



SOTHEBY'S

GROWING A VENERABLE BUSINESS WITH OPERATIONAL EXCELLENCE

QUICK FACTS

Industry

Professional services

Revenue

US\$918 million

Employees

Approximately 1,500

Headquarters

New York City

Web Site

www.sothebys.com

SAP® Solutions and Services

SAP® ERP application, SAP Strategic Enterprise Management application, SAP NetWeaver® Business Intelligence component, SAP NetWeaver Portal component, SAP GRC Global Trade Services application

Since its founding in 1744, Sotheby's has conducted auctions for the world's finest art, antiques, and jewelry. With main offices in New York City and London, the distinguished auction house provides its international clients with a range of offerings, including financing and appraisals. The company selected SAP® solutions to maximize growth with operational excellence and to help it provide innovative services to its unique clientele.

Key Challenges

- Retire nonintegrated systems isolated across regions and functions
- Integrate operations on a single global platform
- Improve service to a worldwide client base
- Provide real-time client and financial data across the organization
- Replace error-prone manual operations with automated functionality

Implementation Best Practices

- Implemented software first for financials in 2 primary auction sites, then extended lessons learned across regions (from 2 sites to 30) and business functions (from financials to the entire auction and inventory process as well as human resources)
- Developed internal teams to support enhancements and new features

Financial and Strategic Benefits

- Reduced headcount by 30% and operating expenses by 19% over the 3-year period following implementation
- Nearly tripled revenues since implementation
- Reduced annual costs for compliance with the Sarbanes-Oxley Act by US\$2.5 million
- Reduced annual IT costs by \$2.1 million
- Reduced annual catalog-related expenses by \$1 million

Why SAP Was Selected

- Ability to provide the best fit versus other competing products
- Ability to integrate core business functions on a single global instance
- Support for best business practices
- Flexibility for responding to changing business requirements
- Ability to meet requirements for running a global auction house
- Multilanguage and multicurrency functionality

Low Total Cost of Ownership

- Retired costly legacy systems, saving \$1.2 million annually in maintenance costs
- Eliminated the need for specialized IT skill sets that were increasingly difficult to find
- Required no customization or SAP code changes to conduct business processes

Operational Benefits

- Enabled a holistic view of clients – both as buyers and sellers – across all global selling centers
- Provided real-time data, enabling better reporting across the organization
- Enabled consistent client service worldwide
- Enabled handling of multiple currencies
- Improved management of VAT refunds
- Automated processes for commission handling
- Improved decision-making processes due to the availability and transparency of real-time financial data

Sotheby's

EST. 1744

“SAP delivered a powerful solution for our company and our clients. We now have a unique competitive advantage in our industry because of our improved ability to reduce costs and grow revenue.”

William S. Sheridan, Chief Financial Officer, Sotheby's

www.sap.com/contactsap

Sotheby's Puts Antique Business Systems on the Block

As one of the world's oldest and largest auction houses, the name Sotheby's has become synonymous with quality and prestige. Founded in 1744, the company specializes in auctions of the world's finest art, antiques, and jewelry. Indeed, Sotheby's has conducted some of the most remarkable sales in history – from record-shattering art collections to a first printing of the Declaration of Independence.

But behind the headlines and celebrity-studded gallery floors, Sotheby's runs a business. And when Sotheby's executives appraised their business systems, they found a poorly integrated infrastructure dispersed across company offices. The auction house required new operating efficiencies to grow in a changeable global marketplace. And in keeping with its heritage, the company wanted to cultivate client relationships by providing innovative services.

The Winning Bid

Sotheby's chose the SAP® ERP application to centralize its global operations. A key factor in the decision was the integration of core business functions such as finance, planning, inventory management, and sales on a single platform. The company rolled out the software using a phased approach.

Appraising the Value

Today, Sotheby's relies on global visibility and integrated business practices to drive operating efficiencies across an enterprise that spans some 90 locations in 40 countries. Offices in both New York and London, for example, now have instant access to real-time and consolidated financial information. In addition, automated processes have replaced manual operations that once took hours to complete, such as reconciling accounts, calculating complex commission changes, and processing multiple currencies. As a result, Sotheby's is performing financial and client accounting functions with far fewer resources and is saving hundreds of thousands of dollars annually.

Sotheby's also uses SAP ERP to manage the entire auction cycle – from tracking one-of-a-kind inventory and handling auction bids, to dealing with international regulatory issues. Greater control and traceability throughout this often complex process has reduced costs and increased revenue. As Paige Wentworth Frawley, vice president of operations at Sotheby's, observes, “New streamlined processes facilitated the closing of a warehouse because we could validate the inventory more efficiently.”

Importantly, with a holistic view of its unique international clientele, Sotheby's is now able to focus on building loyal client relationships. For example, access to consolidated client agreements and account histories allows Sotheby's specialized appraisers and sales personnel to more effectively address the specific needs of individual collectors, private estate curators, and corporate clients. In fact, enhanced service is now available to all clients – at any time and from anywhere in the world. The mySothebys portal provides clients access to online catalogs, customized e-mail notices, real-time auction results, and personal statements and invoices.

Looking Forward

As the oldest company on the New York Stock Exchange, Sotheby's knows the secrets to longevity. Looking to the future, Sotheby's plans to improve its enterprise-wide reporting and is currently implementing the SAP Global Trade Management application to enhance international operations. At this auction house, the gavel never falls when it comes to growing the business.

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