

# SAN FERNANDO VALLEY BUSINESS JOURNAL

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## Up Front



Think airport food is awful? Check out Camarillo's Waypoint Cafe.  
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## News



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PHOTO BY DAVID SPRAGUE

At the Helm: Stanley Birge, vice president North American operations, at local headquarters.

## MAKING WAVES

Valencia offices playing key role in resurgent Cunard Line

By **STEPHANIE FORSHEE** Staff Reporter

When the Cunard Line heads to Hamburg, Germany, freeway signs across the city read "Cruise in Town" so that tens of thousands of onlookers can head to the Port of Hamburg to catch a glimpse of the regal cruise liners.

It resembles a sight from the 1800s when a Cunard ship made its first transatlantic crossing from Liverpool to Boston, or more recently when the iconic Queen Mary was docked in Long Beach in 1967.

Indeed, after setting sail for its first time almost 175 years ago, a Cunard Line ship can still draw a crowd that can't be expected for today's modern ships from liners such as Holland America or even

the high-end Crystal Cruises.

"You just don't get that with other ships," said **Stanley Birge**, vice president of North American operations. "The fact that all of these people just want to say they saw these massive ships – that says something about its specialness."

And here's a curious fact many don't know: The legendary cruise line runs much of its operations out of a suburban office building in Valencia, where Birge and his team handle sales, marketing, public relations and revenue management.

Cunard opened offices next door to sister company Princess Cruises in 2004 after moving its

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## ReachLocal Grabs CEO

**INTERNET:** Woodland Hills marketer gets turnaround exec.

By **JOEL RUSSELL** Staff Writer

ReachLocal Inc. was a pioneer during the early days of online marketing, a one-stop shop where befuddled small businesses could go to get their stores and brand on the Internet.

That was in 2003, before the rise of sites such as Yelp and Groupon that are easy to use and allow business owners and customers to connect at low cost.

So with losses mounting, the Woodland Hills company is in turnaround mode, and in



Rowlands

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## FX Startup Defies Reality

**ENTERTAINMENT:** Industry veteran bucks closure trend.

By **MARK R. MADLER** Staff Reporter

Despite closures, consolidations and overseas relocation of visual effects companies, **Mark Miller** believes he has come up with a winning formula with his new Burbank shop.

The veteran television visual-effects artist and his **Origin Digital Studios** have entered into a strategic relationship with long-established **Fotokem**, another Burbank shop and one of the largest independent post-production firms remaining.

The partnership between the two companies allows Origin access to Fotokem's data-

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## Mixed-Use With City of San Fernando Twist

**DEVELOPMENT:** Project would add stores to affordable housing units.

By **ELLIOT GOLAN** Staff Writer

A mixed-use apartment project is coming to blue-collar San Fernando. But it's not what you think.

Forget the endless parade of upscale mixed-use developments common to Sherman Oaks or the Westside, all looking for the same "young professionals" to rent high-priced units.

Instead, the San Fernando project is more in keeping with the city's identity.

**Severyn Aszkenazy**, a local developer, received approval last month from the city's Council to con-

struct a four-story complex with 101 units of affordable housing and retail. It would be in the heart of downtown at the entrance of the San Fernando Mall, a retail strip similar to Santa Monica's Third Street Promenade.

The 1150 San Fernando Road project would replace a historic J.C. Penney that operated for 60 years before closing two years ago.

That means the 95,000-square-foot project will require significant demolition, though the façade of the J.C. Penney store will remain intact, as the city has deemed it historic. Aszkenazy declined comment on the project, but the commercial real estate community thinks the development would be well received.

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Demolition Zone: J.C. Penney at project site.

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## 2014 Honorees Announced!

▶ For more information, please see our special awards coverage on page 21.



**'Working with Origin allows me the freedom to interact directly with my team and to collaborate directly with numerous digital artists I've worked with for many years.'**

JASON ZIMMERMAN, "Sleepy Hollow" visual effects supervisor



PHOTOS BY DAVID SPRAGUE

**Cutting Edge:** Left, Mark Miller shows off effect created for the television show "Sleepy Hollow." Miller works with worker David Sudd at Origin's Burbank offices.

## Entertainment: FX Firm Has Strategic Partner

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management system and high-speed global network for sending content to remote facilities in other states. Origin also plans to piggyback on Fotokem's post-production expertise so the companies can jointly bid for jobs.

"It is a full service that we both can offer — everything from the backend of the camera all the way to delivery," said the 65-year-old Miller, who quietly opened Origins doors in the spring and is now aggressively seeking new business.

**Rand Gladden**, senior vice president at Fotokem, said the model of providing backend tech services to outside companies is one that Fotokem has developed over the past eight years. Origin Digital is one of the few effects companies involved.

"This concept has proven to be effective with many companies that we have done it with," Gladden said. "It gives tools and services they would not afford to have otherwise."

Visual effects are computer generated and can create traditional painted backgrounds, animate characters and assist in the manipulation of live actors against a green screen. These effects, often known as CGI, have been box office magic for such films as the "Transformers" franchise, "The Lord of the Rings" and "The Hobbit" series and multiple Marvel superhero films.

While the industry has been based in Los Angeles from its start, globalization has created a brutally competitive environment for U.S. special effects firms as emerging lower-wage economies try to get a piece of the Hollywood action.

**Digital Domain**, in Venice, and **Rhythm & Hues**, in El Segundo, both filed for bankruptcy protection in 2013 and had their assets purchased by Asian companies. **Sony Pictures Imageworks** is moving its headquarters from Culver City to Vancouver, British Columbia.

A recent YouTube documentary on the

Rhythm & Hues bankruptcy, "Life After Pi," documented 21 visual effects companies that went out of business over the last decade or so.

**Eric Roth**, executive director of the **Visual Effects Society**, an industry trade group in Sherman Oaks, said all the disruption takes place at a time when movies driven by visual effects are more popular than ever.

But that doesn't mean a new company such as Origin cannot break into the business. "Everything is possible if you can spot your need and come up with a good game plan," Roth said.

### 'Small and nimble'

Financial backing for Origin comes from **Lincoln Road Advisors**, a Miami investment firm headed by **Eric Bertrand**, who previously owned Moving Images NY LLA, a New York post-production house he sold in 2009 to **Point.360**, a Los Angeles post-production firm. Lincoln Road makes private equity and venture capital investments in multiple industries.

Bertrand would not disclose the amount of his investment, but said it was "not huge" and that it would help Origin move on from the startup phase, starting with work on specific shots or scenes, rather than entire television shows or films.

"We are building in a measured way and taking on projects that we can do. It is about being efficient and staying small and nimble," said Bertrand, who has known Miller for about six years.

Origin employs about 20 full-time workers in Burbank and would ramp up with additional hires when the work dictates. The firm has worked on two pilots and is doing the effects work for season two of mystery-adventure drama "Sleepy Hollow," that airs on Fox and stars **Tom Mison**, as Ichabod Crane and **Nicole Baharie** as police Lt. Abbie Mills going up against the Four Horsemen of the Apocalypse.

Origin also has space in a Fotokem facility in New York and an office in New Mexico currently not staffed. Origin previously provided

visual effects for a Fox pilot, "Hieroglyph" that filmed in Albuquerque and was later shelved by the network without being aired.

Fotokem's main addition to the venture is its technology infrastructure, which allows it to move graphical data to the Fotokem offices where Origin staffers are located.

Traditionally, a visual effects shop would have to request scenes it was working on be pulled from the digital data after filming, be made into files and then sent out, a process that could take two or three days, Gladden said.

"With our system, (Miller) can access the material immediately and have it fibered to his office in 10, 15 minutes instead of days," he added.

Origin is focusing on television work, which is smaller scale but involves tight deadlines. Currently, there is a plethora of cable networks needing content, while networks are replacing summer reruns with original series.

"Then when you add in the new players like Amazon and Netflix, there is a ton of television work and it has a ton of effects work," Miller said.

**Marty Shindler**, an entertainment technology consultant at **Shindler Perspective** in Encino, said that while it will be a challenge for Origin to flourish in the current environment, television offers an opportunity to get work.

"There is enough business to sustain a (visual effects) workforce that doesn't get over more than 100 people," he said.

Miller said his plans are not to have more than 100 employees between Burbank and the remote sites. "I don't want to have 500 employees anytime soon," he said.

### Talent base

The changes taking place in visual effects are not the first that Miller has seen in his more than 40 years in the entertainment industry, starting as a technical director for CBS in the early 1970s.

He got into visual effects for television the following decade and would become manag-

ing director and executive vice president at Digital Magic for three years. Miller then went on to co-found **Eden FX**, which was acquired in 2007 by Point.360.

After Eden, which did the effects for four series in the "Star Trek" franchise, Miller served as general manager at **Pixomondo LLC** in Santa Monica. "They wanted to be in the TV business and so I started the TV side," Miller said.

Through the years, Miller has known many visual effects artists, supervisors and post-production producers, some of whom are not members of his staff.

**Jason Zimmerman**, the visual effects supervisor on "Sleepy Hollow," said that he has had a good experience with Origin, which has an experienced employee base.

"Working with Origin allows me the freedom to interact directly with my team and to collaborate directly with numerous digital artists I've worked with for many years," he said.

Miller has only been in business a short time but wants to open offices at Fotokem facilities in Atlanta and New Orleans.

It's no coincidence that all the states Origin will work in — New York, New Mexico, Louisiana and Georgia — offer significant tax incentives for feature film and television production.

Some, like New Mexico and New York, even have tax incentives specific for visual effects work. And the studios want to collect on the tax credits.

In New York, for instance, 20 percent of visual effects costs are covered by tax credits when done in state. Doing the filming and the post-production in New York brings in a larger rebate.

"That is a big incentive for the studios," Miller said.

But even with visual effects work decamping to other states, Los Angeles remains where the high-end artists live.

"The big talent pool is in Los Angeles," Miller said. "There are incredible artists in New York working in television and films but they are harder to find."