

## Farms Technology

24	Business Viability  4/3/3	Execution on Business & Product  4/4	Team  3	Business model  3	Funding
<p><b>SUMMARY:</b> Farms Technology is an online trading platform for grains and, potentially, other traded commodities. Leveraging a Priceline-like model, farmers set a price for their product and the trading platform monitors the markets to exact a sale.</p> <p>Based on IP purchased from defunct startup Rooster.com, Farms Technology seems to have avoided the pitfalls of previous trading platform startups, no doubt because of the rich depth of experience of the founding team. The company is on pace to generate \$2M in revenue on current costs of \$1.7M.</p> <p>Farms Technology estimates that it will trade 100million bushels of grain in its first year, and do so with only eight employees. The platform transacts a trade in about 3 seconds as compared to four telephone pricing/trading calls required for manual trading. This business is highly efficient compared to established trading companies; the founders estimate that productivity as measured by bushels traded per employee, Farms Technology is 30 times more productive than existing commodity traders.</p>					
<p><b>STRENGTHS / CHALLENGES:</b></p> <p>Strengths:</p> <ul style="list-style-type: none"> <li>• The business model taps both subscription and transaction fees, providing some insulation from the ups and downs of the commodity markets.</li> <li>• The company can ride the trend toward improved farm production. The per-bushel transaction fees suggest scale not just by increasing market share but also by increases in overall production.</li> <li>• The management team has demonstrated its ability to execute well.</li> </ul> <p>Challenges:</p> <ul style="list-style-type: none"> <li>• Recruiting farmer customers beyond initial markets (Minnesota, Nebraska, Iowa) may require significant investment in sales and marketing.</li> <li>• Pending lawsuit aims to invalidate patent.</li> </ul>					
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