

# final report

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## Sparklabs Cultiv8 Accelerator 2018

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## EXECUTIVE SUMMARY

It was a great first year for Cultiv8 with 8 really strong companies in the cohort. SparkLabs Cultiv8 moved from an idea in 2016 to a fully functioning innovation group in 2018. Our highlights include:

- Establishment of SparkLabs Cultiv8, a joint venture between a group of Australian farmers, financiers and the largest Accelerator group in Asia. Specifically designed to enhance the productivity of the Australian farmer and be recognised globally as a destination of choice to research, trial and commercialise technology in agriculture.
- Foundation partner of the GATE with Minister Niall Blair opening in March 2018
- Investments of nearly \$1.0 million in 8 agtech startups in 2018, and about to deploy another \$1m for 2019. We have had strong feedback from the first cohort about the value we added and ability to interact with the farming community.
- Held our first successful demoday in September 2018. Over 450 people in attendance with approximately 70% investors with Netflix founder Marc Randolph, as the keynote speaker. We have had numerous feedback saying this was the leading Ag Tech event in the country in 2018. It was great to have a really strong MLA brand presence at the event as well as a speaker from the MLA introducing one of the teams
- One of our Australian companies, James Tyler, presented at the Sparklabs demoday (largest in the world with 2500 attendees) in the world in Seoul, Korea in December 2018 and subsequently went on to present in Taiwan in January 2019.
- Establishment of strong relationships globally through the Global Accelerator Network with a range of gricultural innovation groups around the world.
- We spoke as a guest or participated as a panel member at industry events in Melbourne, Sydney, Brisbane, Adelaide, Darwin, Canberra, Orange (of course), Singapore, Tokyo, Seoul, London, Denver, Boston, San Francisco, Milan and others throughout 2018 promoting Australia, and the MLA, as leaders in ag-tech.
- We have invested over \$500,000 in regional Australian opportunities to date
- Companies from our 2018 cohort have raised a total of more than A\$17m in capital since inception including capital from within Australia.
- We have encouraged and engaged collaboration with other Australian Ag Tech incubators and Accelerators, we strongly belief this community has to united to form the best result for the Australian farmer.

Four of our companies are generating tangible value for the livestock industries. These cover supply chain efficiency (ripe.io), international trade (James Tyler) water treatment (Hydroleap), IOT (Farmbot), automation (Biocarbon Engineering) and succession planning (Secure Impact). As an example James Tyler have completely re-engineered a pan-pacific cold chain and can deliver fresh produce to over 90% of the Chinese population from the farmgate in under 72 hours. Demand is insatiable and this business is driving change through use of a new generation of ecommerce, strategically using social media influencers, as a very low-cost way to drive demand and messaging apps as the store front.

We have had success in leveraging opportunities globally through our broader network. We are now hoping to focus more locally to uncover opportunities which may not be immediately accessible. We

know Australian farmers are some of the most innovative in the world. We also know that Australian conditions force farmers to push the envelope. Whilst true, this natural breeding ground for ideas doesn't necessarily translate into wide reaching commercial outcomes. In 2019, we are proposing to establish a roadshow across Australia into rural communities where we can uncover some of these exciting innovations, identify what are some of the biggest challenges facing farmers and communities and through our networks breath commercial life into these projects. It is also our intention just to listen to the farmer to understand their needs and expectations.

We feel strongly about uncovering unique opportunities solving real problems which includes a vision to include up to three four new regional innovations in our 2020 cohort (with up to \$400,000 in investment by SparkLabs Cultiv8).

The fact that our brand has grown rapidly both at home and abroad means 2019 is shaping up to be even better. There has been great interest in the 2019 cohort, we have already met with 100+ businesses, reviewed many more and identified some excellent candidates.

## CULTIV8

SparkLabs Cultiv8 is a unique world class accelerator and research facility founded by the SparkLabs Group, Asia's leading Tech Accelerator group, in partnership with the NSW Department of Primary Industries (DPI), together with a number of leading farms and large corporate partners.

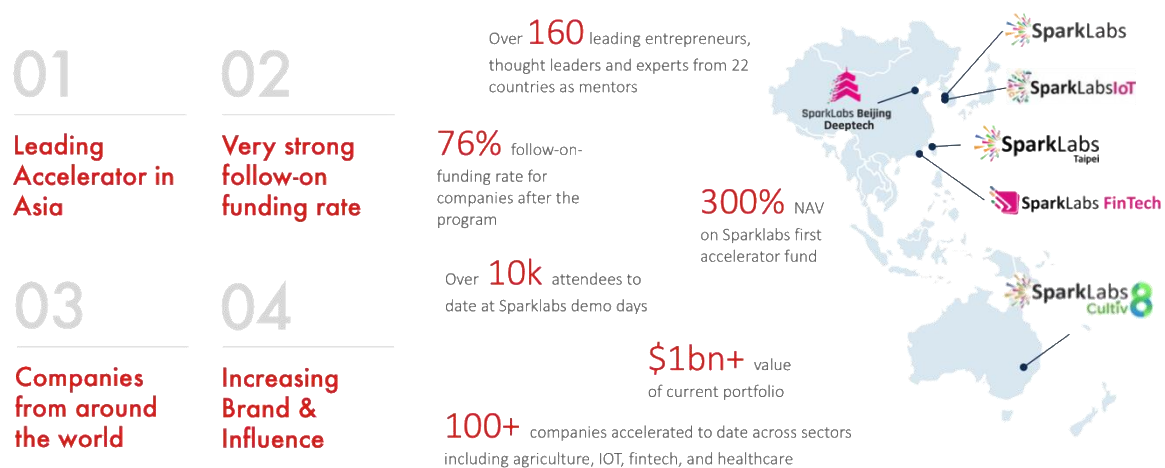
We help great entrepreneurs from the Ag and Food Technology sectors to prototype, scale and commercialise their products. We focus particularly on growth stage businesses. Our aim is to help them validate their technology and market assumptions and gain the traction they need to raise Series-A. We help them to do this with our extensive global network of agtech investors.

The program is six months in length and can be completed remotely, we encourage our portfolio to be wherever they need to be to most effectively grow their businesses.

SparkLabs Cultiv8 has a global focus and is situated in Orange, Australia, within the Global AgTech Ecosystem or GATE, taking the resources to the opportunity rather than the opportunity to the resources through a partnership between the NSW Department of Primary Industries, SparkLabs Cultiv8 and a range of large corporate partners.

## SPARKLABS GLOBAL

Sparklabs global are a new type of seed-stage fund. We believe business is now truly global. Exceptional entrepreneurs, that are building strong, category defining companies at highly advantageous valuations – can be found anywhere. We are a team highly experienced in finding such talent and helping our entrepreneurs to develop, grow, network, and scale into other markets throughout the world. We have a global network of 10 venture partners across 4 continents, 160+ mentors, and 7 separate but complimentary accelerators. Our network allows Cultiv8 to source, and invest in, the highest impact agricultural technologies from across the world.



## THE CULTIV8 PROGRAM

Our unique 6 month cultiv8 program has been tailored to solve real problems for food and ag tech businesses. We have designed it specifically to help “growth stage” companies. Those who have raised some capital and have a strong initial customer base. We support them to drive real impact in

the industries they are focussed on and provide access to strategic advice and all the resources they need to get to market as rapidly and sustainably as possible. Our program includes:

- Up to AUD\$100k direct investment
- A tailored mentor driven program for the business with access to 160 global mentors and 50+ specialist cultiv8 mentors
- Access to 25 research stations and more than 13,000 hectares of agricultural trial sites across 4 climatic regions
- AUD\$15k in pro-bono legals
- Support in accessing and raising capital from our global network of early and venture investors
- Free office space in Orange and access to space in all Australian Capital cities

## OUR REACH



So far this year Cultiv8 has spoken at leading events in the US, Europe, Japan, Singapore, S.Korea and extensively across Australia. We have provided expert opinion on ag-tech acceleration, challenges of growing an ag-tech start-up, indoor agriculture, blockchain in agriculture, putting the "ag" back into ag-tech and a wide range of other topics.

This work gives Cultiv8, and our partners including the MLA, unique insight into emerging tech trends, regularly spending time with leaders from across key markets around the world. As a result of this Cultiv8 identifies an average of 2-3 new businesses a week as potential applicants or supporters of our future programs.

## DEMODAY

We had an overwhelming response to the first SparkLabs Cultiv8 Demo Day with over 450 people attending the event in Sydney. As part of our partnership the MLA received a complimentary platinum sponsorship package at the event. The MLA brand was prevalent throughout the event, and Joshua Whelan has an opportunity to introduce one of the teams further raising the profile of the MLA as a leading organisation in agricultural technology.

Investors made up the vast majority of the audience (68%), but the audience also had in excess of 60 farmers and agricultural specialists. The event provided a powerful opportunity to showcase the strength of the first cohort of



leading Food and AgTech Startups selected from across the globe.

Marc Randolph founder of Netflix gave the keynote address. The event was livestreamed to a wider audience on social media and continues to be watched on youtube.

## CASE STUDIES



Reduces water inspection by **90%**  
**400, 000** stock tanks in Australia

Farmbot believes that farm IOT should be simple and easy to use. Their initial products are satellite and 3G connected monitors that measure and analyse water use. Farmbot monitors are specifically designed to be self-installed and operational within 10 minutes.

Farmers access the real-time information through their PC or mobile phone 24x7 ensuring visibility of water level issues before they become significant and helping them better understand water usage. Farmbot brings simple and effective solutions to a space that can often be unnecessarily complicated.

### MLA Member Impact Summary

- This company assists livestock operations to more effectively and efficiently manage their critical water assets.
- The simplicity of installation and customer service proposition is at the heart of their offering when developing products for farmers to self-install.
- This business will continue to build out new products for livestock producers and have an exciting development pipeline.
- The use of these sensors provides additional confidence around animal welfare and data, enhancing animal husbandry practices.
- This company is steadily building a footprint across the Eastern Seaboard of Australia that will lead to interesting insight from a best practice perspective.



**628.5bn m3** Wastewater Generated      **\$21.75bn** Chemical Treatment      **\$150.1bn** Treatment cost

Hydroleap has developed a cutting-edge water treatment technology that works based on electrochemical principles. It is well designed for wastewater from agriculture, construction, food and beverage, oil & gas, tannery, mining and semiconductor industries. It is an automated modular system that does not need any chemicals to perform

This technology can replace the expensive and non-sophisticated process of chemical pre-treatment all around the world.

### MLA Member Impact Summary

- The company is already making strong inroads into pre-treatment of waste water from the construction industry in Singapore.
- The focus is shifting to the Food and Beverage manufacturing industry. The meat manufacturing plants throughout Australia have an opportunity for further efficiency gains through reducing water treatment costs. From environmental perspective they also remove the requirement for chemicals in the pre-treatment process, further enhancing the continuous processing capabilities.
- These units are relatively inexpensive (approx half the cost of current approaches), they require much less maintenance including associated labor and can be easily retrofit to an existing water treatment plant.

## JAMES TYLER

PURVEYORS OF FINE FOOD

Over **140,000** parcels have been delivered to consumers' homes in China so far

By 2022, **76%** of China's urban population will be considered middle class

James Tyler has built an 'Australian farm to Chinese table' platform that is able to deliver fresh Australian produce to over 90 cities around China. This platform is built upon a first-class cold chain logistics system that can handle a range of products, including fresh dairy, seafood, fruit, meat and premium wine.

By tapping into Chinese social media networks, James Tyler is able to work with Australian brand owners and primary producers to promote and sell their products directly to Chinese consumers. By partnering with James Tyler, brand owners are given a direct line of sight to the end consumer, a better price for a better quality and greater margins. James Tyler has been working.

### MLA Member Impact Summary

- This company has delivered enormous growth during its first full year, now having delivered over 140,000 cold chain parcels directly to the Chinese consumer.
- They are one of the only groups providing an effective direct to consumer service for fresh produce into China. Customer service is paramount and they do anything to maintain it. For example they have three staff that sleep at the airport to push product through in case of issues
- Thus far they have focused on cherries, fresh dairy products including their own branded milk/yogurt and a range of other unique Australian branded products. They now want to move in to the red meat space and see a relationship with the MLA as an important next step.
- They are piloting new technology assets that deliver the end customer value, transparency and confidence. This includes the use of blockchain and automated pick up points for fresh produce



Accenture study states improved retailer-supplier cooperation could save **\$265bn**

**\$20bn** Amount the global blockchain market will be worth in 2024

ripe.io is an agrifood tech company altering the trajectory of the food system through blockchain technology and IoT. By designing a radically transparent digital food supply chain, ripe.io harnesses quality food data to create the blockchain of food - an unprecedented food quality network that maps the food journey to answer what's in our food, where it comes from, and what has happened to it.

Ripe.io are developing solutions that will help primary meat producers to differentiate their products and be rewarded for quality. They will also provide low cost traceability solutions that will be integral to future markets.

### MLA Member Impact Summary

- ripe.io are currently in the process with SparkLabs Cultiv8 in putting together a project linking a range of red meat market participants including Paraway Pastoral, Jack's Creek and other participants within the value chain to create a blockchain for Australian red meat.
- ripe.io currently provide blockchain services to a range of American organisations including the Dairy Farmers of America who control approximately 34% of the US milk market.
- Their founder, Raja Ramachandran has an enviable track record, including being a part of the founding team behind the R3cev consortium that represents 110 banks globally in delivering blockchain services to the finance industry.

- This experienced but young company could contribute to reducing fraud and fostering trust between consumers and the red meat value chain.



**\$50bn** Ecosystem restoration market

**60x** faster & **4-10x** cheaper than traditional replacement methods

**\$300-\$400bn** required to meet current restoration commitments globally

Every year six billion trees are lost. This is a loss of healthy eco-systems, biodiversity, raw materials, food, and jobs. Globally, this affects the supply chain for every-day products we all need and is a major contributor to climate change.

BioCarbon leverages data analytics and robotics to provide automated drone planting services to restoration project managers and landholders. These data enabled systems helps to scale up restoration activities, and reduce cost.

#### MLA Member Summary:

- Provides scope for farmers to improve their assets through regeneration of farming country, reducing erosion, improving waterways and increasing productivity
- Can improve shade protection.
- Environmentally and sustainably a positive process to improve otherwise sometimes ignored challenges in our landscape.
- Provides more detailed information about our landscape with the ability to provide recommendations around species and plantings in a more naturalised pattern.
- The company is also looking at aerial spraying capabilities as they relate to a new drone currently being developed out of Oxford, UK.



**60%** of Australian farms have no known successor

**93%** farms have bank debt – only **6.1%** equity finance

Secure Impact are a new platform that will overcome these issues. Our technology will provide opportunities for Australian farmers and investors to seek accurate data, business characteristics, market access, sector profitability and productivity rates.

The Secure Impact marketplace will provide Australian farmers and investors with a real-time transparent buy/sell trading platform and enabling technology to exchange land assets, agribusiness assets, livestock, water, carbon, cotton, grains and oilseeds.

### MLA Member Impact Summary

- Succession issues in agriculture are enormous and very difficult to solve.
- There are some tools out there to help young farmers financially manage generational transition.
- We need more solutions to help deal with this significant challenge.
- Secure Impact places another tool in the kitbag to bring resolutions to this difficult and drawn out process for rural families.
- Fractional ownership with a tradable platform will provide the ability for a young farmer to place their rural asset in full or in part, lease the asset from the new ownership structure and provide the ability to buy back fractional portions over time.
- It also allows those who work in the industry to profit from their hard work by owning a piece of the business, no matter how small, providing a huge incentive for productivity improvement

## 2018 PROGRAM OUTCOME HIGHLIGHTS:

The program was an intense experience for all involved but the teams have seen a step change in their growth and prospects.

- **James Tyler** closed their round at AUD\$1.4m. The business continues to show really strong growth, 400+% over the program. They also presented to an audience of 2500+ at Sparklabs Demoday in Korea They presented to an audience of 2500+ at Sparklabs Demoday in Korea
- **Farmbot's** annuity revenue is up 10X (1000%), and Sales revenue is up 14X (July - October 2017 Vs July - October 2018)
- **Biocarbon Engineering** has quadrupled their enterprise customer base and continues to develop their SkAI platform
- **Hydroleap** now has projects across 4 industries in 3 geographies and a pipeline of \$15m of projects. They have also signed two new partnerships one with a large international waste management company and a vegetable oil producer.
- **Secure Impact** now has over AUD\$20m of properties listed, AUD\$270k in lease value transacted and 2500 users on the site
- **Ripe.io** are putting their USD\$2.4m seed round to work with extensive product development. Their pilots with Dairy Farmers of America and Sweet Green continue to grow and are hoping to be able to announce a world first end-to-end beef blockchain that will help Australian farmers to maintain a premium price for their premium product

- **Fenik** closed their Kickstarter successfully with \$78k raised, they will be shipping 500 units to Morocco in the coming months and are in discussions with 2 major US retailers about stocking the units
- **Aquabyte** have their first product in the hands of customers. This is a huge step and involved finishing the engineering components (code, optics, machine learning algorithms), getting the operational process working (at Erko and in their test farm environments). They are now finalising government approval and expect to have it with paying customers in Q1 2019.

## CONCLUSIONS

Sparklabs Cultiv8 has got off to a flying start and we are increasing the pace from here. In 2018 we established ourselves as a world-leading ag-tech accelerator and have brought some of the best start-ups in the world to Australia and to Australian farmers. We look forward to continuing to use this global reach but also focusing our attention on our own tech talent and producer led businesses.

We are excited about continuing our partnership with the MLA Donor Company and supporting the on-going competitiveness of Australian meat and livestock industries. Out of 100s that we currently have a shortlist of 5 companies we believe will be highly impactful.