

— DIGITAL AGRIFOOD COLLECTIVE

# Commercial viability assessment tool

Use this tool to assess the commercial viability  
of the digital service providers you work with.





**1. Your team**  
Does your team have entrepreneurs with the intention and capabilities to sell on a commercial basis?

No →

**Improve your team**  
*Tip: Identify or create a commercial entity and recruit (local) team members that have sales expertise.*

Yes ↓



**2. Your offering**  
Do you have something "sellable"? And have you validated your target group is happy with your offering?

No →

**Improve your offering**  
*Use Human Centered Design principles to improve the desirability of your service.*

Yes ↓

**3a. Your end user**  
Who uses your offering primarily?

Farmers and other individuals
Large value chain actors
Other

**3b. Your paying customer**  
Who is willing to pay your bills and what do you offer them in return?

Farmers (B2C)
Large value chain actors (B2B)
Other (B2G, B2NGO)



**4. Your revenue model**  
How do your customers pay you? For your paying customers (in 3b), choose a revenue model and add the price point.

Examples:  
For B2C, subscriptions at \$2 per season  
For B2B, advertising at \$100 for 1,000 SMS  
**More examples in the Annex**

**5. Your profit & loss**  
What are your annual costs? How much of these costs are covered with revenues you generate?

<b>Cash out:</b>	<b>Cash in:</b>
Examples: Staff, geodata, marketing, etc.	Examples: Revenues, loan, donations, etc.

**Difference:**

**% of income coming from revenues:**



**6. Your potential to scale**  
What can you do to maximise your revenues and reduce your costs? With these strategies, what is the realistic market size that you can obtain?

<b>Costs reductions:</b>	<b>New revenues:</b>
Examples: Use of open data or partner with NGOs.	Examples: Advertising or add new service offering

**Obtainable market size:**



## 1. Your team

Does your team have entrepreneurs with the intention and capabilities to sell on a commercial basis?

Through their sales team, the company establishes commercial relationships with farmer touch points such as agribusinesses, insurance and input providers.



## 2. Your offering

Do you have something "sellable"? And have you validated your target group is happy with your offering?

Weather forecasting and crop advisory SMS service for smallholder farmers. Farmers are willing to pay if the service is bundled, for instance with inputs.

## 3a. Your end user

Who uses your offering primarily?

Farmers and other individuals  
SHFs, extension workers

Large value chain actors  
Agribusinesses

Other

## 3b. Your paying customer

Who is willing to pay your bills and what do you offer them in return?

Farmers (B2C) 33%  
SHFs, extension workers

Large value chain actors (B2B) 33%  
Agribusinesses, input retailers  
Financial institutions

Other (B2G, B2NGO) 33%  
(Development grants)



## 4. Your revenue model

How do your customers pay you? For your paying customers (in 3b), choose a revenue model and add the price point.

Farmers: Airtime

Agribusiness: Contracts with farmers paying through input purchase



## 6. Your potential to scale

What can you do to maximise your revenues and reduce your costs? With these strategies, what is the realistic market size that you can obtain?

## 5. Your profit & loss

What are your annual costs? How much of these costs are covered with revenues you generate?

### Cash out:

Staff: 30k  
Office: 7k  
Marketing: 9k  
Data: 14k  
= \$ 60k /year

### Cash in:

B2C revenues: 15k  
B2B revenues: 15k  
Grants: 15k  
= \$ 45k /year

Difference: \$ -15k /year

% of income coming from revenues: 67%

### Costs reductions:

Reduce farmer marketing costs by leveraging loyal farmers.

### New revenues:

Drive loyalty and monthly payments from farmers.

Obtainable market size: 3m SHFs

Revenue model	Explanation	Example
<b>Pay-per-use (B2C)</b>	Customers pay on the basis of what is effectively used	Farmer advisory SMS
<b>Subscriptions (B2C, B2B)</b>	The customer pays a regular fee, usually on a monthly or annual basis, to gain access to a product or service. While customers benefit from lower usage costs and general service availability, the company generates a steadier income stream.	Enterprise Resource Planning software (Cropin)
<b>Freemium model (B2C)</b>	The basic version of an offering is given away for free in the hope of eventually persuading the customers to pay for the premium version. The free offering is able to attract the highest volume of customers possible for the company. The generally smaller volume of paying 'premium customers' generates the revenue.	Social platforms (LinkedIn)
<b>Data monetisation (B2B)</b>	Stakeholders such as governments, large companies and financial institutions pay for the aggregated data collected about the users of the service.	Gro Intelligence (AI to predict food production)
<b>Indirect payments (B2B)</b>	Customers pay indirectly for the digital service through other transactions, such as: input purchasing, deduction from crop sales, payments for loans/insurance/mobile money	Ignitia (Input purchasing)
<b>Advertising (B2B)</b>	The main source of revenue comes from a third party, which cross-finances whatever free or low-priced offering attracts the users. A very common case of this model is financing through advertisement. This lowers the capital typically needed to gain access to the product. The company itself benefits from higher profits on each product, as it is paid for the duration of the rental period.	Geopotato (MPower Bangladesh)

**Cost minimisation strategies for digital service providers:**

Collaborating with other parties to share costs of eg. marketing and farmer training

Optimizing the number of FTEs in the core team

The use of open data instead of paying for data

Replacing existing service providers by more affordable ones

Scaling the service to more farmers and other users in order to have economies of scale