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Who will secure the title of ‘diamond industry innovator’ in the post-pandemic world? Retail Jeweller speaks to Ilan Kaplan of iSparkle to uncover his plans

With long-held systems being viewed in a new light because of Covid-19, could this be a catalyst for radical change in traditional industries? One man who’s happy to step up to the challenge is Ilan Kaplan, chief executive of “next generation diamond manufacturing house” iSparkle.

South Africa-born Kaplan is a diamond manufacturing entrepreneur at heart. For over a decade he ran the South African operation of British fine jewellery house Graff, before leaving the company to establish his own, iSparkle, in 2018. The business sources rough diamonds in Africa, cuts and polishes the diamonds, and sells them to leading players in the diamond wholesale market.

“We specialise in diamonds that are three carats plus in yellow, pink and blue,” says Kaplan. “At iSparkle we are passionate about sourcing all diamonds in Africa and our location puts us at an

advantage, allowing us to act fast.”

Since launch, iSparkle has secured a “roster of blue-chip clients spanning from New York to Hong Kong,” with Kaplan crediting this to “deep industry knowledge, financial acumen and an entrepreneurial spirit.” But what really sets iSparkle apart? In a hugely complex diamond pipeline, full of suppliers, middle-men, sorters, cutters, polishers, jewellery brands, buyers and membership organisations, it’s iSparkle’s simplicity that cuts through the noise.

“After working for one of the world’s most high-profile industry players, I learned close up the challenges faced by larger companies and that there was potential to initiate changes to this centuries-old industry,” says Kaplan. Ultimately, my mission is to modernise the diamond supply chain.”

Practically, iSparkle is pursuing this big goal by operating leaner than its weighed-down competitors. Kaplan’s

(Above) A selection of iSparkle’s diamonds

“My mission is to modernise the diamond supply chain”

Ilan Kaplan
iSparkle

business has a small, nimble team with ears to the ground so that iSparkle can “buy and sell at optimum prices.”

“We cherry pick when and where to buy diamonds, keeping a razor-sharp focus on high quality and attractive prices,” says Kaplan.

This opportunistic streak would be more challenging for businesses wrapped in layers of bureaucracy and with long reporting chains. At the same time, larger diamond manufacturing businesses also have high costs that Kaplan is keen to avoid for his streamlined business.

“Most serious players who source large, expensive rough diamonds and sell the resultant polished [stones] bear the high overheads of in-house manufacturing. We have moved away from the traditional systems of factories, as we don’t want to have our own. We feel different factories have different expertise in certain areas, so we choose

ISPARKLE DIAMONDS

“I believe that in times of adversity there is opportunity”

Ilan Kaplan
iSparkle
(pictured below right)

where to outsource the goods. We send each diamond to be manufactured in the best place for that particular diamond. We then bring the finished polished product to market a few percentage points cheaper than our rivals.”

This ‘project management’ approach, rather than ‘everything under one roof’ mentality is perhaps better understood by those working in digital-led businesses, like media, marketing and web development. While from the outside looking in, this may not seem like a big step, for the traditional diamond industry it is decidedly modern.

“We have been concentrating on raising USD debt capital at very interesting rates for our investors,” Kaplan continues. “We have an array of clients throughout the world composed of both diamond dealers and retail jewellers. These clients consume our entire production of three carat plus polished diamonds.

“We have also created a niche department in our business that assists and advises high-net-worth individuals as well as asset managers in purchasing top-end investment grade diamonds as an alternate asset class.”

At iSparkle, the mindset is more bottom-line and profit driven as opposed to revenue driven. Kaplan is determined to “move away from being bound to a single supplier or a group of suppliers with a contract.”

As we navigate the current challenges associated with Covid-19, there will no doubt be issues that arise with the traditional diamond supply chain, potentially making iSparkle a more attractive choice for strapped businesses. Kaplan acknowledges the severe impact on the jewellery sector, specifically a collapse in the trade of polished diamonds. He is correct in noting that “some companies will survive, others won’t.”

And yet there are lessons to be learned from the past, especially the 2008 recession, which Kaplan is



(Above) Inside the iSparkle offices; (left) chief executive Ilan Kaplan



viewing like a sample road map to how the industry may recover in time.

“I believe that we need to remain optimistic in these times and be responsible for looking after our own businesses,” he says. “I am cautiously optimistic that once the virus is beaten, and we will beat it, people will be back on the streets and in store, and that demand for diamonds and diamond jewellery will have a big boost.”

While the world adjusts to a strange new normal, iSparkle is turning inwards and developing a new strategy to target retail jewellers directly. “This would obviously be advantageous to us as we would be making a better price for our goods as well as being tremendously advantageous to the retail jeweller, who would be able to source polished diamonds cheaper than anywhere else, as this would be straight from the source,” Kaplan adds.

When times are good, iSparkle is a contemporary player in a traditional market, unbound by its rules and able to nimbly bypass the restrictions of its much larger competitors. That being said, when times are challenging, as they are now, iSparkle is just as limited as everyone else. Fewer rough diamonds entering the market and decreased demand for polished diamonds is an indiscriminate combination that impacts all diamond manufacturers somewhat equally.

Thanks to his positive attitude though, Kaplan won’t let a global pandemic slow him down. “I would like to encourage people to never waste a good crisis. I believe that in times of adversity there is opportunity and now is the perfect time to make significant investment in rare diamonds,” he says. “[It also] provides us with a unique opportunity to digitalise some of our selling platforms. We have listed our entire inventory for B2C sale on a few websites, which are geared to the marketing of luxury items. In this way, the private consumer has access to polished diamonds below retail prices.”

The combination of a lean business model, a huge black book of connections, decades of industry experience and the ability to leap on rough is what is propelling iSparkle forward. During this temporary pause, businesses will have time to critically assess the supply chain they participate in. How many will come out the other side determined to break free and try something new? Whether it’s one or 100, iSparkle will be there, ready to show them the future. ●

