

Up Front



Faith and money converge in Valley movie.
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Cyber-extortion should be illegal, says Sen. Robert Hertzberg.
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Law firms, ranked by number of Valley attorneys.
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Grounded: Edan Cain of Cheetah Software Systems with company drone.

PHOTO BY DAVID SPRAGUE

TAKING FLIGHT RISK

Insurance broker wings way to drone coverage

By **MARK R. MADLER** Staff Reporter

At Cheetah Software Systems Inc., the future of picking up and dropping off packages is in the sky – drones, specifically.

The Westlake Village company has developed software used by FedEx Corp., Macy's Inc. and other large companies for managing and coordinating deliveries. Now it wants to bring that expertise to unmanned aircraft in warehouse settings to check inventory and track the locations and cargo of shipping containers and truck trailers.

"You can easily fly around and detect the position of a trailer and send that to your management system," said Cheetah Chief Executive Bobby Darroll.

But what might not immediately come to mind for operating such aircraft is the financial risk in the event of an accident or, heaven forbid, they injure someone.

That is where Vikki Stone comes in.

A senior vice president at Woodland Hills insurance brokerage Poms & Associates, Stone

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Ex-Rice Maker Pans Contractor

FOOD: Pine Valley bags court win over loss of Trader Joe's deal.

By **CHAMPAIGN WILLIAMS** Staff Reporter

When Pine Valley Inc. began selling its fried rice product to grocery chain Trader Joe's, the vendor thought it was the start of a long and fruitful relationship. And for 14 years it was.

But things went south when the Sun Valley vendor's contract manufacturer began selling the frozen rice directly to Trader Joe's, eventually forcing Pine Valley out of business.

At least that is how Mike Payton, former owner of Pine Valley, sees it. And in January, a Los Angeles County Superior Court jury agreed.

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Oil, Gas Firms Losing Ground

ENERGY: Companies chop staff, ditch drilling as prices plunge.

By **CAROL LAWRENCE** Staff Reporter

In November 2014 – just as oil and gas prices were cascading down to what would become the sharpest price drop-off since the 1990s – California Resources Corp. struck out on its own.

Since then, the Chatsworth energy and gas company has failed to turn a profit, its share price has fallen nearly 90 percent over the past year and the New York Stock Exchange has warned the company its stock will be delisted unless the share price returns above the \$1 minimum.

California Resources is not alone. Many of its

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MAIL TO:

Security Startup Locked Into Phones

INTERNET: Medical sector-focused mPulse gets healthy investor boost.

By **STEPHANIE HENKEL** Staff Reporter

After less than a year in business, mPulse Mobile Inc. in Encino has raised close to \$12 million in venture capital and is on the fast track to expansion.

The startup provides mobile phone technology to health care companies. Specifically, it has add-ons to mobile apps to enhance security and increase engagement.

For example, an insurance company might have an app that allows customers to log in to their account to search for doctors and make appointments via their phone. While it's convenient, there's a risk in putting personal health information on the Internet; in the event of a breach, the insurer could run afoul of the Health Information Privacy Protection Act.

mPulse software can provide an extra layer of

encryption. The company has other features to make it easier for patients to use medical apps as well.

"We have seen 21 percent month-over-month increases in engagement," said mPulse Chief Executive Chris Nicholson. "Based on these numbers, we could see about 300 percent growth from 2015 to 2016."

Compared to other industries, health care has been slow to adopt mobile technology, partially because of security concerns. mPulse's technology works as an added security feature for existing apps developed for hospitals, insurers, pharmacies and doctor and dental offices.

"Applications must be adequately secured in order for mobile health apps to succeed," said Patrick Kehoe, chief marketing officer for application security company Arxan Technologies Inc. in Bethesda, Md. "There are critical privacy and security risks inherent in how mobile health apps

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PHOTO BY DAVID SPRAGUE

Safely Wireless: mPulse's Chris Nicholson.

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PHOTO BY DAVID SPRAGAU

Secure: mPulse Mobile Chief Executive Chris Nicholson at the company's Encino office. After less than a year in business, mPulse has attracted \$12 million from investors.

Internet: Firm Makes Medical Mobile Apps Safer

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are deployed into the wild, which leaves sensitive data, IP and logic and controls vulnerable to theft and disruption."

mPulse was spun off from established communications service provider **mobileStorm Inc.** of Encino. From the spinoff, mPulse acquired mobileStorm's core messaging infrastructure and added features such as natural language processing and predictive analytics.

The company's technology has attracted key clients including insurance giant **Humana** in Louisville, Ky.; **Inland Empire Health Plan** in Rancho Cucamonga; and **Anthem Inc.** in Indianapolis, the parent of Thousand Oaks-based Anthem Blue Cross in Woodland Hills. Its technology and client list has also drawn investor interest.

Team response

In August, **OCA Ventures** in Chicago led mPulse's bridge round, or preseries round, of funding. Companies that invested also include **Merrick Ventures** of Chicago and **Jumpstart Ventures** of San Francisco. The raise brought in \$1.7 million.

After a successful feedback and positive market response, mPulse decided to raise more capital a little sooner than initially anticipated, raising more than \$9 million in a Series A round held in December.

Health care investor **HLM Venture**

Partners in Boston led the campaign and the firm's executives said they were initially drawn to the talent behind mPulse.

"First and foremost, the team was extremely impressive," said **Yumin Choi**, a general partner at HLM. "I think at any early stage investment, the team is really the driving force behind it. For this stage of business, the caliber of talent is really several notches above where you would expect a company this size and scale would be at."

Chief Executive Nicholson was a former chief operating officer for Humana's health and wellness business and Chief Operating Officer **Gary Holderby** was the former COO of touchscreen maker mindStorm. He also worked in management at telecommunications company Qualcomm Inc. in San Diego. Together, the top five executives have more than 95 years of experience in the health care and technology industries.

"Every single investor that invested in the bridge round followed on and invested in the Series A again," said Nicholson. "I think that says a lot for their confidence in the business for them to move forward."

Recently, mPulse just added Santa Barbara's **Rincon Venture Partners** to its list of investors, bringing its grand total just shy of \$12 million.

"What's exciting about that is it oversubscribed our round and helps underline interest in our company," said Nicholson.

He said the company will use the money to fuel growth and support its existing client

base. Over the last six months, mPulse has added customers in the pharma and medical device spaces as well as several population health and wellness companies. Over the next year, it plans on adding 20 positions to the company in tech, behavioral science and analytics as well as account management for health care clients. The company will also continue to add sales and marketing personnel across the country.

Currently, mPulse has 30 employees in the U.S. and 10 in India. The tech firm has more than a dozen clients throughout the health care industry and provides them with services such as virtual visit support, meditation therapy management and live coaching.

Enhancing engagement

In addition to augmenting security, mPulse technology makes health apps more functional and interactive. For example, most mobile appointment programs for doctors are somewhat static. Typically, a patient will receive a message asking if he or she would like to keep an appointment with an option to text back a simple yes or no. With mPulse's technology, a patient can let the doctor's office know when he or she is running late or cancelling, and the software has the extended capability to fill the appointment spot so the health care provider won't lose money from a vacant time slot.

"These (types of) applications make care, treatment, record keeping and department communications more efficient than ever before and

are just getting better," said **Nick Nascimento**, chief executive of San Diego-based IT consulting firm **Sentage Systems**. "This translates to drastically lowering the cost per patient treated, and with the improvements, comes better communication and better health care."

On the marketing front, the company leverages social media channels and blogs to educate potential buyers and the consumer market about its health care technology. It also conducts webinars on topics such as the Telephone Consumer Protection Act and engaging in health care.

According to Nicholson, mPulse has no direct competitors. However, there are many companies that develop applications and IT for the health sector.

In the long term, mPulse wants to build a sustainable business as opposed to quickly driving up revenue and selling off the company, Nicholson said. He believes the company has the potential to become a multi-hundred-million-dollar enterprise over the next few years and believes the firm's Encino location will add to its success.

"I think it's great for other startups to think about (headquartering on) the Ventura Boulevard corridor," he said. "We can attract more senior and experienced talent from Calabasas, Westlake and Thousand Oaks, and we can also attract younger, newer talent from Studio City, Santa Monica and Venice beach areas. We are sort of right in the middle of where those things all come together, so it's just the perfect mix."