

Wine, Whisky and Champagne: Buy, Sell or Hold? With Gary Boom, Co-Founder and MD of Bordeaux Index

Simon Brewer

In May 2021, we turned our attention to an investor dilemma. Should we view wine as a proper asset class? And how should we think about the wine industry? For too long stuck in a technology absent world of old-fashioned merchants and indifferent service, but ripe for change. And along came a chief disruptor in the shape of Bordeaux Index, through its co-founders, Michael Spencer and Gary Boom. And in that conversational wine tour, we had one of our most popular episodes. Two years later, and the landscape of the world of wine, whiskey, and champagne, both trading and investing, has continued to evolve rapidly, both from a demand and supply perspective. And I hope today we can learn what is happening in both demand and supply; how and where it's evolving, we've had a glut in Bordeaux; how technology is allowing for more efficient execution; why increasing numbers of investors are building portfolios; and where might there be money to be made for the canny investors? And reduced to its core, who doesn't simply like to drink lovely wine? And no one wants to finish their lives wistfully regretting, as Earnest Hemingway said, "My only regret in life is I didn't drink more wine." With that, Gary Boom, Founder and MD of Bordeaux Index, welcome back to the Money Maze Podcast.

Gary Boom

Hi, Simon, nice to be back.

Simon Brewer

Well, my hope today is that after listening and seeing you, our audience will go back to our episode in May 2021 and hear the full story. Your journey from a young South African arriving in the UK, armed with a degree from UCT, a cheap suit, no job, through to trading swaps in the city and onto starting Bordeaux Index.

Gary Boom

I think that's a pretty good description. I might even have the suit somewhere still.

Simon Brewer

Let's start with the history lesson. What did you both see back in 1997 that made you want to be the disruptors?

Gary Boom

I remember back in 1997, having finished a stint with Michael and having done a few things in London, starting a few restaurants, et cetera, et cetera. And by then I was a pretty big wine collector. And the first thing that struck me was that the market was pretty well serviced in terms of the producers who were out there, and they were producing fine wine, and there were lots of them. And there was no problems with access to wine. And then you had all the established wine merchants that were very happy to sell you wine. And I was a big client of all of these wine merchants. But then it struck me, that a bit like the car market, you've got the car manufacturers and then you've got the people selling the brand new cars on the forecourt; there was no secondary market in wine. And here's the thing about great fine wine is that quite often the person that originally buys it en primeur is not the person that ends up drinking it. We reckon, and guess probably, that it goes around two and a half times until the person finally drinks it. Most people will buy three or five cases because they love it, they've read a review, et cetera, et cetera, and they finally, 10 years time, they get round to drinking a bottle or two. And they love it or their tastes have changed or they've made money on it, so they move it on. But there was no secondary market. And it struck me, a bit like the car market, the richest guys in the car market are not all these guys that manufacture the cars, the Fiats and all these guys, they're either making a fortune or they're losing a fortune. And the same with the people on the forecourt. Jack Barclay might be there in Berkeley Square, selling his Rolls-Royce, and then five years later the shop no longer exists. But the used car dealers seem to do very well out of this. And it struck me that, given this global market that was pretty well tucked up by global distributors and merchants, there was this massive gap in the market to address the market that people, who wanted to trade, could trade. And there were no outlets really to trade. There were the traditional, 'oh gosh, go and sell it to Sotheby's and Christie's, who were taking 30% margins'. And still tried by the way, to take 30% margins, with great respect to those two great names, but there was no secondary market. And all the wine merchants were badly capitalized, so they didn't want to buy stock back. It's a bit like you go and buy a dining room table on Fulham Road and go back a year later and try and sell it back to them, they're not interested. So there was no bid on this stuff, and it struck me that this was a global market waiting to be revolutionized and changed. And after all, that is exactly what ICAP did. When we started, Michael and I, at ICAP, there were 25 established money brokers and we were the new boys on the block. And 10 years later, we were the largest money broking company in the world because bits of the market were not well serviced. We chose to go after those bits that weren't well serviced and bring some transparency and liquidity to the market. So there was a massive gap in the market and we sought to exploit that.

Simon Brewer

So we advance a quarter of a century, today. Just give us the numbers for Bordeaux Index employees, locations, revenues.

Gary Boom

Okay, well since we last spoke, employees now, we're probably up to about a 100, if you include the 20 guys in the warehouse. We have a 12 to 14 strong tech team, which is most unusual in our business, and nobody else does that. Revenues all split about 50% between UK and Europe, 40% in Asia, and probably

10% in the U.S. Numbers are up to about £150 million sterling now, in terms of the turnover of that, and growing. And obviously, we're subject to the vagaries in the market, this is not an easy market for anyone to operate in at the moment, but strong pockets are showing growth.

Simon Brewer

So one of your thesis was, and I'd be interested in just an update, which is that the long-term drivers of wealth play into your part of the market. I think your comment back then was, for example, "25 years ago there were 20,000 cases of Latour, and then today [this was two years ago] it's 15,000. And yet demand has risen exponentially." Give us a sense of what's happening at that top end?

Gary Boom

Well, that top end, as you know, is pretty resilient. Everyone's talking about doom and gloom, about global recession, and the slowdown in China and that. However, there are always massive pockets. For us, it's technology; the whole cryptocurrency market, that is a big industry today. The technology market is still a big market. The private equity market is a big market for us. The banking market is starting to come back a bit and showing strong signs. So there's lots to play for, as always, it's the supply and demand market. The demand is driven by top end wealth and that top end wealth doesn't seem to be going anywhere. And year after year, the number of millionaires keeps expanding, and that is not stopping. New growth areas; places like India are suddenly on fire. And on the other hand you've got all these supply constraints. So you've got...people talk a lot about global warming, but global warming is actually a bit of a tailwind for fine wine because global warming, you've got these shorter vintages. You go back to Burgundy right now, for example, I don't think it's been a normal vintage for the last seven years in Burgundy. There's either hailstorms in May or there's a short crop and it gets magically bailed out by fantastic weather in September. We're sitting here on a balmy day on the 7th of September on probably the hottest night of the year. And summer now is September, isn't it? Well, that's what we are starting to think. The UK wine market is thinking, "Oh, my God, are we going to get a summer? Are we going to get any ripe grapes?" And I'm sure you'll ask me about the state of the UK wine market a bit later, but all this plays in. So there is a smaller amount of fine wine being made. There are new pockets of fine wine being made in different places, might chat about that, especially Italy and the rise of Spain, and all these great areas for world-class wine, South Africa. I could talk about an example yesterday that just was mind-blowing. We sold a wine called 'The Latour of South Africa', which was described by Tim Atkins, a journalist, as 'The Latour of South Africa', with 99 points, which went out for £275 a case. And I said to the guy, "Well, how many cases have you got?" And he said, "Well, I can give you a 100." And I said, "Well, I'll have a 100." And I think we sold out in four minutes. And they make a total of a £1,000. So, there are these pockets, but they small production pockets. So the amount of fine wine in the market is not expanding, if anything, is becoming less. And as always, wealth is increasing. So you got that dynamic.

Simon Brewer

So we're going to come back to that. And I was one of the people who bought a case of that South African wine-

Gary Boom

Did you?

Simon Brewer

Yes!

Gary Boom

Well done. Tuck it away.

Simon Brewer

... after your colleague told me about it. So there we go. But we are going to talk about that. But let's just have you summarize the investment case for wine, whiskies and Champagne.

Gary Boom

Those are three separate areas, but obviously all tagged into the wine and spirits market. Investment case is always a good one. If you go back on the numbers, just take wine. Wine has compounded over the last 25 years at about 7, 8%. Now obviously, in areas where the interest rates are very low, that looks a lot better than when interest rates are 7, 8%. But we're not going to stay in this high interest rate environment forever. So the mean of the interest rates will fall down. So wine has outperformed the bond market, it has outperformed the equity markets for the last 25 years, and that's well known. There's no capital gains on it at the moment, so we don't shout about this one too long. But there is no capital gains because it's pretty hard to work out, "Did you buy that case for an investment, sir?" Or, "What are you going to do with that," et cetera. And nobody's going to file a capital gains tax for a case of Léoville Barton. So wine has outperformed the stock markets, et cetera, et cetera. And that is a standalone case. Whiskey on the other hand, has gone completely crazy. And there's all sorts of dynamics on that whiskey market. The whiskey market has compounded almost 20% over the last 10 years, and the reasons for that are very simple. You have a growing demand as people become more and more aware of whiskey, as not just a bottle to drink, but increasingly as an asset. And, go back to the seventies and eighties, the Scottish distillery... clearly there's a bit of a market in Japan and a good gray market for Japanese whiskey as a separate section. And the other bits as well in America for the bourbon. But come back to the Scottish whiskey, which is the driver of this market. In the sixties and seventies and eighties, Scottish distilleries were on their knees. You could buy a cask from Macallan's, what they called 'new-fill', back in 1991, you could buy this for £2,000. They trade these days at about £750,000 because you can't find them because they were bottled, they went back... Macallan, smartly enough, went back and started buying back all their stock 10, 15 years ago, because all the stock was sitting with them. So they knew all the names of the people that had these stocks. The people that paid £1,000. And increasingly, like an elastic band, at £5,000, there were sellers, at £10,000, there were sellers. People held on at £20,000. The odd guy that still got one has them [valued] at about £800,000. So they were selling off new-fill and large amounts of Scottish distilleries were mothballed. There was

simply no global market for it. And there were no new-fill casks coming onto the market. There were a few in the 70s and 80s. A new-fill cask basically is a way for a distillery to fund its production; it makes 100,000-200,000 casks and it goes out. It's only called whiskey after three years. You buy the cask, you give them the money. It costs them a £1 a litre to make. You pay them two. Nice business. They'll keep producing more. But of course there was a limit to how many casks, and people go, "I don't want another cask." That was in the '80s and '90s. Fast-forward to about '95, '96. Diageo start buying everything up that they can get their hands on. And then all the spirits' guys come into the market, the Camparis, Cartier. The luxury goods guys start looking at this and thinking, 'We like this spirit, because we've suddenly got bottles of £500, £600.' Macallan's were the first guys to do it. Macallan's as a brand, they sell their 60 and 70-year olds at £60,000-£80,000 a bottle, and they get mugged for it, absolutely mugged for it. Now these guys are sitting on barrels, but they're sitting on very few barrels because they simply didn't have the money to produce it. What they did get sold or bottled. Increasingly, now you cannot find a new-fill cask. So from about 2003, you can't go to Macallan and say, "Can I buy a barrel of whiskey off you?" Because they're saying, "Well, you've got to be joking. We're just sitting on it. We've got a lot of money. We'll mature it and we'll sell you the 25-year old at £1,000 a bottle. So why would I sell you a cask? And we don't need your money. So thank you very much. Come back when you want to buy a bottle at £20,000." And all these top brands are owned now by big, big, big names. There's a whole glut of new people trying to start distilleries, but it's going to be 30 years until they come back onto the market. And who knows if people are going to like the brand name. There's this pool of casks of whiskey traded in the market, of which we've sold about 1,000 of them, by the way, which have got great dynamics. Because if you want a cask of Macallan's for yourself, bottled for yourself, there's probably only about 40 we know of. And the current price is about £750,000. If you took a 30-year-old Springbank, it's about £250,000, and so on and so on, so on. So if you can get your hands on this, and we were one of the first guys to go into this market. Last year our whiskey sales were almost £30 million. From standalone 10 years ago, we weren't involved in this market. But the cask market is a big market. The collectible market, like everything else, Macallan's will sell you a £20,000 bottle of wine, £20,000 bottle of whiskey. Now what happens if in five years' time, you want to sell that again? So for me, this is just a repeat of the wine market. So within about a year, we're going to have a whole spirits LiveTrade section; a whole spirits website where you'll be able to go on, buy a cask, see a picture of the cask probably on a live cam, sit there nicely maturing at Springbank or whatever, pay your £250,000 and be very lucky, and then sit in it. Because the one thing we do know, no more is going to come into the market. None. So it's one of those old things. Supply is absolutely limited. The only stuff that's coming into the market are names you've probably not heard of or new startup companies that are starting that maybe one day will be the name of the future, but right now, who knows.

Simon Brewer

So case of whiskey well-made. Wine-

Gary Boom

Champagne I missed, didn't I? Okay, so it's quite interesting because I heard you had Étienne, my great friend, who I have a call with in about an hour saying, "Gary, how are the sales numbers?"

Simon Brewer

Just to interrupt you, Étienne Bizot is the owner and Managing Director of Bollinger, and we had a great interview with him. I say great because he was so interesting, charming, and unlike what's been going on in the house of Taittinger where you may have read that his lover came and tried to attack him and allegedly cut off his penis. That has not been something that's been going on in the Bollinger household.

Gary Boom

No. And by the way, I think this is great publicity in some ways for them. I've met all of them. I have to say it's a great description of the house. Champagne, of course, has got a different set of dynamics. And people say to me, "You know what? Champagne is off 15% this year." I said, "You're right, it's off 15%, but you forget to say that it's up 55% over the last two, two and a half years." Champagne is, A, you've got this global brand. Everyone knows the Bollinger brand. You can pop into China, you can go to America, you can go to any shop in the world, they know Bollinger. You can say the same thing about Cristal or Dom Pérignon. So you've got this limited space in champagne where they can't make any more, and obviously they protect that brand very, very well. You've got these Grand Cru vineyards, and at the end of the day, you've got to find that amount of champagne. It is drunk pretty much the moment it's released, and it's drunk all over the place. Drunk in apéritif, it's drunk at weddings. It's got all that celebratory [feel]. But more and more it's become a mainstream drink. And I know, my wife, for example, will walk in and say, "What would you like?" "I'd like a glass of champagne, please." And it's a great drink. So you've got this global demand. China is just starting to really drink a lot of champagne. Japan has always been a great market. But the whole of the Asian market's really picking up; South Korea, Malaysia, Indonesia, and America has always been strong. So you've got these dynamics and you've got these luxury brands owned by old, well-established families or LVMH. And LVMH will sit there every single year and they're going to put the price up 10%. So it's like your bond price is going up 10%. And if you want to buy the back vintages, and it is a collectible market in the vintage market as well. So it is well known. They release it, it gets drunk, but it also gets better. So the great vintages; there is a yield curve for champagne. You go and buy the latest vintage of Dom Pérignon, the '13, happily, it'll trade at £100 a bottle. You want to buy the '08, it'll cost you £150 a bottle. You want to buy the '02, it'll cost you £200 a bottle. So there are these fantastic dynamics, and champagne will do 10% a year. It might be off, as I said, a little bit this year, but that's a retraction of that. But it's harder and harder to get big volumes of stock. I know, we're the largest traders of the stuff in the world. But those dynamics are very, very good. So we're bullish on champagne.

Simon Brewer

Got it. Now that leads us to Bollinger. They have been investors in you and have added to their investments. So maybe just give us a sense of what is that investment as a percentage of the company now, and what has each party gained from it?

Gary Boom

We'll start from our point of view...I can't really talk for Étienne, but I've got some idea of why they went into the investment. From our point of view, it was a great endorsement of our brand. Bollinger have not gone into the market. They own jointly with Taylor's et cetera, they own a UK distributor called

Mentzendorff, but Mentzendorff distribute Bollinger on their behalf. So it was almost like owning an agent that was distributing their goods. This was a branch out. They buy and they are very active in looking for vineyards. But this was a branch out. And I managed to have numerous conversations with Étienne and say, "Étienne, the landscape is changing. You need to know what your customers are doing. LVMH, all that brand houses are trying to get close, trying to understand who's buying their product and why." I said, "We are the largest sellers of champagne globally around the world. We have all this data. We have our screens which are making the market because we are creating the yield curve for your back vintages, which will enable you with that knowledge to know where all the back vintages are trading, where and why and how. Will enable you to make a very informed decision on where you should pitch your new releases. That is worth a fortune." And he said, "Gary, I love this. Let's do it." So they came and bought a small but reasonable percentage of Bordeaux Index, and have an option, which they've gone back in and have bought more. And I have no doubt if we gave them another option, they would take that up as well. It's a very beautiful relationship. From our point of view, it was a reinforcement of the brand. The money, to be honest with you, was less important to us than getting them in as shareholders. And I'll never forget Étienne saying one thing to me, which I thought was one of the smartest things I ever heard from a new investor as a minority investor coming into a business which is a luxury good or tightly owned business. He said, "Gary, the moment I sit in your board, I'm there to represent you and do everything I can to help you, even at the expense of Bollinger." And I thought that was one of the nicest things. With that, as a shareholder, it's one of the nice things because you know you have somebody on your board that's going to help you, and he's been nothing but fantastic to us. From his point of view, as I said, they get the data and everything else, but they take a big risk. They've aligned themselves to our brand name, and I'm very pleased to say Étienne has become a very dear friend and we are extremely pleased. Both Michael and I love having them as part of the business.

Simon Brewer

Great. And I think he was saying that their 2012 vintage is the one that they would absolutely tuck away. Have I got the right year?

Gary Boom

Yes. But they've just released that Bollinger R.D. '08, which is the one that I would really go after. And the insider tip for anyone listening is they've released another wine, a single vineyard champagne called La Côtes aux Enfants, which retails I think at about £700-£800. But the majority of that vineyard used to go into their Rosé. So go back and buy their vintage Rosé if you want an absolute bargain.

Simon Brewer

Well, there we go. We'll just pause this conversation while I go and make a phone call. No. Okay. So I want to come back to the supply and climate. You touched on it, and with an interesting interpretation. We've seen drought across Southern Europe, and yet the French have recently destroyed over €200 million of wine due to poor demand. Help me understand that.

Gary Boom

Well, fortunately, fine wine is ultimately a very small part of the global wine market, especially by volume. It punches well above its weight in terms of global sales and numbers. But in terms of fine wine, each time we read these things, we go, "Okay, fine." I have no idea, but obviously in France and that, you are paid when you scrub up vines. So if they can't sell, and I suspect especially at the bottom level, they will continually have problems with over supply because it takes a while. You've got to plant the vines, you've got to grow them, there's a three year [cycle], and I suspect your average farmer doesn't really get his timing right on that. So it's not something really that we look at that affects us.

Simon Brewer

I couldn't resist having re-listened to our interview of two years ago when you were asked by me about English wine, and you explained in very charming South African tones, you said, "I just don't get it." Certainly, when it comes to wine, has your view changed?

Gary Boom

Well, I'll tell you, I slightly regret that comment. I must have had every single English wine producer get in touch with after that and said, "Well, come on, get on side on this one!" It's slightly changed. And part of that conversation, really, that helped me change that, but I'll say slightly, was probably with Jancis Robinson who knows more about English wine and wine in general that I can say. And I must say, I emailed Jancis yesterday and I said, "Jancis, help me out here. I'm going to get asked this question. I know I'm going to get asked this question. Where do you think is groundbreaking?" So I'll start with, as we call it, Champagne. Do they have a future there? Quite clearly. It's a lot easier in Champagne because you can chaptalize it. You don't need the same ripeness of the grapes. You're looking for the acidity, et cetera, et cetera. Chapel Down, I'll have to drop into it because they're the largest producers out there. Nyetimber, et cetera, et cetera. But I think these guys are struggling, they struggle with high cost of capital, hugely high cost of capital. I might be wrong, but I doubt that Nyetimber has actually made a profit since they started, so it's a labour of love. Chapel Down clearly would like to make a profit, and I think are now back in profit, but they're one of the few. Hundred Hills are making really good champagnes at the moment. They're probably the pick of the whole bunch to making really good cutting-edge champagnes, but they struggle with the cost. Champagne at the bottom level can chunk it out. They really can drop the price and you can go and get GROSS champagnes for £20. And the English producer simply cannot produce it at that price. So have they got the terroir? Possibly. Is global warming helping them? Undoubtedly. Can they make great English wines? And I said to Jan, "Come on, name them." And what did she say? She said, "Danbury Ridge." But knowingly, she gave me one name. If you'd said to me, "What about great wine producers in Bordeaux?" We'd be here for the next five hours. So I must say I'm still slightly skeptical on the English wine trade. I think they've got high costs of capital. I just think they're better places to go with better climates and lower costs of capital. I think the champagne is the standout area, and that's the area that they can keep on going. They can keep on going. In fact, for the first time I'm popping into Coates and Seely. It's literally one mile from my house in the countryside. And I'm taking six of the team and saying, "Come on guys, let's really try and

understand this and let's go in and taste and see what we think." So maybe come back in two years time and ask me again.

Simon Brewer

But let's just go back because you said something that slightly surprised me when we talked about geographical production and opportunities. You said Spain and Italy, but Italy, we know the great Italians. Spain, I think it's the largest wine producer still in the world, isn't it, with China second? But what's going on in Spain?

Gary Boom

Well, I think what's going on in Spain, there's a huge drive towards quality. Spanish wine 20 years ago was, you bought cheap Spanish wine and you bought cheap Rioja. And people still brand Rioja as the cheapest thing. But you can go back in now and a lot of the Riojas are '95, '96 points. Obviously Vega drove that, Pingus came through and Cáceres did a fantastic job. But there are all these guys now starting to grow up in the Pyrenees, starting to grow Grenache, basically. And if you like Rías, the world's greatest wine probably, but you don't want to pay £1,000 a case. Go and try some of these wines at £30, £40 and you'd be hard-pressed to tell the difference in the quality. So there's this massive drive to quality as I think they've gone away from being producers of bulk cheap wine into a bunch of really smart, younger guys coming through who want to make a difference. And they've clearly got the terroir for it. So this is an area really to watch out.

Simon Brewer

Okay, we might feature it on our show notes, because I have never tried one of these wines. And I don't think most people know about Grenache being grown in the Pyrenees.

Gary Boom

Oh, I've got one or two soon to be MW's, hopefully, fingers crossed, who are 28, 29. And all they will talk about is this area of Spain and bits of South Africa. And they're passionate about them, they firmly believe that these are world-class wines.

Simon Brewer

So let's move to the second part of this conversation, which is I want to talk about LiveTrade and portfolio management. Let's just explain what is LiveTrade and what problem does it solve?

Gary Boom

We alluded to this right in the beginning, saying there was no active secondary market. Or what was active, what was tricky to operate in. The auction house's three to six months and they've started to move towards live auctions, but you're still paying hefty 20, 25% fees. There was the broking market, which was you took your wine to a wine merchant, typically the wine merchant that you bought the wine off, and they would attempt to sell it on your behalf at 10%. But in a static market or a falling market, they're going to sell their own stock first, they're not going to sell yours. It's like taking in your dining room table, it'll be put in the back somewhere and the brand new table at 35% margin will be in the front, that's for sure. So that market was not really served. So LiveTrade, which we put up a trading screen, which is the first thing we did at ICAP, for example, we put up screens and said, "Let's make this visible. There's 20 guys selling this product. We'll tell you what we pay because right now, nowhere in the world, it's telling you what they paid for this product." So LiveTrade was a screen whereby we went out and to this day there are about 600 wines in there, whereby we make the bid, we make a guaranteed bid. So we make a bid and an offer on the wine, so we carry the stock. And then we make a buying price against that wine and that attracts other pools, other people in, it attracts people who want to sell it cheaper than us, which they can do so for 4% by the way. Or to allow somebody else to come in and say, "Well, I'll pay a bit more than that." And he pays 4%. So you can transact for 4% instead of all the other antiquated and you can transact immediately. So we create pools of liquidity, which attracts people in who then trade. So if you want to move your wine and you want to move it fairly quickly, or indeed you want a valuation of your wine without banging the drummer list, we're the only wine merchant that will value your wine on the bid side of the market. Because if you want to know what your house is worth, it's not what the guy next door to you is selling it, it's what somebody will pay for it. That's the bid, everyone understands that. But the wine market seems to have forgotten that or never understood it. So that's what we do, we make the bid on the offer, which allows our customers who want to understand what their wine is worth, they can look at a bid and they can pretty much give us a call and liquidate. So we create pools of liquidity, we create transparency, because you can see what it's worth and that attracts other people in and it attracts trading. And that gives us data, which then feeds back to the châteaux. And we can go to somebody like Château Lafite and say, "Guys, we traded £12 million with the Lafite last year. These are the ventures that are trading and this is where it's trading globally. So by the way, just a hint here, maybe you should do a bit more marketing in South Korea, because Seoul is a hotspot for Latour." "Thank you very much, Gary. Have another 50 cases." "Thank you. Works for us as well!"

Simon Brewer

Great. And you've got now this growing cohort of investors. After our interview, I signed up and I became a client and...I'm probably the poorest client of Bordeaux Index. But tell me a little bit about how that is growing and what your vision is for the portfolio management part of your business?

Gary Boom

Okay. Well, the portfolio management part of the business starts with two things. Firstly, you have to have a bid in order to value a portfolio. It's like, "What's my liquid bond portfolio with?" Well, nothing unless you've got a bid. So you've got to have a bid. We make the market so there's a bid. So you've got to bid on that. Secondly, outside those 600 wines, what is your wine worth? We've worked extremely

hard, which is why I've got two tech teams in and we'll talk about our new CTO a little bit later. It's very, very exciting. We've got two teams in to come up with really what is a proper algorithm to try and work out, so you've got 600 wines where we make a market in. Wines outside of that market, we need to know approximately or take a very good educated guess where the bid side of that market is. And that's what we try to do. So within about two months, we'll be launching the extended version of LiveTrade where you will be able to put on any wine for sale onto our platform and anyone will be able to bid against that wine. Now, that's never been done. If LiveTrade was groundbreaking one, and putting a man up to orbit the moon, this is putting a man on the moon and building something there. You will now have a complete portfolio and let's say you store with another wine merchant, you'll be able to send us your portfolio, then log onto our website. It'll come up as a virtual portfolio as if you've stored it with us and you will be able to trade. This has never been done before. Again, so this is not only putting the man on the moon, this is building a base! So wherever your wine portfolio is in the world send it to us in a few months time. It's built, we're testing it right now and it works. But we needed to get transparency and we've needed to get a bid for all those different wines.

Simon Brewer

And how do you go about hiring a CTO for this new business?

Gary Boom

You know something? That this was a fascinating adventure. Because in the past it was typical Gary Boom, "Oh, I like you." Or Michael, "We like you. Why don't you come work with us?" I was persuaded by people far smarter than me, including my son, who went, "No, this is not the way that it'll work. You really need to do this properly." So we went out and managed to get hold of the best people to hire a CTO in this market. And they drew up a short list and they said, "Here are 30 people who we think in the UK are transforming the landscape in terms of technology." And some of these guys were running 5,000 people teams, insane. And we said, "Well, this is not us. We're a small 8, 10, 12, 14 people. But we have big ambitions, because we have to use technology to change the way that wine is traded. And this is the future that we can see." And what I did is realise that these guys in technology, the really smart ones, the groundbreaking ones, want to come in for a short term, do something, but they want to work on something exciting and they want to leave their mark on that space. And the guy we hired, James, who came in, James was working at Betfair before. And he ran the teams at Betfair from the time when they went just from horse racing to start branching out into different markets. And he's young and it's like a breath of fresh air. These guys are so smart. They don't do what you tell them to do, they look at your business and they say, "Well, we'll start with what you want and then I'll tell you what you need." And it's just that groundbreaking breakthrough of how they operate and how they make decisions and the speed at which they make decisions in terms of technology it's a revelation to us.

Simon Brewer

So where would you want to see Bordeaux Index in five years?

Gary Boom

In five years, I'd like to think we're doing £500m turnover. We completely dominate the secondary market trading, and we act as a central bank to all the wine merchants. So with this platform, for example, let's say you are a wine merchant in America, you typically have a few things. You've got a client base, you don't have any capital, but you want access to stock. We will give you an API feed from ours. Let's say you just wanted to do all Latour, or all the first growths on your screen for sale. You could take from our platform onto your platform via an API and a margin, and you could list 40 vintages of Latour. Your customer goes online on your website in America, buys a case of wine, automates the order to me, buys it off me, and I ship it immediately by the next morning. You don't need capital to do that. You just need a little bit of technology via an API, which we will provide you and the technology to fix it together. All you need to do is concentrate on servicing your client base, and we could do that globally through thousands of wine merchants. That means that every single time somebody's buying and selling in the secondary market, I want to be a part of that market.

Simon Brewer

Got it. Very exciting growth, but we've got people listening who are running big businesses, small businesses. Change is forever around us, but it seems to be accelerating right now. What would you say has been your one or two mistakes since you started BI that you wished you hadn't, and what did you learn from them?

Gary Boom

Biggest mistakes, I think is you tend to hire quite often when the markets are just going up rather than thinking out long-term strategically and building a team. It's taken me a long time to work out that it's going to take me a while. If you're the only bid in the market, you need to be very robust. In other words, you need a big client base. So in some ways, I launched LiveTrade too soon. I should have rather sat back, got the technology right and concentrated all my resources in building up a global client base. Because if I'm the only guy in the market and I'm buying a hundred cases, I need to be able to lay off a hundred cases and I should have spent my time. I was in too much of a rush on the technology. I should have thought that through a lot more strategically. I wish I'd spent more time in Asia and push more resources into Asia, and I wish I'd stopped worrying about China because I permanently worry about China, trying to establish a market there. The Chinese market will happen when it happens, so don't pay any attention to that and don't put any resources into that.

Simon Brewer

Okay. Decision time here. We've got people listening who are going to be very intrigued. We've got buyers and investors. I'd like your recommendation for the next decade. One wine, one whisky, one Champagne.

Gary Boom

One wine, one whisky, one Champagne. I've got to be careful on the Champagne.

Simon Brewer

Okay. Okay. We'll allow you an old world and a new world wine and no Champagne.

Gary Boom

Okay, well, New World, I'd have to go for Dominus because I just think it's the most extraordinary wine, every time I drink. It's like drinking their expression of Pétrus and it's just the most amazing wine. It's still trades at a reasonable £200 a bottle, and you're drinking something that should be five times the price. In terms of the Old World, I would have to go probably for a Pomerol because I love that dynamics of Pomerol, small production. Everyone thinks great Pomerols are like Burgundy. I would probably go for La Conseillante or L'Evangile. I know it's a tough call on those. Obviously I'd love to say Le Pian, but it's £30,000 pounds a case, so there's nothing to be discovered on that one at all. On Champagne, clearly Bollinger R.D. I think is completely underpriced, but you would say, "Yes, Gary, but we expect you to say that." But this is true. Bollinger R.D. is one of the world's greatest wines, and it should be three times the price. Secondly, onto that, you would have to go for Krug. Vintage Krug is just, it's a work of art and it is still affordable. You're still £250, £300 pounds a bottle. It's affordable. It's not cheap, but it's affordable. The Champagne numbers are always hidden, but we think they're in the low thousands in terms of cases. So I would definitely take that. So that was wine and Champagne. Whisky, it would have to be Springbank. I love anything in Islay. I think Islay is the Pomerol of whisky. You've got Bruichladdich, you've got Springbank, Laphroaig, et cetera, et cetera. But I like Springbank. I just think Springbank has something. So anything to do with Springbank, get your hands in a cask. A cask of Springbank, you could probably buy it up to about 2097. It'll cost you 150 grand or something. Or you can buy the bottles or get your hands on a 10, 15 year old cask if you could. The Highland Park would be a good one.

Simon Brewer

Okay, so three closing questions. What's the favorite part of your job?

Gary Boom

Managing people and exciting, and at the top level, just trying to inspire people. I say to every single person that joined, we had a new girl at the started yesterday in logistics. I said, "Where are you from?" "I'm from New Zealand." "What do you want to do?" She said, "I'm looking forward to get stuck in". I love the kiwis. They're just so..." A bit like they rugby team. "They're just so enthusiastic." I said, "Do you want to run Bordeaux Index? She went, "Yeah, of course, mate." So I thought, that's just brilliant. Those are the people I love, and I love the thought that if you have great people, you need to be expanding

your business and growing it the whole time because they have to all feel that there is a big job in the company for them. So it's inspiring people and being inspired by people. That is the greatest part of the job. At the end of the day, I still love trading.

Simon Brewer

And when you are interviewing somebody, what might be the one or two things that you see in them that gets them across the line?

Gary Boom

Well, it'll have to be integrity, honesty, and enthusiasm, really.

Simon Brewer

Okay. Then my last question to you, Gary, and then I'm going to let you go, is you've met lots of really interesting people and sat down and had great wines and great dinners. Who have you not yet sat with and drunk wine?

Gary Boom

I mean, the one person I would love to have sat down... A producer was Aubert de Villaine, but they guard that one, who runs DRC. And wouldn't that be fun to sit down with him and him say, "Gary, what vintage would you like to drink?" "Aubert, I'd like to drink the nineties. Well, should we start with the Romanée-Conti or the Natash or the Richebon?" "No, Gary. No, no. Let's start with a Monache." "Okay. We'll go from there."

Simon Brewer

Oh my gosh. Yeah. Well, I look forward to hearing if that happens. So Gary, you have given us a really good summary of what is a fast changing market from so many aspects, and there'll be people listening here who will want to know more and we'll be making sure that's on the show notes and on the releases, but also while some of these wines and champagnes and whiskies are absolutely out of reach, there is also stuff happening. I've noted that Spanish Pyrenees is producing Grenache, which I knew nothing about, and there is, as we said, the South African of which I bought some yesterday. I'm looking for its name right now. It was the Riche Reserve, wasn't it? 2020. And even this, I say even, but he's now very famous, Chile's Seña.

Gary Boom

Yes, which came out this morning. Eduardo's and his daughter was in tasting wines as well, and yeah, he's making 98 to a hundred points at a £100 a bottle. But the wine market, even at the top end of people who work in the business and all wine merchants will tell you this, none of us are wine snobs. We are always looking for the £10 bottle that tastes like £100, or the £100 bottle that tastes like £1,000 and that way around, and we are not easily fooled. So there are so many exciting things happening. It doesn't matter what point your price range is. Once you spend £25, you can get something extremely good. And onwards from there, as I say, there's some very exciting stuff between £50 and £100.

Simon Brewer

Fantastic. Gary, great to see you again. Good luck.

Gary Boom

Lovely. Thank you very much. Great to be on.

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