

There's plenty to bid for in auction business as the market moves online

The days of sales in halls and warehouses are being replaced by global, digital events, reports **Simon Duke**

According to John-Paul Savant, the auction industry could not survive without death. It's one of the "four Ds" — along with debt, divorce and downsizing — that keep auctioneers banging their gavels.

These dreaded events are the source of several million goods listed every year on the-saleroom.com, a digital exchange that connects bidders with auction houses. "Auctioneers will go to a family after a grandparent has died and they'll take between two and three thousand items out of that home," all part of providing what he calls a "high-value" service for a commission of between 5 per cent and 10 per cent.

The website is part of Auction Technology Group, which Savant floated on the stock market last month. The company operates six virtual marketplaces, dealing in art and antiques, second-hand industrial machinery and retailers' surplus stock and returns. More than 2,000 auctioneers have signed up to its global network and they sell more than 12,000 lots a day, from insolvent breweries and concrete plants in the United States to *Harry Potter* first editions. This month, it handled the sale of a street sign from London's Abbey Road (of Beatles fame) for £37,200.

The ranks of auction fanatics are swelling, too, as more people look beyond generic wares sold through chains such as Ikea, reflecting "a real drive among consumers to seek individuality". There's the "treasure hunt" appeal, too, the delight in the discovery of a hidden gem that made *Flog It!* a hit on daytime TV.

It all plays to Savant's pitch to investors that ATG — founded as a publisher in 1971, when the first edition of the *Antiques Trade Gazette* came off the presses — can become the Rightmove of the auction business.

North America is ATG's largest market and used farm, factory and construction equipment account for more than 75 per cent of its sales, with art and antiques generating about 18 per cent. Since listing last month, ATG's valuation has risen by a third to £800 million, a hefty multiple of its turnover. Its revenues rose from £25 million to £45 million in the year to the end of September.

The figures are muddled by a deal in February in which ATG acquired Proxibid, an American rival. ATG's previous owner, ECI Partners, the private equity firm, reduced its holding after the takeover, with TA Associates, another buyout group, taking a controlling interest. The two firms scooped the lion's share of the £300 million of shares sold in the offering. Savant, 50, a former PayPal executive, sold about £9 million of stock but retains 2.7 per cent of the company. ATG used the proceeds of the float to pay off its loans and buy back preference shares. Savant says



John-Paul Savant's Auction Technology Group sells everything from fine art to farm equipment to London road signs via an increasingly popular online marketplace

Q&A

Who or what is your mentor?

I've learnt from a series of people, including Bob Swan, former chief financial officer of eBay, and John Donahoe, boss of Nike

Who do you most admire?

My father, who was a renaissance man, and my wife, for her relentless drive to create a great life

Does money motivate you?

I get motivated by building teams and working on things I care

about. I have turned down opportunities to make more money many times in my career

What is your favourite television programme?

I don't really watch TV

How do you relax?

Planting trees, spending time with my kids, gardening and walking

What does leadership mean to you?

Seeing an opportunity and getting the team to buy into the vision

What has been the most important moment in your career?

Joining PayPal in 2003. I was the sixth person to join its international team

CV

Age: 50
Education: international economics and politics, Georgetown University; MBA, University of Chicago

Career: 1993-96: JP Morgan; 1998-99: Ernst & Young; 1999-2001: principal in strategy group, Zefer Strategy Consulting; 2003-12: PayPal; 2012-16: UK chief executive, Think Finance; 2016-present: chief executive, ATG
Family: Married, with three children from a previous marriage

commission of between 2 per cent and 5 per cent when an online bidder tables the highest offer. These success fees account for about two thirds of its revenues. Saleroom users typically compete against bidders in the auction house and on the phone, but the industry is moving towards timed, online-only auctions, where auctioneers set the rules for the bidding but the process is largely automated. The ATG boss insists that the shift won't put auctioneers out of work: "They can focus on their real expertise around valuation and presenting items in the right way." For sellers of industrial and manufacturing equipment, in particular, online auctions can increase the "velocity of trade" and reduce costs.

Art and antique businesses in England have had to close their premises to the public during Covid-19 lockdowns, but they have been allowed to offer online-only auctions and to sell remotely. In Savant's view, the pandemic has hastened a "structural shift that was already happening. I don't think anybody believes that five years into the future, more people will be driving to the countryside to attend the two or three-day auction to bid at one item."

ATG's chief executive grew up in Marin County, California, north of San Francisco, where his father was a university professor. After spells in banking with JP Morgan and as a

strategy consultant, Savant joined PayPal in 2003 just after its takeover by eBay. He was one of the first employees in the payments company's international wing.

In 2012, he left to run the UK division of Think Finance, a short-term lender. Its aim was to shake up the payday loans market, offering cheaper credit to consumers who completed online training courses on how to manage their debts. The company, which traded under the Sunny brand, fell into administration in June last year. It was among a wave of payday lenders that collapsed after they were found to have granted loans that should never have been

written. Savant liked their mission to bring down the cost of borrowing [and] educate people about their finances", adding that it had "made good progress" when he left five years ago.

ATG chose to list its shares in London because British investors have what its boss describes as a "great track record understanding marketplaces" such as Auto Trader, Trainline and Rightmove. He intends to use ATG's highly rated shares to fund takeovers. "We'll be acquisitive in the US and continental Europe, but wouldn't rule out buying something in the UK." He's looking at targets in France and the Netherlands, but emphasises that ATG will be take a "careful" approach. Shareholders will be hoping he doesn't overbid.

that it's now solidly profitable, having previously reported losses because of the debt racked up by its owners.

ATG launched the-saleroom.com in 2006, but although the sector has been slow to embrace digital, Savant claims that the "laggards" are now moving online. The global market for used goods is growing, with the internet accounting for an ever larger portion.

Auctioneers who use online platforms such as ATG's can tap a deeper pool of bidders. Where regional houses used to rely on local buyers, "we make small companies big by connecting them to a global database and giving them access to

technology that is richer than something they could invest in themselves".

Expanding the audience can boost proceeds for sellers. The ATG boss likes to tell the tale of a Maori flute put up for sale in 2017. The item was listed on The Saleroom with a guide price of £50 to £100 by John Nicholson's Auctioneers in Haslemere, Surrey. A Paris-based dealer in tribal art spotted the flute and ended up competing with a Australian collector online. The French buyer paid £140,000, plus fees.

ATG charges auctioneers a flat rate of a few hundred pounds to hold an auction on its site. It earns a

