



**ANNUAL REPORT**  
**2019**  
**Farm Animal Trade**

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## Farm Animal Trade: traditional farming in digital trade

A simple and innovative way for buying and selling farm animals that saves up money-time and protects quality.

### PROBLEM:

In small farms environment, the sale of animals is still managed in the traditional way. There are intermediaries and excessively complicated administrative procedures, which increases costs, wastes time and does not guarantee the products safety. There is urgent need to simplify all that, in particular to lower the entry barriers for the young people who are absolute beginners.

### SOLUTION:

Farm@ is a digital marketplace for the trade of animals that offers small farmers the opportunity to enter the farming market on larger scale. It guarantees the traceability of the products origin, reducing therefore costs with strong scalability. It is designed for small companies and private individuals. Moreover, it provides consumers with quality controlled products.

### BUSINESS MODEL:

The announcement posted by sellers are the moment, our sources of income. (as a matter of fact, currently buyers are free of charge). Our channels to reach potential customers are web advertising (social networks too) and one-to-one direct contacts

### MARKET:

The farming market is constantly growing, especially among young people, as demonstrated by Nomisma's "Young Farmers" observatory, reporting a 14% increase in companies managed by under 35 year olds, only in the last 3 years, the highest growth among the European countries.

### COMPETITORS:

In Italy there are still no competitors who offer our same service. The only marketplaces already present on the web are used exclusively for the sale of pets. Our platform, on the other hand, is based on the logic of interaction and ease of access to information, focusing more on traceability to guarantee products and the protection of both sellers and buyers.

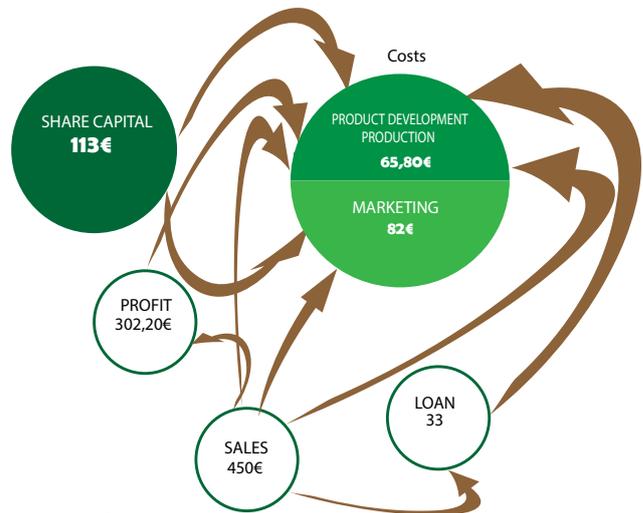


Figure 1: Cashflow

### WHY WE ARE SPECIAL:

we are reinventing traditional farming with digital trade.

### TRACTION:

Industry associations such as Coldiretti, C.I.A. (main Italian Confederation of Farmers) and A.I.A. (main Italian Breeders Association) expressed a strong engagement on our idea.

### CUSTOMERS:

14 farms in our region are already deploying the full service.

### LOOKING BACK:

We have achieved all of our goals: creating a new concept, promoting a sustainable and healthy culture in general, improving our business skills as a team (and making all that profitable), creating a complicated technology in co-operation with specialists and enterprises. The product is still in continuous

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### GOING BACK TO OUR ROOTS WITH THE FUTURE IN MIND:

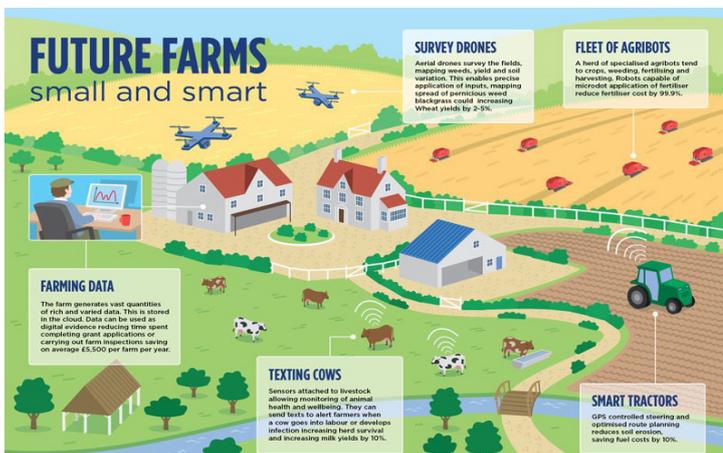
“I hope we will be selling on the international market within five years,” says the 26-year-old farmer from Benevento, South Italy. As representative of an organization of farmers - many of them wanting to keep the local tradition of small farms - she knows strength is in numbers. In the past, she just grew enough to feed her family. When happening, she used to sell farm animals in small quantities and generally at a low price. But recently she has seen her perspective profits from animals trade - an increase made possible, she reckons, by using digital channels and by adopting marketing skills. And she has seen a change in attitude. Farmers, buoyed by better earnings, are growing more farm animals and “beginning to see that farming can be a profitable business,” she says. She hopes that momentum will continue and that farmers, like herself, will be supported in taking it to a further level, one that could put them - and the country - on a path towards greater prosperity. That’s why we created Farm@: to move beyond subsistence farming (not only in Italy) and to spark economic growth through digital farming.



Figure 2: farmer

### VISION:

From drones and robots to mobile apps and satellites, the advances being made in farming technology might possibly hold the key to the future of farming as farmers strive to feed the world. Farma@ is a digital platform enabling a fully digitized farm; everyone can access and has the complete vision of 100% traceability of the country’s cattle. It provides details on every stage in the raising and processing of an animal, from a tiny farm in Campania to a grocery store in Lombardy. Moreover, as farmers in wealthier countries benefit from the wave of technological improvements, we aim at designing easy ways to pass these innovations on to developing countries, before they are left furtherly behind.



Figures 3-4: digitized farm



### 3 From idea to market/service/product



The idea came up during the visit of the small farm of one of our classmates, talking to farmers and listening to their stories and their problems related to long and time consuming negotiations with professionals who intermediate the cattle sales with small profits for farmers themselves. This problem affects all farmers, regardless how big they are. Furthermore this intermediated sales process does not guarantee the meat traceability and safety to the final consumer.

Our goal was to find a sustainable way to preserve the traditional farming and offer to small breeders independency and higher profits guaranteeing the same excellent quality of food to the consumer.

That's how we designed our solution: A technological tool, accessible via web at [www.farmanimaltrade.com](http://www.farmanimaltrade.com), that can simplify the sales process and shorten the supply chain, bringing the food closely to the consumer. No more negotiations, time and cost inefficiencies, giving the possibilities to farmers to show the quality of their work taking on their own responsibilities of the full supply chain.



Figure 5: Coldiretti's conference

Farm@ is a market-place that enables the direct contact between buyers and sellers, with no intermediation, where individuals and farms can post announcements of items to sell, allowing them to be seen nationally and internationally.

Upon a fast registration, a breeder can assume two roles, buyer or seller.

As a seller, depending on the animal, you buy a space where to publish your ad and fill out sales form, on which the health certificate and information on the traceability of the item will also be indicated; at this point the announcement will be placed in a window visible to all users.

As a buyer, you can access a unique showcase of ads where you can autonomously contact the seller of the desired item, being sure that the animal sold meets the safety and traceability standards. We consider also the social impact of the future development of our product and the power that Farm@ brand can give to the final user to better choose the food with the possibility to “virtually” meet the farmer that grew the cattle.

**Before:**



**After:**



Figure 6: difference between before and after farm@

# 4 The different we make



## PROTECT THE FARMER

Following the negotiations of the CAP 2020 (Common Agricultural Policy) agriculture and breeding are in general on the verge of a digital revolution, this could either imply used to traditional methods small farmers disappearance, or the necessity to quickly adapt to a digital market, both defying options to young people, who would find themselves opening their companies in a period of great change. We decided to focus on improvement in agriculture on the national territory making traditional farmers discover the advantages of “Agricoltura 4.0” and spread the word among the young breeders to help them reach the international market as a part of the certified community and grow together with the e-commerce platform in the agricultural sector. Currently, there are 745,156 farms in Italy, which represent 3.8% of national employment; of which only 4% is digitalized, consequently the risk of not being able to adapt to the technological trend and to compete on the global market is high, therefore totally disappearing from the market. For this reason, Farm@ wants to become the important player of this market, so as to gradually guide the companies through the technological change, providing a simple and intuitive tool for entering the digital trade. As future professionals, currently IT students we intend to offer them support, training and piece of mind. After a national testing phase, we will expand our project internationally, which will give us access to a larger market, since there are 16 million farms around the world. The digitalization scares even the younger farmers and agricultural production entering this market for the first time, registering an increase in last 2 years (55,000 in Italy, +14% and 1 million in Europe, +6%). Digitalization requires specific skills and constant update on the new trends. To them we offer our professionalism and a simple service to quickly enter the market.

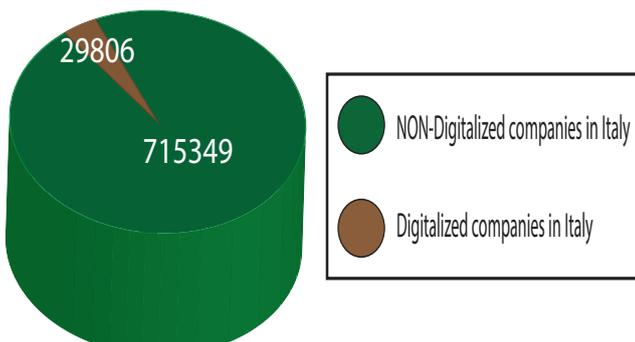


Figure 7: digitized farms in Italy

## PROTECT THE CONSUMER

Farm @ fights the counterfeiting of animals and cares about the health of end consumers, which is why on our portal there are only cattle the traceability and security of which is guaranteed by the Unique identification codes and health certificates requested by the platform uploaded in in the announcement insertion phase.



Figure 8: health certificate

## FROM AN IDEA TO REALITY

Our idea was born in a first phase of brainstorming with the company tutor, where, from a variety of ideas born from the class group, it was chosen that of some boys, who had family farms, live with this problem. From the beginning, most of the breeders appreciated our idea of a marketplace for the sale of farm animals. Our philosophy is to consider the customer's opinion as a fundamental point in the development of the project, so we initially interviewed various local farmers and asked them for suggestions to improve the user's experience and make the service easier and more intuitive. The opinion of the users has been fundamental above all to carry out the data sorting, required in the registration, so as to prevent users from being discouraged by a high quantity of fields to fill out. Subsequently, we presented and asked for advice to the associations of the sector, to implement the technical side of the project, such as traceability unique animal code and health certificates. Once all the suggestions and all the information necessary to proceed with the creation of the portal were collected, we moved on to the purchase of Aruba.its hosting service.

## FIRST CUSTOMERS AND FIRST FEEDBACKS:

The concrete proof that the idea is valid was the attention aroused in local breeders, who expressed positive feedback after entering the ads on the portal. To be precise, in our marketplace there are already as many as 31 announcements belonging to 14 active users. For us it is very important to have direct contact with the farmers to develop an application that gets closer and closer to their needs.

## WEB CODING

One problem solved, another arose. To avoid the creation of the website in a "hardcoded" way, we relied on the CMS (Content Management System) WordPress. Furthermore, after careful analysis, to make the user's experience fluid and pleasant, the technicians have used specific plug-ins, such as WooCommerce, in order to make the site a marketplace. Unfortunately, it was not possible to solve all the problems through APIs, so the technicians proceeded to write specific "snippets". In order to offer a complete and functional service, a further phase has begun, that of testing, where the whole team has undertaken the task of testing the web portal, to focus on possible errors and solve them. All this work was recorded each time in the daily meeting minutes.

## USER EXPERIENCE:

Before being able to sell or buy, our customer must register by entering his contact information and stall information, and finally, to complete the registration, he must activate the account using the confirmation email. Once registered, the customer can navigate in the "Buy" section to view all the ads on display and contact the seller in case of interest. To sell you will have to fill in the pre-set form in the "Sell" section, entering all the animal, stable and contact details (the data entered during registration will be pre-filled), after which you will proceed to pay using the PayPal service. The ad request filled out by the user will be immediately redirected to Farm @ which will proceed to verifying the truth through the database. If the check is successful, it will be uploaded to the portal.

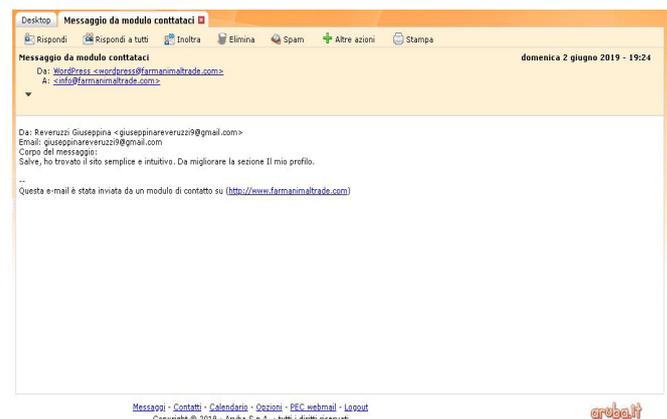
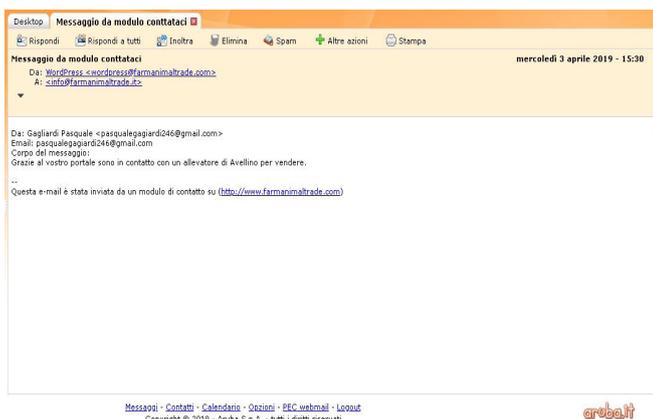


Figure 9-10: users' feedback

# 6 Company organization



The activities of Farm Animal Trade have been organized by the CEO and the CO-CEO, but have been carried out only with the help of each manager and through the cooperation between the members of the group. We think the team is very important because without it our service would not have existed.

Every task aimed at guaranteeing the service was completed with a teamwork activity, communicating through live chat services and weekly meetings at school. All critical decisions were taken under the supervision of the CEO and the CO-CEO.

During this year we have matured a lot because this project has allowed us to work as a team, to appreciate the work of all team members. We have learned how to solve problems and respect various opinions. We also interacted with people who considered us real entrepreneurs, who made us feel more confident and gave us more energy to achieve our goals.

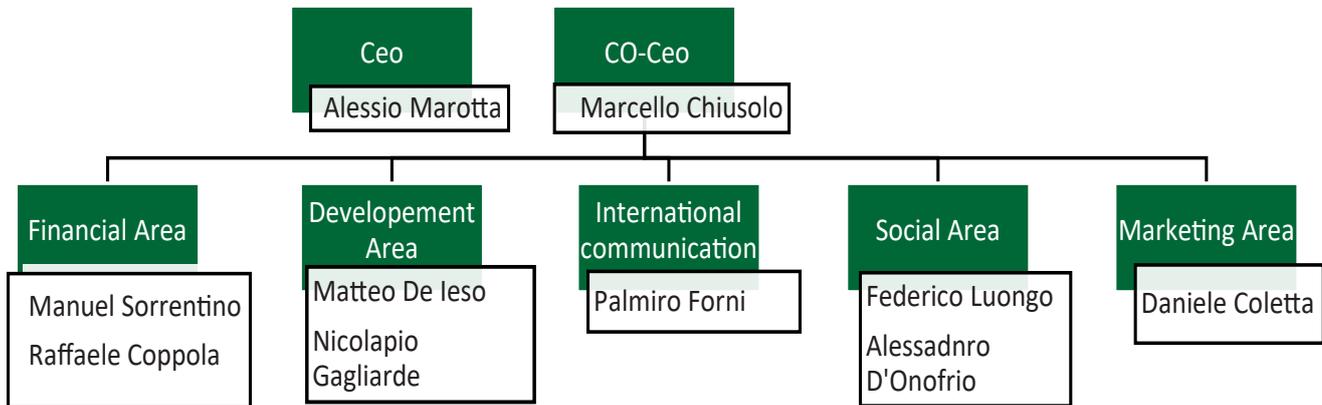


Figure 11: organization char



Figure 12: team at work

### TARGET GROUP AND CLIENTS:

Right from the start the under 35 breeders have been identified as our target of reference, since in the last years the Italian companies managed by young entrepreneurs have increased by 14%, conquering the primacy in Europe both in number and profit. Farm@ is aiming to promote new entrepreneurs and to sustain the generational turnover in agriculture through the platform network including the regional, national and international association and agricultural organization. Furthermore, we have decided to digitally empower also the traditional, non-digitalized farms, with more articulated service to support them in the difficult digitalization process, remaining competitive in a market increasingly dominated by multinationals. In this historical period, where information is accessible to all, the final consumer becomes increasingly demanding in terms of meat traceability and quality. Farm @, while not selling directly to consumers, satisfies their needs, guaranteeing in advance the safety of the products sold, along with the entire meat production chain.

### COMPETITOR:

A careful research has revealed several competitors. None of these, however, guarantees a level of product safety like ours because they do not have the inclusion of the various health certificates and unique identifiers of each animal, in order to verify the traceability and truthfulness of the product itself. In addition, none of them puts buyer and seller in direct contact.

### PARTNERSHIP:

Many agricultural associations on the national level, such as CIA, Coldiretti, ENAPA ANPA, AAXA and the Montana del Fortore community, expressed immediately positive feedback on our idea, in particular, Coldiretti, which is actively committed to promoting the platform on the national territory.

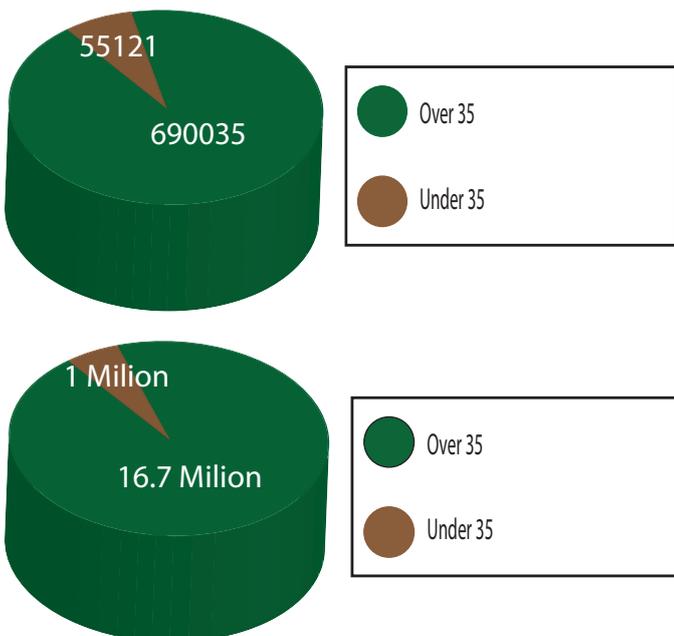
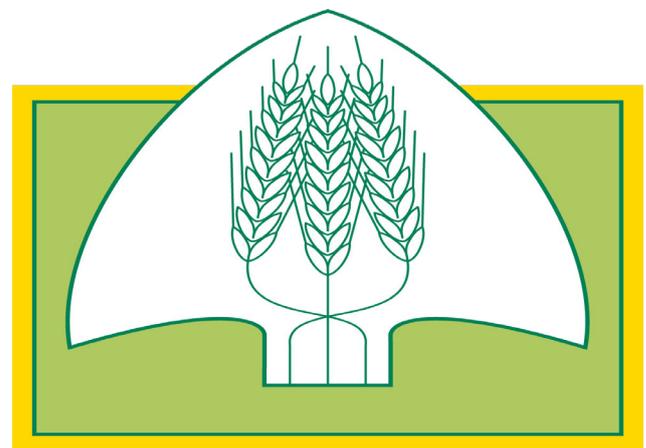


Figure 13-14: farms under 35



# COLDIRETTI

Figure 15: Coldiretti's partnership

We used an integrated marketing approach in which all the details supported our core values: environment and customer focus. This included a common visual identity for all our materials (logo, product design, clothing, sales stands, photos, etc.) and savings resources at every stage

## SALES CHANNELS – MORE IN BETTER:

We have reached 75% of our customers through a door-to-door sales campaign while 25% through our website and social pages. In our long-term plans we predict customers increase by up to 55%. Before the end of 2019 we expect to reach 200 clients and to grow year by year through our main source of income, the sale of ads with a fixed fee based on the type of animal, all the result of a careful market analysis deriving from the study of the consistency of Italian and European farms. To achieve this goal we plan to invest in advertising, expected already in the next three years, advertising both through social pages and through participation in fairs organized by sector associations and through the advertising channels made available by the associations mentioned above, after signing the letter of intent with Associations (unions) like Coldiretti. Furthermore, within a short-term future, once achieved the critical mass of users we plan to activate the second Revenue stream with advertising on our web page offered to the companies that have farmers and agricultural producers as a target group, such as feed retailers.



Figure 17: Farm@ stand

## EVENTS:

In addition to the student company events, we plan to take part in agricultural fairs organized by industry associations, such as the “Coldiretti’s Friendly Campaign” to be held in Naples and Rome next August, where we can advertise our start-up. However, the most exciting experience where we demonstrated the soft-skills of entrepreneurship acquired during the “JA Italia” path were the regional competitions and the “BIZ Factory” nation where we obtained the first successes and local awards at the provincial level.



Figure 16: Farm@ team

## FARM @ IN HEADLINES:

A great way to spread our digitalization ideas in an ever-expanding sector was also the publication in about 10 local and national newspapers, which reflected our activity during the school period.



Figure 18: Farm@ in headlines

## 9 Financial and results



The financial statement of Farm@ is related to the first six months of operations, covering the period Jan-June 2019.

After the first two months of data collection and effort to design the digital user experience of the traditional farmer we created the functional prototype website.

We recorded a positive Net Profit of 335,1€. Our six month Revenue, for 31 service fees sold, was 450€. Since our market place became fully operative in May we experienced a constant Revenue growth that gives us strong motivation and confirms the potential of our project.

Our direct cost are related to domain and cloud hosting for our market place. We purchased the Aruba.its hosting service in the month of February for 33€.

Operating expenses are related to marketing material (brochure, flyers, t-shirts) and some travelling cost of our team for Company purposes

We didn't pay any personnel cost in this period, because we consider our efforts as an investment in Brand and product development and also in credibility of our Shareholders (that we want to evolve in future). According to the Italian law, we are allowed not to pay taxes (VAT, Income Tax\*).

You'll find here after the Profit and Loss and Balance Sheet reports.

At the beginning of our Farm@ activity we required Loan of € 33 to purchase the Aruba.it hosting service that we repaid after we collected money from our Shareholders. We successfully placed 115 shares of our Company for the total amount of 115€ of Shareholders Equity. Our Positive Net result is also a significant milestone in gaining the credibility of our Stakeholders. After the JA Europe Company Competition we will have to liquidate our Company and we will distribute the entire amount of Shareholder's equity.

Current assents	Liabilities
Cash in hand: 483,00€	Loans: 32,90€
Cash in bank: ---	Tax: ---
Credit: ---	Share capital: 115,00€
Closing inventory: 0,00€	
<b>Total: 483,00€</b>	<b>Total: 147,90€</b>
Balance: +335,10€	
Rappresented by profit/loss: +335,10€	

Loss	Profit
Web domain purchase: 32,90€	Advertisement revenue: 450,00€
Purchase of advertising material: 82,00€	Closing inventory: 0,00€
Purchase of raw materials:---	
Other productions costs: ---	
Salaries and bonuses: ---	
Chancellery: ---	
Other expenses: ---	
<b>Total loss: 114,90€</b>	<b>Total profit: 450,00€</b>
Gross profit: +335,10€	

Figure 19: balance sheet and profit and loss account

# 10 Financial projection and future potential



## FINANCIAL PROJECTION:

We strongly believe this project can grow in terms of profitability and structure and create more positive results, liquidity and resources to return to our shareholders and to invest in future development of our Company. We are working on different scenarios together with some of our professors for re-establishing the Company as “Innovative Startup” and transform this educational project in real venture. We estimate the capital seeking in 100K€ that will cover the initial investment in advertising 50%, IT tools and platform upgrade 30%, 20% for legal consultancy. We will present our business plan to access the youth entrepreneurship funds offered by Invitalia. Our assumption for the Growth plan 2019-2021 is based on the projection of historical growth trends on European, Italian and Regional market in consideration also to the growth of the young farmers, under 35, that recorded the growth of 15% in Italy in the last 3 years. We assume prudentially to cover 1,9% of total farmers in Campania Region at the end of 2019, 10% of “under 35” and 1% of “over 35” farmers. In the second semester we will activate the promotion initiatives and build the solid base for National expansion in 2020. We think we can reach 40.000 Users in Italy in 2020 (5% of total farmers in Italy) and generate Revenue of 600K€ that will enable us to make our business more sustainable and to implement new investments in promotion and marketing and put in place our strategy to internationalisation in 2021. In 2021 thanks to the network of our partners we are confident we can reach 171 thousand users in Europe (2,4% of total European farmers, 7 million in their totality) with possible Revenue of 2,6 Million.

In €/000	2019_JA		NEW-CO	
	2019	2020	2021	
Total Users	1.138	39.579	171.124	
price	15	15	15	
<b>Total Revenue</b>	<b>17.077</b>	<b>593.683</b>	<b>2.566.860</b>	
Expenses	15.000	500.000	1.500.000	
<b>PRE-TAX PROFIT</b>	<b>2.077</b>	<b>93.683</b>	<b>1.066.860</b>	
% ON REVENUE	12,2%	15,8%	41,6%	

Figure 20: future projection

Farm@ tries every day to grow from the point of view of security, simplicity and reliability to help the end user in the best possible way. In the short term we will include tools for direct communication between seller and buyer, implementing chat tools and instant messaging, so as to increase the speed and simplicity of the negotiation. In the long-term future we will diversify our service, including the sale of animal feed and care products, as well as a subscription service that can be customized based on the needs of the seller.

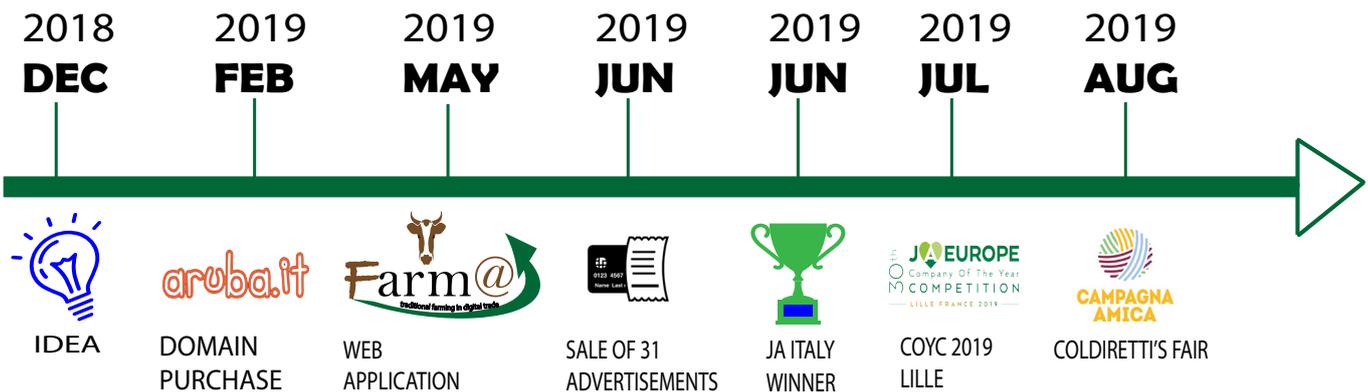


Figure 21: roadmap