

Handelsblatt

GLOBAL EDITION

The Voice of Europe's Leading Economy

NO. 347 · FRIDAY, JANUARY 15, 2016

GAMING TECHNOLOGY

The Master of Virtual Reality

BY MARTIN-WERNER BUCHENAU AND JOACHIM HOFER

Stuttgart-based Mackevision is one of the best companies in the world for computer generated imagery and 3D and Visual Effects. Its chief executive Armin Pohl almost went under during the financial crisis, but survived to tell the tale.

WHY IT MATTERS

Mackevision develops the kind of animated images that are becoming more and more common on smartphones and company websites.

FACTS

Mackevision achieved sales €32 million (\$34.6 million) in 2014-15, and much of its business was in the automotive industry.

The Stuttgart-based firm, which has 400 employees, won an Em-

my for its work on American TV's "Game of Thrones."

Mackevision chief executive and part-owner Armin Pohl, 49, first joined the company as a freelancer in 2000.

With his long, straight, dark hair tied in a ponytail, Armin Pohl, the chief executive and part-owner of digital design Mackevision, certainly looks like he belongs in "Game of Thrones," the epic American TV series about mystical kingdoms. And indeed Mr. Pohl can build empires and destroy them at a stroke, but with a pen, not a sword.

Mackevision, a small company from the west German town of Stuttgart that produces computer generated imagery is the company that digitally creates the sets of "Game of Thrones" through digital imagery. Two years ago, it won an Emmy for the work: unusual for a 400-person company based in the Neckar river valley in southwest Germany.

At its offices in Stuttgart, digital stage designers are working on the sixth season of the TV series. Medieval cities, oceans, armies and fleets of ships that look like the real thing are being created on computer screens for the mythical continents of Westeros and Essos.

Mr. Pohl is confident that even if “Game of Thrones” ever ends, more business will follow. Creating digital landscapes is much cheaper than building sets.

“That saves the film producers expensive film extras and backdrops. The market will grow,” he said in an interview with Handelsblatt.

And it won't only be in the TV and film sector. Animated images are the future in almost all electronic media including smartphones, the Internet and company websites.

Mr. Pohl, 49, is essentially a person who was good at drawing. As a schoolboy, he sketched pictures of cars for his friends. He later studied to be a graphic artist. Then, he put the pencil down and took up the computer as his tool.

At first glance, Mr. Pohl appears like any other creative person, architect or advertiser. But looks are deceiving. He talks fast, precise and candidly. A workaholic, Mr. Pohl is devoted to his company and had to fight to survive the financial crisis.

Mr. Pohl joined Mackevision as a freelancer in 2000. At the time, the firm had been in existence for six years in the field of classic post-production. Since he was well familiar with the emerging, complex new

technology of 3D visualization, Mr. Pohl early on recognized the technology's potential.

“I built up an in-house 3D division within the company that came stronger and stronger,” he said.

Back then, no one thought of the film industry. Instead there was a call for commercial applications of sophisticated computer generated imagery (CGI) solutions, meaning data-based rendering, in the automotive industry. The applications enabled car-makers to communicate with customers in a new way, including interactive marketing and sales channels.

“Today Mackevision is among the market leaders in CGI. The largest rival in the automotive segment is 3DEX-CITE.”

Mr. Pohl first bought his way into Mackevision with a 35-percent stake and then completely took over the company in 2006. In contrast to the company founder, Mr. Pohl wanted to expand greatly even back then. A brave step that almost led to ruin.

When the financial crisis began, Mr. Pohl had locations in Stuttgart, Munich and Detroit. In addition, he was under pressure from debts he took on during the takeover. He was liable for several million euros.

“I had to put up my home, and my father's, as security,” said Mr. Pohl, recalling the toughest time of his life. “We virtually held our breaths. Over half of the close-to 100 employees we had at the time had to go during the crisis.”

His company survived, also because he bet on the right horse.

The breakthrough came with a major contract from German automaker Daimler. Today, based on Mackevision's range of services, the automotive industry can completely configure their cars digitally. The company has grown significantly each year since 2010, following the global expansion of the car industry. Mackevision achieved a sales volume of €32 million (\$34.6 million) in the 2014-2015 business year.

“This year we will increase by over 50 percent,” Mr. Pohl said.

Today Mackevision is among the market leaders in CGI. The largest ri-

val in the automotive segment is 3DEXCITE. The Munich subsidiary of France-based Dassault Systèmes is almost twice as large as Mackevision and has 800 employees in 15 offices worldwide.

3DEXCITE had been selling its software mostly to car and airplane manufacturers, but now also sells to consumer-goods producers, such as Adidas and Hugo Boss.

Mr. Pohl wants to stay competitive to take on the financially stronger 3DEXCITE, and needs growth capital to do so. To raise funds, Mr. Pohl sold a 56-percent majority of the company to the Belgium-based investment company Gimv. He still retains 33 percent. Another Mackevision managing director, Joachim Lincke, and a small group of executives own the remaining shares. Sven Oleownik, the head of Gimv Germany, said he thought long and hard before investing in the company.

“We definitely had to overcome a couple of hurdles before stepping in,” Mr. Oleownik said.

Mackevision had experienced many ups and downs in the past. So, in numerous rounds of negotiations, the Gimv investors wanted to closely examine the motivation of the people involved.

“Since a combination of buy-out and growth financing isn’t easy to understand and structure at first glance,” Mr. Oleownik said. “The business model was outstanding but the deal



Armin Pohl, Mackevision's CEO, makes a lot of things you find on your smartphone these days. Source: PR

was difficult. Which means it all came down to the person.”

Ultimately, Mr. Oleownik decided to invest because he trusted Mr. Pohl. “The man is super, still has a lot planned and we above all have faith in him as a businessman,” he said.

The trust isn’t without its limits, however. The investor will only finance additional larger steps “when we both see that we can accelerate growth,” Mr. Oleownik said.

Top of the agenda is internationalization for the car industry. Daimler, BMW, Chrysler and Porsche are clients. But Mr. Pohl still has a lot more ideas.

Along with the new technology in virtual and augmented reality, Mackevision is also focusing on visual effects for TV and films. It has created effects for the latest trailer for Roland Emmerich’s “Independence Day II.”

By 2020, Mr. Pohl wants to increase total sales to €100 million and have a workforce of 800.

Although Mr. Pohl made money by selling the stake to Gimv and actually no longer needs to work, he wants to give the company his all. He said he always sticks his profits into new projects.

He also does small things to motivate the employees. On a recent day, he brought a basket of walnuts from home to the office. Sometimes it’s apples or other fruits.

“Working in the garden is a balance for me. It relaxes me,” he said, hoping for a financial harvest at Mackevision with the business of virtual reality.

Martin-Werner Buchenau reports from Stuttgart as Handelsblatt’s Baden-Württemberg correspondent. Joachim Hofer covers the high-tech industry and IT sector for Handelsblatt. To contact the authors: buchenau@handelsblatt.com, hofer@handelsblatt.com