

## FUTURE PROOFING | IAN PROUDFOOT

*He lives in the future, and at the KPMG Agri-business Breakfast at the Canterbury A & P Show Ian Proudfoot told those gathered that they need to as well, as Nadine Porter found out...*

**H**e doesn't mince his words and if you believe what he says, you'll understand why.

"We must be on the leading edge of change... People are the driver of this industry. Many (primary industry companies) have started their journey to change but many are not changing fast enough. If we leave it another day - it will be a day to late."

His evidence of how fast change is taking place lies in innovation developments globally in the past seven days. A Dutch brewery has developed a beer guaranteed not to give you a hangover, while Nestle Health Science (a company better known for chocolate and sweet foods) invested \$145 million for a 15 per cent stake of Aimmune Therapeutics biopharmaceutical firm.

And then there's Habit, a United

States nutritional company that will prescribe you a diet based on your DNA, to ensure your long term health.

Also in the same week, Massey University announced it was looking into delivering nutrition via the liquid used in E cigarettes.

"That week was no different to any other week. Every week there are seven, eight or nine innovations or disruptions all re-inventing what the future will look like for food. They've identified an opportunity and are moving in."

Citing Intel researcher Steve Brown from the United States – a professional crystal-ball gazer – Ian emphasised the need for the primary industry to be looking ahead to meet what consumers want.

Brown's job at the computer giant revolves around looking ahead as many as fifteen years to see what's in store for consumer and business technology. As part of that, he leads a team of science fiction writers who come in and write what they think the world may look like. That data is then used to identify trends and

how technology might evolve and is developed into a strategy.

"To me it bought home the power of the story and how it can help us get a clearer vision of what we need to do to connect better with the people we sell our products to."

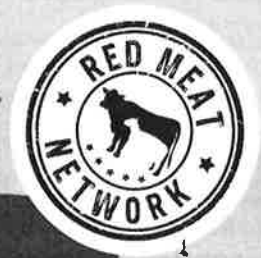
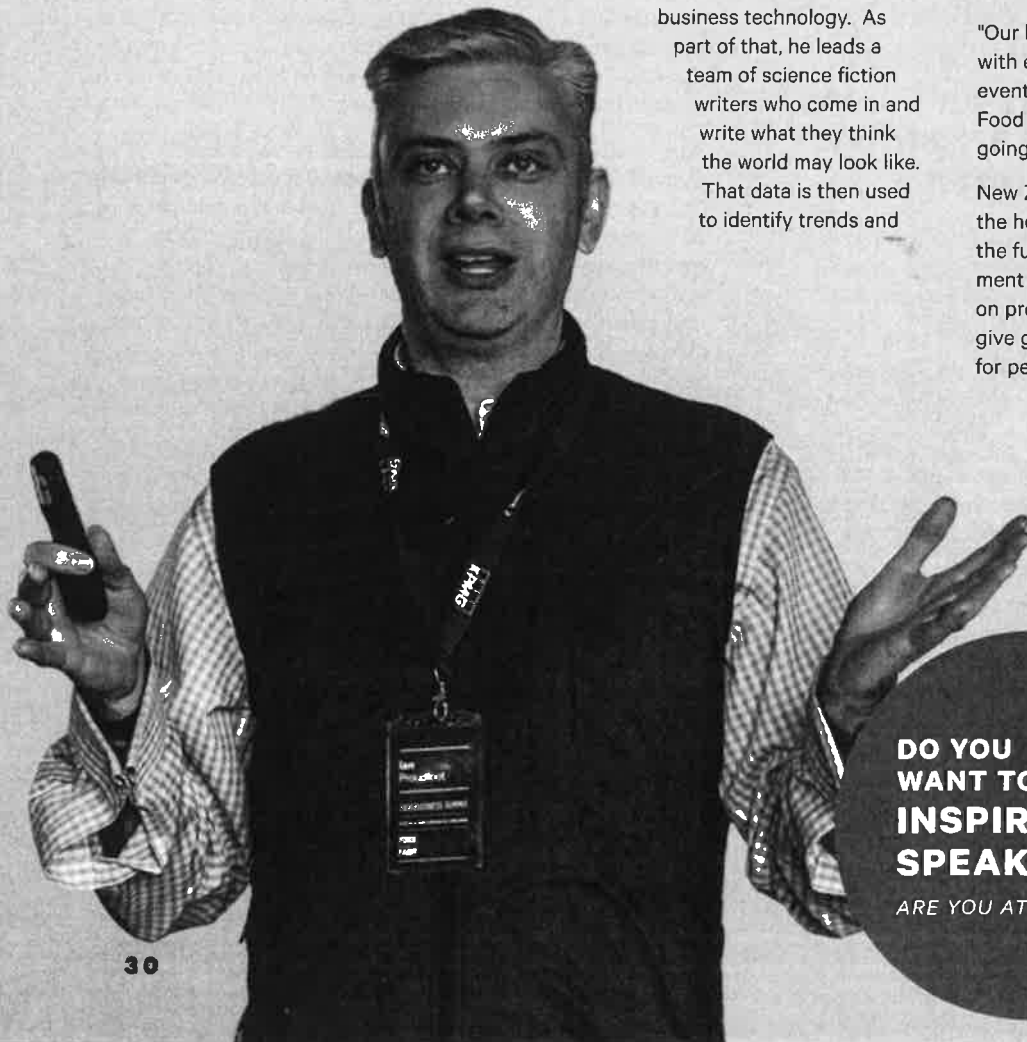
New Zealand could move towards a "whole new level of prosperity" if we seize opportunity and make changes, he believes.

"It would be a country that our kids want to stay in, a country that will have that ambition and ability to compete with anyone, and for me that's the direction we need to take."

Three key generations will shape our future, he said, with the connected generation beginning to have children, the older generation having increased health needs through living longer, and an explosion in the urban generation with 1.3 million people moving into cities every week worldwide.

"Our health is the really big picture with everything we do in agri-food eventually being revolved around it. Food will be the major way we are going to manage health in the future."

New Zealand could not afford to have the health system required of it in the future, he said. Instead Government would concentrate its efforts on preventative measures and would give guidance on food that is better for people.

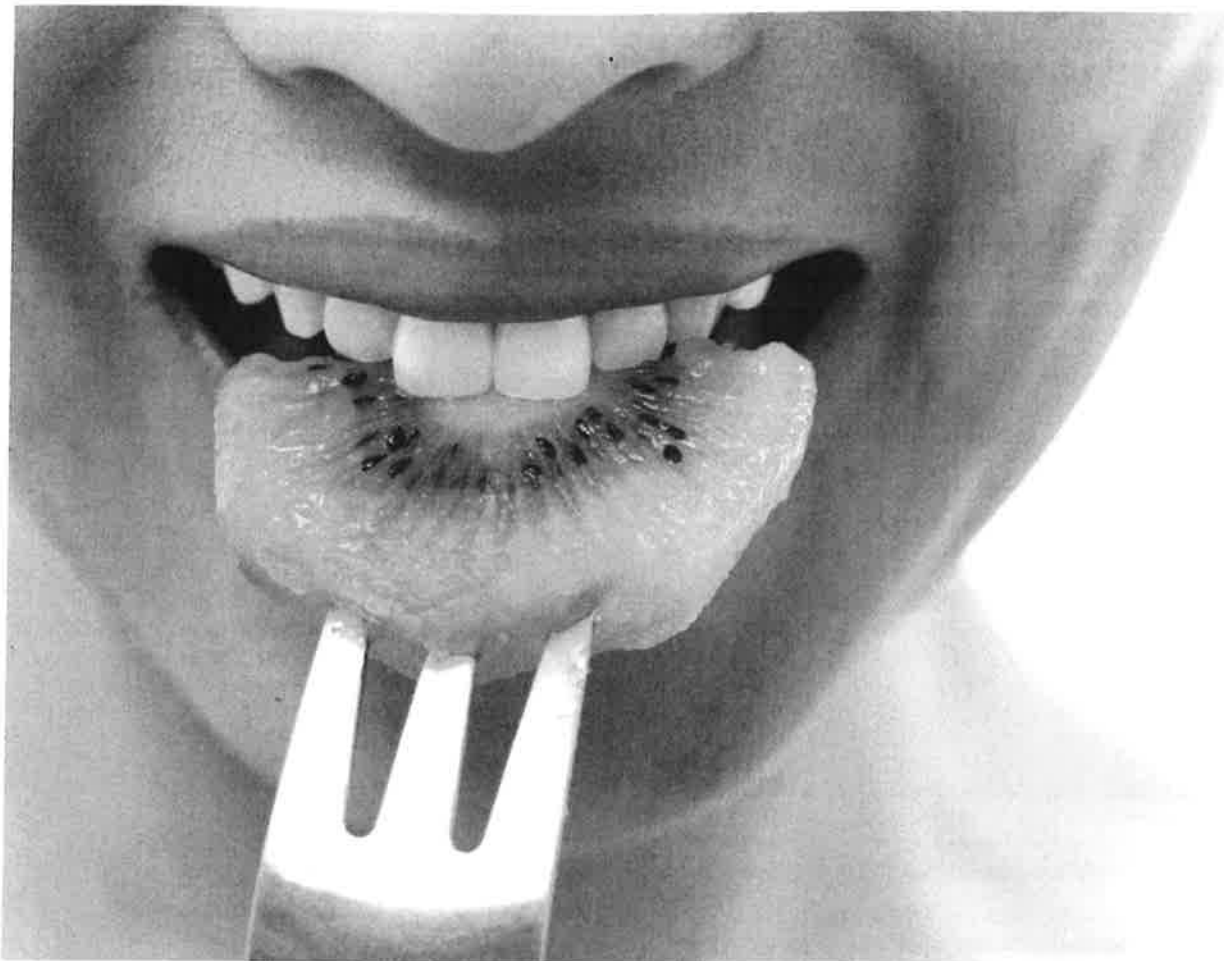


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"We're already seeing this with alcohol and tobacco."

The role of social enterprise in business would also increase vastly in the future, he said.

"And those businesses operate with a different lens. They're there to make a difference and not just about making a profit."

But it was the impact of digitisation that would be the biggest game changer, he believed, with the combination of physical, digital and biological data (digital fusion) coming together to provide solutions.

"The primary sector sits right at the centre of this new revolution. We are on the cusp of huge change as to how we farm and what we farm. Change is a necessity – not a 'nice to have'.

"We cannot afford to sit back on our laurels, we must move forward."

"Today is not a day for complacency, today is the day when it's time to start thinking about moving toward the future."

He warned against the dairy sector thinking structural change had occurred because prices had lifted.

"It hasn't occurred. We cannot feel comfortable."

Using insects as an illustration of just how fast the industry is moving, Ian relayed how novel the idea of breeding and eating them as a valuable source of protein was two years ago.

"Back then we said in ten years' time we

would be eating insects."

But in an Auckland restaurant for a group lunch recently, a vegetarian was told they would have to make a decision as to whether they would eat something because it had insect flour on it.

"What that says is change is happening quicker than we imagined. The future is coming and we have the ability to shape it."

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Change would also occur in food distribution, he believed.

"I don't think supermarkets will exist in 25 years. Instead we will have food experience centres and shop with our cellphones."

Solutions to consumer problems needed to be found, as they can create value, he believed, citing Zespri's move into making Kiwifruit skin edible so that consumers can eat it on the run.

"If we can make the Kiwifruit skin edible there's an opportunity to increase a \$2 billion industry to a \$16 billion industry. That's transformational for some regions in this country."

He urged producers to position themselves in the value chain to capture more value because current statistics show just \$1 in every \$6.75 dollars of agri-products come back to New Zealand.

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"Ultimately it's about sleeping with the customer."

#### **KPMG AGRIBUSINESS AGENDA KEY TAKE-OUTS:**

- The ability to fuse physical, digital and biological technologies is unlocking new solutions almost daily
- Complacency remains high across the agri-food sector
- We are at risk of being destroyed by disruption if we remain comfortable where we are now
- Leaders in the agri-food sector need open minds and be prepared to 'pull up' the anchors that have tied them to deep traditions
- To progress we will have to embrace change, acknowledge the whole truth and avoid building walls around a legacy industry to preserve the unpreservable



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