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Why it was a 'no brainer' for ag giant Bayer to launch the industry's first blockchain initiative to track crops from seed-to-sale with startup partner BlockApps

Joe Williams 10 minutes ago



Yuri Smityuk/TASS via Getty Images

Innovation Inc.

- Blockchain has the potential to give enterprises deeper insight into their supply chain operations.
- But the technology can be difficult to scale, as it often involves working with an immense amount of partners — all with varying degrees of technological capabilities.
- That's especially true in industries like agriculture, where farmers have vastly different IT budgets than top companies like Bayer.
- On Wednesday, Bayer and BlockApps launched TraceHarvest Network, a blockchain-based initiative to track specialty crops from seed-to-sale.
- While Bayer declined to disclose the amount of investment in the effort, the company said it is "investing more in blockchain than most of our open innovation initiatives" because of the value it's producing.
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All growers are not created equal. At least, that was the mindset that Bayer and other agriculture giants had — until now.

While many farmers are capable of growing standard soybean crops, companies like Bayer often release specific seeds that can produce higher yields or healthier end-products. Those crops require more oversight on the part of a provider like Bayer — including site visits to watch the seeds get planted, for example — to ensure farmers are complying with the more stringent growing protocols. That's why Bayer and others have to limit access to those specialty product.

But as with many other operations, emerging technology is changing that paradigm. On Wednesday, Bayer and software provider BlockApps opened up to the public a blockchain-based effort that was in production for the past several years to track those items from seed-to-sale.

For farmers, that means being able to get greater insight into the growing requirements for those premium seeds. For buyers, it means an enhanced ability to work with the producers earlier in the process to get the exact end-product they want — like healthier produce. And for companies like Bayer, it means the ability to track



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soybeans. And for companies like Bayer, it means the ability to track the initial seeds all-the-way to the eventual store shelf.

Known as TraceHarvest Network, the project is an early example of the impact that a large-scale blockchain-based project can provide. While enterprises have begun exploring how the technology can be deployed, many are [still running small pilot programs](#) intended to help shed light on the long-term value they may produce. So TraceHarvest Network could serve as a key example for not only the agriculture industry, but corporate America writ-large.

Among companies now, "there's some degree of inevitability to blockchain," said BlockApps CEO Kieren James-Lubin. "What they're looking for are really good business cases and really good examples they can point to of the technology being successful in production at scale."

And for agriculture companies like Bayer specifically, blockchain enables its customers to better meet the demands of the end-consumer — all while tracking the progression of products at a level of detail that was not available before.

"Traceability is what enables all sorts of other opportunities for farmers," Michael Pareles, digital strategy and growth lead at Bayer Crop Science, told Business Insider. "Having a technology, though emerging, that has a lot of promise of allowing actors to work together to help farmers meet those societal needs; it was kind of a no-brainer."

"You can't impose too much on the growers"

But the journey to release TraceHarvest Network to the public shows just how cumbersome blockchain efforts are to scale.

Supply chains have emerged as a key initial area of deployment, given the vast amount of transactions and hand-offs that must occur. Each entity in that chain, however, is dealing with vastly different IT capabilities.

In the case of TraceHarvest Network, BlockApps and partners like Bayer had to scale the project in a way that it didn't overburden the farmers who have less sophisticated technology infrastructure. Some, for example, still use paper ledgers to track operations.

"You can't impose too much on the growers," said BlockApp's James-Lubin. "You're asking them to take a real bet to try this, where the other big companies have got IT budgets and have done industry-wide initiatives before."

The other big question is what impact TraceHarvest Network will have now that it is going public — and whether BlockApps will be able to get more significant buy-in from the agriculture industry. And because the startup is supplying the underlying software, it is the "direct financial beneficiary" of any additional customers.

"We should be able to get a larger percentage of the industry on this system in a low cost and reasonable amount of time," James-Lubin said. "The barrier to entry has certainly fallen dramatically and it should ... reduce the skepticism and hopefully lead to more people joining this initiative."

While Bayer declined to disclose the amount of investment in the effort, the company said it is "investing more in blockchain than most of our open innovation initiatives because of the value we have seen TraceHarvest bring to us and our customers."

As the industry's first blockchain initiative in the agriculture industry to track products from seed-to-sale, both Bayer and BlockApps are hoping it becomes the sector-standard. And for Bayer, it's just one part of a broader effort around blockchain adoption. The company, for example, is working with Chinese tech giant Alibaba to provide more transparency into the movement of produce in the country.

"We're really focused on what sort of new opportunities and

business models having traceability, could provide, both for us as well as our customers," said Pareles.

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