

CHART YOUR COURSE  
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THINKING BEYOND THE NOW

Ron LeMay






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I'M NOT AN AG EXPERT





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I've seen the future and it's  
much like the present only  
longer.

**NOT!**

Dan Quisenberry





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TWO INFLECTION POINTS




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**#1** TAKING ADVANTAGE OF  
DATA ANALYTICS TOOLS



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**#2** SHARING TO MANAGE  
OWNERSHIP, CAPITAL RISK  
& IMPROVED ECONOMIC  
RETURNS

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### Data Analytics has a long history of transforming industries

AGRICULTURE — GPS EQUIPMENT — YIELD MONITORS — GPS EQUIPMENT — DATA-DRIVEN TECHNOLOGY

PRECUSORS TO DATA TECHNOLOGY IN AGRICULTURE

TELECOM

AIRLINES

HEALTHCARE

ENERGY

FINANCIAL SERVICES

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### Leading organizations use Data Science to drive profitability, dominate their respective industries and change the world

Walmart

Google

Apple

jetBlue

ups

Ford

amazon.com

cme  
Chicago Mercantile Exchange

Marriott

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### Five pillars must be in place to pursue Data Science successfully

DATA SCIENCE

INDUSTRY STANDARDS	DATA SECURITY	DATA QUALITY	OPERATIONAL INFRASTRUCTURE	HUMAN CAPITAL
Industries need agreed-to standards and protocols in place to ensure control in data ownership, usage and collaboration	Proper controls must be in place to ensure that all confidential data is secure and private	Principle of garbage in-garbage out is real; data validation and quality has to be performed in a sustainable manner on all datasets	Organizations must be equipped with the right set of systems and tools to properly communicate findings and inform data-driven decisions	Organizations must have access to people with the right skills (internally or externally) to understand and interpret findings and capture value

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### It's now the age of Actionable Data

ENOUGH SCALE TO BE REPRESENTATIVE + STRONG QUALITY CONTROLS + TOOLS TO VISUALIZE AND ANALYZE AT SMALL AREA

=

**ACTIONABLE DATA THAT DRIVES INCREASED PROFITABILITY**

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### Through our managed combine fleet operating in 26 states, we built the largest and most accurate yield database

Northern

Delta

Gulf of Mexico

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### Actionable data requires extraordinary care in collection and management

2/3<sup>rd</sup>'s of our data thrown away in 2010 due to quality issues

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### Actionable data starts with data collection in our managed combine fleet

- Data captured every second
- Over 6 million acres of real-time yield results from a managed fleet of over 200 combines
- Every yield observation is Validated and Calibrated
- 800 million unique micro-fields made from sun, soil, water and topography

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### How FarmLink produces Actionable data

- Yield data captured from FarmLink managed fleet
- Proprietary methodology used to build environmental and climatological layers

**TRUEHARVEST BENCHMARK**  
ACTIONABLE INSIGHTS

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## Why benchmarking?

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## Benchmarking provides the **baseline** for comparative performance

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## Case Study 1

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FIELD A		BPA BETTER THAN COUNTY AVERAGE LEADS TO BELIEF THAT FIELD IS OUTPERFORMING PEERS
ACRES	150 Acres	
BUSHEL PER ACRE	169 BPA	
COUNTY AVERAGE - BPA	160 BPA	
TrueHarvest Percentile Performance	<b>45<sup>TH</sup> Percentile</b>	<b>REALITY : GREAT UPSIDE</b>

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**FIELD B**

ACRES	149 Acres	PRODUCING 147 BPA AND LESS THAN COUNTY AVERAGE.
BUSHEL PER ACRE	147 BPA	
COUNTY AVERAGE - BPA	160 BPA	
TrueHarvest Percentile Performance	87 <sup>TH</sup> Percentile	

**REALITY** : RED FLAG! Indicating further investments may not be warranted.

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## County averages are not actionable

Masks critical details

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## Case Study #2

### FARMER WITH 5000+ ACRES AND 50+ Fields

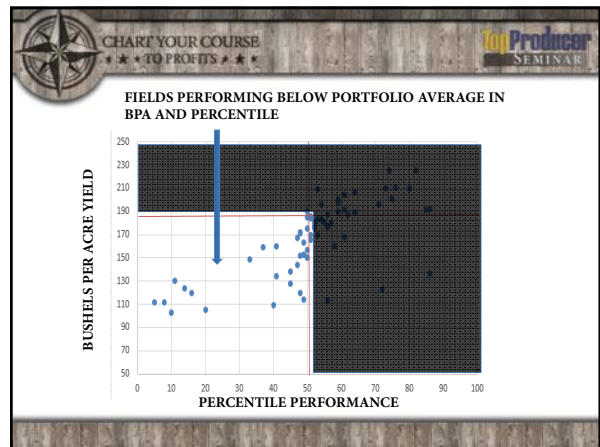
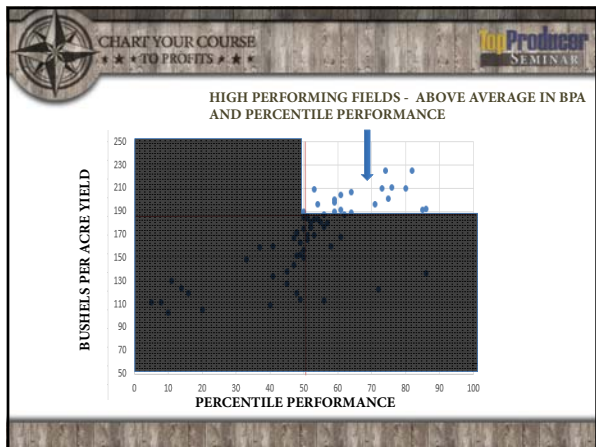
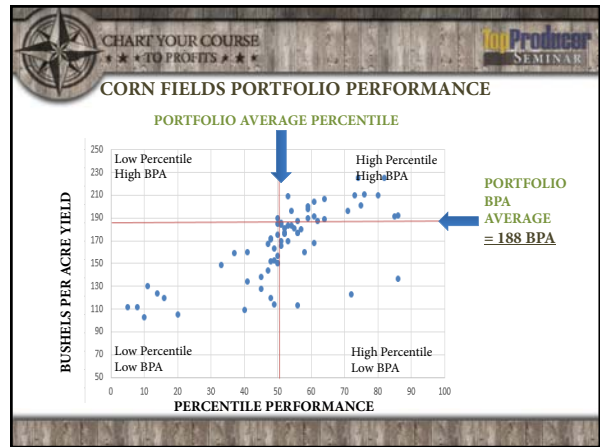




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## BUT THIS IS NOT THE FULL STORY

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## ADDING FIELD SIZE TO THE EQUATION

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**BPA Opportunity by bringing up the lower performing 23 corn fields to the average percentile (52 PERCENTILE)**

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If all corn fields performed at a minimum of the 52nd percentile (portfolio average)

OPPORTUNITY

**BUSHEL** > 50,000 bushels of corn

**REVENUE** > \$200,000 (@ \$3.50/bushel)

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If all corn fields performed at a minimum of the 75<sup>th</sup> percentile

OPPORTUNITY

**BUSHEL** > 100,000 bushels of corn

**REVENUE** > \$400,000 (@ \$3.50/bushel)

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If all corn and soy fields in the USA performed at a minimum of 75<sup>th</sup> percentile

US CORN and SOY OPPORTUNITY

**MISSED REVENUE = \$9,500,000,000**



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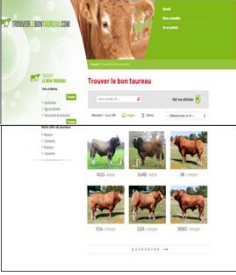
**#2 SHARING TO MANAGE OWNERSHIP, CAPITAL RISK & IMPROVED ECONOMIC RETURNS**

Sharing economy is spreading rapidly through our society



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TROUVERLEBONTUREAU.COM

**MATCHMAKING FOR COWS AND BULLS**

SHARING KNOWLEDGE ON THE CHARACTERISTICS OF A COW TO FIND BEST MATCH

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# Why sharing?

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# #1 Recession

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# #2 Too much waste

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# #3 Too much stuff we don't use

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# Why sharing now?

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**#1 New products being created**

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**#2 Designed to last**

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**#3 Focus on use availability versus ownership**

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**#4 Aligning underused supply with customers**

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**Forms of Collaborative Economy**




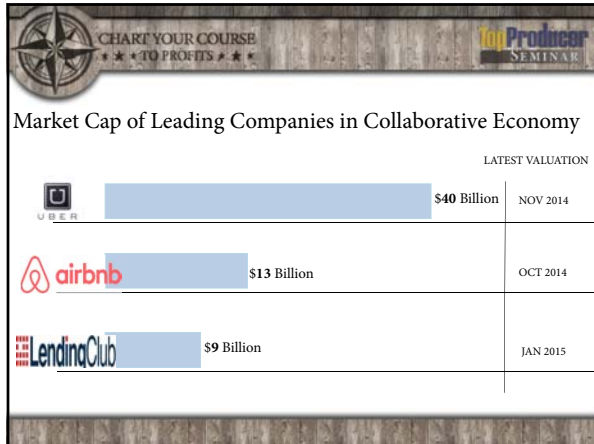
	THE PROBLEM		THE SOLUTION
<b>PRODUCT SERVICE SYSTEMS</b>	HALF OF US HOUSEHOLDS OWN A POWERDRILL. AVERAGE LIFETIME USE = 6 TO 13 MINS		ZILOK.COM OFFERS HYPERLOCAL P-2-P RENTAL OF TOOLS
<b>REDISTRIBUTION MARKETS</b>	AMERICANS REPLACE 110 MILLION CELLPHONES ANNUALLY		HYLA OFFERS TRADE-IN PROGRAMS TO RETURN AND RESELL PHONES
<b>COLLABORATIVE LIFESTYLES</b>	MILLIONS OF HOUSES AND SPARE ROOMS AROUND THE WORLD ARE EMPTY AND HAVE IDLE CAPACITY		AIRBNB.COM, ALLOWS ANYONE TO RENT OUT THEIR EXTRA SPACE.

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**This is not a fad!**  
**It's a huge movement**





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- ### Other Industries
- CELL TOWER SHARING
  - OIL AND GAS PIPELINE
  - NETJETS
  - GRAIN ELEVATORS
  - RAIL ROAD INFRASTRUCTURE

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## Why **you** should care?

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## #1 Farming has a low asset turnover ratio!

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$$\text{ASSET TURNOVER RATIO} = \frac{\text{NET SALES}}{\text{AVERAGE TOTAL ASSETS}}$$

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### AVERAGE ASSET TURNOVER RATIO

(Compared to Farming @ .34)

AIRLINES	2 X
UTILITIES	1.6 X
RETAIL	7 X
HEALTHCARE	3.3 X

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**AVERAGE ASSET TURNOVER RATIO**  
(Compared to Farming =.34)

General Electric	1.9 X
Delta Airlines	2.3 X
Apple	2.5 X
Google	1.8 X
Monsanto	2.2 X
John Deere	2.2 X
AT&T	1.4 X

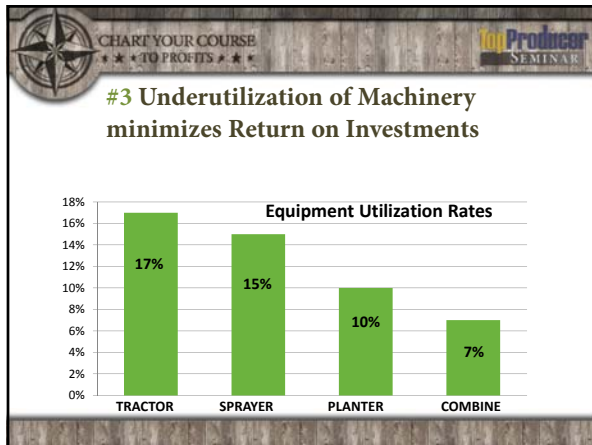
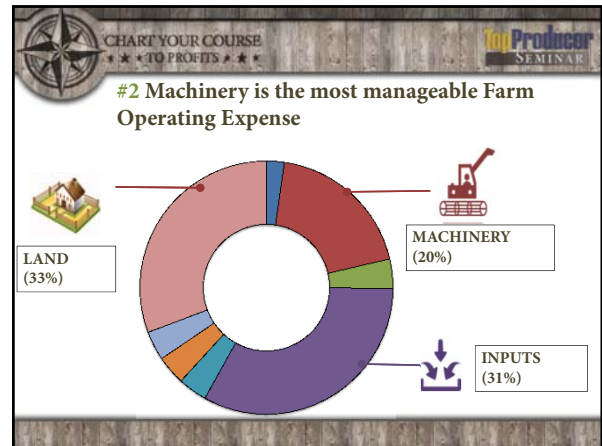


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**#4 Not All Farm Machinery depreciates proportionately with additional utilization**

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**#5 Rate of Technology obsolescence exceeds rate of Functional obsolescence**

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- FarmLink Equipment Sharing Program**
- Reduce the amount of capital deployed in depreciating assets
  - Increase equipment utilization, thereby reducing per-use expenses
  - Provide access to equipment without the full costs and burdens associated with ownership
  - Access to the newest products in farm machinery

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**FARMLINK IS PILOTING TWO MODELS**

**Coop to Coop Sharing**

Logistics, Transportation, Repairs & Maintenance Coordination between geographically diverse co-ops

**Peer to Peer Sharing**

Platform to allow farmers to directly share equipment

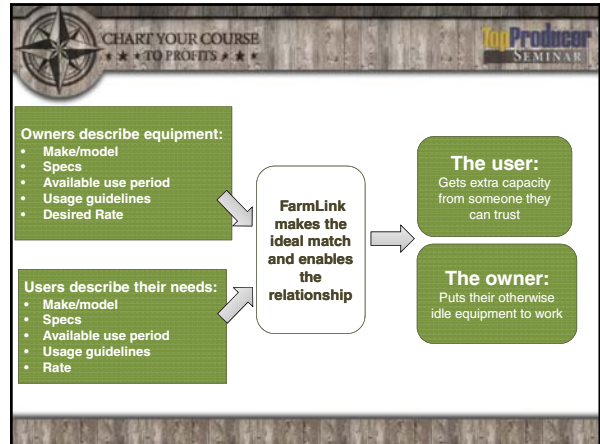


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**FarmLink is built to support farmers, their advisors, and the broader agricultural industry**

Machinery Leasing	Yield Benchmarking	Custom Analytics and Benchmarking	Peer to Peer Asset Sharing	Risk Management
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- KEYS TO THINKING BEYOND THE NOW**
1. EMBRACE CHANGE
  2. VARIABILIZE YOUR COST
  3. GET GRANULAR
  4. INCREASE CAPITAL EFFICIENCY
  5. MASTER USE OF ACTIONABLE DATA
  6. TRUST, BUT VERIFY