SPARKLE

Sustainable Precision Agriculture
Research and Knowledge for Learning
how to be an agri-Entrepreneur

ITALY

AZIENDA AGRICOLA SIRO PACENTI

BUSINESS MODEL CANVAS in the field of SUSTAINABLE PRECISION AGRICULTURE

STUDY CASES COLLECTION

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INFO COMPANY

AZIENDA AGRICOLA SIRO PACENTI

Address: Podere Pelagrilli 1 - Montalcino (SI)

Founding date: Pacenti Company born in 1970 with the acquisition of the North Montalcino property (Pelagrilli) from Siro Pacenti. In 1988, the management role went to Giancarlo.

In the early '90s, the company grew merging some land in the south of Montalcino (Piancornello). At the end of the '90s a collaboration with the Bordeaux University started. Between 2001 and 2004, a new cellar is built, joining technology and experience, respecting wine and soil.

Extention: 25 ha

Crops: viticolture, Brunello wine production (S. Giovese grapes)

Number of employees: about 10/12 persons, 3 are part of family internal staff, 3 in the cellar, 2 in the office, 1 external technician

Contact
Name Giancarlo Pacenti
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Email: giancarlo@siropacenti.it
Web site www.siropacenti.it
Date of the interview: 20th July 2018
Name of the interviewed person (specifying his/her role in the company):
Giancarlo Pacenti, entrepreneur.
Name of the interviewer: Euroteam Progetti

INFO PA introduced

What kind of PA innovation was introduced in the company?

PA was introduced in 2016 in the production system (high-density vineyard): precision sprayers use, to control pesticides giving and humidity percentage. An optic selector was introduced to separate raisin for colour, dimension and roughness.

Why? What was the motivation / problem to solve?

Pacenti company motivation was **product quality**: PA permits to reduce differences between positive years and negative ones. It permits, to **enhance and equalize in the mid-term the product quality**. From one side it reduces costs but on the other side, it needs more trained human resources, and that is expensive.
PA is a perfect mechanism that makes everything function like a Swiss precision swatch, as it demands the rationalisation of the production system. In order to invest efficiently in PA you must "straighten your business up".

How did you learn about these new technological solutions?

Giancarlo Pacenti – that can count on a high-level background (mathematics and physic) – is informed and he has planned the possible solutions for his company. The participation in Copernico society, specialist in high tech services for farms, has simplified the technological innovation process.
Today, it take part in innovative project promoted by University of Florence.

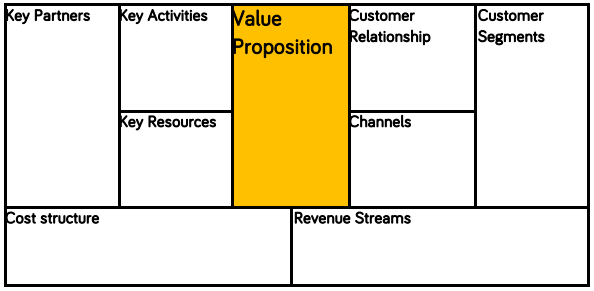
Have you been supported / trained by someone?

The company has not had external consultancy support. In our area, there are lack of suppliers that can plan personalized solutions for small companies that work in geologically characterized areas. The Italian producers are not available to collaborate.

Il Business Model Canvas
Partner chiave
Attività chiave
Valore offerto
Relazioni con i clienti
Segmento di clientela
Canali
Struttura dei costi
Flussi di ricavo

BMC - report

Value Proposition



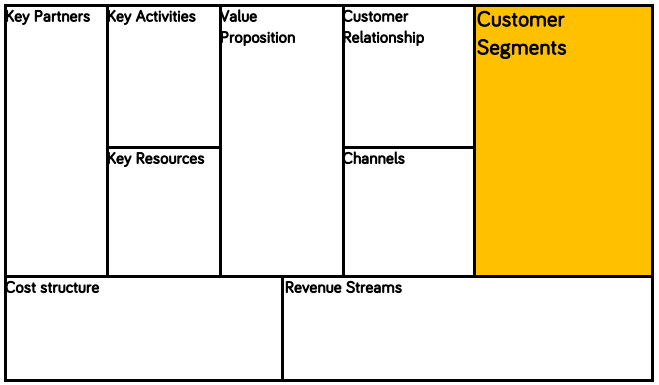
- Wine: Brunello, Rosso Montalcino (red Wine).
- Extra virgin olive oil (minor production)
- Hospitality (no accommodation. Cellar visits, wine tasting, tour for special costumers available)
- Other services: full costumer's service: events, technical information of the years, and administrative information for importers.

The value proposition is focused on three company values:

- PRODUCT QUALITY
- CORPORATE ETHICS that include the commitment for environment SUSTAINABILITY.
- BRAND value: 50% company brand, 50% Brunello's brand
- The environmental sustainability principle conveys in protection of the land as a value for the company, for their sons and the generation that will come.

The vineyard is a long-term investment; it starts to produce quality after 15 years. It needs a long-term vision.
The environmental sustainability choice, if it is well reported, can be promoted for marketing purpose. Our company is open to visitors, what we tell is true and can be personally verified.
The land protection has also an aesthetic significance: working in a beautiful place is always and added value.

Customer Segments

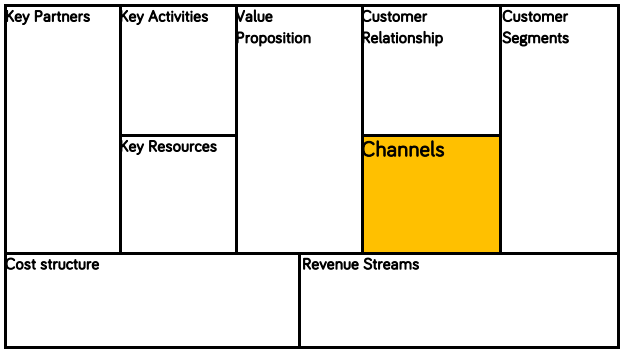


The company market is big and international.
They started with Swiss and Germany, then East Europe, finally the USA at the end of the '90s. Since 2010, they entered the Chinese market, as well as Japan, Hong Kong and Singapore.
Today, besides Italy, they sell in 60 foreign market (including the single USA states):

- USA + Canada 25%-30%
- Centro / Sud America 5%
- EU 20%-25%
- Asia 15%-18%

The final target is a high segment that includes collectors and quality seller.
It is a fine selected segment because the Brunello wine is a luxury product.
It is a market that is planned annually (November-December) for a three years period (e.g. now we are selling the period 2014-2016). Scheduling a three years period permits to negotiate on the product lying in cellar and plan the selling of good and less good years (avoiding unsold products). With regular costumer, we can make that agreement, communicating in total transparency.
We often involve our customers in innovative projects sharing with them the new adopted technologies.

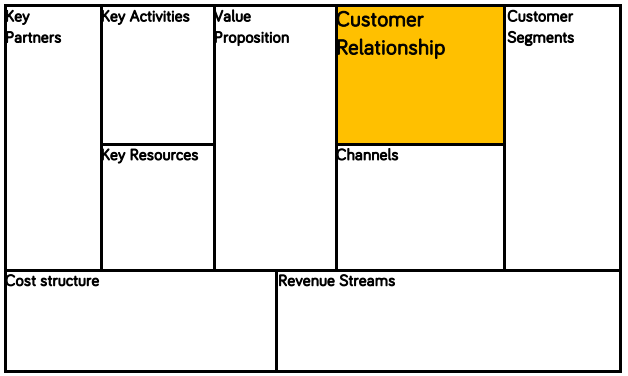
Distribution Channels



The channels are indirect; the company sells essentially to distributors and importers:

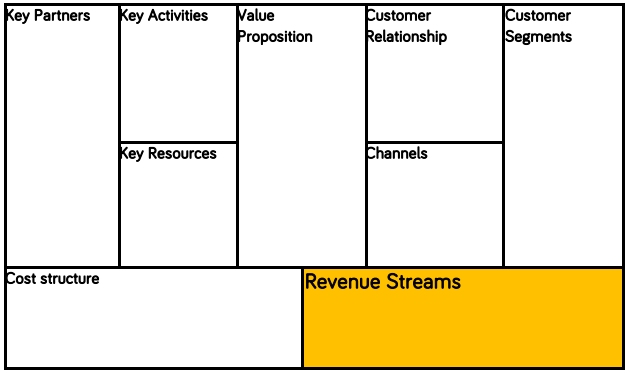
- In Italy, the product is commercialized from **Regional distributors**.
- Abroad it is commercialized from **quality importer and sellers** (wine bars).

Customer Relationship



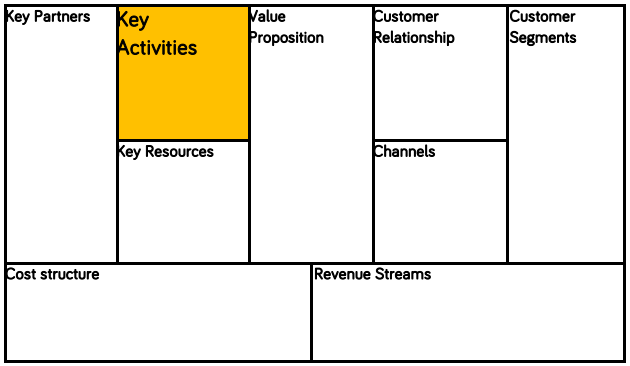
Customer relationship is direct. The relation is reinforced by hospitality and the arrangement of wine tasting and farm visits.
They share with historical customer ties, company's innovations and PA investments.
From one side PA helps us to foresee year quality, then it permits a growing quality in mid and long term.
On the other side our customers are true partners, thanks to the strong link with them, growing together.

Revenue Streams



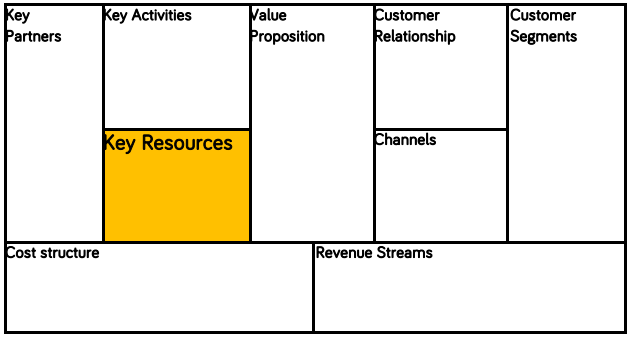
The biggest part of the **revenue** comes from North America (USA + Canada) market. Brunello has a good price position, not at the level of Bordeaux Cru, which is around 500$, but aligned: in the USA a Brunello bottle costs around 100$, a reserve bottle around 200/250$.
The total production is about 70.000 bottles per year, starting from 15€ per bottle (medium price on 24/25€ per bottle) produce a revenue of about 2,0 ml €.

Key Activities



The **research and experimentation activity** is a key one. Acquiring new technologies, new competences and Knowledge are key actions.
In 25 acres ½ acre is for experimentation.
This is true, not only referring to PA, but also for what concern production techniques, that are developed thanks to **French external experts**.
The production is done like the business model of big French wines of Bourgogne and Bordeaux.
From this point of view, the key activity is **updating, collaboration and sharing** with French colleagues.
The ongoing **investment in innovation** is a key factor.

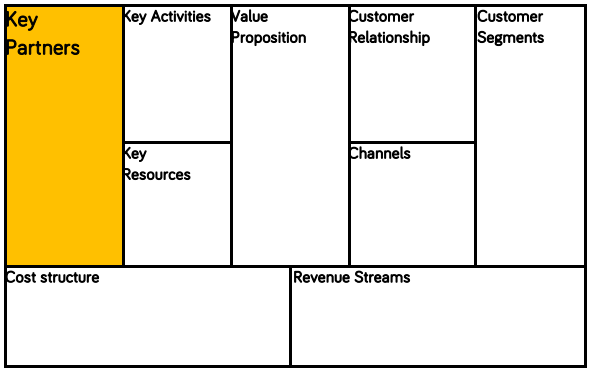
Key Resources



The technical staff (cellar staff, field staff and export staff) is a key resource. The team is composed by 10/12 people: Giancarlo and his relatives, 3 cellar staff, 2 office staff and 1 external technician.
Other key factors:

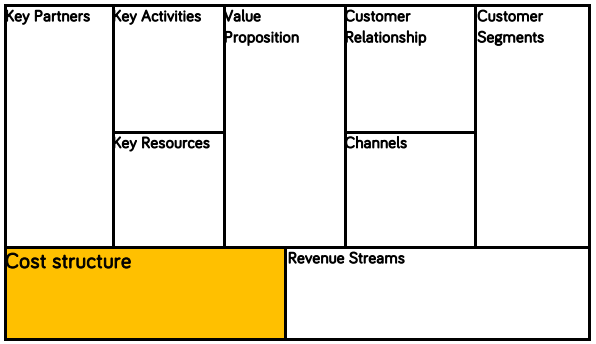
- **Productive variation**: Giancarlo has 14.000 stumps per hectare, (other company average 4.000) that will grant an improvement in 15-20 years.
- Skills for productive innovation, PA and new technologies in general.
- Curiosity and open culture of entrepreneur: studying being informed, travel, collaborating with universities and other entrepreneur.
- The high technical hard skills of entrepreneur (math and physic).
- Strategical community. (Partners and customers).

Key Partners



The ISVV - **Institut des Sciences de la Vigne et du Vin de l'Université de Bordeaux**: Bordeaux School for Agriculture, for knowledge and practices sharing
University of Florence for innovative projects and for the offer of post- graduate student for internship.
Copernico Company, for PA solutions.
Long term **Customers** that grant selling even if year are different.

Cost Structure



PA system introduction was a high cost investment. Today, the total amount is €500.000, plus an extra ten thousand euros invested every year. The amount is quite significant because of the pioneering of Pacenti in PA experimentation. Today, other entrepreneurs surely have to face lower costs of innovation. The investment has been sustained with public funds.

IMPACT ANALYSIS

Barriers:

- Difficulty to find innovative technologies and machinery.
- No suppliers of mechanical innovative custom made products.
- Not yet ripe solutions.

Drivers

- Need to equalize the years 'quality to improve mid and long term quality.
- Environmental sustainability: keeping land and company safe, even for future generation.

Sustainable Precision Agriculture

Benefit

- Equalize product quality in the mid-term. (Of different years).
- Work rationalization: PA force to clean up the production system.

Impact

- Changing in agripreneurs mind-set
- Maintenance and safety of the environment