

# Financing a brave new world; Investment companies discuss where they see the opportunities in the coming decades

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Byline: Ian Cumming  
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Boston -When companies that have invested about \$28 billion in venture capital last year in agriculture around the world gather in a room to discuss what they do, a panel on 'Deals Worth Discussing' to kick-start the event garners a lot of interest.

The AgTech Nexus conference, held at the Harvard Club, began with a panel of Jacqueline Heard from Ahterra Capital, Marcia Hopper from the Brand Venture Group, and Kiersten Stead from CDVC Bio and MGU.

Heard's company is from Amsterdam, with an office in Boston. "We put \$200 million into the supply chain, mostly tech and market places," she said.

A big focus of investment is "waste production and how to manage it," said Heard. The waste in grain from beer manufacturing and companies researching the best and most economical use for that, is where they are putting some of their money, said Heard.

"It's not only dollars, you need to look at the entire stream," she said.

Health and nutritional benefits is another focus of investment, she said. "We're looking for products that fit that; it used to be price and taste," said Heard.

The development of solar greenhouses, which will use a lot less energy, is another investment, she said.

One emerging trend will be online ordering and delivery of groceries. In the UK, 50 per cent of groceries are now ordered in that manner. In North America it's a mere fraction, she said, as consumers "have stuck with how they have always done it," she said.

But with e-commerce growing, combined with retail consolidation providing more choices, this is a solid investment to lay the structure for it to take off here, said Heard.

Another investment has been in conjunction with nearby MIT, which has invented a spray to put onto fruit and vegetables "for improved shelf life," she said. "It's still in the labs and needs to flow to the growers," she said.

Grass-fed beef has also piqued their interest, said Heard.

She was asked about the hype surrounding "blockchain" -which is accounting without humans -and how that would change their business model. "Who is going to bear the cost of making it trustworthy?" she asked.

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Blockchain is where artificial intelligence was 30 years ago and it is "decades from commercial situations," predicted Heard.

Hopper's company is Boston-based and focuses on finding investors for mainly start-up American companies going into the food economy.

Biotechnology and software, such as DNA barcodes, are major investments for them, she said.

"The consumer is dictating the speed" at which these technologies are being developed, said Hopper. "Venture capital is following consumers. If a new technology doesn't alter sustainability, it's in," she said.

Crop chemistry, to improve efficiencies, is another area of investment, said Hopper. Where agriculture is sitting now, with venture capital ready to pounce, "is where pharmaceutical companies were a number of years ago," she said.

Hopper predicted blotching, "will form different business models." STEAD ALSO handles \$200 million in her agriculture fund. She noted that they focus on "technology functions, which happens in fits and starts."

Another area of investment is surrounding the "resurgence of protein," she said.

As "we are seeing a turnover of farmers more comfortable doing things online," they have invested in those areas, said Stead. That includes investing in a grain trading company, bringing it to a global status with "a 700 per cent yearly growth," she said.

However when you are developing successful software companies selling into a commodities market, "the days of increasing farmers' value is over," said Stead. "If you are selling a product, (tech) you can't lay it on top of farmers' capital."

Aquaculture is "the last source of animal protein" and worthy of some investment, said Stead.

"But it needs to be improved, there are a lot of problems. Fish are smarter than other animals and quit eating if it gets too crowded," said Stead.

This segment of the industry (fish farming) industry needs to get its act in gear since "the consumer is getting more involved," she said.

Stead sees governments and interacting with them as crucial to the future. "Lobbying for regulation to make your investment viable," such as GMOs and fertilizer companies have done in the past is done "for better or worse," she said.

"Biotechnology regulations are too far ahead," warned Stead. "We wouldn't have cell phones today" if the regulatory hoops in place now had been installed a number of years ago, she said.

"They will regulate, stopping a technology, before the benefits hit."

Blockchain, "will have an effect on agriculture," such as tracking the moving of goods, predicted Stead. "But we don't have any investments yet," she said.