



Kyle Larson, CFA
(515)777-7074
kyle@bccadvisers.com
www.bccadvisers.com

Big Data Companies Transform Industries, Becoming Prime Acquisition Targets

By Kyle Larson – Financial Analyst, BCC Advisers
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Have you ever noticed the flood of related advertisements online immediately after you search for your favorite pair of shoes or research new cars? It seems as though every company today is collecting data for one reason or another. Targeted marketing to consumers through social media based on their search history is one of the most noticeable uses of this data, but you might be surprised at how the collection and analysis of information has transformed industries that have been around for generations, such as agriculture.



Farmers today are continually looking for ways to improve crop production through precision farming. Utilizing new tools, such as drones, farmers can now collect and process a wide range of valuable information on their fields and crops, including data on soil conditions, precipitation, crop health, and yields. All of this information is used to produce maps and other outputs allowing farmers to adjust irrigation, chemical application, and planting techniques to maximize yields from their fields.

With the increasing importance of data capture, acquisition activity among precision farming companies has gained momentum. For example, Monsanto made a splash in 2013 with its nearly \$1 billion acquisition of The Climate Corporation, a provider of agriculture analytics and risk management solutions. The Climate Corporation has since acquired a host of related companies, expanding its geography and product offering. Other notable transactions include Trimble's acquisition of Müller-Elektronik, a German provider of implement control and precision farming solutions, and AGCO's acquisition of Precision Planting, a producer of seed spacing and depth control products, from The Climate Corporation.

Although agriculture is just one example of an industry being transformed by new information, the collection of data is affecting every business around us. Those businesses that effectively collect and/or analyze data are sure to continue to be of high interest for acquirers.