

Level 2: Future Proofing Influences

Understanding of Future Proofing

Teacher Note:

This worksheet provides students the opportunity to get an understanding of future proofing.

Students are to read the article and answer the questions.

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...

He 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."

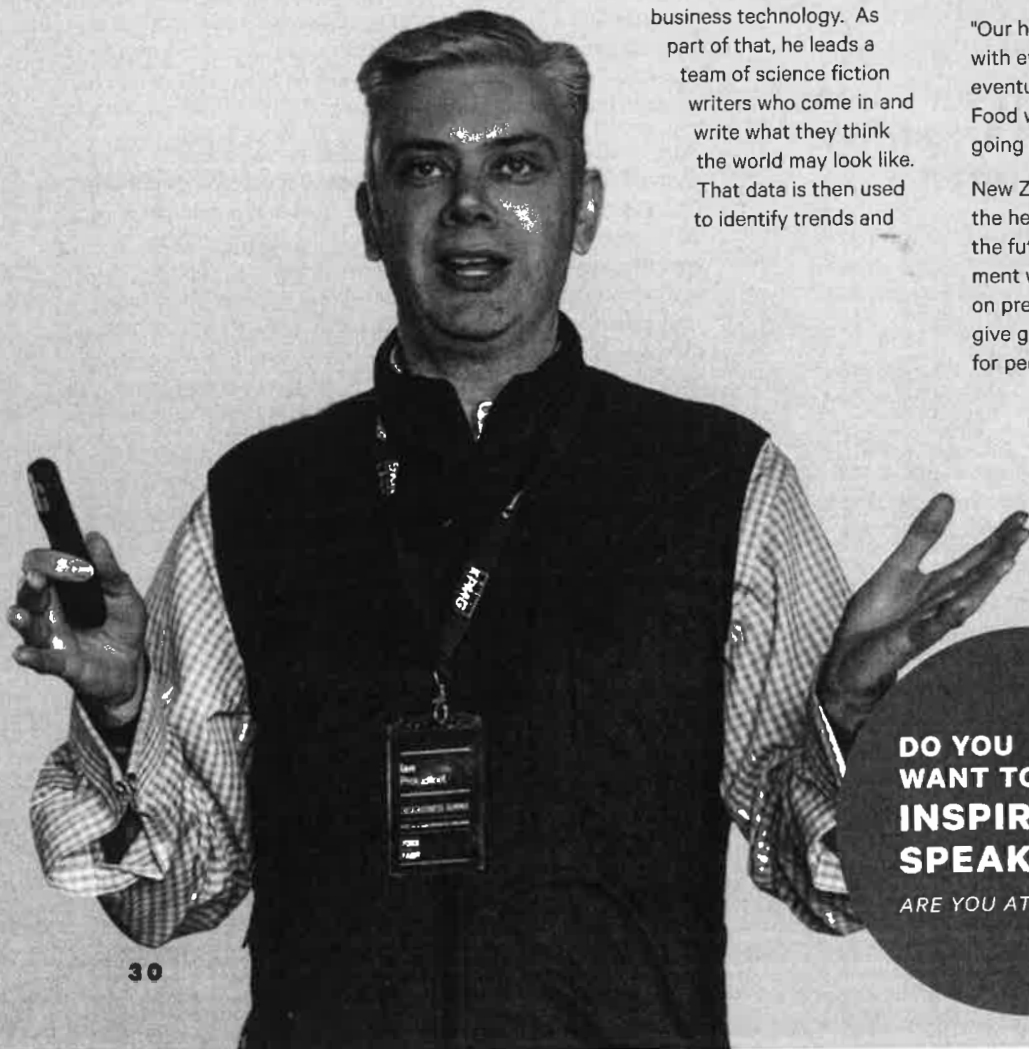
New Zealand could move towards a "whole new level of prosperity" if we seize opportunity and make changes, he believes.

"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.

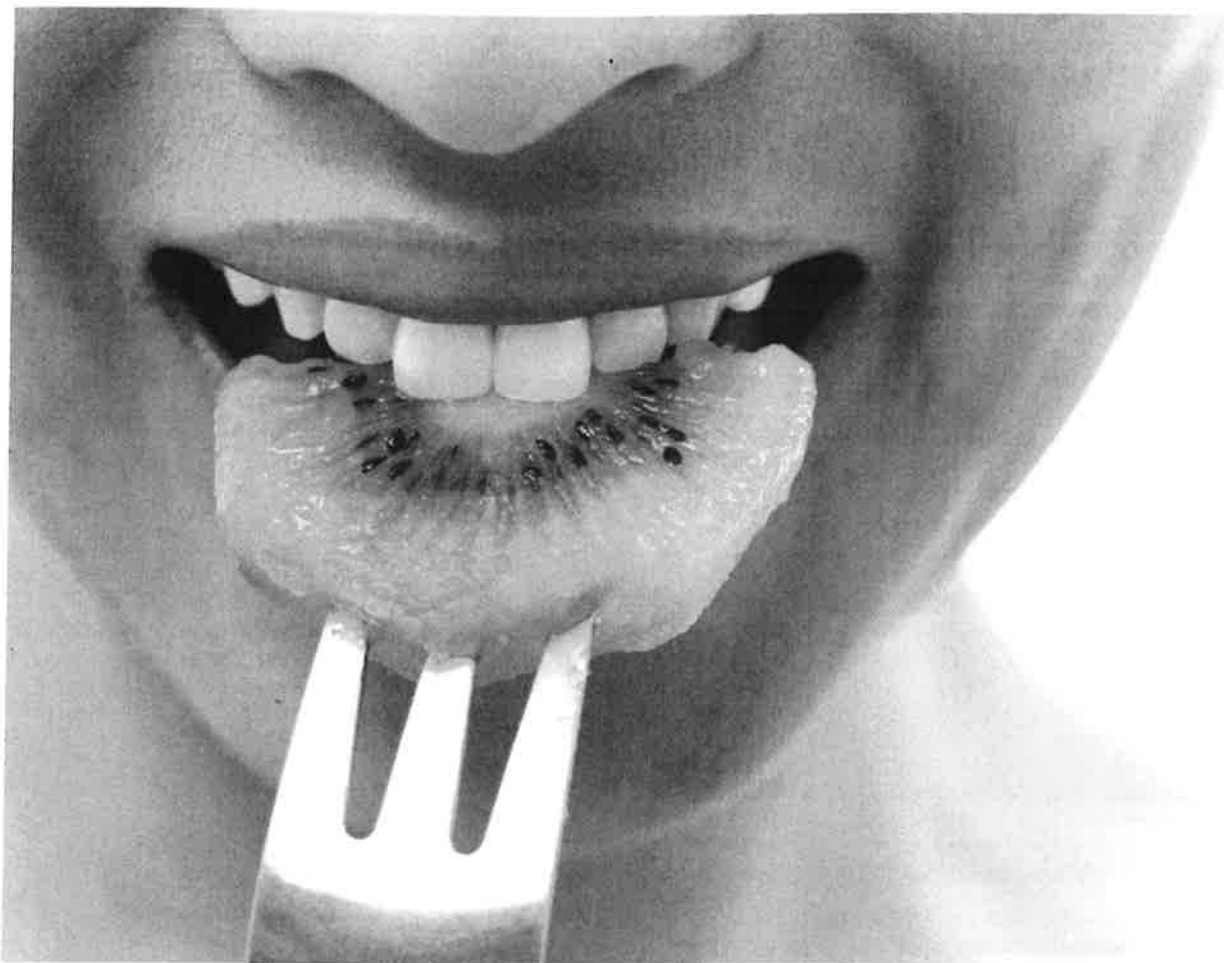


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"We're already seeing this with alcohol and tobacco."

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.

"It's time to look in the mirror. Don't expect the Government to do it. I expect them to be on our team, but we need to take the lead and the first thing farmers can do is understand their value chain – who is the consumer and how do they understand the farmer's passion for what he does."

"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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Future Proofing: Ian Proudfoot

Understanding of Future Proofing

1. What does it mean to be "on the leading edge of change"? Why is this important for industries like farming and food production?
2. What examples from the article show how fast innovation is happening in the food and health industries?
3. Why does Ian say it is a "day too late" if changes are not made quickly?
4. How can understanding technology and future trends help businesses prepare for the future?
5. What are some of the future challenges and opportunities Ian believes New Zealand will face?
6. How will health and food be connected in the future according to the article?
7. What role does digitisation and "digital fusion" play in changing the primary industry?
8. Why is it important for farmers and producers to know who their consumers are and what they want?
9. What does Ian mean when he says "today is not a day for complacency"?
10. How does the example of insects as food show that the future can arrive faster than expected?
11. What changes in food shopping does Ian predict will happen in the next 25 years?
12. Why should producers try to capture more value in the supply chain instead of relying only on selling raw products?
13. What role does social enterprise play in the future of business? How is it different from traditional business?
14. Summarise the key future proofing messages.

Research

15. Research recent examples of innovation in the food and health industries in New Zealand.

Answers

1. What does it mean to be "on the leading edge of change"? Why is this important for industries like farming and food production?
Being "on the leading edge of change" means staying ahead by adopting new ideas and technologies quickly. It is important because industries that do not keep up risk falling behind or becoming irrelevant.
2. What examples from the article show how fast innovation is happening in the food and health industries?
Examples include a Dutch brewery creating a hangover-free beer, Nestle investing in a biopharmaceutical company, a US company prescribing diets based on DNA, and Massey University exploring nutrition through e-cigarette liquids.
3. Why does Ian say it is a "day too late" if changes are not made quickly?
Ian says it will be "a day too late" if changes are delayed because the world is changing very fast, and falling behind could mean losing opportunities and being uncompetitive.
4. How can understanding technology and future trends help businesses prepare for the future?
Understanding technology and future trends helps businesses plan better and create products or services that customers will want in the future.
5. What are some of the future challenges and opportunities Ian believes New Zealand will face?
Challenges include meeting the health needs of an aging population and rapid urbanisation. Opportunities include using food to manage health and growing new markets.
6. How will health and food be connected in the future according to the article?
Health and food will be closely connected, with food becoming a major way to improve and maintain health in the future.
7. What role does digitisation and "digital fusion" play in changing the primary industry?
Digitisation and "digital fusion" combine physical, digital, and biological data to create new solutions and improve farming and food production.
8. Why is it important for farmers and producers to know who their consumers are and what they want?
Knowing consumers helps producers create products that better meet their needs and build stronger connections, leading to more success.
9. What does Ian mean when he says "today is not a day for complacency"?
Ian means that people and industries should not become comfortable or lazy; they need to keep moving forward and innovating now.

10. How does the example of insects as food show that the future can arrive faster than expected?

Insects as food were once an unusual idea, but now insect flour is used in restaurants, showing how quickly ideas can become normal.

11. What changes in food shopping does Ian predict will happen in the next 25 years?

Ian predicts supermarkets might disappear and be replaced by food experience centres where people shop with their cell phones.

12. Why should producers try to capture more value in the supply chain instead of relying only on selling raw products?

Producers capturing more value means making more money from their products by adding value rather than just selling raw goods, which benefits local economies.

13. What role does social enterprise play in the future of business? How is it different from traditional business?

Social enterprises aim to make a positive difference in society, not just profit, and they will become more important in the future.

14. Summarise the key future proofing messages.

Key Future-Proofing Messages

- Change is happening fast: Industries, especially food and farming, must adapt quickly to keep up with rapid innovations and shifting consumer needs.
- People drive the industry: Understanding what customers want is essential for success.
- Health will shape the future: Food will play a major role in managing health, especially with aging populations and growing urbanization.
- Technology and digitisation are game changers: Combining physical, digital, and biological data will transform how farming and food production work.
- Complacency is risky: Waiting or being comfortable with current success can lead to missed opportunities.
- Businesses need a purpose beyond profit: Social enterprises that focus on making a positive impact will become more important.
- Value capture matters: Producers should aim to add value and build closer connections with consumers to earn more from their products.
- The future of shopping will change: Traditional supermarkets may be replaced by new ways of buying food, such as experience centres and mobile shopping.
- Everyone needs to lead the change: It's up to producers and businesses to take charge of their future, not just rely on the government.

Research

15. Research recent examples of innovation in the food and health industries in New Zealand. Students own research.