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crop inputs

Agri Investor Forum: Integrating biologicals is essential to future ag growth

At the Agri Investor Forum in Chicago, panelists from Vestaron, Marrone Bio Innovations and AgLaunch discussed how to bridge the gap between farmland and agtech.

By **Chris Janiec** - 23 hours ago

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A larger pool of ag-savvy investors will be required to bring cutting-edge biological insecticide products currently being developed into wider usage, according to panelists at the 2018 Agri Investor Forum in Chicago last month.

Guiding the two-day conference's only panel devoted to agtech, moderator David Muth of Peoples Company first encouraged panelists to describe agricultural technology with the greatest current potential to provide returns to farmland investors. Panelists focused their responses largely on **biopesticide products** they explained currently enjoy demand fed by both policy designed to encourage sustainability and consumers' growing focus on organics and traceability.

Anna Rath, president and chief executive at Kalamazoo, Michigan-headquartered biologicals provider Vestaron, compared the current environment for biologicals providers to that of pharmacology companies in the 1980s, when a series of acquisitions preceded a flurry of development within large organizations that eventually produced companies constituting the modern biotech industry.

The challenge currently facing agtech innovators, according to Rath, is that after developing and testing their products with the help of investors familiar with agriculture, they struggle with the more expensive process of commercializing their products. While Rath said she has recently seen increased interest in biologicals from life-science investors and **funds that traditionally focus on later-stage companies** that can help address this challenge, many in the sector are still held back by the limited number and size of ag-savvy venture capital firms.

Though she often attends both, Rath noted it is rare to see the same people at farmland and agtech conferences. To bridge the gap, Rath suggested that farmland fund managers invest in select agtech funds to get a clearer sense of which technologies could support their investments.

"There should be more crossover between those groups; it's odd that they are different worlds to the extent that they are," Rath said.

Dr. Pamela Marrone, chief executive and founder of NASDAQ-listed Marrone Bio Innovations, stressed the importance of demonstrations with farmers who are early adopters of biologicals; especially given the generally low level of market awareness about the category. Marrone said that MBI has held more than 400 such demonstrations this year, giving farmers a chance to compare the results of biologicals with their alternatives on neighboring 50-acre plots.

Because conventional, as opposed to organic, growers account for 70 percent of biologicals sales, Marrone said, marketing products to **both groups** will be key to growing the overall market.

"They [biologicals] can offer tremendous return on investment when you integrate them in with chemicals, because you see higher yields and quality than chemical-only programs, and you can increase your sustainability," Marrone explained.

Pete Nelson, president and executive director at Nashville, Tennessee headquartered ag innovation accelerator AgLaunch, stressed a long-term perspective, highlighting that the system supporting US commodity corn trade developed gradually over a period of 150 years.

In the decades ahead, Nelson described, farmers will be forced to keep pace with developing side markets for carbon, data and water-retention as gene editing technology expands the slate of crops suitable for planting dramatically.

While three or four crops currently account for about 60 percent of all caloric intake, Nelson said, CRISPR technology will likely encourage increased adoption of more of the 32,000 potential crop varieties, which will, in turn, create new opportunities for producers and investors alike.

In response, Nelson said, farmers are naturally moving towards a venture-capital style model of investing in 10 crops with an understanding only two or three may be successful. Land grant universities have already begun moving towards such an approach and investors, he suggested, would be well-served to follow suit.

"The folks that are purchasing land, understand that flux and are influencing behaviors that allow the farm managers, the farmers and the local processors to adjust to those realities are the ones that are going to win," said Nelson. "The ones that are thoughtful about how they influence behavior through crop insurance, working capital and other tools are going to win."

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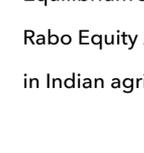
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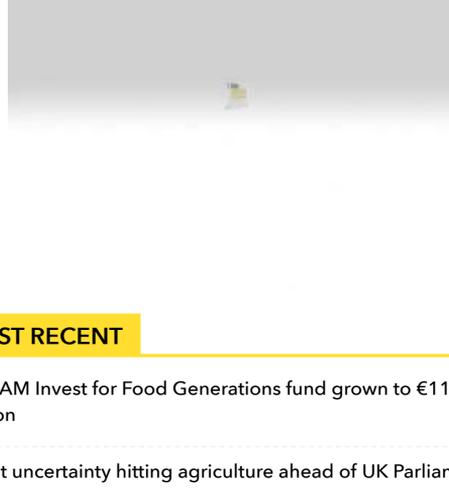
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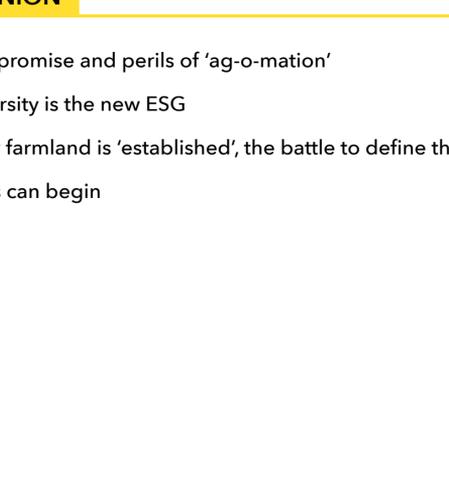
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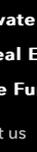
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