Agribusiness technologies and financing

Why and how to innovate now

For millennia, farmers have been remarkably resourceful and resilient in overcoming ecological perils that threaten their livelihood. Now they face environmental challenges far greater than flood, drought, and pestilence. In addition, they must contend with volatile market conditions that were inconceivable to their ancestors.

But as new agricultural trends and technologies emerge and evolve, so do new funding solutions. Could this be the ideal time for agribusiness to innovate and create sustainable growth?

Facing challenges

Since its inception, farming has been a perplexing yet somewhat predictable way to make a living. Family know-how, experience, and several revolutionary changes in machinery and cultivation techniques have enabled farmers to survive or even thrive.

However, given climate change and current market disruptions, mere survival is unacceptable. Each day farmers face a range of serious challenges, including water scarcity and regulatory issues, labor shortages, supply chain problems, low market margins, outdated equipment, and indebtedness.

A call to reinvent seems overdue and the recent “Agritech revolution” offers hope for farmers. What’s unclear is: Where do you start and how do you pay for it?

Innovation: The not-so-sleepy giant

Data, drones, connected sensors, and renewable energy resources are all emerging technologies that make sustainable and profitable farming viable. According to research, successful implementation of connectivity in agriculture has the potential to add $500 billion in additional value to the global gross domestic product by 2030. That equates to a 7 to 9 percent increase from the industry’s expected total by the end of this decade.¹
Agriculture connectivity could unlock more than $500 billion in GDP by 2030.

Distribution of potential value from connectivity in 2030, by subindustry (in billions)

- **$174.3** Cereal and Grain
- **$116.9** Livestock
- **$190.0** Fruits and Vegetables
- **$20.1** Dairy

Potential value % of the industry’s output

- **Fruits and Vegetables**: 9.2%
- **Cereal and Grain**: 8.9%
- **Livestock**: 7.7%
- **Dairy**: 4.1%

From production and processing to farm management and analytics, here are some key technology players that help farmers transition to more sustainable agribusiness models:

**Automation**
- Robotics
  - Processing
  - Fertilizing
  - Pruning and picking
- Drones
  - Monitor yield
  - Manage water distribution
  - Detect pests/diseases
- Sensors
  - Analyze machine efficiency and yield

**Artificial Intelligence**
- Increased yields
- Improved efficiency (e.g., water, fertilizer, harvest)
- Increased sustainability and resilience across crop cultivation and animal husbandry

**Mobility devices and apps**
- Smartphones and tablets strengthen digital transformation
- Improved communications (internal and external)
- Improved farm management

**Renewable energy systems**
- Increased energy savings
- Minimized resource consumption (water, energy)
- Optimize furloughed land

Key Equipment Finance
**Opportunity or oxymoron?**

Leveraging innovative technologies offers numerous ways to reinvent, expand, and grow an agribusiness. However, finding and acquiring the most worthwhile solution for your organization is neither easy nor cheap.

For farmers accustomed to using a first deed of trust to fund agricultural investments, flexibility and cost savings may sound ridiculous. The good news: As farming techniques and related technologies evolve, so have options available to fund them.

**Financing: The creative capital alternative**

For instance, equipment financing makes innovation both possible and practical. Working together, financing and technology enable you to shift to a more effective, sustainable business model.

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<th>Financing opportunities</th>
<th>Description</th>
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<td><strong>Enhanced cash flow</strong></td>
<td>With the constant churn of newer and better ways to cultivate, harvest, manage, and distribute your product(s) comes a common dilemma: How can you fund your ideas and equipment? With financing, you can acquire and implement the assets you need now. And they can generate revenue as you pay for them over time.</td>
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<td><strong>Credit conservation</strong></td>
<td>Since the 2020 pandemic, organizations realized what farmers have known for decades: Liquidity and adaptability are essential to business survival. Equipment financing helps you to preserve working capital as you stay nimble, with low or no up-front cash requirements. You can also choose monthly, quarterly, semi-annual, or annual payment plans.</td>
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<td><strong>Flexibility</strong></td>
<td>The ability to respond to environmental, market, and policy changes — quickly and effectively — is an ever-pressing challenge for farmers. Financing lets you tailor payment terms that align with your budget and seasonal cash flows. It also enables you to keep pace with technological advances; mid-term upgrades and end-of-term options can keep you from ever owning obsolete equipment.</td>
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<td><strong>100% financing</strong></td>
<td>Replacing outdated farm equipment is a critical need for most farmers today. But to truly innovate, new machinery is just one piece of the puzzle — and a considerable investment in itself. A customized financing structure allows you to bundle equipment, software, and soft costs such as freight, sales tax, labor, professional fees, and other related costs into one payment plan.</td>
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<td><strong>Sustainability</strong></td>
<td>As climate change continues to threaten agriculture’s future, technology offers hope. For example, today’s farmer often integrates artificial intelligence, robots, and drones into daily farm activities. These digital assistants not only help mitigate labor shortages, but they can also be on the job 24/7 to improve yields, manage water, control pests, and perform other duties that promote a successful farming enterprise.</td>
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<td><strong>Scalability</strong></td>
<td>With the flexible freedom of financing, agritech initiatives offer boundless opportunities to scale. Each of the technologies mentioned in this paper can reduce costs, increase yields, and/or improve efficiencies. They can also be “mixed and matched” to form interdependent systems, further enhancing your potential to enhance yields, profits, and operational efficiencies.</td>
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**Did you know?**

You can acquire everything you need to implement a total solution now, rather than piece-meal your strategy as your budget permits.
Ready, set, where to start?

Yes, equipment financing can help you acquire the technology you need to realize a more sustainable business model. But financing can be much more than an immediate, flexible funding alternative. The right financial provider can help you empower your assets and fine-tune (or even develop) your innovation strategy.

As you vet a provider of funding options — which will hopefully parlay into a long-standing relationship — here are some qualifications to look for:

• Knowledge of farming and agriculture assets
• A proven track record in lease structuring
• A clear understanding of your business
• A trusted, reliable source of capital
• A creative approach to big-picture opportunities

Cultivating your pivot potential

Key Equipment Finance takes a wholistic approach to solving problems. We understand the issues agribusinesses face today, and we’re dedicated to developing integrated solutions and building long-term relationships. As a division of KeyBank, we also provide access to strong capital and a powerful combination of comprehensive resources, including:

• $15 billion portfolio of managed assets
• 22 years of agriculture financing experience
• Exceptional execution and structuring expertise
• Industry asset and regulatory knowledge
• In-house legal, credit, and underwriting specialists

The dawn of a digital harvest

For agricultural enterprises ready to embrace new ways of doing business, prospects for prosperity look bright. By teaming up with a leading finance provider with proven expertise in your field you can still develop significant, sustainable growth.

To learn more, contact:

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