

LOS ANGELES BUSINESS JOURNAL

# 100 [Fastest Growing Private Companies 2016]

## Vertical Integration Powers Up Solar Panel Firm

### CORONAL ENERGY

Pasadena

**BUSINESS:** Solar panel installer, operator**FOUNDED:** 2012**TWO-YEAR REVENUE GROWTH:**  
4,316 percent**2015 REVENUE:** \$30 millionBy **GARRETT REIM** Staff Reporter

**T**HE SUN is shining on **Coronal Energy**. The Pasadena solar panel installer and operator has grown its revenue by a rate of 4,316 percent since its founding in 2013, generating \$30 million in sales last year. Driving that growth is a red-hot solar industry, said **Jonathan Jaffrey**, the company's chairman and chief executive.

"The renewable energy space is one of the bright spots in the economy now," he said. "We are in an industry that has the wind at our back."

Installation of solar panel power capacity is projected to grow 119 percent this year to 16 gigawatts, according to GTM Research.

Moreover, Coronal has found a way to streamline the process of installing panels, which often requires several independent parties to coordinate financing, engineering, and construction. Instead, the company has created a one-stop shop.

"We tried to design out the friction points," Jaffrey said. "There have been very few players that have the financial capital to amass those things under one roof. We were able to understand the operating needs of each of those places under the development curve."

The company's growth has placed it at No. 3 on the Business Journal's list of Fastest Growing Companies this year. (See page 30.) In fact, Coronal appears to be ahead of a coming trend, said **Andrew Yakub**, chief executive of solar panel manufacturer **Rayton Solar** and founder of **ReGen America Inc.**, a



Hot Pursuit: Ed Feo, left, and Jonathan Jaffrey at Coronal Energy in Pasadena.

RINGO H.W. CHIU/LABJ

solar panel installer.

"As the price of solar comes down, and it's coming down quickly, we are going to see a lot of companies that are integrating everything under one umbrella," he said. "It will become a mainstream industry."

Coronal has funded its vertical integration through the backing of Japanese battery maker **Panasonic Corp.**, which gained a minority stake in the startup by investing \$13 million total across two separate installments – the first in December 2014 and the second this September. Panasonic has an exclusive relationship with Coronal to develop solar panel systems equipped with its batteries in North America, which the solar panel installer plans to roll out at an undetermined date.

"We are in a very capital-intensive business, so we've had to have good partners," said Jaffrey, adding that Panasonic is not aiming for short-term results. "I think the nice part of having a Japanese partner is they are long-term oriented."

Coronal, which has 113 employees, generates the majority of its revenue from selling its solar panel systems mostly to utilities in California. It also lists municipal governments, school districts, and corporations as customers. Coronal's president, **Ed Feo**, is the co-founder and former managing director of **USRG Renewable Finance**, an affiliate of Santa Monica investment firm **US Renewables Group**.

Once its systems come equipped with

Panasonic's batteries, buyers will be able to store power that can be used in peak usage periods and sold to utilities.

In the long run, Coronal aims to generate the majority of its revenue from selling energy generated by its solar installations. The company owns and operates 14 sites across North America that generate more than 120 megawatts of power, including a site in Lost Hills, which sells energy to **Southern California Edison**.

"To continue to fuel growth we do need to sell systems," said Jaffrey. "But at some point ... we'll hit a tipping point where we'll own and operate, if not all our systems, at least a majority. Our long-term focus is to continue to grow that portfolio and energy ownership."

Responses from Chief Executive Chris Davis

### How has your company evolved since it was founded?

Just about everything has had to evolve since we founded the company, except our desire to curate the best possible experience for fans of pop culture, gaming, and entertainment. We've grown from a handful of folks packing



Davis

crates in the same space that we built the business to expanding our headquarters and warehouse spaces. We've also improved and expanded our partner relationships to include some of the biggest names in entertainment like Marvel, Harry Potter,

### How has the company been funded?

WWE, Halo, and Sanrio. Finally, we've expanded from one product to 16 product lines serving all types of fandom.

Loot Crate was founded with an initial friends and family investment of \$25,000. We've bootstrapped an incredible amount of growth over the course of our first three years. This year we secured \$18.5 million from venture capital firm Upfront Ventures;

private equity group Breakwater Investment Management; magazine publisher Time Inc.; Robert Downey Jr. and Susan Downey's investment fund; and the venture fund of the owner of the New York Mets, Sterling Equities. We are using this investment to expand our product offerings, strengthen our technology platform, and drive international growth, which will allow us to deliver the Loot Crate experience to a much wider audience.

### What did you do to achieve this rate of growth?

Grassroots community building. Fostering an authentic, nontransactional relationship with our customers through social platforms, original content, and through our shared love of pop culture really helped separate us from competitors.

### Who were your key advisers in the process?

We built a network of advisers with diverse backgrounds in product development, venture capital, entertainment, and retail that we could call upon for guidance. The team also had friends and family who were always willing to listen and help think through opportunities and challenges we faced. We also looked to the blogs and books of top entrepreneurs for great tactical and strategic insights.

### How did you manage the growing workload?

We started thinking about how to structure the company and organizational design very early on. We grew from a handful of employees to more than 300. We've moved several times to accommodate the space needed to house all of the product we send to our growing subscriber base. We also realized we needed to bring in an experienced leadership team who could help us scale the organization and bring new perspectives to Loot Crate.

### What were the biggest obstacles hindering your growth and how did you overcome them?

Finding and retaining talented people is the No. 1 priority for sustaining growth.

### Is there still room to grow in your current market or will you seek to expand into new areas?

We're looking at both opportunities – we currently have strong sales internationally but have just launched our first international office in London to develop the same community and brand presence we have built in the U.S. Also, we are looking at the most passionate communities of fans and developing new ways Loot Crate can provide a unique experience delivered to their mailboxes and inboxes.

### LOOT CRATE

Los Angeles

**BUSINESS:** Monthly themed mystery crates**FOUNDED:** 2012**TWO-YEAR REVENUE GROWTH:**  
2,953 percent**2015 REVENUE:** \$116 million

### How do you manage expectations going forward?

For our customers, it's about staying true to our love of everything geek and gamer while expanding into new spaces of fandom. Passion is everywhere and we think Loot Crate can bring joy to many more audiences.

### How has your location in the L.A. area played into your company's growth?

Los Angeles is at the center of new media, entertainment, gaming, and commerce in a unique way that has been key for Loot Crate as we scaled the business. Culturally, there's so much creative experimentation and energy in Los Angeles that we have been able to build a really diverse cross-functional team of incredibly talented and creative leaders, which gives us a different brand voice than a traditional e-commerce company.