

# final report

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## SparkLabs Accelerator Program Support

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## Executive summary

It has been a strong second year of investment with great progress made from this year's cohort, continued growth from our first cohort and an exciting cohort shaping up for 2020. Our highlights include:

- Investments of over \$850k in 7 agtech and foodtech start-ups in 2019.
- 9 promising start ups confirmed for the 2020 cohort, with more likely over the coming months, in what will be our biggest year to date.
- Held our second demo day with 550 people, an increase of 100 from our first year in 2018 including a panel position for Dr Michele Allan, MLA Chairperson at the time.
- Strong feedback from our second cohort on the value added, particularly in farmer, corporate and industry relationships to provide real time feedback and potential opportunities
- Participated in events in Israel, London, Australia, the UAE, Korea
- Established a stretch program to continue to support the most promising companies beyond the program with strategic guidance and funding support
- Ripe partnership with MLA and the Department of Industry established to provide insights around red meat supply chain data flows with industry players including Paraway Pastoral, Jack's Creek and the North Meat Co-Operative.
- Two mentor catch ups with the best minds in the agriculture and technology industries
- SparkLabs Cultiv8 portfolio companies have now raised in excess of \$38m in funding following our program

Three of our companies from 2019 are generating tangible value for the livestock industries. These vary from skills and recruiting (The Training Paddock), rural communications (Zetifi), seed planting and finance (TrAlve). As an example, The Training Paddock is developing a platform to enable farming skills to be recognized and recorded to enable employers and employees to better align candidates and jobs that can work for them in the long term. To date they have established trials with rural schools, 21 farmers and 3 major agri-companies plus are working through a pilot to enhance WHS and insurance commitments with icare.

Our previous cohort has had an incredible year. Some of these highlights include James Tyler becoming the number one Australian milk brand in China, as well as launching new channels to market to help and solidify its position as the leading route to market for Australian and New Zealand fresh produce to Chinese consumers. Ripe.io are having great success overseas and in Australia and have begun trials with MLA, the Department of Industry to support traceability of Australian beef.

On the back of our reputation and global reach, this coming year is expected to be our strongest yet with 9 companies already confirmed and with more likely over the coming months. We are excited by the strength and diversity of this years cohort and are excited to drive more livestock related opportunities in the coming years.

We believe the investments to date in global start-ups that can provide the greatest value to Australian ag-tech and livestock has been beneficial. Our focus over the coming months and year is to identify more local talent that we can be supporting. The challenge has been identifying companies that have significant growth potential and can have a real impact both domestically and abroad. We know there are many innovative Australians passionate about the sector and we are testing ways to best identify these people and support them.

This year we have also launched a stretch program to fill the significant gap in support and investment in ag-tech start-ups at the early stages beyond our current accelerator mandate. The purpose of this is to support with strategic guidance, mentorship, commercial introductions and funding to ensure that companies are able to continue growth through to later stages where significantly more industry and venture funding is currently focused. We believe this will also help to solidify the value to Australian livestock of the companies that we invest in. The initial stretch program will include some of the current companies supporting livestock in Australia such as James Tyler, Ripe.io, Farmbot, Zetifi, Traive, The Training Paddock.

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# 1 Background

## 1.1 Cultiv8

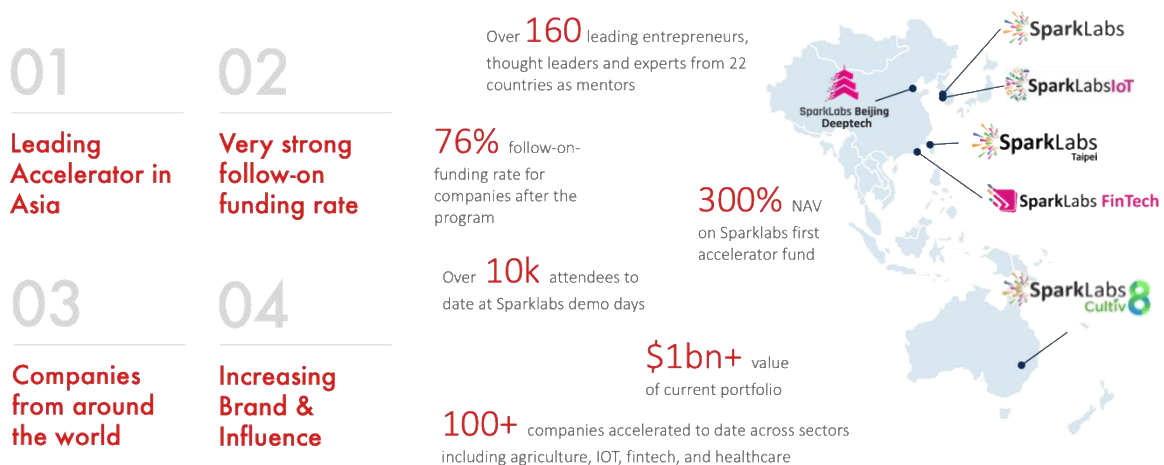
SparkLabs Cultiv8 is a unique world class accelerator and research facility founded by the SparkLabs Group, Asia's leading Tech Accelerator group, in partnership with the NSW Department of Primary Industries (DPI), together with a number of leading farms and large corporate partners.

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 ag-tech 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 Ag-Tech 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 and industry partners.

## 1.2 SparkLabs Global

SparkLabs Global is a range of seed-stage funds. 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.



## 2 The Program

### 2.1 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



### 2.2 Program Reach

So far Cultiv8 has spoken at leading events in Europe, Japan, Singapore, South Korea, Israel and 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.

In addition to this, this year we have assessed over 300 companies across all the major continents to select those which we believe can add the most value to the Australian ag-tech.

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.

## 2.3 Demo Day

We had another very successful Cultiv8 Demo Day with over 550 people attending the event in Sydney, an increase of over 100 people from 2018. 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. As previously mentioned, we also provided Dr Michele Allan, the MLA Chairperson at the time, a place on our panel discussion.

Investors made up the vast majority of the audience, but the audience also had farmers, agriculture specialists, corporate and government leaders and other entrepreneurs. The event provided a powerful opportunity to showcase the strength of our second cohort of leading Food and Ag-Tech Startups selected from across the globe.



## 2.4 2019 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.

- **Zetifi** – The company has rebranded, completed two financing rounds, won numerous grants and pilots including a \$644,000 accelerating commercialization grant from the federal government. A project combining a range of farms in conjunction with CaseIH Australia is providing a case study as to how the gig economy can be useful in a regional sense.
- **InnerPlant** – The company has established a range of trials that have led to a confirmation of the technology expressing itself as previously indicated in the laboratory. Built a range of relationships with Australian farmers and industry professionals and are currently embarking on a Series A raise of US\$8m in the US to take the technology to the next stage.
- **Moisture Planting Technology** – The company has finalised the prototype, had the product in the field for the first time, displayed at AgQuip and is now in the process of raising their

first funding round in conjunction with their accelerating commercialisation grant application.

- **Traive** – The company finalised its seed round of funding in 2019 and have since built out a team in both the US and Brazil to establish their financing business to assist farmers in these markets access funding and building a dataset that allows lenders to better understand risks within the agricultural markets.
- **Oaesis** – The company has finalised the product for its first production in 2020. They have been awarded funding of US\$700,000 from the King Abdullah University of Science and Technology.
- **SIPP** – The company completed two funding rounds in 2019 including closing investments from global superstars including Chris and Liam Hemsworth. Their product manufacturing moved to Byron Bay and a range of product development has allowed the businesses revenues to rapidly grow throughout the 2019 year.
- **The Training Paddock** The training paddock has been making significant progress in the build out of their MVP throughout 2019 leading to the continued development whereby the first-generation product is close to completion. They have completed their first funding round and are building out some very exciting partnerships as they look to enhance the way farms think about their operations most important resource, human capital.

## 2.5 2018 Cohort Highlights

- Aquabyte raises \$10m in Series A funding to support financial and environmental improvement in the \$240bn dollar fish farming industry - the fastest growing food production sector in the world.
- JamesTyler has signed a bilateral memorandum of understanding (MOU) between the NSW and Chinese government, strengthening their position as a leader in fresh produce distribution into China. They have also become the largest supplier of fresh Australian milk into China.
- Hydroleap have completed a \$2.5m round to expand their presence to mining in Australia and semi-conductors in SEA in 2020
- Ripe.io has started trials with Meat and Livestock Australia (MLA) and the Department of Industry (DI) to track cattle movement around Australia and growth rates of livestock. They are also in discussion with James Tyler to develop a solution to provide transparency right through the supply chain to end customers.
- Secure Impact's CEO and Founder, Lisa McFadyen was selected as a finalist in the 2019 NSW- ACT Agrifutures Woman's Rural Woman of the year award. Lisa is committed to changing the way farms transition between ownership generations.
- FarmBot is delivering on its objectives through growing both its existing product market share and developing new products to assist their customers in continuous improvement in the way they manage their precious water assets.
- Dendra Systems (formerly BioCarbon Engineering) now have five major mining companies as customers in the Australian market including BHP and Rio Tinto. They are currently embarking on a Series A round that should close in the coming weeks.



## 3 Case Studies

### 3.1 2019 Case Studies

#### 3.1.1 Training Paddock

The Training Paddock is an Australian-developed online skills management system providing farmers with insights about workers' skills, that steers and validates workers' professional development.

They enable agriculture employees to take control of their career by tracking their real experience, endorsements from teachers and employers, WH&S certificates and social networks. This supports both school leavers and those looking to enhance "ability" profiles.

##### MLA Member Impact Summary

- This company enables farmers to more effectively find, select, hire and train the right candidates for their requirements.
- For employees, it provides them with a way to track their skills and endorsements and ensure they are rewarded in a world where you can no longer rely on buying your own farm.
- They are filling the significant gap in formalized training in the agriculture space with a simple solution centered around on-the-job training in addition to specific qualifications
- Given the consolidation in farm ownership and required increase of hired farm workers, it is a good time to be formalizing skill sets and on-the-job endorsements for employers and employees



**100,000** rural school leavers per year

**45%** have no way to track new skills

#### 3.1.2 Zetifi

Zetifi bridges tech divides between rural and urban locations with off grid, on demand wireless mobile coverage at a fraction of the cost to traditional cell towers. With their options for off grid deployments, they bring reliable, secure, robust, and cost effective connectivity to power your communications, remote monitoring, and IoT demands well into the future.

The ability for interconnectivity between mobile stations also enables them to establish micro grids from which neighboring farms and anyone passing by can also get access from.

##### MLA Member Impact Summary

- This company enables farmers mobile connectivity across their farms for personal use, IoT and remote monitoring so they can leverage technology to its full potential.
- 65% of Australian farmers do not have reliable coverage limiting them to leverage the benefits of modern-day technology.

- The solution is solar powered, self-sustainable and costs a fraction of what it would cost to install a proper mobile tower and cells.
- The timing appears to be right for a solution like this, with the current global focus on ag-tech, the development of on-farm solutions that can drive profitability improvements has been rapidly increasing. Without the plumbing that pulls all this together, the full potential of these technologies will never be reached.



**65%** of Australian farms do not have reliable mobile coverage

**US4.5bn** being invested in the US to improve rural connectivity

### 3.1.3 Traive

Traive take a unique approach to agriculture lending by using big data to create a credit profile for farmers. This looks beyond just credit scores and considers factors like agronomic performance, experience, quality of the asset and growth potential.

The models ensure diversification of risk overall to improve lenders performance and reduce costs for farmers.

#### MLA Member Impact Summary

- TrAlve are improving farmers accessibility to credit in a more affordable way by considering factors more closely correlated with loan serviceability than just credit score.
- This solution can support many farmers are limited by options by current banks when it comes to short to medium term financing due to historical measures on ability to service the loan.
- The rise on non-bank lenders and significant reduction in interest rates means now is an attractive time to be launching a product such as this to support livestock in Australia.
- As the TrAlve model is launched we will be provided with an understanding of how this is working in the context of providing Australian farmers with new ways to manage cashflow and capture opportunities quickly regardless of the size of your organisation.



**~1Tn** global market size

**30%+** are typical interest rates currently

## 4 Future Program Participants

### 4.1 2020 Cohort Selected Preview

- A US based company creating postbiotics that provides an alternative to antibiotics. The company's postbiotic is a formulation of feed additive that increases livestock feed conversion efficiency, enabling customers to get better output from their livestock with no antibiotic residue.
- An Australian based animal production data system enabling farmers, R&D organizations and corporates to gain wide scale insights into the effectiveness of various farm management approaches and design solutions to improve yield and efficiencies.
- An Israeli based company that turns irrigators into a virtual radar providing updates on soil and water conditions using AI multi-year algorithms to recommend optimal water and supplement requirements.
- An Asian based company reducing the steps in the supply chain from farmer to end customers, focusing on the food service industry and small hold farmers. Providing transparency through the value chain and taking the complexity of logistics and storage away from farmers and processors.

## 5 Conclusion

Sparklabs Cultiv8 has built on its strong year one success and are increasing the support we provide our start-ups beyond the initial program. We look forward to continuing to leverage our global reach and reputation to attract even more promising start-ups in the future and support more of our Australian home-grown start-ups.

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 3-5 companies we believe will be highly impactful. We are excited to introduce them to you in the coming months.