

## J2 Global CEO Hemi Zucker says LA tech scene is heating up

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Hemi Zucker may be the most important LA tech executive you've never heard of.

He's chief executive at J2 Global Inc. J2 provides technical services like cloud computing to businesses. It also runs IGN, AskMen and several other websites.

That's dull stuff in a town packed with digital Hollywood startups and social-app climbers like Snapchat and Tinder.

Yet, with a market capitalization of \$2.7 billion, J2 is the second most valuable publicly traded [technology company](#) in the Los Angeles area after video game maker Activision Blizzard Inc. of Santa Monica. It's a voracious acquirer - over its 19-year life span, J2 has bought around 100 companies. It employs 1,500 people in 11 countries, including 350 at its headquarters in Hollywood.

Having joined J2 shortly after its founding in 1995, Zucker is an authority on the Los Angeles technology community, although he rarely makes appearances in the media.

He recently spoke to the Los Angeles Times about J2's expanding portfolio, the battle for tech talent and his plans to carve out a larger profile in Southern California. An edited transcript follows:

Q: What has fundamentally changed in LA tech over the last 20 years?

A: LA is more confident now. Before you'd say, we're a technology [company](#) from LA, and they'd say 'LA'? That era of awkwardness is over. There's no one raising eyebrows now because LA is on the map.

Everyone's here every month. I used to have to go to San Francisco to meet people. Now I say, 'Are you going to be in LA any time soon?' And they say, 'Yes.'

I know my son, who wants to work in tech, wants to come back to LA (Adam, a sophomore at Yale, is studying electrical engineering and computer science.) He's already interned here in startups like Vidme and Factual the last few vacations.

LA is definitely becoming a stable, welcoming, attractive market.

We had to be apologetic before when bringing people here: 'Come and try it.' Now, that's not needed. Everyone knows.

Q: How's the tech industry in LA different from when you first started at J2?

A: Los Angeles in last few years has become a place where you can find quantity and quality on the development and engineering side.

We weren't that selective in the beginning. Now we can take people looking for a challenge and a different kind of structure.

Or when you buy companies in San Francisco, they didn't want to come to LA. We kept tech people where they were, but over the years, more and more engineers have replaced customer support seats at our Hollywood offices. Most of our engineers are here now on the cloud side.

Q: What was it like starting out in the 1990s?

A: We were in competition with many companies in the beginning. Yahoo, AOL were kings of the market. We were competing with a less sexy profile. We went public in 1999 and our stock went down to less than \$1 in 2000. ... Very few engineers agreed to come. We were running out of money, but we reached profitability in 2001 and just kept on acquiring. We've acquired close to 100 companies (six from Southern California).

We passed a \$2 billion market cap and everything changed. It took me eight months to raise \$8 million in the beginning. When we went public, it took four or five months working on the IPO to raise \$80 million. At the end of 2012, we needed five days to get \$250 million. But this year I worked half a day to get \$400 million in convertible notes. The world is changing. People are giving you money because they have very high confidence in your results.

Q: What role does J2 play in LA tech culture? What role should it play?

A: I'm spending time and spending more time in the future being more visible to see if we can acquire more companies ... in advertising and media.

(Web hosting provider) Media Temple, which sold to GoDaddy for about \$100 million last year, we were on a runner-up list. That's a Culver City company.

Three to four companies of that size are on the block. We get at least once a week a startup looking for an exit. Not all from LA but some are. We keep in touch. Many of them are thinking we will not be Facebook, but \$50 million, \$20 million is good for them.

I've started to do some angel investing. I was a board member for (Glendale company) LegalZoom. We have had a formal intern program the last few years. We had 30 this summer, half of them here.

J2 thought about creating a venture fund of our own. We're sitting on \$684 million. I'd rather go hunt big fish than venture but (it's) definitely something we are considering. It's just some of the valuations are ahead of themselves.

While our ambitions to grow are worldwide, we always feel more comfortable to grow with local companies. If I had a choice between two companies - one in New York and one in LA with the same valuations - it's way easier to deal with a local company. The more development and the more that's happening here puts us at ease. You will see us in the future acquire more local companies.

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