

Rich Cultural Brew Bolsters Asian Entrepreneurs

PROFILES: Ventures range from beer pub to change consulting.

Kirk Nishikawa, co-owner of **Brewyard Beer Co.** in Glendale, likens entrepreneurship to parenthood for a company. While employees can become good “babysitters” at larger organizations, a business owner learns to love his or her brainchild.

“We are happier and prouder knowing that what we do is truly ours and ours alone,”

said Nishikawa, referring to business partner **Sherwin Antonio**.

The Glendale beer pub is one manifestation of the Asian entrepreneurial spirit in the Valley region. Others include a concert producer, a STEM educational kit maker, a trucking company, a construction firm and a life change consultant – all profiled in this special report.

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PHOTO BY DAVID SPRAGUE

Cheers: Nishikawa, left, and Antonio.

Green Strategy For Capstone

ENERGY: Turbine firm rebrands, experiments with hydrogen fuel.

By **MARK R. MADLER** Staff Reporter

Capstone Turbine Corp. has changed its name to **Capstone Green Energy Corp.** to reflect changes in its business as it pursues a strategy of energy-as-a-service with microturbine rentals and other products, including hydrogen powered turbines.

Chief Executive **Darren Jamison** said the

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Westfield Nixes Patios Project

REAL ESTATE: U-turn on \$100 million upgrade in Valencia.

By **MICHAEL AUSHENKER** Staff Reporter

Mall owner **Unibail-Rodamco-Westfield** has canceled the \$100 million Patios Connection project for a Costco and gym at its Westfield Valencia Town Center because of “a global pandemic and the accelerated consumer trends for the retail industry,” according to the company.

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Acquisition by PureSpectrum

TECHNOLOGY: Market data firm raises \$17 million, makes deal.

By **KATHERINE TANGALAKIS-LIPPERT** Staff Reporter

Market research technology company **PureSpectrum** completed the acquisition of Instant Insights, a provider of market analytics being spun out of **Upwave**, less than two weeks after it landed \$17 million during its Series B fund-

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Clinician: Dr. Jeff Borenstein at UCLA Health in Porter Ranch.

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POST-COVID HOSPITALS

How the virus will transform health care in the future.

From virtual doctor visits to hospital construction, the coronavirus will exert a long-term impact on the health care industry, according to local executives.

Financially, the pandemic has negatively impacted hospitals. Dr. **Bernie Klein**, chief executive of **Providence Holy Cross Medical Center** in Mission Hills, said that prior to the pandemic, about 40 percent of the hospitals were losing money, and in the aftermath “it’s up to 60 percent of hospitals

in California.”

The Special Report includes lists of hospitals in the region ranked by bed count and revenue.

Doctors’ schedules will change in the future, as virtual visits and real-life examinations mingle during the workday.

As for hospital design, **Kaiser Permanente** foresees the end of the waiting room – a rite of passage for patients, but a perfect environment for cross con-

tamination during the pandemic. But other providers aren’t so sure.

“The way our workflows work currently, it would be hard to conceive of how you can make that work,” said Dr. **Jeff Borenstein**, clinic director at **UCLA Health** and an internist at the organization’s clinic in Porter Ranch.

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PHOTO BY DAVID SPRAGUE

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Scorpion Venom Scales Up

Subsidiary of a Burbank biotech builds a lab in the Dominican Republic to raise arachnids.

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Glendale Multifamily Buying Spree

Public-private deal to create workforce housing powered the \$290 million purchase of Next on Lex, right.

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Energy: Capstone Clients Want Hydrogen Power

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new name of the Van Nuys manufacturer is a better alignment with the market, as 73 percent of U.S. consumers are willing to pay more for sustainability and having a lower impact on the planet.

“To align with where the business has transformed, the name needed to change to reflect what the business is doing,” Jamison said.

To come up with the new name, the company put together a team of employees who did a brainstorming session. It was decided to keep the Capstone name because of its long connection with the company, which didn’t want to lose any of its customers, Jamison said.

“We tried a lot of different things, but we kept coming back to green energy because simpler is better in today’s world,” he added.

The marketing of the new name started with a 13-minute video of Jamison that was shot at a local studio. The company also produced 1-minute and 2-minute versions of a new corporate branding video.

“We changed our ticker symbol and got on the Nasdaq Tower in Times Square,” Jamison said, adding that social media accounts on Instagram, Facebook, Twitter and YouTube were also used to promote the name change.

All told, Capstone spent about \$150,000 on the name change, Jamison said. That includes the corporate videos, building signage and hiring of investor relations and public relations



Van Nuys: Capstone headquarters featuring new name and logo.

consultants, he added.

Growth prospects

Michael Heim, senior equity analyst for Noble Capital Markets Inc. focused on energy and utility stocks, initiated coverage of Capstone in February.

In a research note at the time, Heim wrote that microturbines serve an important role for the company’s clients seeking to replace or supplement high-priced electric utility service.

“Revenue growth has accelerated in recent quarters following a salesforce realignment and the easing of pandemic-induced customer spending reductions,” Heim wrote. “We expect growth to begin to taper in upcoming quarters as comparables get tougher but believe the company will be able to maintain high double-digit growth.”

The long-term prospects for Capstone are also good, Heim added in the note, especially as increased environmental consciousness pushes customers towards companies like Capstone that offer individualized products that reduce emissions.

“Capstone’s development of hydrogen-blending technologies should help grow sales,” Heim wrote in the note.

The company currently offers a microturbine that operates on a 10 percent hydrogen, 90 percent natural gas mixture. It has the goal of reaching 30 percent hydrogen, 70 percent natural gas by the end of its current fiscal year next March, Jamison said.

A team at Argonne National Laboratory in suburban Chicago will run Capstone’s hydrogen injector in a simulated setting in the coming weeks to test a 70 percent hydrogen, 30 percent natural gas mix. “That should give us a lot of good feedback on the performance of that injector,” Jamison said.

The process of coming up with a right mixture is not too much different from traditional combustion engine technology, he continued. It is only a matter of working with the smaller hydrogen molecule that can be more volatile and presents its own challenges that don’t impact the performance of traditional fuels, he added.

“It is nothing that is overly complicated and unobtainable from an engineering standpoint,” Jamison said. “It is just a matter of putting the work in.”

Product development

Working with hydrogen has long been on the company’s product development radar but it was an issue of when the market would be there to support it as a fuel source.

“I’d say the amount of energy around hydrogen the last 24 months has accelerated dramatically,” Jamison said. “Especially since the (presidential) election, I think it is picking up more steam.”

The Biden Administration announced in February it would target low-cost hydrogen production as part of its newly launched Climate Innovation Working Group. In April, the administration said that hydrogen would be part of the \$15 billion going toward demonstration projects included in the American Jobs Plan.

“We are hearing about it on Capitol Hill as well as on Main Street,” Jamison added.

Hydrogen is a clean fuel source. When used in a fuel cell, it produces only water. In fact, water is one way of creating hydrogen through electrolysis or the separating of hydrogen molecules from the oxygen molecules.

There are developments domestically and abroad to bring down the cost of electrolyzers used to create hydrogen, Jamison said.

“I think when the cost of electrolyzers come

down, then the cost of green hydrogen will come down,” Jamison said. “If you add government incentives to make it more economical, the two of them kind of cross over.”

Capstone customers have inquired about the company’s hydrogen efforts.

It started with Japan, then moved to Australia and continental Europe. And more and more U.S. customers are asking about the fuel source as well, Jamison said.

“We just did a large project on the Las Vegas strip and that customer was asking about our hydrogen path and what happens in five years or 10 years when hydrogen is mixed in with the natural gas infrastructure,” he added.

Staying in California

The cost of a Capstone microturbine can vary based on size. A 65-kilowatt machine is about \$70,000 and can power a small office building or industrial site.

“You get into hotels, typically we are looking at \$400,000 to \$500,000 per machine,” Jamison said. “Bigger sites are 2 to 3 megawatts and those are \$3 million projects.”

In terms of the areas of the world that show the most promise for Capstone, China and India are huge potential markets. But in the near term the big markets remain the U.S., Latin America, Europe and Australia.

The countries that signed the Paris climate accords are a good place to start, Jamison said.

“Those folks who are looking to lower their carbon footprint, they have to look for technology like Capstone’s,” he added.

The Van Nuys company will likely continue calling California home despite numerous drawbacks from being located in the state – the cost of housing, the traffic, and the costly expense of doing business

Yet the biggest plus is access to the workforce the company needs to develop, build and market its microturbines. A lot of the employees on the shop floor are ex-military who have worked on expensive and sophisticated equipment before, Jamison said.

“They are very meticulous in what they do and very structured and dedicated,” he added.

Shareholders and board members have asked about staying in California, but it would be too disruptive to the employees if the company were to move, Jamison said.

“If we have a second facility when we expand, it won’t be in California,” Jamison added. “We would expand somewhere else where there is a lower cost of doing business in a more business friendly political environment.”

