



BUSINESS PULSE SURVEY: [NCAA webcasts](#)

Technology helps boost sales of cult wines

San Francisco Business Times - March 20, 2006 by [Chris Rauber](#)

High technology is helping high-end boutique wineries in the Napa-Sonoma Wine Country allocate and sell roughly \$30 million in highly sought-after cult wines, up from \$15 million annually in mid-2004.

More than 50 wineries -- including [Vineyard 29](#), [Araujo Estate Wines](#), [Bressler Vineyards](#), [Pahlmeyer Vineyard](#) and [Switchback Ridge/Peterson Family Vineyard](#) -- use web-based ASP technology to allocate their wines among wealthy collectors, corporate bigshots, Hollywood stars, and others on their preferred customers' lists, officials at Yountville-based [Cultivate Systems](#), told the San Francisco Business Times on Friday. It provides the online technology the wineries use to sell their goods online.

And for wines that cost as much as \$100 or more per bottle, demand often far outpaces supply, forcing cult wineries to allocate their scarce resources carefully.

Eric Binau, CEO and co-founder of Cultivate Systems with his wife, high-tech veteran Jennifer Ryzdewski, said the company now handles nearly 40,000 online transactions a year, and expects sales to continue to soar as direct shipment of wines to consumers becomes legal in additional states. "I see no barriers to doubling in size in a year," he told the Business Times March 17. "With the number of wineries popping up in the United States and around the world, we're barely scratching the surface."

The online technology in effect outsources online wine direct sales' responsibilities, and helps winery clients keep track of the most important needs of their most valued customers. It handles orders from the wineries' web sites, pricing, allocations of limited releases among the wineries' best customers, shipping, taxes and collections.

Privately held Cultivate Systems takes about a 2 percent cut of the action, so its own revenues are currently in the \$600,000 neighborhood. But the seven-employee startup and its customers say there's a growing demand for its services.

"It tracks spending habits, what they like and don't like," said Chuck McMinn, owner of Vineyard 29, chairman of the board and co-founder of Santa Clara-based [Covad Communications](#), and an investor in Cultivate Systems. "By the same token," he added, "you need to make sure they get what they want."

Justin Stephens, general manager of [D.R. Stephens Estate](#), said 85 percent of the company's wine orders are now handled online by Cultivate's software; other customers prefer to get mailings and fax in their orders.

"It's been great for us," Stephens said. "It's streamlined the process and eliminated a lot of the overhead."

[Send us your comments](#)

[More Latest News →](#)