

LOS ANGELES BUSINESS JOURNAL

Volume 36, Number 31

THE COMMUNITY OF BUSINESS™

August 4 - 10, 2014 • \$5.00

Up Front



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Open, Shut Case: Solar Art's Matthew Darienzo, left, at a window-film installation in Beverly Hills.

PHOTO BY THOMAS WASPER

Made in Shade

New state building code opens window to tinting

By **HOWARD FINE** Staff Reporter

WINDOW film hasn't enjoyed a clear reputation, something that has long weighed on local installers and manufacturers. The purplish tint long seen on cars and buildings hasn't always looked good, what with all the bubbles and peeled edges.

But the industry makes better products now and as a result it got a state stamp of approval in the form of a change to the state's building code that could open a big window of opportunity.

An energy-efficiency update that took effect

last month imposes standards for all new buildings in the state older buildings undergoing significant renovation. And for the first time in the United States, the state code gives builders the option to use window films, not just new replacement windows, to reduce energy consumption.

For local window film companies, it's a long-sought endorsement that they hope will open up the vast building retrofit market to their technology.

"This code change is a huge step," said

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Money Managers Hit Tech Circuit

INVESTMENT: Many cultivate young CEOs before they're rich.

By **JAMES RUFUS KOREN** Staff Reporter

It's become routine for tech investor **Mark Mullen**: The phone rings and there's a wealth manager on the line.

Looking for clients.

"They say, 'We have a lot of resources. We have tax specialists, retirement specialists. With that new-found money, there are a lot of issues you need to prepare for,'" said Mullen, managing partner at Brentwood venture capital firm **Double M Partners**,

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Field Work: Eric Johnson prepares to meet a possible client at a Santa Monica coffee shop.

PHOTO BY THOMAS WASPER

Italian Eatery Hopes to Feast

DINING: Caffe Primo's plans for expansion called aggressive.

By **SUBRINA HUDSON** Staff Reporter

The co-owners of upscale Italian coffeehouse **Caffe Primo** in West Hollywood have a lot on their plate.

Their recipe, a mix of casual Italian fare served in a European-style restaurant, has proved alluring to a celebrity clientele ranging from **Tina Turner** and **Rashida Jones** to **Oprah Winfrey** and **Daniel Craig**. That popularity has emboldened **Charlton Lui** and **Tony Riviera**, principals of **Primo Hospitality Group Inc.**, to embark on an ambitious expansion plan.

The pair, who also operate a Caffe Primo in downtown Los Angeles, said they have the backing lined up to open 50 Caffe Primos across California over the next three to five years.

Although industry observers say that quickly

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Taking Credit: Paul Fiore at CU Wallet.

PHOTO BY FRINGO H.W. CHIU/LABU

'Wallet' Pockets Credit Unions

INTERNET: App maker adds institutions to digital billfold.

By **OMAR SHAMOUT** Staff Reporter

CU Wallet is one of several financial tech firms that have sprung up in Los Angeles over the last few years making a foray into the burgeoning mobile payment sector. After all, roughly 30 percent of all U.S. retailers accept some form of mobile payments.

Formed late last year, the company has developed a mobile wallet that financial institutions can incorporate into their existing mobile banking applications. So, for example, a customer of a credit union might have downloaded that lender's app that could accept and incorporate **CU Wallet's** product.

In fact, **CU Wallet** has focused on selling its application to credit unions — hence its name — and announced last month that since its launch it had

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Construction: State Takes Shine to Tinted Windows

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Matthew Darienzo, president of Van Nuys window film installer **Solar Art**. "Window film is now a legitimate option that's spelled out for energy efficiency. It's the state talking: 'We believe in window film.'"

Window film has long been just a niche market. Industry estimates put the size of the national window film market at only about \$500 million, with hundreds of small window-film installers carrying brands from several manufacturers.

Window films are typically stuck onto existing windows using an adhesive backing. They cut down on light and heat entering a building, reducing air-conditioning costs, especially during summer months. They can be installed on the inside of older windows that lack energy-efficiency technology. Or they can be mounted on the outside of double-paned or glazed windows to further cut down on heat and light entering a building.

The big advantage is that it typically costs about \$4 to \$6 a square foot to mount window films, less than one-fourth the cost of replacing old windows with new energy-efficient ones. The window films also eliminate the need to dispose of old windows in local landfills.

Past problems

Building owners have often been reluctant to use window films because of its perceived lack of durability — exemplified by those peeling films on older cars — and because of concerns that the films might not achieve much energy savings. Beyond that, they weren't sanctioned by state regulations.

But window film companies and a window film association claim that clear coatings developed in the last decades achieve the same or better heat-blocking effect as double-paned windows.

Indeed, a spokeswoman for the **California Energy Commission** said the industry submitted a study on the effectiveness of today's window film. The commission reviewed the study and decided the technology met the state's energy-efficiency goals. As a result, the state's new building codes, which went into effect July 1, give builders the option to use the new-generation window tinting.

The building code is the baseline for all cities in the state; if cities want to adopt more stringent energy conservation requirements, they can, but only with the commission's approval.



RINGO H.W. CHIU/LA81

Early Involvement: Principal Kelly Taylor with window film at the Signal Hill office of installer Metropolitan West.

Although new buildings presumably will still be constructed with modern energy-efficient windows, older buildings undergoing a renovation can apply the film on their existing windows to meet the new goals. The new energy rules must be met when an old building undergoes a renovation extensive enough to trigger the need for city permits or inspections.

Darrell Smith, executive director of the **International Window Film Association**, a Martinsville, Va., non-profit formed to promote the industry, said the change to the state's building code is a significant development.

"The recognition of window films in the California building code as a building product solution to achieve energy efficiency just puts a stamp of credibility and approval on a product that our industry has known internally for years is energy efficient," Smith said.

But not all believe this is a clear victory for the window tinters.

Sejon Ding, chief executive of **Pristine Windows Inc.** in Westwood, which installs new windows, said that while window film might have improved, it still falls short of the energy savings from new windows. He also noted that there are other points that favor double-paned windows, including superior noise insulation and shatter resistance.

"The glass in a dual-paned window is typically an inch thick with an air pocket in between the panes," he said. "It's much harder to break and it blocks out a whole lot more sound."

Window of opportunity

The state's Energy Commission estimates that 9 million older buildings in California will eventually need upgrades to meet the new efficiency standards — a huge multibillion-dollar market for all sorts of energy-saving technologies.

"If we can get a piece of this market, then we're in the conversation," Solar Art's Darienzo said.

That in turn would allow Solar Art to expand its workforce of 20 employees.

The first step, installers say, will be to get the word out to structural engineers early on in any renovation/retrofit process to encourage them to choose window films over installing new windows.

"Before this code change, we have typically interacted with the architects midway through the process and by then the decisions have often been made regarding window technology," said **Kelly Taylor**, principal with West L.A. window-film installer

Metropolitan West. "Now, armed with this code language, we can target the engineers right at the beginning of the process before the key decisions are made. That should allow us to get a lot more work."

Taylor said that she expects over the next several years she will be able to significantly expand her staff of 18, thanks largely to additional work brought in because of the code change.

In fact, additional orders are already coming in to one local maker of window film, thanks to the code change.

"We've seen an increase of 5 percent to 8 percent in our California orders in the last year as word has spread about the code change," said **Scott Davidson**, president of **Johnson Laminating and Coating Inc.** in Carson, who added that the increases are also pronounced in the residential remodeling market.

But Davidson said a more significant impact will come if other states and nations adopt the California standard.

"The effect of all those states and countries incorporating window film into their building code could double the market in just a few years," he said. If that happens, it would allow him to significantly expand Johnson Laminating's workforce of 65.

Finance: Mobile Wallet Makes Move on Lenders

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"We can create payment options for mobile as well," Stern said.

Stern also led the investment team that purchased the bulk of Fiore's stake in DoubleBeam late last year, taking over as chairman. Fiore retains what he said is a very small stake in the business.

So why not roll the three companies into one?

"We haven't had that conversation," Stern said. "Being able to articulate a focused value proposition right now is the right thing to do."

Fiore said CU Wallet, which handles the institutional side of the transaction, and DoubleBeam, which develops payment apps for retailers, do not compete with each other.

And, he added, there is room for both mobile payment apps developed by financial institutions and retailers in the \$4 trillion marketplace.

Power in numbers

Even though tens of millions of Americans already use third-party mobile wallets and CU

Wallet's product hasn't launched yet, recent data is making the company and credit unions optimistic about their chances in the crowded market.

A study released in October by Pleasanton's Javelin Strategy & Research found that 43 percent of consumers would be likely or very likely use their primary financial institution's mobile wallet if it were available — the highest percentage of any other option. PayPal's wallet came in second at 34 percent. The wallet created by PayPal routes transactions through the cheaper Automated Clearing House network, an electronic payment system utilized by financial institutions.

Fiore said his product will be enticing to both retailers and credit unions because the wallet will allow them to offer targeted advertising to customers using advanced analysis of their shopping history — for a fee, of course.

"We work with the merchants to present offers and incentives to the member base and we share revenue back with the credit union," he said. "The credit unions can count on revenue streams of about \$350 a year for each wallet they deploy," though the company expects that number to rise over time. With a



RINGO H.W. CHIU/LA81

Dialed In: Paul Fiore at CU Wallet's headquarters in Woodland Hills.

potential 7 million users among its 65 credit union contracts, that could be a significant source of revenue for the institutions.

CU Wallet charges the institution a one-time fee of \$25,000 on average for setting up

the system and takes additional monthly fees calculated in part on how many people use the wallets, plus per-transaction charges.

Keith Sultemeier, chief executive of Manhattan Beach's **Kinecta Federal Credit Union**, said he's eager to integrate CU Wallet's product into his institution's smartphone app, but it probably won't be active until next year based on his conversations with the developer.

"Instead of having ... Google or Apple get in between us and our member, we should do that," Sultemeier said of mobile wallet offerings.

He said the system is more secure than credit and debit card transactions, since each payment involves a QR code that can only be used once. Plus, the all-digital transaction will cut down on overhead costs.

"It'll probably be more efficient from a cost-processing standpoint for us," Sultemeier said.

And the more credit unions that sign up, the more leverage CU Wallet will have when it comes to convincing merchants to accept its product in stores.

"The value for us is in collaboration," he explained. "When a bunch of credit unions get together, we have scale."