



SONY MUSIC

The Client

- Sony Music Entertainment, a wholly owned subsidiary of Sony Corporation of America, is the second largest music major worldwide
- Sony Music is home to some of the most prestigious and successful record labels, e.g. Epic, Columbia and RCA, representing music from every genre
- The global artist roster includes a broad array of both local artists and international superstars, e.g. AC/DC, Beyoncé, Michael Jackson, P!nk, Elvis Presley or Bruce Springsteen
- In 2009, Sony Music outsourced the European Supply Chain administration to arvato

Integrated Supply Chain Management & Rock 'n' Roll

arvato provides a Pan-European solution for Integrated Supply Chain Management - the strategic partnership with Sony Music creates customer value from release to retail.

Background: Confronted with a constantly decreasing market for physical sound-carriers, Sony Music continues to transform itself from a record company to a music-based entertainment company, selling multiple products through multiple channels generating multiple revenue streams.

Challenge: arvato is one of the key partners of Sony Music for replication, warehousing & distribution and supply chain management in Europe. Supply chain excellence and cost-efficiency are important factors for Sony Music's success. Therefore, Sony Music is looking into all opportunities for outsourcing, for internal or external consolidation and for turning fixed costs into variable costs.

Solution: In 2009 Sony Music outsourced its European Supply Chain Management organization "European Services" to arvato. arvato is now operating Sony Music's legal entity "Sony Music Entertainment International Services GmbH" - managing all supply chain activities from release to retail on behalf of and in the interest of Sony Music. While Sony Music can focus on strategic supply chain design (supported by arvato) arvato provides all operational services for cost-efficient supply chain processes. These optimized processes, sophisticated systems and the experience and knowledge of the team are the basis for future supply chain consolidation within Sony Music and with other entertainment companies.

»The transfer to arvato made our team even more customer focused and teased out further process efficiencies.«

Arnd Mollemeier

Managing Director European SCM Services GmbH
(formerly MD SONY BMG European Services)

Our services

- Release planning & forecasting
- Purchasing, manufacturing management and print & packaging consulting
- Manufacturing
- Archiving (physical archive and digitization)
- Inventory management
- Vendor Managed Inventory (VMI retail service)
- Distribution (Europe, Export world, B2B, D2C)
- Reverse logistics
- Sales order admin and customer service center
- Finance management (accounts payable, accounts receivable, VAT management, stock accounting, intercompany invoicing)
- European Copyright administration via central licensing agreement
- Supply chain design, analysis and consulting
- Development and maintenance of integrated IT system landscape across processes, territories and organizations
- European Key Account Management



Customer benefits

Outsourcing of the complete European supply chain administration to one partner

Sony Music can focus on its core competence, on growth opportunities and on its transition to a music-based entertainment company

Supply Chain Excellence provided by arvato - as a reliable and financially stable partner with specific knowledge of the entertainment and music industry

Transform fixed supply chain management cost into variable cost through activity-based pricing model for the provided services

Neutral platform for supply chain consolidation and synergies between entertainment companies

Infrastructure costs and highly specialized know-how can be shared with other arvato clients

Avoidance of IT investments

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arvato is an internationally networked outsourcing provider. Its more than 67,000 employees are engaged in designing and implementing solutions for a wide variety of business processes involving integrated service chains, tailored specifically to the needs of their business customers all over the world.