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Prepared by: James Walker
Agrihive Pty Ltd

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Wealth Projector Portal (Beef)

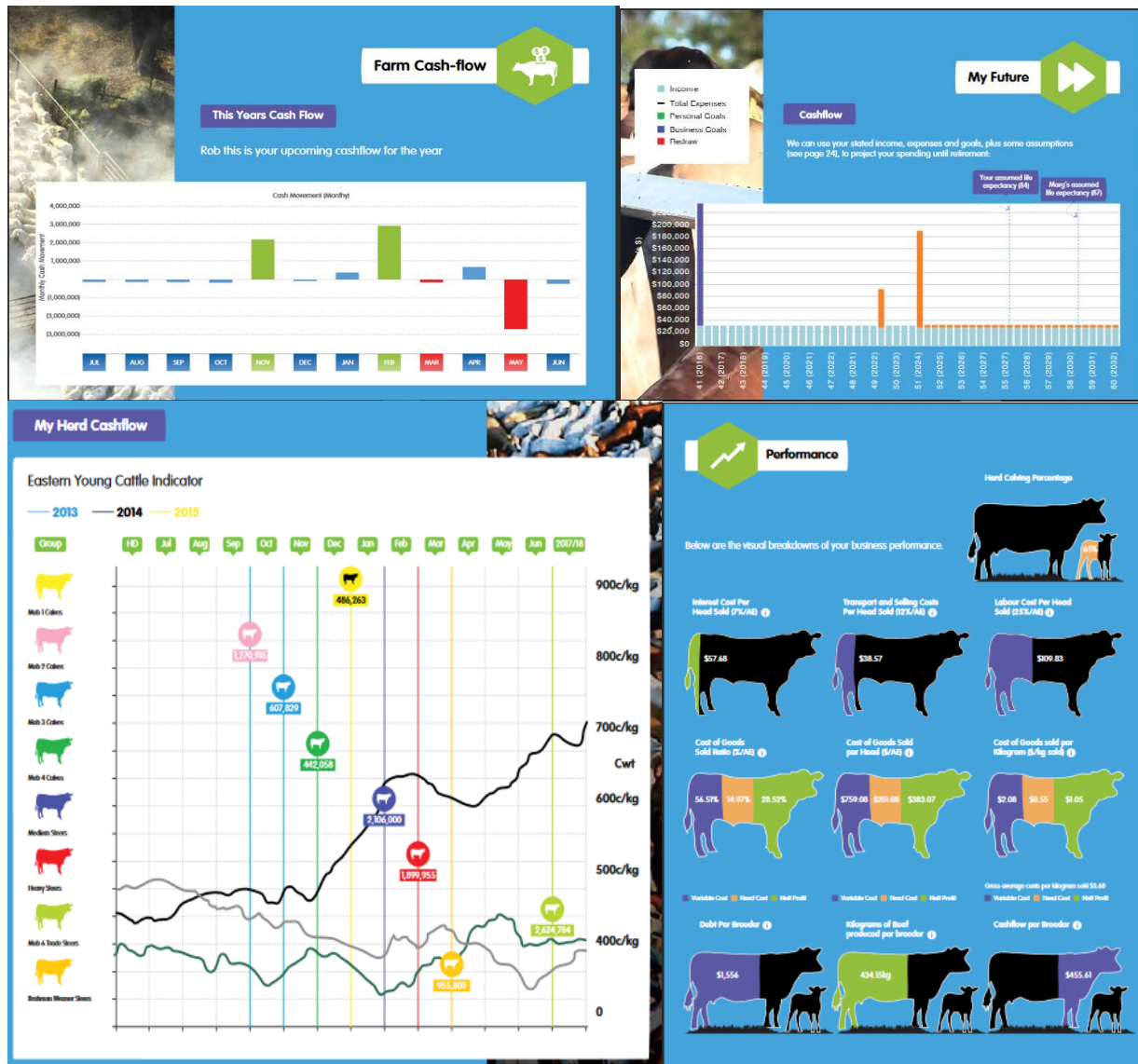
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Abstract

The Agrihive Wealth Projector for Beef project was undertaken as a response to the need for significant reform in financial literacy for beef producers in Australia following findings from the Agrihive CEO Summit in 2014 during one of the industry's most challenging times in Markets, Climate and Business Resilience.



Example of Beef Wealth Projector Report Pages

Executive summary

The development of the Wealth Projector for Beef was due to many problems facing the beef industries producer segment. Issues and problems that were highlighted through the Kidworth Case Study that were revealed included marked lack of:

- Succession Planning
- Business Planning
- Goal Setting
- Strategic Planning
- Cash flow management
- Net wealth Generation
- Benchmarking
- Scenario Modelling
- Weather and Climate modelling
- Debt Management
- Communication
- Reporting
- Cost Structure Management
- Enterprise Clarity
- Capital Development
- Key Performance Indicators
- Stakeholder Engagement
- Resource Allocation

The above issues and problems collectively culminated in the opportunity to address financial literacy as a response and a project was designed to simplify, automate and aggregate information so that Beef Producers would not have to be trained but instead gifted financial literacy through an intuitive and intelligent digital tool which had the potential to transform the industry by providing rich information direct to the producer in times of key financial decision.

The project incorporated an existing platform to reduce costs of development; the project was developed with key personnel in programming through lead programmer Rd. Richard Kennard who gained thesis of the year 2013 in Australasia and South East Asia for Programming.

Analysts were used through the department of Agriculture and through independent consultants and analysts to create the output.

The result is a holistic business management tool that generates a rich view of a beef enterprise which automatically profiles opportunities to improve Net Wealth for Producers through three laws of cash flow performance:

- Improving number of units sold
- Improving prices received per unit sold
- Review of all costs

The implications of this work is clarity of the financial state of the producer's enterprise and individual situation. Projecting this forward identifies opportunities to improve farm gate returns which through feedback is in the vicinity of between \$20000 and \$40000 per business. Cast across the 77,000 beef producers this is the equivalent of between 1.54 to 3.08 billion dollars per annum.

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This project has significant digital extension opportunities for the beef industry as it is a digital platform that can be used to interact and engage current resources with the producer to improve their responsiveness and the industry's ability to prepare and empower. The opportunity includes digital extension of existing programs in MLA and has the ability to support existing advisors, consultants and industry stakeholders.

The overarching ability of this platform is it has the framework for digital and financial transformation of the red meat industry and the proponents are willing to engage with MLA and Industry to rapidly build this aim.

1 Project objectives

The Wealth Projector portal (and the output, being the wealth report) is being built for the Australian beef industry will be developed with the following attributes for an individual business analysis to be conducted:

- My Family
- My Farm/Property
- My Weather (now replaced to the lack of perceived value that this page adds)
- My Enterprise (Beef, Livestock)
- My Income
- My Expenses (and farm inputs)
- My Assets
- My Liabilities
- My Net Worth
- My Super
- My Financial Fitness
- My Future (scenario modelling)
- My Options
-

The Wealth Report will provide a centre for financial development and extension services for individuals in the Red Meat Industry. It will give the producer a report based on their individual situations delivering optics and motivation to empower change where necessary in their enterprise. This initiative will provide management with information on the key performance indicators and critical drivers that are affecting their profitability and provide the details of how to efficiently prioritise business activities rapidly finding opportunities to increase profitability and overall opportunities for improved wealth and sustainability.

The Wealth Report will do this through a key review process used in successful businesses:

1. Input relevant key business data that the participant has trust and accountability over
2. Create a situation analysis of the holistic individual enterprise with personal connection and affinity to values and goals
3. Measuring the trajectory of the individual through projections and scenarios
4. Provide ability to identify, correct and improve the activities that are contributing to the performance of the enterprise
5. Apply initiatives and products to the enterprise in a targeted response through existing MLA resources and tailored resources.

Ongoing license fees would be either funded by the 'sponsor' or derived from farmer subscriptions, depending on whether the service was going to be introduced as a free service or a subscription model.

The benefits for an agricultural version are self-explanatory, and the need to enhance financial literacy levels across rural Australia is vital for the long-term sustainability of the sector.

2 Methodology

The project was conducted in a scope, design, programme, test, review and implement methodology through cloud based program management software.

The process was to research requirements design the output and program and build codes reflecting the functionality required and the meaningful reports to engage and assist producer's financial decisions.

Throughout the project over 90 independent reviews have been made which have identified significant add-ons to the functionality requirements for producers.

3 Results

Meat and Livestock Australia, Department of Agriculture and Agrihive with partners launched the Farmecco tool on the 10th of May 2017. The Farmecco tool is designed for beef producers and rapidly creates a 40 page info graphic report and 5 separate additional reports for banks. Added functionality is that Farmecco can now prepopulate applications, audits and documents also required by the producer and can integrate with data sources to provide further value to the user and industry.

PRICING

For a limited time you will have 24 months access by choosing one of the options below

PREMIER	PREMIER PLUS	ACCELERATOR
DO IT YOURSELF (DIY)	FINANCIAL PRECISION	INSIGHTS WITH IMPACT
24 MONTHS ACCESS	24 MONTHS ACCESS	24 MONTHS ACCESS
\$485 EXC. GST	\$840 EXC. GST	\$1800 EXC. GST
<ul style="list-style-type: none"> ✓ Farmecco Report <p><i>Posted to you as a coffee table booklet when completed</i></p>	<ul style="list-style-type: none"> ✓ Farmecco Report ✓ Bank-ready docs ✓ 1-on-1 support 	<ul style="list-style-type: none"> ✓ Farmecco Report ✓ Bank-ready docs ✓ Insights ✓ Webinar series ✓ 1-on-1 support
SUBSCRIBE	SUBSCRIBE	SUBSCRIBE

Farmecco Pricing Panel

The commercialisation strategy was to provide producers with three tiers of affordability for the system. Within 12 hours of release there were

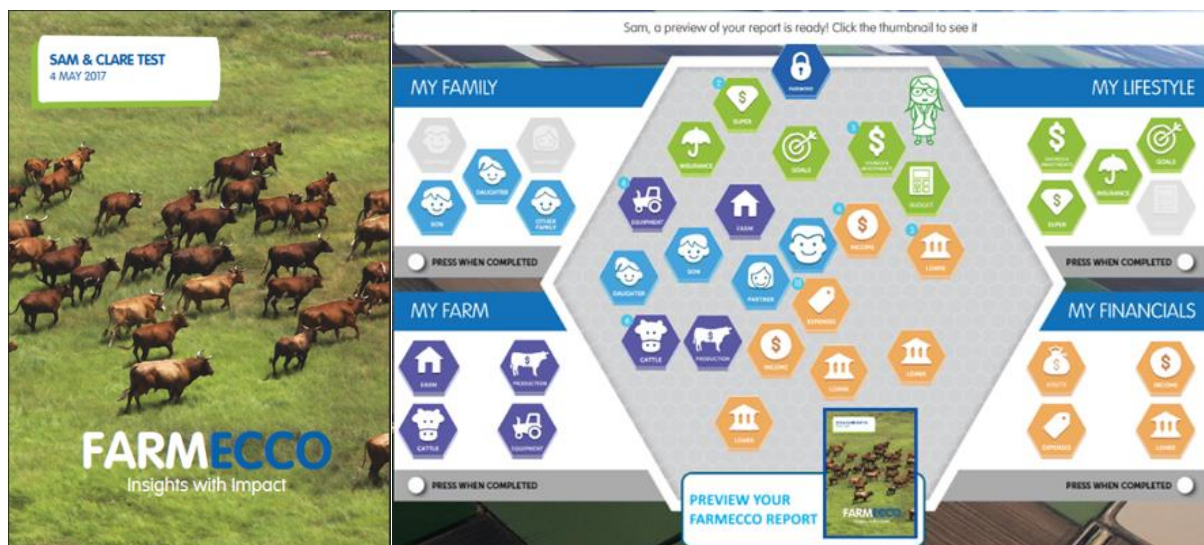
- 24 Premier users
- 52 Premier Plus Users and;
- 18 Accelerator Users.

Of these users they are mainly Queensland and Northern NSW producers, this allows further opportunity to expand into central and southern NSW, Victoria and other states and territories.

From these users Agrihive has been managing their expectations of the program for the past 6 weeks and accommodating insights before ramping up the next level of marketing and strategic distribution partnerships.

The next stage of user engagement will be in alignment with MLA and Agrihive's next milestone in users is 771 beef producers or 1% of producers which once reached a targeted campaign will be initiated in conjunction with MLA to affect far reaching impact for the industry.

The Farmecco program was developed in association with MLA the department of Agriculture and Agrihive and Partners. The project was bought about to improve the analysis of Northern Beef enterprise performance for producers.



Report Front Page and Data Entry Portal

The launch was hosted at the KPMG board room through a webinar and Livestream event.

Media Release here http://www.cattlecouncil.com.au/media_release/201

Launch Details <https://www.beefcentral.com/advanced-search?keyword=agrihive&x=19&y=10>

The event titled 'Financial Transformation for the Beef industry - Farmecco Launch' attracted over 500 participants through the various online mediums used.

The program is a living breathing cloud based system with extreme value to the individual user from feedback from the initial core members of the system.

The launch was followed by a professional event engaging industry leaders, accountants, lawyers, professionals and producers title 'Boutique Beef, Beef and Business' the Event was attended by media including Fairfax, Landline, Beef Central and the Australian, business people and was supported by Beef Australia.

The project has been considered as highly successful after the launch and implementation strategies are being rolled out continually. The program has now over 124 users and growing daily.

From the 124 users 48 have completed their reports fully and are looking for additional functionality to compliment Version 1 in Version 2.

The conversion of attendees to subscribers were from between 20% and 30% from the webinar and Facebook live event which signals the appetite for this program. The opportunity to deliver financial literacy to producers would be greatly enhanced by aligning with MLA in delivery of this tool through publicity, seminars and roadshows.

Agrihive and partners are continually reviewing the frequency of visits and the elements of the report that is of most interest to the user. From these results it is intended that weighting of future development will rely on these findings so intelligent programming and design is undertaken as the needs and provision space co-evolve.

Due to the collaborative nature of the project and version 1 now completed with proof of concept; Agrihive are now compiling the next stages of development for programming functionality and partnerships for strategic alignment with the MLA digital strategy, MLA MDC, My MLA and extension networks, events and roadshows. In essence due to the perceived value to industry there is compelling need to develop further functionality and embed user feedback.

Agrihive and partners would like to greatly thank MLA MDC for their support in making this concept a reality and look forward to future developments to benefit our great industry.

FINANCIAL SUMMARY

DAT 17/5/2017

USER INFORMATION			
NAME	Sam & Clare		
ADDRESS	Kensington, Valcha NSW		
PHONE			
ASSETS & LIABILITIES SUMMARY			
BUSINESS		PERSONAL	
TOTAL BUSINESS ASSETS	✓ \$8,660,113	TOTAL PERSONAL ASSETS	✓ \$345,000
TOTAL BUSINESS LIABILITIES	✓ \$10,073,000	TOTAL PERSONAL LIABILITIES	✓ \$0
NET BUSINESS EQUITY		- NET PERSONAL EQUITY	✓ \$345,000
PERFORMANCE SUMMARY			
BUSINESS INCOME		BUSINESS EXPENDITURE	
YEAR TO DATE	✓ \$368,420	YEAR TO DATE	✓ \$209,220
FORECAST INCOME	✓ \$4,433,04	FORECAST EXPENDITURE	✓ \$2,510,64
INCOME TO BE RECEIVED	✓ \$4,063,620	EXPENDITURE TO BE INCURRED	✓ \$2,301,422
		TOTAL FIXED COSTS	✓ \$757,250
		TOTAL INT & FINANCE CHARGES	✓ \$550,656
		TOTAL VARIABLE COSTS	✓ \$1,199,636
TOTAL BUSINESS INCOME	✓ \$4,433,04	TOTAL BUSINESS	✓ \$2,510,64
FORECAST BUSINESS OPERATING PROFIT			✓ \$1,922,39
CAPITAL ASSETS AND PRINCIPAL DEBT REPAYMENT			✓ \$120,780
ADDITIONAL DEBT FUNDING SECURED			
SUB-TOTAL BUSINESS CASHFLOW			✓ \$1,801,61
PERSONAL INCOME			✓ \$57,500
PERSONAL EXPENSES			✓ \$52,848
NET CASHFLOW FORECAST			✓ \$1,806,26
FINANCIAL RATIO			
RETURN ON ASSETS MANAGED	✓ 20.8%	OPERATING MARGIN	✓ 43.37%
ASSETS TURNOVER RATIO	✓ 51.19%	INTEREST COVERAGE RATIO	✓ 4.47
EQUITY RATIO	✓ -16.31%	COST OF PRODUCTION (PER KG)	✓ \$2.11
QUICK RATIO	✓ 0	PROFIT MARGIN (PER KG)	✓ \$1.62
RETURN ON BUSINESS EQUITY		CASH OPERATING RATIO	✓ 43.37%
DEBT TO INCOME RATIO	✓ 227.23%	FINANCE COST RATIO	✓ 12.49%
OVERHEAD COST RATIO	✓ 29.57%	FARM BUSINESS PROFIT RATIO	✓ 30.88%
INPUT COST RATIO	✓ 27.06%		

Financial Summary

Cashflow Summary

Assets & Liabilities Summary

Livestock Sales Forecast

Livestock On Hand

Financial Bank Ready Documents

4 Discussion

The Farmecco now allows producers to ascertain their current financial state and project their future. In so doing it also allows producers to run hypotheticals manually against the system and give insights on how to reduce expenditure and generate revenue to improve net wealth.

4.1 Collaboration

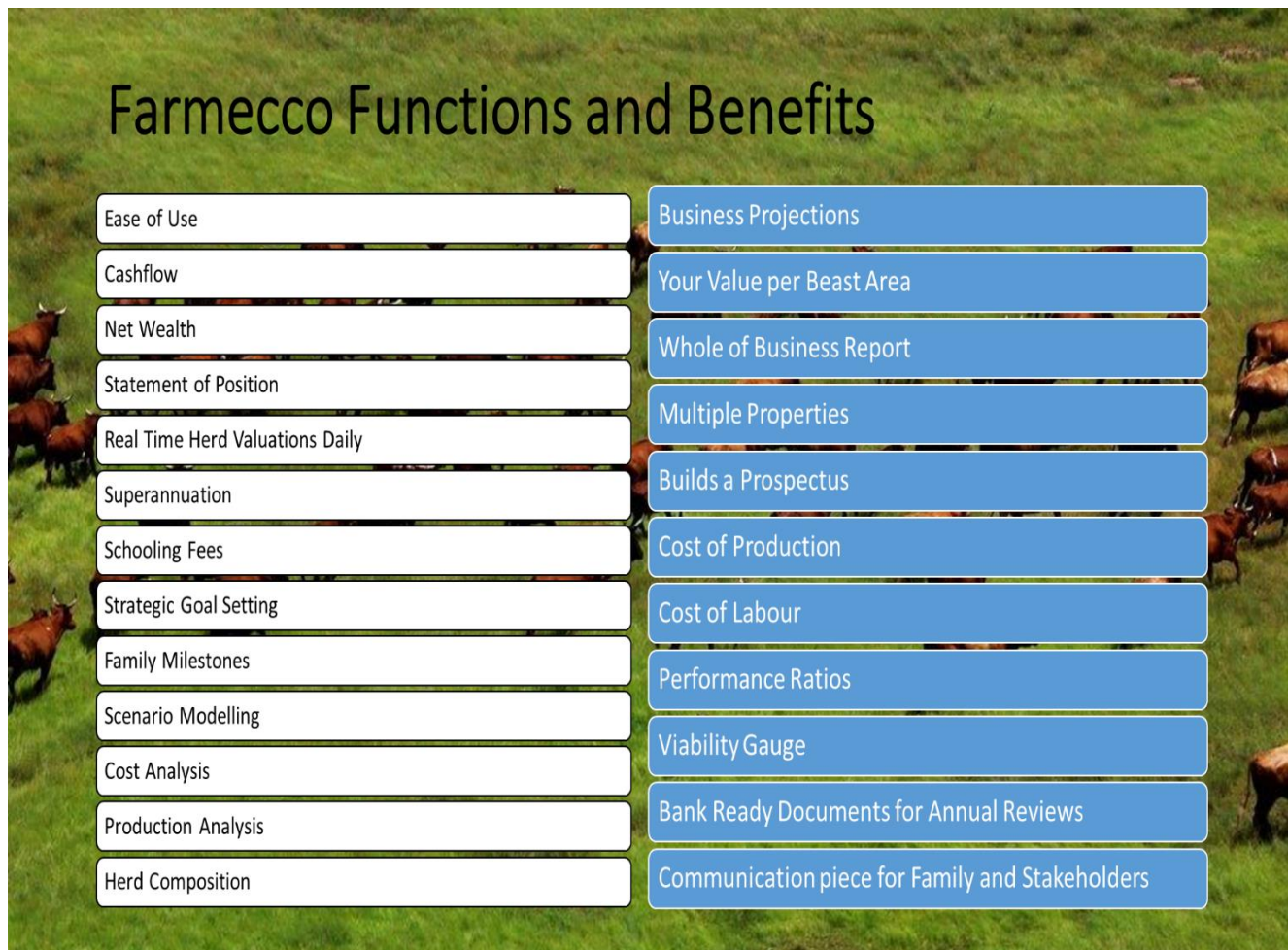
This project allowed a proof of concept to market that exceeded initial uptake expectations. The proponents understanding of the relationship with MLA was a limit to this project as the proponents assumed the project would be developed with MLA as opposed to pure project administration. This markedly limited the resources base and speed to which the project could be developed and delivered, however with a clear partnership opportunity going forward through a convened meeting with Rebecca Austin, Michael Crowley and Jane Wightman we believe the next stage of development will be more streamlined in incorporating the user feedback.

The key learning from the development of this project was to design the output first for success and speed to market. Delays were experienced waiting on provision of data sources and content before design and coding could take place.

The delays created inadequate funding to support resourcing this project which the proponents resourced internally in the form of substantial in kind and management of costs. In future development a memorandum of understanding will be sought with counterparties detailing the scope of relationship before proceeding so unrealistic expectations do not develop.

4.2 Functionality

The Farmecco program now has extreme functionality and benefits including but not limited to:



The other are of functionality that is unique to this platform is the ability to process large amounts of data including databases such as the Department of Agriculture's ABARES, the Federal Governments ABS data and the NLRs database. This functionality of incorporating data sets and sensory is markedly saleable and we look forward to working with MLA to support further functionality for producers.

4.3 Feedback

Additionally Farmecco has an embedded feedback system called my support that attracts user feedback on the system which informs Agrihive and MLA on how the system can be improved through producer suggestions and recommendations.

During the course of the project there was significant feedback from the 90 independent reviews which a lot has been incorporated including Cashflow projections, consolidation for multiple farms and other key functions and reports.

Suggestions and feedback that would normally be included and funded through variations in the current project have however been tabled and detailed for the next phase of development, so as to achieve minimum viable product for use to the industry.

The recommendations from user feedback is to enhance the program through three major areas:

- Mixed Enterprises Capabilities including, Sheep, Goats, Grains and Wool.
- Data Automation integrating Bank Feeds and Accounting Software and Supply Chain Information
- Scenario Modelling production and financial specific.

5 Conclusions/recommendations

The implications of this work is clarity of the financial state of the producer's enterprise and individual situation. Projecting this forward identifies opportunities to improve farm gate returns which through feedback is in the vicinity of between \$20,000 and \$40,000 per business. Cast across the 77,000 beef producers this is the equivalent of between 1.54 to 3.08 billion dollars per annum.

The recommendation from this project is to enable further development to support and assist producers improve financial performance by incorporating the following requirements.

- Mixed Enterprises Capabilities including, Sheep, Goats, Grains and Wool.
- Data Automation integrating Bank Feeds and Accounting Software and Supply Chain Information to benefit both producers and processors.
- Scenario Modelling production and financial specific.

This will deliver a compounding of producer business sophistication and deliver much needed confidence to de-risk the sector and provide resilience and sustainability to red meat producing family farms and businesses.

Due to the appetite for this solution we are looking forward to submitting the next phase of development to MLA and MLA- MDC and collaborating in the future development.

6 Key messages

Due to the digital nature of this system the ability to gain user behaviour is extreme in what is the most intensely viewed pages, graphics and content by producers. As the data improves in volume the areas of interest can be built out further to improve interaction and results through test and learn methods. The opportunity with this system is to have targeted information customised to the individual producer to enhance alertness, performance and profitability.

Agrihive and Partners look forward to sharing this information and data for targeted campaigns and insights with MLA in the future.

We look forward to an ongoing relationship with MLA in providing Digital Solutions, Business Automation and Financial Metrics for improved beef producer net wealth, profitability and resilience.