

Connector's Conference: Focus on Food, Beverage and Agribusiness

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Conference Recap By: David Y. Sartorio, Kermit J. Nash and Maxwell J. Bremer

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On April 27, 2023, Saul Ewing LLP hosted the first annual Connector's Conference: Focus on Food, Beverage and Agribusiness at the Minneapolis Club in downtown Minneapolis. The conference featured agribusiness leaders, operators, dealmakers, legal experts and technology innovators who gathered to discuss the latest trends and challenges facing the industry. The conference featured a keynote presentation by Dr. David Ripplinger, Associate Professor and Bioproducts and Bioenergy Economist at North Dakota State University followed by 3 separate panels exploring the most pressing issues for agribusiness today.

Dr. Ripplinger is a recognized expert in the agribusiness industry, with over 15 years of experience researching and analyzing economic and policy issues related to agriculture, biofuels, and renewable energy. In his keynote address, Dr. Ripplinger provided an engaging look at key developments and policy issues impacting the agribusiness industry. He explored the latest research and data on issues such as climate change, governmental policy limiting carbon emissions, changing consumer demand, the use and evolution of biofuels, and technological innovation. He also called attention to the transition of energy resources in agribusiness, and the need for reliability within this shift. In addition, Dr. Ripplinger addressed the challenges facing each level of the supply chain (which in turn are opportunities) to comply with the velocity of changing policies, disruption and costs related to these changes.

Following Dr. Ripplinger's keynote address, the first panel discussed macro trends driving agribusiness investments. The panel featured three experts in agribusiness investing and deal-making: Jon Hjelm, Managing Director, Piper Sandler, Mike LeSage, Managing Director, Proterra Investment Partners, and Thaddeus Tracy, Founder, Farmers Gate, and was moderated by Max Bremer, Partner at Saul Ewing LLP. The experts discussed the latest economic, social, and political considerations shaping agribusiness investing, including the economy, inflation and interest rates, geopolitical events, extreme weather events, shifting consumer demand, and supply chain challenges and opportunities. The panelists discussed how these issues are impacting the deal environment, and provided some predictions for the second half of the year. The panelists were optimistic about the agribusiness industry generally, although acknowledged the current environment is uncertain and advised caution when looking at new opportunities.

The second panel, included Sylvio Petto Neto, Director, MannaTree Partners, Danny Zouber, Managing Director, North Sky Capital, and Dr. Ripplinger, and was moderated by Kermit Nash, partner and co-chair of the Food, Beverage & Agribusiness Industry Group at Saul Ewing, LLP. This panel focused on the growing importance of Environmental, Social, and Governance (ESG) considerations in the agribusiness industry. Namely, this panel considered tools used to track ESG metrics, such as greenhouse emissions, as well as upcycling and reducing food waste – and the impact of ESG regulations on agribusiness practices and investment returns.

The third panel concluded event. The panelists for this session were Christopher Abbott, Co-Head at Conti Ventures, Mark Haraburda, Chief Executive Officer at Barchart, and Kip Pendleton, Executive Chairman at Jord BioScience. The panel examined ways that technology and data analytics are being used to address problems in the agribusiness industry, including climate change, war, food scarcity and food security. Specifically, this panel examined how technology such as automation, digital biology, precision agriculture, improved delivery of data to farmers and the application of existing technologies (like cell phones) are being applied in the agribusiness industry to address the problems identified. The panel also discussed how investors approach data and technology in agribusiness from an investment perspective. At the end of the panel, the panelists considered the social and ethical considerations of technology in agribusiness, as well as recent tech failures in the industry. The third panel was hosted by David Sartorio, Partner at Saul Ewing, LLP.

Key Takeaways:

- The sheer velocity of change in the world is presenting challenges for farmers, operators, investors and other participants in the industry.

- ESG measuring and reporting obligations are impacting operators and investors. The compliance costs can be material, and determining how to measure compliance (and what to measure), is not necessarily obvious, but compliance also presents an opportunity for smart operators.
- Integrating technology is becoming the necessary evil. It creates value for farmers, but also exposes marketplaces to privacy and cybersecurity issues.
- Being nimble to adjust to market fluctuations will have to be baked into your business model.
- Recent events have revealed the importance of planning for extreme weather events, and mitigating as much as possible on the front end the foreseeable impacts. The question is not whether such events will happen, but when, how frequent, and how prepared can you be? Having strong operating leaders in place is critical in times of crisis.
- Smart investors and operators understand where the market is headed and what consumers and end-users are demanding, and are providing products that meet that demand (as opposed to hoping for a market to materialize). A good example is sustainable and “better for you” products, which consumers are already demanding.
- The M&A market is still attractive and active for strong performing companies. Private equity has lots of “dry powder” to deploy, but given the current environment, will invest more time in diligence and vetting opportunities. As a result, deals are taking longer to complete.
- The supply chain issues that were revealed during Covid are causing operators to reexamine their key vendor and supplier relationships, and shorten or domesticate their supply chains as much as possible.

About the event organizer: Saul Ewing, LLP attorneys aid agribusinesses in rising to today’s global and environmental challenges by bringing innovative and practical advice to the industry. With deep agribusiness industry experience and comprehensive capabilities, our team helps clients address the complexities of modern agricultural production and devise holistic approaches and solutions. From family farms to large agribusiness conglomerates, and the companies that service them, Saul Ewing represents clients across the spectrum of agricultural production, distribution and investment. A special thank you to our keynote speaker, Dr. Ripplinger, and each panelist for helping to make the conference a success.