



FarmPro

How Figured worked with ifac
and Bank of Ireland to create
a bespoke farm advisory service
for their agri clients

Table of Contents

3	Introduction
4	The importance of agriculture in Ireland
5	The story of Irish Agriculture
6	ifac
7	The opportunity: ifac's farm report 2020
9	Figured's banking journey
9	Bank of Ireland
10	FarmPro
11	Integrations (ICBF)
12	Where to next?

Introduction

Figured entered into a strategic and business partnership with ifac, Republic of Ireland's Largest farm accounting firm, in November 2019, launching FarmPro - ifac's specialist agri advisory service powered by Figured.

However the story begins far earlier than that. In fact, to understand the origin of the relationship, we need to look back at the past half a century of changes that has led us to where Irish agriculture is today.



The importance of agriculture in Ireland

Irish agriculture is predominantly family-owned farms, with almost 129,000 farms across the country each holding an average of 32.5 hectares. Many of these farmers are small, hobby farms or part time farmers, with about 18,000 commercial dairy farmers. Irish farmers reap the benefits of the EU subsidy, which is intended to support farmers around the EU bloc and keep the rural communities alive.

Due to Ireland's climate, rain and soil conditions, it is perfectly suited for growing pastures that work well for livestock. Because of this, Irish agricultural output is dominated by dairy and livestock farming, accounting for approximately two-thirds of the gross agricultural output (as at 2018). Whilst dairy has been thriving and expanding since 2015, the beef sector has struggled with farmers heavily relying on the subsidy.

Approximately 90% of the beef product produced and 85% of dairy product is exported. Ireland is currently one of the fastest growing dairy producers and exporters globally, aided by the removal of quotas which has unlocked the opportunity for expansion.

The Food Wise 2025 plan sets out a 10 year goal for the agri-food sector outlining the potential for growth that exists in this industry in Ireland, due to the importance of it in the Irish economy. This plan has goals in place for Ireland to achieve a bigger competitive critical mass in the international food marketplace, by targeting quality conscious consumers. In doing so it has set measures in place for high quality production in Ireland, as well as sustainable production practises. Therefore, farmers must look to create sustainable farm businesses for success, meaning taking control of their financial plans is becoming more important.

The story of Irish Agriculture

Irish agriculture has changed significantly over the last 50 years. When Ireland first joined the EU in 1973, confidence in the agricultural sector boomed, due to the guarantee that there would be higher commodity prices and stronger support measures in place for farm developments. Coinciding with this, the first farmers were brought into the tax net in 1974, ultimately meaning that farmers were required to produce annual accounts to be tax compliant.

These macro-economic changes brought about rapid and significant change to the Irish agri industry, which for generations had been relatively traditional and focussed on serving the needs of local communities. Limited mechanisation gave way to rapid adoption of technology and a heightened focus on farm performance, both from a financial and production perspective.

These changes led to a gap in the market of specialist agri focussed accounting services to help farmers comply with these requirements, and make the most of their business confidence improvements. This ultimately steered a group of visionaries, led by farm and community activist Donal Cashman, to found the Irish Farm Accounts Co-operative, ifac, in September 1975.



ifac

ifac is the Republic of Ireland's largest farm accountancy practise by client numbers (10th by annual turnover), servicing all 26 counties in over 30 locations around Ireland. They serve over 19,000 clients who they run tax compliance work for, and about 7,000 clients on the bookkeeping service.

With over 40 years of experience in the farming, food and agribusiness industry, ifac has the expertise to provide specialist advice and services to clients based on their specific needs and financial goals. They service a range of businesses across the entire supply chain in agriculture, advising them on good financial practices, effective planning to mitigate any challenges, and helping clients identify opportunities for growth.

ifac are a co-op, meaning they are founded by farmers, to work for farmers. ifac are owned by their clients, instilling a strong level of trust between the farming clients and their accountants. Their interest lies in helping their clients develop profitable and sustainable agribusinesses that are resilient and long lasting. In doing so over the past 40 years, they have played an integral part in the lives of farm communities across the country.

“This philosophy of mutuality and a deep connection with people who work on and from the land continues to define ifac’s success today.”



The opportunity: ifac's farm report 2020

“

More than 1,500 farmers participated in research for ifac's 2020 Irish Farm Report, sharing their views on all of the key issues that farmers currently face—from sectoral and environmental challenges to pensions, labour management and succession planning. Detailed coverage of the findings, supplemented by an analysis of 2,548 sets of 2019 farm accounts, will be published in ifac's forthcoming 2020 Irish Farm Report.

- Philip O'Connor, Head of Farm Support, ifac

”

Through this survey and report, ifac found that business structure impacts lifestyle, finances and farm sustainability significantly, with most farms operating as sole traders. This led to a variety of opportunities within the sector to improve the business of farming for many of ifac's farming clients.

The report found that over half of the farmers surveyed are worried about the future sustainability of their business, opening up opportunities for ifac advisors to work with clients to suggest new strategies for many farm businesses.

Fewer than half of the respondents to the survey currently prepare budgets and cash flow reports, yet those who do suggest that they have greater insight into their finances leading to better and clearer decision making. This is another opportunity for outreach guidance for ifac advisors.

“Half of Irish farmers, across all sectors, have concerns about their future....84% have no definitive farm succession plan in place. Of these, one in three farmers avoid the issue because they believe their business is not viable enough, and they wouldn't encourage the next generation to take it on.”

- John Donahue, ifac CEO

In addition to these factors, ifac found that 84% of those who were surveyed had no formal succession plan in place. This means that without a formal plan in place, there is no guarantee that the succession will end up as a farm owner may have liked.

Finally, 93% of farmers that responded suggested they would like to reduce their carbon footprints. This is another area where better financial management would ensure they are able to achieve these non-financial goals.

From this report, ifac concluded that many farmers would benefit from a chat with their ifac advisor to review their business management practises. These are all areas where agri-advisors with specialist knowledge can help farmers achieve peace of mind, and ensure a long lasting, sustainable business.

In addition to these findings, the end of the milk quota era (which ran from 1984 - 2015) has meant that dairy farms have become far more profitable and a significant player in the Irish economy. The milk quota stated that each farm could only produce up to a cap which was based on their 1981 production plus 1%. This meant that if a farm's output quantities were the same year on year, there was little need for budgeting. In the past five years, with the abolition of the quota, this has created an opportunity for better farm budgeting for dairy farmers who now are able to increase their production quantities, and apply for lending for expansion purposes.

The dairy sector is driving a lot of growth in the accounting industry as they expand, and have more of a need for tax planning and financial advisory. The timing was right for our farmers needing a product like Figured.

The EU's introduction of stricter environmental regulations, namely through the Farm to Fork Strategy and the EU Green Deal, is another reason that farmers will need to begin to properly manage their financial plans and production outputs to ensure financial sustainability as they adapt to these new environmental measures.

These findings show a clear need for better farm financial management across many of ifac's farming clients, and an opportunity for a financial platform to power them in achieving this.

“...as farmers look to the future, the need for financial advisors with specialist farm sector knowledge, and people they can trust to guide them through all of their business decisions, has never been more clear.”

- John Donahue, ifac CEO

“

We now see that Farmers are willing to spend money on advisory—if it's good advisory. So we need to make sure that it is.

- Philip O'Connor, Head of Farm Support, ifac

”

Figured's banking journey

Figured began talking to ifac over three years ago, prior to Figured's launch in the UK & Irish markets. With the proposition still in its early stages, Figured decided to meet with the banks in Ireland to discuss the importance of financial literacy and bank readiness of those in the agriculture sector.

Figured has had experience in establishing the product in the accounting market with banking support, particularly through our strategic relationship with BNZ, ASB in NZ and relationship with FCSA in the USA.

With the BNZ, we worked to develop a scenario tool that would integrate into the front end of their lending practises, in order to improve their efficiency and accuracy, and we are working on a lending integration approach with ASB.

Banks play an important role in agriculture sectors worldwide, as agriculture is such a highly indebted industry. The relationship between the farmer and the banker can heavily influence lending opportunities, especially when it comes to financial literacy and farm management practises. Whilst the current levels of debt in Irish agriculture are relatively low, the shift to dairy investment, farm expansion, intensification and automation are all factors driving Irish lending.

Bank of Ireland

This led Figured to the Bank of Ireland (BOI), to work through how a partnership could occur between Figured, BOI and ifac, in order to engage farm clients to get them working in a new way that focuses on financial planning and goals alignment. The aim of this partnership is to ensure farmers are getting complete control of their finances, and are able to articulate their business's performance for easier access to capital, giving bankers a peace of mind that their clients are on top of their performance.

Our aim was to ensure we can work closely with ifac to ensure their customer's data is onto the platform correctly and that they are making the most of it. This would ensure that in time, BOI can use this data to support their lending decisions, based on clear permissions. It would also instill a level of trust and confidence in the farm's numbers, and improve the relationship between farmers, advisors and their lenders.

FarmPro

ifac wanted to create an advisory service offering based off a financial management platform that fit their clients' needs, due to the changes in the agri industry and the need for better financial management. They initially started looking to develop their own platform, and also took to looking around the market for farm management software. That's where Figured came into the picture. They knew that software alone would not solve the needs for their clients financial management, as software can sometimes be difficult to set up and manage alone as a farmer. So they decided to include the advisory service proposition, on top of the platform solution as a bundle.

FarmPro was conceived and developed in 12 months, alongside Figured and the Bank of Ireland. Testing with leading farmers refined the approach, and the way the service was presented to farming clients.

ifac are now Figured's market entry partner in the Republic of Ireland. To increase the value they can add to their farming clients, ifac have worked with Figured to develop the FarmPro advisory service - a complete accounting and specialised advisory offering using the Figured platform and technology behind it. FarmPro can be used by any farm business, whether that's dairy, livestock or crop farmers, and has about four touch points a year with an ifac advisor.

Through Figured and FarmPro, ifac are able to help thousands of clients farm more efficiently using the latest financial technology to provide timely and relevant business advice. The FarmPro services combines Figured's real-time financial platform, with ifac's specialist farm advisory services to proactively work with their clients to better manage their farm, and grow their business. The fact that the bookkeeping team input the data, enables farmers to have a largely automated budgeting and forecasting system in place, which alongside the livestock integration from ICBF enables farmers to have ready access to up to date reports and position.

ifac's size meant that they had the ability to execute on this vision, as they were able to set up a specific team to deliver the FarmPro proposition. As per ifac's website, FarmPro is "a new specialised service leveraging the best of farm software and financial advice to help ambitious farmers better understand the key performance indicators for their business."

ifac have set up a separate section of their website dedicated to FarmPro, as a hub to talk about the proposition, offer brochures, a video, and talk to the key benefits of using the advisory service. This hub talks about how this can help your agribusiness succeed, as well as giving some customer testimonials to their advisory services. This allows them to capture their clients through website traffic, and offer their clients a space that they can find out more information about the product.

Figured worked with ifac to make sure they established a way to provide their clients with more information and ease of sign up.

"The product gives us permission to talk to the farmer about what's going on in the farm today, because we have the data" says Philip O'Connor. "What we've found is that farmers aren't positive or negative about the platform, what they like and put value on is the ability to talk about their business. What Figured gives them is the ability to have the conversation."

"Figured gives us the ability to talk about the future and where the farm is going, for example succession planning. In Ireland, our property taxes and inheritance taxes are massive, and that's an important thing to plan for. Tax planning is a huge thing here,"

"For a lot of our dairy clients we've now solved their tax issues by putting them into limited corporations, as corporation tax is actually quite low here. So now we need to find another avenue to talk to. Which is where the advisory piece with Figured comes into play."

Integrations

Figured is a farm financial management platform which brings the entire farming team onto a single set of data for better decision making. The actuals are brought through from our integration with cloud accounting software Xero, for accurate and real-time financial information from a farm's account. From there a user can build on these actuals to create a budget or forecast, track production and produce reports.

Figured uniquely integrates financial data with a vast array of farm production data in an easy to access cloud platform, integrating with John Deere, Agworld, Fonterra and stock tracking systems BCMS and ICBF. Figured has an open API and is always looking for ways to improve the product for users through integrations.

Our Irish Cattle Breeding Federation (ICBF) integration came about because of our partnership with ifac. ICBF is a non-profit organisation charged with providing cattle breeding information services to the Irish dairy and beef industries. The platform is a livestock traceability system and genetic management database. They also offer herd genetics and management of this as a value add, and they store monthly milk production data for several Irish co-ops.

We've engaged with ICBF to build an integration to plug in opening stock and daily stock movements into Figured as a part of launching our product in ifac. For ifac's requirements, ICBF is key to the automation and hence time saving for IFAC.

This integration also signals the future of Figured as we seek to bring more production data into Figured via API and build out the ecosystem of connected farming, banking and accounting systems, it also reflects Figured's philosophy of designing solutions with those partners who are the primary users.

"I can push all financials through our system, through to Xero, but to do all production reports and the trackers, I need the ICBF integration. That is the key to making it fully automated. That's what is unique about the Irish story - there's nowhere else in the world that has that level of integration where you can bring finances and stock and production automated onto one platform. The farmer just loves it,"

- Philip O'Connor, ifac

Where to from here?

Figured's goal is to extend our platform to ifac's other customers, but first we must deliver the success of the platform in powering FarmPro.

"There is an enormous amount more that can come from this partnership - from a client level, management level and integration level," says Philip O'Connor.

"There are further integrations with ICBF that could be possible. For example, it can take the weight of a dead animal, which means we can track the profitability of live and dead weight on beef farmers. On top of this, the data consolidation (benchmarking) proposal is very interesting. We also see further developments in the banking and lending space in providing aggregated data once we have many customers on board, due to the size and reach of ifac's client base."

"In terms of client level, I'd love to be in a position in a few years time where FarmPro is the standard for all of our bookkeeping clients, and not as an add on service. Our aim is that if you are part of our bookkeeping service FarmPro is part of the service you receive."

"From a management perspective, I'd like to engage in data analytics and push out into the media about what ifac farmers are doing, how much they are spending, what their profitability is. The ability to pull insights from the data and market it would be key," says Philip O'Connor.

Figured is founded on the idea of the "Farming Team", in which farmers work collaboratively with their financial advisors and lenders, leveraging the cloud technology of Xero and Figured to share live financial information about the farm, and enabling each expert to provide their input and guidance on major farm decisions. As we launch into Ireland with ifac and Bank of Ireland we're seeing one of the finest examples of this model being put into action, and being done so by industry leaders who believe that accurate financial information and expert advice is key to supporting their clients.

Figured UK & Ireland Managing Director David Kirby believes that Ifac and Bank of Ireland are leading the way globally by launching FarmPro: "the approach ifac have taken to crafting the FarmPro proposition, resourcing this and taking this to market with the support of the BOI is one of the best examples we have seen across our markets so far".

Dave Dodds, CEO of Figured says "We first connected with the team at ifac in 2017, it was clear that they had the drive and industry relationships to bring real change to the way Irish farmers manage their businesses and access capital. We also recognise the strong cultural similarities in how the Irish and Kiwis work - there's a real willingness to 'just get things done', and we both share a vision for financial advisory services for farmers powered by cloud technology. We've enjoyed working with the team at ifac and believe Figured in combination with their Farm Pro services will be a game changer for Irish agriculture."

Richard Wyke, CTO of Figured says "The development of the ICBF cattle integration is a major step forward for automation in our Figured product. This should support ifac to get major efficiency gains from our platform. At the same time, the scale of this work enables one of our key development areas, data strategy, to be brought forwards in Ireland. Our ability to analyse and interrogate the ifac farms will be an exciting development area for our partnership."

“

Ifac's service goes beyond the traditional tax accountant. Their service matches my plans for the future of my farm with top class tax planning.

- Pat Murphy, Beef and Dairy farmer

*When I took over the farm I had to put in a new milking parlour, new road ways, fencing, sheds, winter housing and more. So after that development I was heavily borrowed, and thats when ifac suggested the FarmPro service. We went through the product as a way to manage costs, and since I started using it, its benefited me massively. **It was a big change in the way we work, but I'm very happy with it.***

- William McCullagh

Young farmers need expert specialist advice, they need to be with an accountant who knows farming and farm income and transfer taxes. Ifac fits the bill for me and I strongly recommend them to other young farmers.

- Colm & Judy Diggins

Margins in farming are so tight now, and obviously we love farming, but we also want to make a profit, so we're trying to find out where we can make some changes.

What I've realised from using this software is that its the little changes across the whole operation that makes the biggest difference.

- William McCullagh

”

