

BREAKING NEW GROUND: INTERVIEW WITH AGTECH INNOVATOR HELLO TRACTOR ON THE POWER OF PLATFORMS

Hello Tractor is a leading agtech innovator that connects tractor owners to farmers through an Internet of Things (IoT)-enabled digital solution that bridges the gap between manual and mechanized farming. Founded in 2014 in Nigeria, Hello Tractor now operates in 16 countries across Africa and Asia, with operational bases in Nigeria and Kenya. This innovative company has connected more than 500,000 smallholder farmers to affordable tractor services, helping them to plant on time and increase yields. A 2020 impact study conducted with Mercy Corps' AgriFin program and 60 Decibels notes that:

- 77% of farmers report that Hello Tractor has "very much increased quality of life"
- 73% of farmers report that Hello Tractor has "very much increased crop revenue"
- 83% of farmers report that Hello Tractor has "very much increased their crop production"

"Because of their work I got capital to start running a new business and I paid my children's school fees without any worry. I also started rearing animals all due to their help and there is also availability of food in my house."

– Farmer Voice from 60 Decibels Impact Report (October 2020)

Hello Tractor's journey to scale, impact and viability has involved partnerships with a range of institutions, including digital platforms around the world. As a part of the joint GIZ and Mercy Corps AgriFin exploration of the potential for digital platforms to power Africa's agricultural innovators, we asked 6 key questions of Hello Tractor's Founder and CEO, Jehiel Oliver.

Q1: WHAT HAS BEEN YOUR JOURNEY TO SCALE AND SUSTAINABILITY AT HELLO TRACTOR?

I think that along our journey at Hello Tractor, the key takeaways on keeping us alive and surviving this long has tied to identifying the right partners and ensuring full incentive alignment at partner level. You need an advocate to shepherd you through organizational structures and to be your champion.

This has to be a person whose voice matters, particularly for big organizational partnerships. On a smaller scale, you have to test things but focus on rolling out joint products only that you know can scale in a financially viable way. We have found that there just isn't enough financial runway in agriculture to test things that are not profitable. Partners will run out of money – especially if you are working only with commercial partners and there is no donor involvement. We maintain discipline ourselves to test things that have a line of sight on positive contribution to cash flow and partner profitability. We always keep a view to our overarching strategy in the marketplace.

Hello Tractor has to address both supply and demand factors as quickly as possible. We have to always provide a "carrot" to attract tractor owners to our platform. As they say in Silicon Valley, vendors will come for the tool and stay for the marketplace. *(continued)*



hello tractor



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We sell our telematics and fleet management tools, but tractor owners stay for the marketplace allowing them to maximize the use of their equipment. We are very careful to keep equilibrium in a market. If farmers get excited about the service but find no tractors, they will leave the marketplace.

Everyone wants to talk about benefits to farmers, but we have to maintain the discipline to keep tractor owners happy and not get too far ahead of our skis! Donors and impact actors always push for scale, but we couldn't afford to take a short term focus. After years of work, we are now at 3,000 tractors on our platforms and have around 500,000 farmers. We did enough storytelling to show our commitment and increase learnings, but the innovation and testing needed to be on the tractor owner side in order to have impact on farmers. It has taken real time and effort to build this. You have to tell the story to get your partners excited, but you **MUST** be able to deliver.

Q2: HOW HAVE PARTNERSHIPS – PARTICULARLY WITH LARGER DIGITAL PLATFORMS – IMPACTED YOUR GROWTH?

We have worked with IBM, MasterCard and Aeris, our supply chain platform partner out of San Francisco, as well as others. You have to carefully target a platform partner to match a real gap in your services. When you can find a partner to fill a strategic gap, it is a no-brainer. If your businesses can grow in tandem, you have an ideal scenario. Tech innovators should try to find proven platform models where they can plug in and add value.

Capital is precious in our sector, so you have to build something in your own business that hasn't already been done. And sometimes we have found that donor grant making can distort this space. We are already dealing with an undercapitalized sector. Donors should be careful not to spread funding too thinly across too many players to further weaken the market. One really strong platform can really help the whole sector "feed off" off of a big investment.

Q3: WHAT ARE THE LESSONS LEARNED AROUND THOSE PARTNERSHIPS FOR HELLO TRACTOR?

If a service or piece of technology is mission critical to your business, do it yourself. Be careful giving away too much of your business to the platform. Focus on building what you are passionate about. For the other pieces "around the edges", find partners where you have buy-in and a champion driving you forward on the platform. Many startups make a mistake of over-romanticizing what large brands can do for you. In fact, small tech innovators may be investing much more than the global brands and multinationals on agricultural innovation. You have to protect yourself against commercial teams that may want to take on your business model. Often the big brands bring very little investment in agriculture and can't make the partnership work. So you need to find platform partners with alignment from a commercial perspective and also the purse to at least match what you are putting into it. Not only is it hard to work with big companies with multiple layers of decision-making, but you may end up carrying the burden of marketing and logistics costs as well. This can be a massive waste of time and resources. Make sure the partner can adequately resource the partnership – no matter what the brand may bring.

There is often a mismatch between the value platforms think they can bring and reality. Neutral brokers like AgriFin can play an important role in reaching a win-win deal with big platforms – providing a trusted interface that protects tech innovators from wasting resources and exposing their business before a deal is done. This type of time investment can be crushing for a small company. Tech innovators have to manage their risk-reward. There are acceptable failures where you learn, but you have to test something with high upside and prepare for some downside. We need to embrace fail-fast environments to make innovation work with platform partners.

Q4: WHAT DO YOU SEE AS THE MOST IMPORTANT NEXT STEPS FOR HT?

So for us, on the supply side of our marketplace, we have to continuously add more tractors and dealers that incorporate Hello Tractor technology off the line and continue to bring more structure and discipline in the marketplace on the demand side with farmers. Our new strategy focuses on helping tractor owners understand how to maximize use and profit for their machines. We also now need to organize farmers in advance to reduce frustration and remove uncertainty from the marketplace. We see ourselves as market enablers for both sides. As you grow this demand through booking agents, you can build the business case for financing for equipment. At a macro level, there are infinite pools of demand for tractors, but if you had to drop a pin on exactly where your tractor is needed today, without tech this is hard. With financing, it becomes easier.

Q5: DO YOU HAVE ANY ADVICE FOR PLATFORMS HOSTING TECH INNOVATORS?

They have to let go of the reins a little bit – particularly on access to farmer data. Platforms can be overprotective of their data. They have to protect farmers, of course, but also enable their partners. Their competitive advantage can't be hiding farmer data in the cloud. The approach needs to lean more toward using that data and unlocking additional value that can enable partners and benefit farmers. Platforms need the teams that can do the analytics to stream relevant data to partners and services to farmers. If they don't use the data – no one will benefit from it. With good contracts and technology in place, they should be able to protect farmers but also get comfortable with letting their partners do what they can do so that everyone can grow and prosper. Ultimately, they need to understand that the farmer should own his or her own data and the platform's role is to engage the partner, gain consent on what the farmer wants to do with their data and create and deliver value.

Please look for the joint GIZ and Mercy Corps AgriFin Platform Blueprint and White Paper forthcoming in December 2020, highlighting key learnings from technology innovators and emerging digital platform models across Africa. You can access the study on our website at: www.mercycorpsagrifin.org

MERCY CORPS AGRIFIN

Mercy Corps' AgriFin programming (MCAF) represents USD 35 million in innovation funding from the Mastercard Foundation, Bill and Melinda Gates Foundation and the Swiss Development Corporation to support development, testing and scale of digitally-enabled services for smallholder farmers. With this support, AgriFin now reaches more than 8 million smallholders.

GIZ

The Tech Entrepreneurship Initiative 'Make-IT in Africa' promotes digital innovation for sustainable and inclusive development in Africa. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) implements this project on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), as part of BMZ's Digital Africa Initiative. In close collaboration with more than 30 corporate and finance partners, social enterprises, hubs, and networks, 'Make-IT in Africa' supports an enabling environment for young entrepreneurs – to enable better access to finance, markets and skills.

For AgTech start-ups Make-IT in Africa has recognized digital platforms as a viable path to improve market access, drive financial sustainability and increase impact. The D4Ag Initiative therefore aims to improve conditions to help AgTech start-ups scale their digital solutions via platforms. D4Ag supports AgTech Start-ups to integrate their solutions into digital platforms through expanding opportunities, building capacities and facilitating partnerships.

To learn more, please get in touch with us!



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