobilitie LLC**, a Newport Beach-based wireless infrastructure provider.

Mobilitie is among the largest U.S. suppliers of distributed antenna systems for sporting venues.

The Solis investment is expected to help Horizon as it prepares to enter the international market in earnest.

Horizon recently formed a subsidiary in London for a potential opportunity to work on **Salesforce.com**’s office there.

“In addition to the Salesforce data center, we also have three U.K.-based football clubs that are interested in us installing wireless networks,” DeGraw said. “I’m fairly confident that one, two or more of these opportunities will hit in the near future.” ■

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