




**Culdevco (Pty) Ltd**


A producer developed commercialization structure for deciduous fruit in South Africa

by  
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**Taste the fruit of the future**


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    - Within South Africa
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## History

- For the past 30+ years S.A. DFTS and rest of S.A. DFI partially funded ARC deciduous Fruit breeding programmes
- Agricultural Research Council (ARC) is a semi-government organization
  - Amongst others breed and develop new deciduous fruit varieties for the dried, canning and fresh fruit industries
- Deciduous Fruit Industry (DFI) make use of Statutory Funding to finance breeding programmes at the ARC (e.g. statutory levy = R0-05 – R0.08 per kilogram for dried fruit)
- In 2004 DFI started with negotiation with ARC to obtain more rights to their financial investments in new varieties



## ARC Infruitec-Nietvoorbij needs:

- Secure funding for breeding programmes for the future (medium to long term)
  - Through direct funding from Industries
  - Through commercialization of varieties
    - Within South Africa
    - Worldwide
- Full support from all S.A. Deciduous Fruit growers to maximize income
- To protect IP rights on different levels with in the Industry and world



## S.A. Deciduous Fruit Industry needs:


- To share in the profits of their investment they have made to date
- To put more emphasis on the marketing and commercialisation of ARC bred deciduous fruit var.
- To manage ARC deciduous fruit varieties in an environment more suitable for commercialization:
  - Effective alliances:
    - Breeders – Nursery – Producers – Marketer(s)
  - Innovative commercialization methods
  - Effective control measures on all levels
  - Fast decision making
  - Flow of market and new cultivars information
  - Effective marketing of cultivars and programme



## Advantages of formal alliance between ARC and Deciduous Fruit Industry

- DFI is in a better position to commercialize fruit or plant cultivars
- More focused commercialization and IP Management Strategy
- More focus re establishing national and international licensing agreements (quicker and less time consuming)
- Producers will have a direct say in the development and management of unique varieties as well as the welfare of the SA Deciduous Fruit Producers

To be continue ....



## Advantages of formal alliance between ARC and Deciduous Fruit Industry

- Necessary Income for the breeding and Evaluation programmes is more secured because of signed agreements
- ARC focuses on research (breeding and initial development):
  - Developed to date worldwide competitive varieties
  - Developed in S.A. for S.A. conditions
  - Different fruit kinds to reduce financial risks
- ARC deciduous fruit cultivars are protected within all levels of the fruit industry – due to the implementation of specific control measures
- Better flow of variety information between nurserymen, producer and marketers.



## What if a formal alliance did not realize?

- Funding of breeding programme could significantly decreased.
- Without assistance of the broader deciduous fruit industries it would have become extremely difficult to effectively protect ARC cultivars on all levels.
- Lost the full support of industry to market ARC Cultivars locally and internationally.
- Loss of key personnel to competitive breeding programmes especially internationally
- Real threat ARC deciduous fruit breeding programme could close down



## Deciduous Fruit Industry (DFI) Strategy

- In beginning of 2006
- DFI decided to establish a private company to managed new varieties
- **CULDEVCO** (Pty) Limited
  - **C**ULTivar **D**EVELOPMENT **C**OMPANY
- Private company the best structure to managed and commercialize varieties



## Culdevco (Pty) Ltd.



- Culdevco was established beginning of 2006
- Exclusive license agreement signed with ARC the end of May 2006:
  - Exclusive rights to commercialize all ARC deciduous Fruit varieties
  - Nationally and internationally
  - All ARC released and phase 3 selections
- Shareholders are the Deciduous Fruit Producers' Associations
- ARC receives the major share of the profits because they developed the varieties
- Deciduous Fruit Producers' Associations in return will keep on partially funding the ARC deciduous fruit breeding programmes

## Shareholders of Culdevco



- South African Stone Fruit Association
  - 27% shares - Leon Eksteen
- South African Apple and Pear Association
  - 22% shares - Anton Rabe
- South African Table Grapes
  - 17% shares - Jack Wittles
- Dried Fruit Technical Services
  - 17% shares - Dapple Smit
- South African Canning Fruit Producers' Association
  - 17% shares - Wiehann Victor




## Culdevco (Pty) Limited Objectives



- To maximize the income for its shareholders and ARC through:
  - Marketing of ARC bred varieties
  - Licensing:
    - Master licensing
    - Licensing for evaluation
  - Royalties on Plants and fruit
- To generate enough income to eventually finance ARC breeding programme
- Acquire the right varieties for specific markets
- Direct the ARC breeding programme to develop varieties for different world markets


## Uniqueness of Culdevco (Pty) Limited



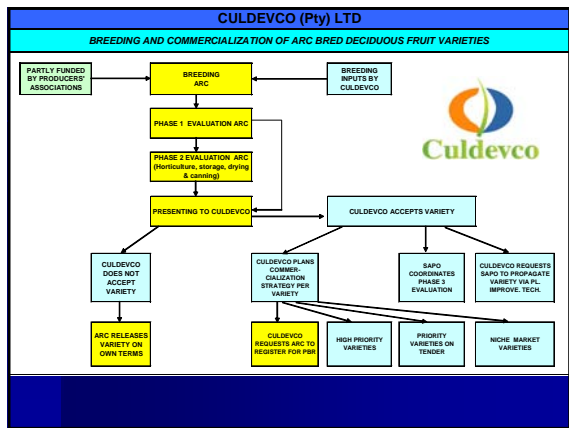
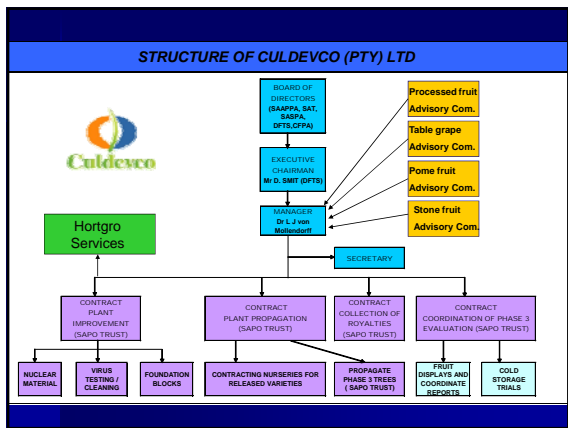
- SA Deciduous Fruit Producer owned
- Producer participating commercialization
  - Lower cost for SA producers
  - Lower royalties on Culdevco licenced varieties
- Culdevco profits back to grower associations
  - Increased funding for research
- Fully adaptable to SA conditions
  - Varieties bred within SA for SA producers

To be continue ....

## Uniqueness of Culdevco (Pty) Limited


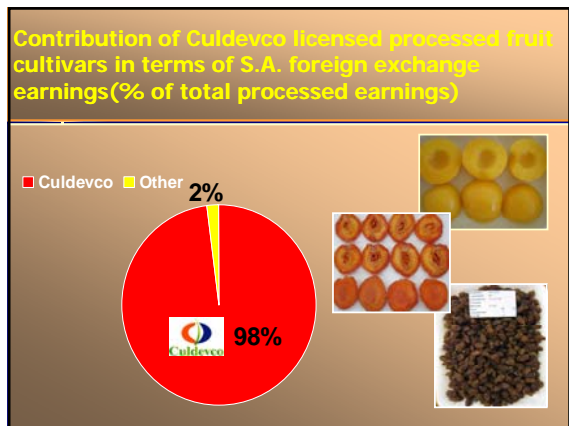


- Proper cold storage evaluation
  - Third party evaluation
  - Positive impact on Carbon footprint
- Proper Horticultural evaluation
  - Third party evaluation
- Proper market evaluation
  - Third party evaluation – Mack Multiples feedback
- Culdevco stone fruit varieties can compete with the best in the world



## Culdevco Licensed Cultivars and Selections

- Plums: 27
- Peaches: 48
- Nectarines: 40
- Apricots: 8
- Apples: 7
- Pears: 15
- Table grapes: 18
- **TOTAL: 163**




## International Commercialization Strategy

- Preferably one licensee per country
- PBR protection within allowed 6 years
- Effective control of variety per country
  - Preferably one/two marketer(s)
  - "Club" system for maximum control
- May restrict plantings to protect SA traditional markets
- Maximize income:
  - Technology fee (right to evaluate varieties)
  - Licence fee
  - Tree/vine royalty
  - Production royalty (Per kilogram or per carton or per hectare)
- Preference on a transparent, reliable and trustworthy foreign organizations



## Outputs to date (2006-2010: ARC VS Culdevco Alliance)




- Increase in profits:
  - 2007/8 = +485% (ARC = +370%)
  - 2008/9 = +155% (ARC = +154%)
  - 2009/10 = +175% (ARC = +180%)
- PBR applications:
  - 45 cultivars (13 peach; 9 nectarines; 5 plums; 6 pears; 12 table grapes)
- Cultivars jointly released by Culdevco/ARC:
  - 21 cultivars (1 apple; 6 nectarines; 8 peach; 5 plum; 1 pear)

*To be continue ....*

## Outputs to date (2006 - 2010: ARC VS Culdevco Alliance (Continued))

- Established Culdevco as significant IP management company worldwide
  - Operating in all of deciduous fruit producing countries
- Established business systems to date:
  - Royalty (both on plant and fruit)
  - Effective management of plant material within P.I. Scheme.
  - Licensing systems in countries of the world
  - Continues marketing – direct links with world players in fruit
  - Direct communication systems with all S.A. growers (formal and informal)
- Effective protection methods within industry
- Win-win situation for both ARC and S.A. Industries



## Factors that will influence the relationship between ARC and Culdevco in future



- ❑ Continue to develop competitive varieties:
  - ❑ Medium an long term strategies
  - ❑ Knowledgeable breeders and evaluators
  - ❑ Data based - sound scientific principles
- ❑ Both parties must fulfil their mandates effectively
- ❑ Parties must depend on one another (no overlapping in activities)
- ❑ Needs to be flexible in building business – new alliances/partners/innovative strategies
- ❑ Effective formal and informal communication channels on all levels of alliance – clear understanding of activities within each other.
- ❑ Skilful and knowledgeable leadership within parties of alliance



**Proudly South African !!**

**Thank you for your attention !!**

## Shared vision between ARC Infruitec-Nietvoorbij and Deciduous Fruit Industry (DFI)

### A formal alliance between:

- ARC - ARC Infruitec-Nietvoorbij
  - Development of unique varieties
- Nursery org. - S.A. Deciduous Fruit Industry
  - Prop. within Plant Improvement Scheme – Managed by DFI
- Market organization
  - Access and regular contact with world markets - DFI
- Producers
  - Growers that will take risks and being able to produce quality fruit – Managed by DFI

