DIGITAL AGRIFOOD COLLECTIVE

Commercial viability assessment tool

Use this tool to assess the commercial viability of the digital service providers you work with.

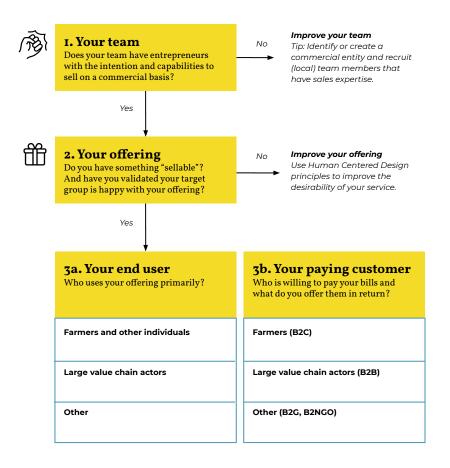














4. Your revenue model

How do your customers pay you? For your paying customers (in 3b), choose a revenue model and add the price point.

Examples: For B2C, subscriptions at \$2 per season For B2B, advertising at \$100 for 1,000 SMS **More examples in the Annex**

5. Your profit & loss

What are your annual costs? How much of these costs are covered with revenues you generate?

Cash out: Cash in:

Examples: Staff, geodata, marketing, etc, Examples: Revenues, loan, donations, etc.

Difference:

% of income coming from revenues:

6. Your potential to scale

What can you do to maximise your revenues and reduce your costs? With these strategies, what is the realistic market size that you can obtain?

Costs reductions:

New revenues:

Examples: Use of open data or partner with NGOs. Examples: Advertising or add new service offerina

Obtainable market size:







I. Your team

Does your team have entrepreneurs with the intention and capabilities to sell on a commercial basis?

Through their sales team, the company establishes commercial relationships with farmer touch points such as agribusinesses, insurance and input providers.

Weather forecasting and crop

smallholder farmers, Farmers are

bundled, for instance with inputs.

willing to pay if the service is

advisory SMS service for



4. Your revenue model

How do your customers pay you? For your paying customers (in 3b), choose a revenue model and add the price point.

Farmers: Airtime

Agribusiness: Contracts with farmers paying through input

purchase

5. Your profit & loss

What are your annual costs? How much of these costs are covered with revenues you generate?

Cash out:

Cash in:

Staff: 30k Office: 7k

Data: 14k

B2C revenues: 15k

Marketina: 9k

= \$ 60k /year

B2B revenues:

15k

Grants: 15k

= \$ 45k /year

Difference: \$ -15k /year

% of income coming from revenues:

67%



3a. Your end user

2. Your offering

Do you have something "sellable"?

And have you validated your target

group is happy with your offering?

Who uses your offering primarily?

3b. Your paying customer

Who is willing to pay your bills and what do you offer them in return?

Farmers and other individuals SHFs. extension workers

Farmers (B2C) 33% SHFs, extension workers

Large value chain actors (B2B)

Agribusinesses, input retailers

Large value chain actors Agribusinesses

Financial institutions Other (B2G, B2NGO) (Development grants)

33%

33%

6. Your potential to scale

What can you do to maximise your revenues and reduce your costs? With these strategies, what is the realistic market size that you can obtain?

Costs reductions:

New revenues:

Reduce farmer marketing costs by leveraging loyal farmers.

Drive loyalty and monthly payments from farmers.

Obtainable market size: 3m SHFs

Other





Revenue model	Explanation	Example
Pay-per-use (B2C)	Customers pay on the basis of what is effectively used	Farmer advisory SMS
Subscriptions (B2C, B2B)	The customer pays a regular fee, usually on a monthly or annual basis, to gain access to a product or service. While customers benefit from lower usage costs and general service availability, the company generates a steadier income stream.	Enterprise Resource Planning software (Cropin)
Freemium model (B2C)	The basic version of an offering is given away for free in the hope of eventually persuading the customers to pay for the premium version. The free offering is able to attract the highest volume of customers possible for the company. The generally smaller volume of paying 'premium customers' generates the revenue.	Social platforms (Linkedin)
Data monetisation (B2B)	Stakeholders such as governments, large companies and financial institutions pay for the aggregated data collected about the users of the service.	Gro Intelligence (AI to predict food production)
Indirect payments (B2B)	Customers pay indirectly for the digital service through other transactions, such as: input purchasing, deduction from crop sales, payments for loans/insurance/mobile money	Ignitia (Input purchasing)
Advertising (B2B)	The main source of revenue comes from a third party, which cross-finances whatever free or low-priced offering attracts the users. A very common case of this model is financing through advertisement. This lowers the capital typically needed to gain access to the product. The company itself benefits from higher profits on each product, as it is paid for the duration of the rental period.	Geopotato (MPower Bangladesh)





Cost minimisation strategies for digital service providers:	
Collaborating with other parties to share costs of eg. marketing and farmer training	
Optimizing the number of FTEs in the core team	
The use of open data instead of paying for data	
Replacing existing service providers by more affordable ones	
Scaling the service to more farmers and other users in order to have economies of scale	