

SAN FERNANDO VALLEY BUSINESS JOURNAL

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Volume 22, Number 2

THE COMMUNITY OF BUSINESS™

January 23 - February 5, 2017 • \$4.00

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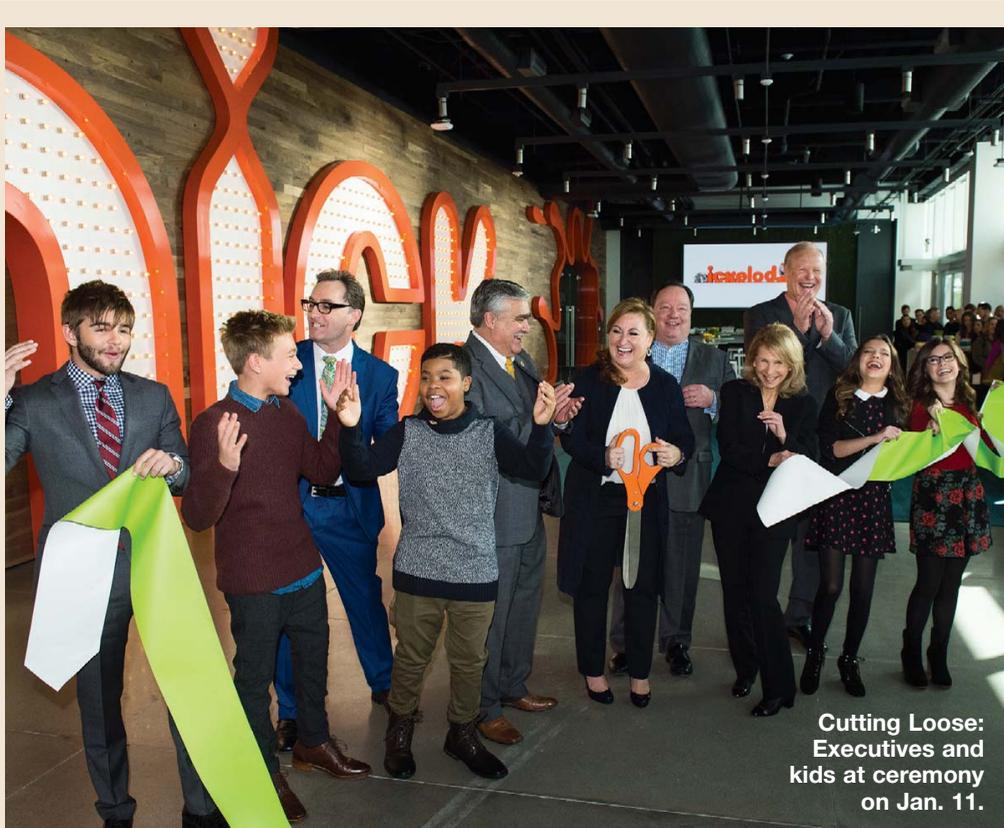


PHOTO BY MIKE BAKER

Cutting Loose: Executives and kids at ceremony on Jan. 11.

SHINY NEW NICK

Cable TV's Nickelodeon opens Burbank HQ

By **MARK R. MADLER** Staff Reporter

It may not have the novelty of a pineapple under the sea, but the West Coast creative campus of Nickelodeon would impress even SpongeBob SquarePants.

The children's cable network that is home to the yellow, porous denizen of the deep, "The Fairly OddParents," "Teenage Mutant Ninja Turtles" and a number of live-action series, opened its new 200,000-square-foot building this month to consolidate more than 700 employees in a single location.

On hand for the Jan. 11 ribbon cutting were **Cyma Zarghami**, president of the Nickelodeon Group; **Robert Bakish**, chief executive of the network's parent company **Viacom Inc.**; and **Shari Redstone**, vice chair of the Viacom board and daughter of its largest shareholder owner, **Sumner Redstone**.

Redstone read a quote from her father about the importance of great content and talent when he came to Burbank in 1998 for the opening of Nickelodeon's first animation studio, located adjacent

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Remodel Creates Futuristic Office

REAL ESTATE: CBRE showcase at former Kate Mantilini location.

By **CAROL LAWRENCE** Staff Reporter

Companies make statements with their real estate, and **CBRE Group Inc.**'s new office in the Woodland Hills' Warner Center tells how and where it thinks people will work in the near future.

The world's largest commercial real estate brokerage is remodeling the former Kate Mantilini restaurant on Owensmouth Avenue into its new office concept that shows employers how to aesthetically adapt existing space to accommodate future changes in headcount.

The company selected Warner Center as its showcase location because it sees the neighborhood becoming the heart of the San Fernando Valley. Growth



PHOTO BY MIKE BAKER

Please see *REAL ESTATE* page 34 **Vision: CBRE's David Josker in Warner Center.**

AV Hospital Hires New CEO

HEALTH CARE: Labor issues lead to board ousting management.

By **STEPHANIE HENKEL** Staff Reporter

Antelope Valley Hospital's board of directors has hired a new chief executive to move the Lancaster hospital in a new direction after years of financial and operational instability.

On Dec. 23, the board ousted former chief executive **John Rossfeld** and former chief operating officer **Ron Bingham**. In the same meeting, the governing body terminated the hospital's agreement with **Alecto Healthcare Services**, the Irvine

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Online Gadgets Seek Software

TECHNOLOGY: Semtech invests in startup for 'Internet of Things.'

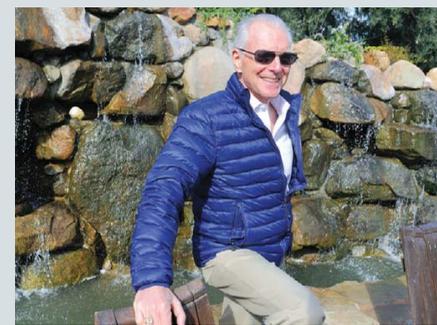
By **HELEN FLOERSH** Staff Reporter

Semtech Corp. has taken a keen interest in the "Internet of Things" — a network in which machines talk to other machines. The Camarillo semiconductor company already builds hardware for the Internet of Things, but earlier this month it invested \$3 million to finance Calabasas startup **myDevices**, which builds custom software to power IoT machines.

"When you pair (Semtech's technology) with our software, the possibilities of what we can automate and make more efficient is pretty unbelievable," myDevices Chief Executive **Kevin Bromber** told the Business Journal.

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PROFILE: Q&A



Jim Cathcart was working at a government job when a radio show host inspired him to become a motivational speaker. He's now the first entrepreneur-in-residence at California Lutheran University. And he has some sales tips for you.

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ApolloMed Merger Anticipates Nasdaq Listing

M&A: Health management firms combine with the aim to leverage big data.

By **STEPHANIE HENKEL** Staff Reporter

One of the Valley's public companies, **Apollo Medical Holdings Inc.**, is set to grow from its pending merger with Alhambra-based **Network Medical Management Inc.** in a stock-for-stock transaction expected to close in the first half of this year.

The joint entity, which will continue under the Apollo Medical Holdings brand name, will keep its Glendale headquarters but hopes to expand from California to the rest of the country. It also plans to up list on the Nasdaq Stock Market as the company currently trades on the over-the-counter market.

"The merger forms a really strong, comprehensive population health management company," said ApolloMed Chief Executive **Warren Hosseinion**. "The combined company will be managing a little over 700,000 patients – most of them in Southern California but also 150,000 in Central California. There's also a newly forming business in the Bay area."

ApolloMed is an integrated health management company with several subsidiaries, including ApolloMed Hospitalists, ApolloMed Accountable Care Organization, Maverick Medical Group and Apollo Medical Management. On the other side of the transaction, Network Medical is a health care management organization that will become a wholly-owned subsidiary of ApolloMed and will keep its name and Alhambra location.

However, under terms of the merger agreement, Network Medical shareholders will own 82 percent of the combined company's shares, while ApolloMed shareholders will own the remaining 18 percent, which will work out to approximately 80 and 20 percent respectively on a fully diluted basis.

The move appears to be a typical reverse merger that will allow Network Medical to go public under the already publicly traded ApolloMed stock ticker and name.

Big data

ApolloMed brings population management capabilities to the deal – specializing in developing communications between different care providers – while Network Medical will bring another capability called management services.

Population health management involves integrating electronic medical records from



C-Suite: Warren Hosseinion, chief executive at ApolloMed in Glendale, will share the title with Network Medical's Thomas Lam.

for the readmissions and possibly use that information to improve her health care, reduce the number of times she visits the hospital – which reduces costs – and potentially improve services for other patients.

For its part, Network Medical provides administrative support to doctors' offices in processing claims, contracting, billing and other non-medical services. The combined ApolloMed and Network Medical will offer an expanded product line to doctors that will include more sophisticated organizational support, a larger network of providers and more patient data.

Russ Foster, a principal at consultancy group **Mazars USA** who specializes in health care systems, said population health management companies and management services organizations are highly complementary and need each other for long-term viability.

"Most management services organizations have a standard suite of services, but popu-

physicians associations with over 2,000 contracted doctors, ApolloMed plans on utilizing the company's case care management system that has care plans for high-risk patients with multiple chronic conditions. At this time last year, ApolloMed acquired **Healarium Inc.**, a technology and operating platform that allows a patient or his home nurse to enter information that's extracted daily and added to the patient's health records.

"Literally we probably have more information on our patients than anyone," Hosseinion explained.

Leadership mix

As part of the deal, Hosseinion will be co-chief executive of the company along with Network Medical Chief Executive **Thomas Lam**. In addition, Dr. **Kenneth Sim**, who is the current chairman of Network Medical, will become chairman of ApolloMed, and current ApolloMed Chairman **Gary Augusta** will become president. The nine-member board will consist of five directors appointed by Network Medical and four from ApolloMed.

"Our two organizations complement each other and will allow us to advance our integrated care delivery model," Network Medical's Lam said in a statement. "We look forward to the opportunity to combine the resources of both NMM and ApolloMed and are really excited about the future."

When asked if he foresees co-leading to be a challenge, Hosseinion said no, as the companies have provided services for each other since 2007. In late 2015, Network Medical invested \$10 million into ApolloMed and an additional \$5 million thereafter. Lam has also sat on ApolloMed's board since January 2016.

Hosseinion cited other challenges, including integrating the two companies, finding advantageous cost synergies and rolling out more services for patients.

"And after that, it's going to be growth," he said. "We have to grow outside of California. Some investors look at us as just a California operation. We want to expand outside and prove what we do can export outside and be successful in another state."

Currently, both companies have a large



Glendale: ApolloMed to stay in offices.

Southern California presence, a growing Central California presence and a budding Bay Area presence as Network Medical just started managing a large independent physicians association in the region and ApolloMed has some hospital contracts in San Francisco.

Based on the 12 months ended Dec. 31, 2015, the combined entity would have brought in more than \$330 million in revenue by way of its networks with more than 3,000 health care professionals and 400 employees.

ApolloMed posted a \$2.4 million loss for the six-month period ended Sept. 30, according to its latest financial report. Directly following the merger announcement, ApolloMed shares soared by 100 percent. The stock closed Jan. 18 at \$10.24.

Network Medical will provide an additional \$5 million working capital loan to ApolloMed within five days of closing the deal. After the merger closes, Hosseinion expects the new company will immediately up list to the Nasdaq and simultaneously raise money through a public offering, which will fund a national expansion.

"Essentially, the U.S. health care system is changing from fee for service, where providers paid for each episode of care, to a value-based system, which has several pay mechanisms," he said. "We believe we are prepared for those changes, so there are a lot of growth opportunities for us in the future."

'Our two organizations complement each other and will allow us to advance our integrated care delivery model. We look forward to the opportunity to combine the resources of both NMM and ApolloMed and are really excited about the future.'

THOMAS LAM, Network Medical Management Inc.

different places where a patient receives care like doctors' offices, hospitals and pharmacies; collecting that data; and using it to improve that patient's care and overall population health statistics through analysis.

For example, if a patient has a high rate of readmission to a hospital, the hospital could access her patient data from her doctor's office, the hospital and any other health care providers. Then, it could determine a cause

lation health takes those to a much deeper level," he said. "Population health management allows management services organizations to be more intelligent and manage risk more effectively at a lower cost."

After the merger, ApolloMed will be able to provide its patient services in virtually any health care setting from the home to the hospital. Aside from integrating Network Medical's customer base consisting of 10 independent