



IDFA

**International
Dairy Foods Association**

Implementing an Effective Digital Trading Strategy: Lessons Learned From Abroad

Tuesday, May 19, 2020



IDFA
**International
Dairy Foods Association**

Welcome & Introduction



Tom Wojno – SVP, Innovation & Member Advancement

- All lines are placed on mute during this webinar.
- Questions can be submitted via Chat throughout the webinar. Any unanswered questions will be addressed individually after the webinar.
- Only IDFA staff can view Chat questions and will answer questions without revealing their source.
- This Webinar is being recorded. The recording will be available at www.idfa.org, in the Knowledge Center, on the Webinars tab.
- For technical difficulties, please send a message through the Chat box or e-mail membership@idfa.org.

Business in a digital world



Trading for a new world

Impacts on Global Trade and a New Zealand Perspective



Presented by Mike Petersen – Independent Chairman of Nui

Mike has spent the past 6 years as the New Zealand Government's Special Agricultural Trade Envoy. In this role, Mike has travelled extensively to advocate for open markets and promote international trade.

Mike currently has independent governance roles with ANZCO Foods Limited, Kelso Genetics Limited and Totally Vets Limited. He sits on the advisory committee of Dryland Carbon and holds a cluster of directorships in farming in the East Coast region of New Zealand.



Trading for a new world

Trade impacts from Covid-19 have been felt around the world

- Global supply chains have been upended — creating a need to future proof and diversify risk.
- Traditional supply and demand models and relationships can no longer be relied on.
- Significant liquidity issues are facing the entire sector.
- When the agri-food industry does recover, it will be with dramatically altered operating platforms.
- Moving forward, digital channels will need to be grown and developed in order to succeed in a travel-wary world.



Trading for a new world

A New Zealand perspective

- In New Zealand, the health crisis as a result of Covid-19 has largely been averted. A combination of early border closure and strict lockdown measures have worked.
- Agriculture has been deemed 'an essential business' during the crisis and has been allowed to operate under strict protocols. Productive capacity has been constrained, but sales have continued.
- Milk solids production for the 12 months to March was down 1.1% compared to last year. In addition to the pandemic, drought conditions prevail across much of the North Island of New Zealand with many herds drying off early.
- Environmental reforms in New Zealand continue to place pressure on dairy farmers. Any future growth in production will have to be driven by increased feed efficiency from fewer cows.



Why Digital? Why Now?



Presented by Ashley Honey – Senior VP, Americas

Ashley has more than 15 years' experience in commodities, foreign exchange trading and treasury risk management. Prior to joining Nui in 2018, Ashley worked on financial markets projects with some of the world's largest corporations in both New Zealand and the United States including BNP Paribas, Ball Corporation, and Barclays Capital. Ashley has an economics degree from Arizona State University



Trading for a new world

Why digital?

A digital B2B platform is uniquely designed to meet the world's changing conditions in the following ways:

- 24/7 access to the marketplace for both buyers and sellers, from anywhere in the world.
- Increased transparency and security for all participants.
- Improved access to products and customers results in a price which is set through competitive tension.
- Expansion of global footprint.
- Easily aligns with existing sales channels and IT systems.
- Captures valuable sales and production data and analytics.



Trading for a new world

Why now?

The global pandemic has given businesses additional incentives to develop a digital strategy. These include:

- A changing business landscape, which has made it harder to maintain and cultivate relationships.
- Travel disruptions are expected to be in place for a significant period.
- Many major agriculture companies are already pursuing digital strategies.
- Business continuity — retaining market share
- Geographical spread — reach a wider market
- Customer segmentation — activate the entire customer base



Trading for a new world

What We've Learned from Europe



Presented by Kevin O'Sullivan – Chief Executive Officer

Kevin is the co-founder and chief executive of Nui. He is an experienced financial markets professional with a background in brokering and foreign exchange trading. A highly motivated entrepreneur, Kevin has a deep understanding of international trading markets, combined with experience in all aspects of business leadership, people management and strategic direction. Prior to co-founding Cream Trading and establishing the Nui platform, Kevin held several senior leadership roles in the financial markets



Trading for a new world

European insights

With relationships abruptly shifting from "connected" to "isolated", how will we trade moving forward?

Recent experience in Europe has revealed some important insights:

- A 300% increase in trading month on month since January 2020.
- Businesses are pivoting from food service to other opportunities.
- Companies are seeing the value of global commodity trading using a digital marketplace and tender process.
- Price discovery is vital for decision making



Trading for a new world

Much of this increased activity has occurred since the lockdown in Europe began. What are the key factors driving this change?

Preparation: European companies have been early adopters of digital technology with a constant focus on the future. They tend to operate with the belief that just because something is working suitably today, that does not mean it will be ideal for tomorrow.

Speed: Execution, price discovery and the ability to fully comprehend the entire picture around market price is critical, particularly in a rapidly fluctuating market.

Activating the tail: Non-premium customers need to be reached simply and quickly. Some companies commented that they spent 50% of their time servicing 20% of their customers.

Transparency: Transparency around price controls and customer behavior leads to a more complete understanding of the true market price.

Business continuity: Travel restrictions have forced companies to change the way they interact with their customers; ensuring connection is maintained is the best way to avoid a loss in market share.



Trading for a new world

Case study

Our recent case study is based on DAO.EU, a European-wide platform with 80+ companies participating, including producers, traders and end users.

The platform is completely independent offering both standardized and non-standardized products. Participants can select which parties they trade with and which products they buy and sell.

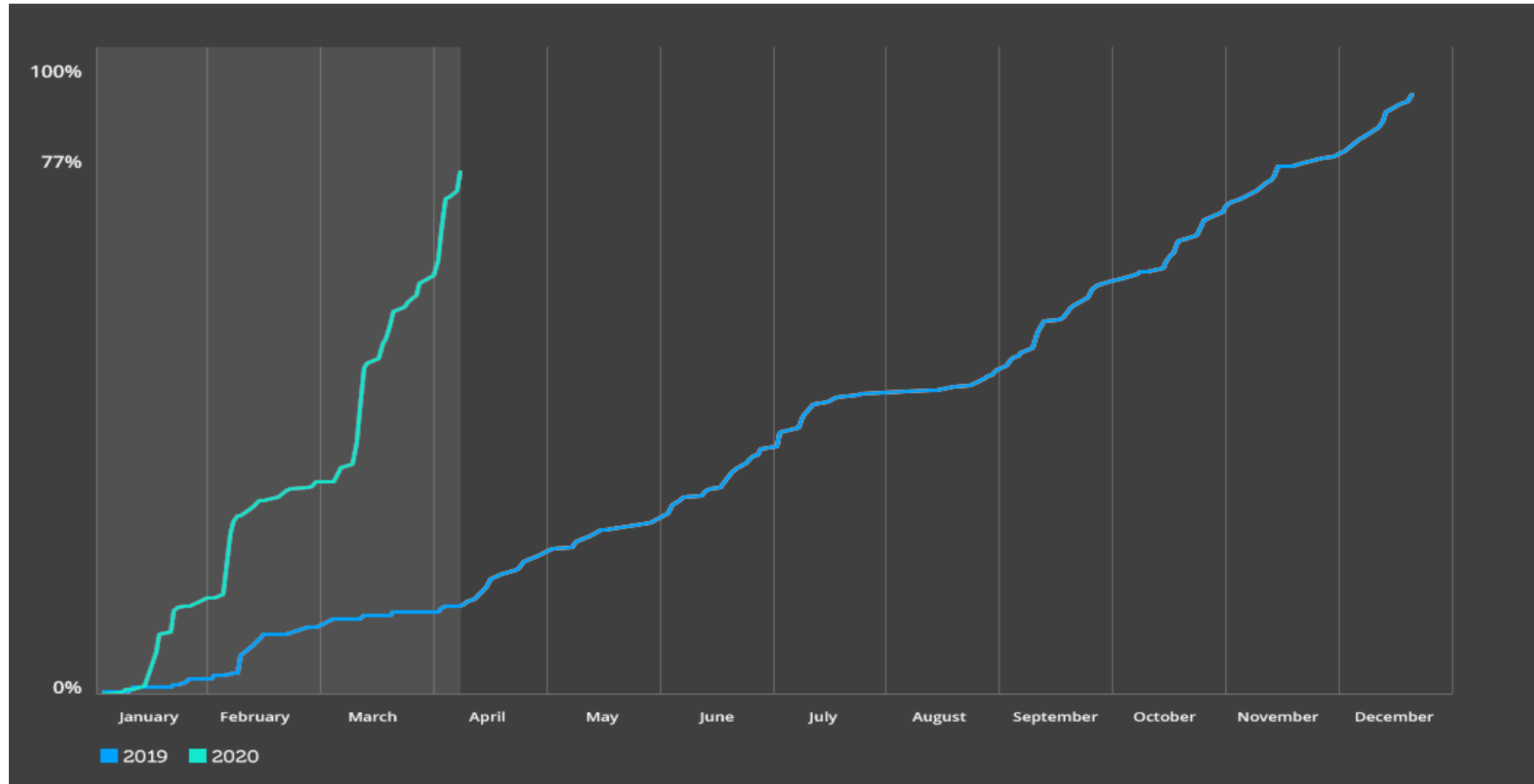
DAO have described recent events as follows:

“There has been an unprecedented amount of activity on the platform in recent months, so much so we’ve had to add more server capability to handle the increased activity.”



Trading for a new world

A 300% increase in trading month on month since January 2020.



Developing a Digital Strategy



Presented by Paul Grave – Chief Strategy Officer

Paul joins Nui after a 20-year career at Fonterra, where he held a wide variety of key senior leadership roles, both in New Zealand and the United States. Paul was one of the founding creators of Global Dairy Trade where he played an integral role in the radical change to the way dairy products are traded across the globe. As Director of GDT, he oversaw GDT's sustained growth, from a start-up business in 2008 to one that trades up to USD 5 billion in dairy commodities annually. Prior to running GDT, Paul was involved in commodity sales, both as a USA based Key Account Manager and also as the Product Manager for Fonterra's protein portfolio.



Trading for a new world

Strategy is everything

First you need to know **why**: Only then can you work out **how**. Ask yourself: "What are the business objectives that I need to meet?"

Some typical examples of strategic objectives:

- "I want to increase my level of customer interaction and feedback."
- "I want to increase the size of my customer base and the geographic spread of customers."
- "I want more accurate market pricing signals."
- "I want to know I am getting the best price for my product."
- "I need to deal with more buyers and increase my sales activity with the same number of staff."

Because we all have different objectives, we all need a different strategy



Trading for a new world

Different types of platforms require different strategies

Market place strategy

- Seller initiated transactions
- Buyer initiated transactions

Tender | Auction strategy

- Reveals demand and supply balance
- Creates competition
- Discovers market price
- Operates with clear, transparent rules
- Creates trust and transparency



Trading for a new world

Key factors for success

- Strong, visionary leadership
- Full commitment
- Transparent and consistent rules
- A clearly defined segmentation policy
- Adequate levels of demand
- An appropriately incentivized sales team





IDFA

**International
Dairy Foods Association**

Questions?



Please enter your questions in the chat box



IDFA

**International
Dairy Foods Association**

Thank You!

