

What can we learn from Goldilocks about adding value?

Chris Green

IOC Minneapolis, July 2008



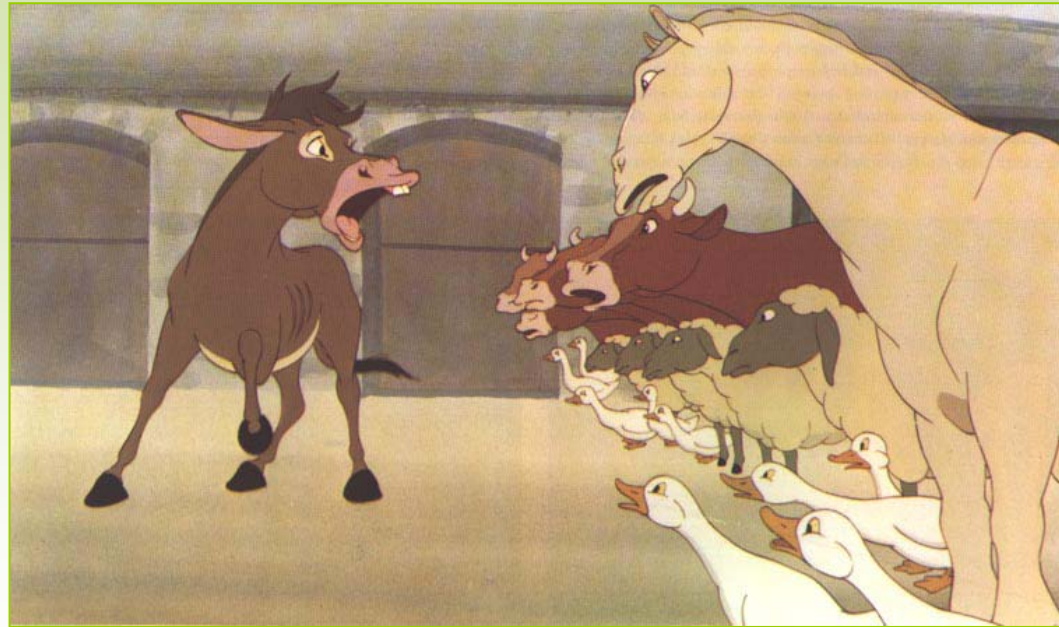


Oats – the first energy crop





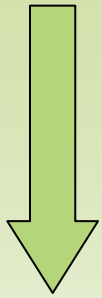
'Eat like horses'







Oat Usage



Usage (tonnes)

Feed



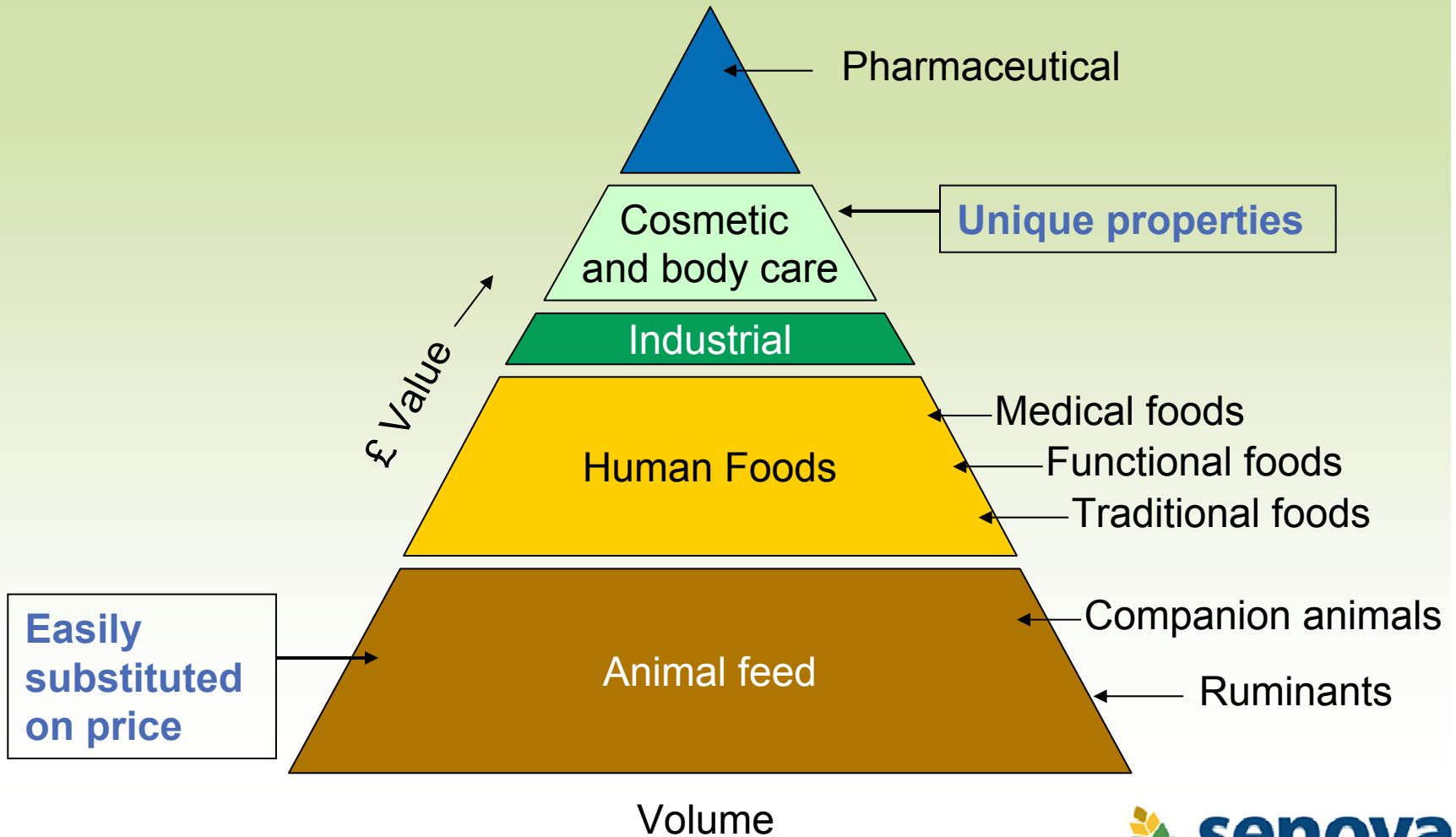
Oat area has halved in the last 20 years and is down from 7% of total crops in 1960 to 1.5% in 2007.

Food





Oat Value





A value chain approach embodies the shift from commodity production to producing products with specified quality.



Where can we add value?

Product Innovation

Quality

(e.g. Oil,
beta-glucan)



Agronomics

Disease,
standing
ability etc



Functional
(e.g kernel
content)



Performance

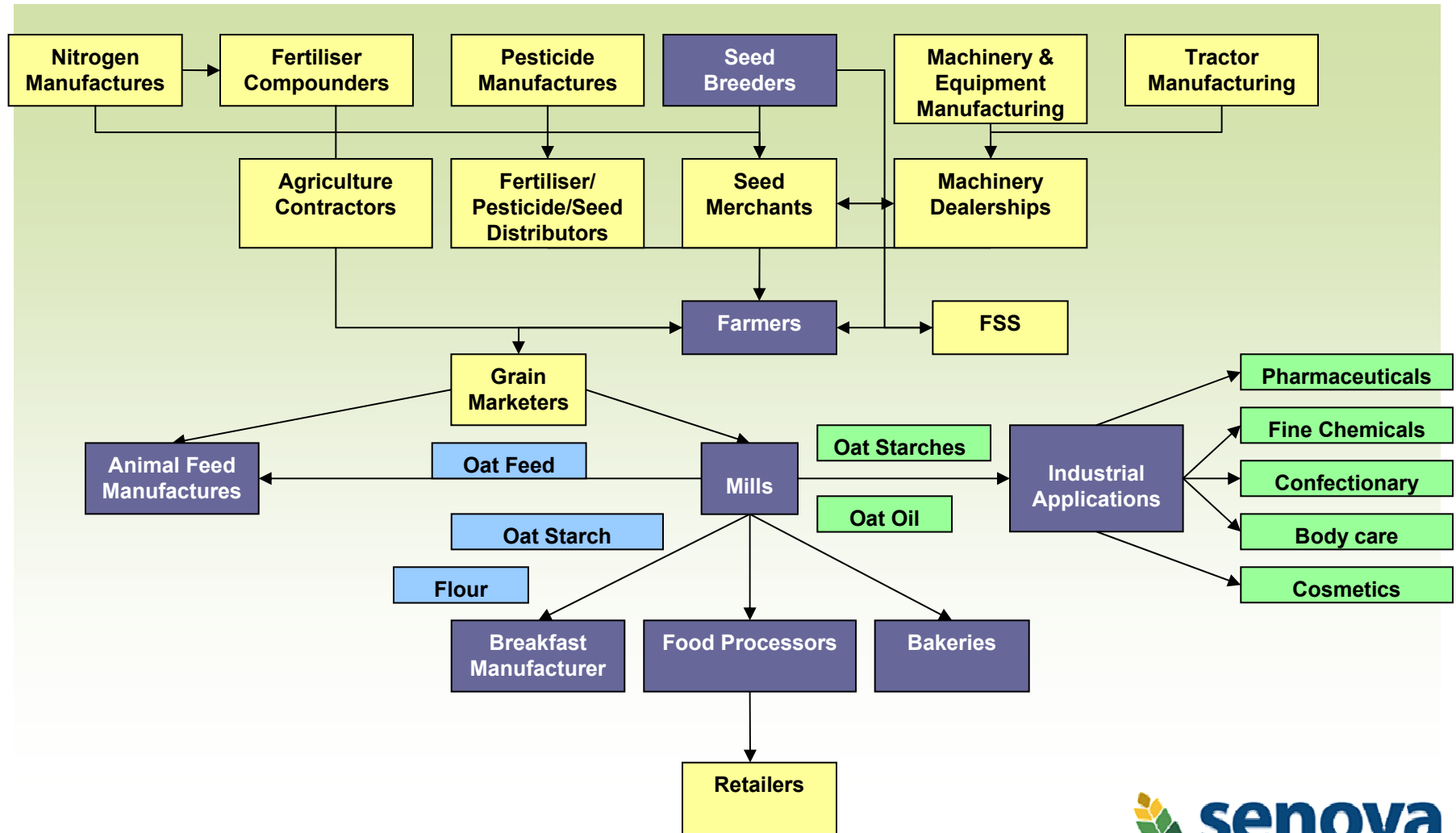
Yields



Base Line Value

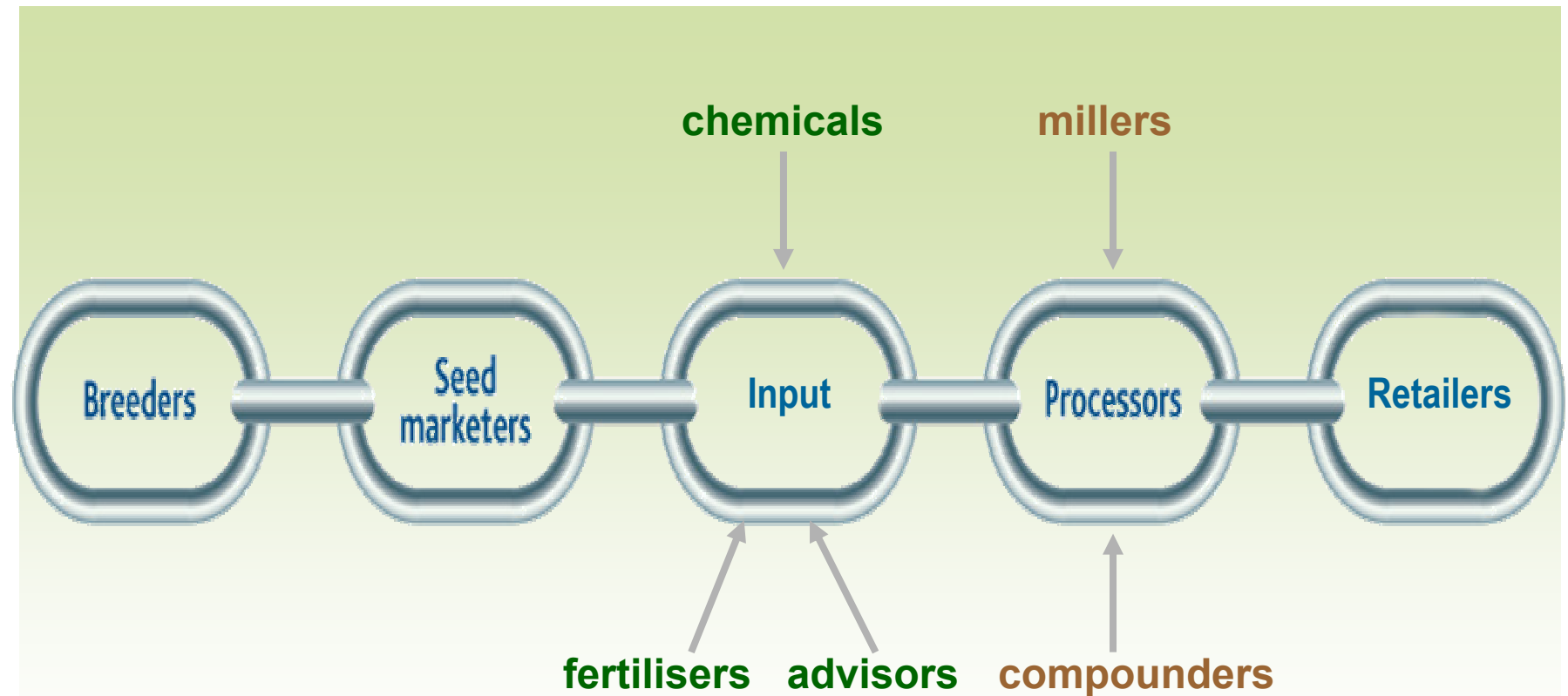


Oat Value Chain





Where is value added?





“Champion” Oat

5% higher yield with “Champion”

Average farm yield = 7.5t/ha
Equivalent to 375 kg/ha extra grain produced
by “Champion”.

Market value @ £120/tonne, means extra £45/ha.

1 tonne seed “Champion” oats plants 7 Ha.

Added value of “Champion” per tonne of seed is £315.

And what do breeders do?

Increase royalty from £65/tonne to £70/tonne, equivalent
to 71 pence per Ha.





RAC – the concept

From seed to field



Seed



Hectares planted



Naked Oats

A commercial dilemma





Bridging the knowledge gap

**G
R
O
W
E
R
S**

Plant Breeder
and
Crop Developer
-IP

Processors/
Consumers

Value integration



Competition as we have it today is based on separate entities – in future I believe competition will be in strategic value chains, with assured quality, shared profits and risks and responsive adaptation.



R & D integration



Prairie Oat Breeders Consortium

Formed in 1996 by millers and seed companies in partnership with Agriculture and Agri-Food Canada (AAFC).

The consortium's goal is to contribute to the competitiveness of oat production in Canada, through the development and release of oat varieties adapted to the Canadian prairies.



OatLink

Oatlink is a Defra supported 5 year project bringing together all links in the supply chain... from breeder to miller.

Using marker assisted technology it aims to fast track new varieties into the market.



Pepsico - Quaker

Leading the way...

in products



in environmental policy

- LCA
- Renewable energy usage
- Recyclable packaging



Product Innovation



senova

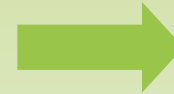


Plant breeding produces better crops



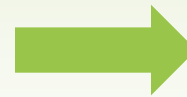


Plant breeding is about harnessing resources and knowledge to deliver improvements



Improve growing cost efficiency – main benefit is with the grower.

Market attributes



Quality & market attributes benefit the processor or end user.



Messages

To Breeders

Refresh your approach to royalties and value your genetics appropriately.

To Consumers

Become more engaged in the down stream activities through objective encouragement and share of value added.



Oat Goal

“Through innovation, knowledge and collaboration improve the value and uptake of oats”.