



Is Agtech the Answer to Smarter Farming & Food Production?



Philip B Farrelly

pbfarrelly@farrellymitchell.com



 **Quick read**

Introduction

Agtech investment has been the subject of renewed focus from investors, but can this technology deliver on its promise to transform the agri-food sector?

Investment

Think agri-food investment and for most thoughts of old-fashioned fixed assets such as land, grain elevators, heavy processing plants or fleets of vehicles are conjured up. Agri-food and technology investment are seldom synonymous in investors' minds. This perception defies the reality as the agri-food industry has long been at the forefront of developing and adopting new technologies. Now investors appear to be increasingly alive to the opportunities agtech offers.

Take for example ChemChina's recent \$43 billion bid for Syngenta, the world's largest agrichemical company. The deal is reportedly motivated by the promise Syngenta's seed and agrochemical technologies offer towards addressing Chinese food security fears.

Mega deals are not the sole focus of agtech investment. According to a recent AgFunder report the food and agriculture technology sector attracted US\$4.6 billion in investment in 2015, almost doubling the previous year's total (US\$2.4 billion), and a staggering 920% increase on the 2012 figure. Average ticket size tracked by AgFunder amounted to just US\$6.8 million.

Potential Bubble?

While investor's appetite for the food & beverage sector shows no sign of abating, should we be concerned an investment bubble is forming?

According to KPMG, a record breaking US\$128.5 was invested in venture capital backed companies in 2015. Despite growing by a factor of 9 in just three years, agtech still attracted just 3.6% of this investment – a disproportionately small share of investment, in our view, given the myriad of potential applications for technological innovation in the agri-food sector.

'Second Green Revolution'

We believe that the agri-food industry is only at the frontier of applying advancements in satellite,

- Investors appear to be increasingly alive to the opportunities agtech offers
- Among recent innovative techs aimed at the agriculture space are irrigation, drone, robotic, bioenergy, nano and other decision support technologies across the supply chain
- AgTech has not taken hold in some instances due largely to cultural opposition, regulatory issues or consumer pushback.
- The continued application of agriculture technology in developed markets and its introduction in the less developed world will be largely influenced by consumer acceptance and government regulations

irrigation, drone, robotic, bioenergy, nano and other decision support technologies across the supply chain.

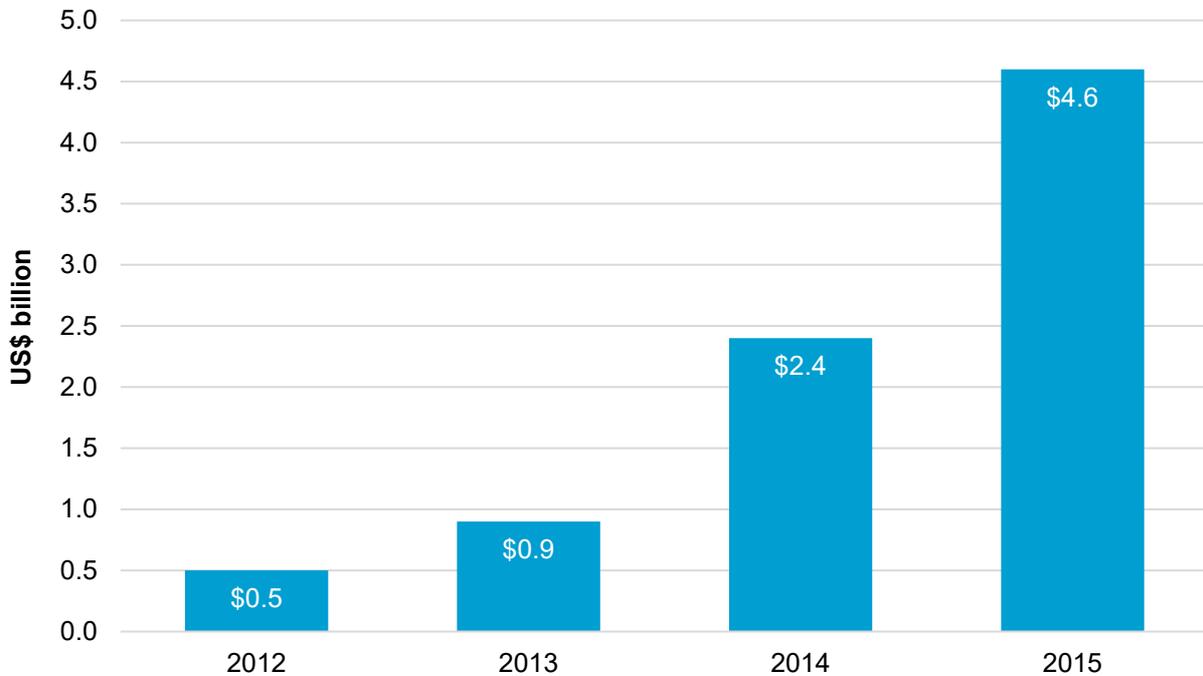
From working with many clients, we have seen first-hand how the application of these technologies can transform previously struggling businesses. However, not all companies are willing or open to adopting these technologies due to cultural opposition, regulatory issues or consumer pushback.

Smart farming and food production techniques have benefitted greatly from agtech by supporting what could be described as a 'second green revolution'. However, the continued application of this technology in developed markets and its introduction in the less developed world will be largely influenced by consumer acceptance and government regulations.

Increased application and adoption rates in primary agriculture and food processing has the potential to significantly increase output, product quality, seasonality and shelf life.



Figure 1: Annual AgTech Financing (US\$ billion)



Source: AgFunder / Farrelly & Mitchell Research

Conclusion

Investors appear to be increasingly alive to the opportunities agtech offers . Among recent innovative techs aimed at the agriculture space include irrigation, drone, robotic, bioenergy, nano and other decision support technologies across the supply chain. AgTech has not taken hold in some instances due largely to cultural opposition, regulatory issues or consumer pushback. The continued application of AgTech in developed markets and its introduction in the less developed world will be largely influenced by consumer acceptance and government regulations



Expert in this Insight

Philip B Farrelly
PARTNER (transaction services)

pbfarrelly@farrellymitchell.com



Contact Details

www.FarrellyMitchell.com

EUROPE

Dublin (Head Office)

Malachy Mitchell, Managing Director

Farrelly & Mitchell

Unit 5A, Fingal Bay Business Park, Balbriggan Co.
Dublin Ireland. K32 EH70

Telephone : +353 1 690 6550
mmitchell@farrellymitchell.com

MIDDLE EAST & NORTH AFRICA

United Arab Emirates

Chaitanya GRK, Regional Director (MENA)

Farrelly & Mitchell (MENA)

Unit 1001, 10th Floor, Swiss Tower, Cluster Y
Jumeirah Lakes Towers, Dubai, United Arab
Emirates

Telephone : +971 4 279 8331
Mobile : +971 551991356
cgrk@farrellymitchell.com

SAUDI ARABIA

Riyadh

Najeeb Alhumaid, Partner (Saudi Arabia)

Branch of Farrelly & Mitchell Business Consultants Ltd

Jarir Plaza Building, Suite 106, King Abdullah Road,
Al Hamra District, Riyadh 12211-3857,
Kingdom of Saudi Arabia

Telephone : +966 11 463 4406
Mobile : +966 54 338 7199
nalhumaid@farrellymitchell.com

AFRICA (SSA)

Ghana

Stephen Awuah, Senior Manager, Africa (SSA)

Farrelly & Mitchell Ghana Limited

Utopia Office, 14 Senchi Street, Airport
Residential Area,
Accra Ghana

Telephone: +233 302 906850
Mobile: +233 59212 1723
sawuah@farrellymitchell.com

Connect with



Disclaimer

The information in this article is intended to give information in general nature, great efforts has been exerted to ensure the accuracy of this data at the time the article was written Farrelly & Mitchell Business Consultants Ltd. and its Branch offices or affiliates does not provide any implicit or explicit guarantees on the validity, timing or completeness of any data or information in this article. Also we assume no responsibility on the appropriateness of the data and information for suiting any particular purpose or reliability in trading or investing.

Please note: Unless provided otherwise and in writing from us, all information contained in this article, including logo, pictures and drawings, are considered property of Farrelly & Mitchell Business Consultants Ltd and or its branch offices or affiliates.