Building a Vertical Farm with Partners — an Ongoing Case in Switzerland

iFarm has recently announced a partnership with YASAI and Logiqs to create a new vertical farm in Switzerland. Working together, we aim to expand into new locations, highlight the growth potential of vertical farming in Europe and showcase the benefits of working with industry partners.

On 5 February 2021, iFarm (The Netherlands), YASAI AG (Switzerland) and Logiqs B.V. (The Netherlands) announced a strategic partnership with plans to launch **Zurich's first vertical farm**. iFarm will supply the nutrient solution management system, specialist sensors, control systems and Growtune software platform and Logiqs will be supplying automated shelving systems at Yasai's 673 sq. m plantation.

Now, we're giving you behind-the-scenes access to the data and decisions that were the driving force behind the venture.

With contributions from Mark E. Zahran, Co-Founder and CEO of YASAI, Gert-Jan van Staalduinen, CEO and Owner of Logiqs, and Kirill Zelenski, Managing Director of iFarm Europe, we'll look at how and why this strategic partnership came about and what the future holds.

Read on to find out more about what goes into launching a successful vertical farm and how you can achieve the same goals.

Why Switzerland? Why Europe?

As you may already know, location is a critical factor when assessing the feasibility of a vertical farm. Locating a vertical farm in a densely populated urban area, with limited access to traditional farming facilities and rural land, ensures there is untapped demand for locally grown produce.

For Mark, being based in Switzerland made Zurich a natural choice for the first YASAI vertical farm. However, selecting the right location wasn't merely a matter of convenience, as he emphasised:

> “*The market is here. The market demands local produce, grown in a responsible and sustainable way, and, with the right technology, you can meet the demand and create a successful business.*

Although the concept of vertical farming is becoming increasingly popular in Europe, there's no doubt that the regional market lags behind its U.S. and Asian counterparts, but this needn't be a deterrent for potential investors or farmers. In fact, the **growth potential** makes vertical farming in Europe a viable form of investment:

> *Vertical farming has grown more quickly in America and Asia but, I think, in the end, we will have a more sustainable model and acceleration is already taking place.*
>
> **Gert, Logiqs**

With demand for fresh, locally sourced produce creating a market for vertical farms and investors actively seeking out new ventures, it's clear that Switzerland, and Europe as a whole, is a prime location for the partnership. By taking a strategic approach, other farmers, entrepreneurs and start-ups can use the same parameters to identify key locations for future vertical farms.

Do Local Trends Matter?

Local trends and current market conditions certainly play a role in identifying viable locations, and opportunities, for vertical farming. Whether you're forming a partnership or starting your own venture, you'll want to ensure that your vertical farm is situated in an area that prioritises what you can offer.

In Europe, for example, the current range of fresh produce available in the supermarkets is somewhat limited, despite the growing popularity of pesticide-free produce and plant-based foods. As awareness of environmental issues and climate change becomes more important to consumers, this is already being reflected in their decision-making and purchase behaviour.

The European Statistics Handbook reports that Nordic countries (Sweden, Finland and Denmark) are responsible for just 1.5% of Europe's fresh produce, with the local climate being cited as the main obstacle to production. With climate-controlled production facilities, however, the potential of vertical farming in this region is clear and presents a worthwhile investment for entrepreneurs, farmers and investors.

Furthermore, the CBI estimates that Europe is responsible for 44% of worldwide fresh fruit and vegetable trade. Exporters to the region are encouraged to capitalise on the continent's 'off season' in order to maximise their profits. While traditional farming methods do, of course, result in off seasons, this no longer needs to be the case. The ability of vertical farmers to grow high-quality produce year-round using climate-controlled environments effectively **eradicates off seasons** and facilitates domestic fruit and vegetable production.

Based on these trends, it's possible to predict that European consumers will respond positively to the presence of pesticide-free, locally grown, produce in shops and restaurants. For retailers and food or vegetables distributors, this makes partnering with vertical farmers a viable and exciting venture.

In relation to our current partnership, the fact that Switzerland imports 48% of its vegetables, reflects the Europe-wide food production trends and indicates that there is a growing market for fresh, local produce:

> *When fresh produce is imported, companies are more focused on transportability than flavour or quality. By* ***shortening the supply chain*** *and growing produce locally, we can deliver better tasting vegetables and higher quality produce.*
>
> **Mark, YASAI**

At the same time, a more health-conscious society is placing greater emphasis on food quality and diversity. The emerging, *'pay the farmer, not the doctor'* movement, is reframing the way we think about food as the foundation of our health, which will no doubt impact future consumer behaviour.

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If you look at the last 200 years, the amount that people spend on medical care was increasing all the time and the amount they paid for food was decreasing, so now we are at a sweet spot where it could change again and people would eat more consciously and also get less sick, which leads to a healthier society.

Mark, YASAI

It’s evident, therefore, that local trends have been a key factor in identifying the right location for YASAI’s new vertical farm. By assessing potential locations from an economic perspective, analysing the domestic market and identifying current and emerging trends, it’s possible to determine where vertical farms can have the greatest success.

Finding the Right Partners

When you're embarking on any venture, it's important to work with the right partners. So, how did the alliance between YASAI, Logiqs and iFarm come about?

Already operational in Europe, Russia and the MENA, iFarm was approached by YASAI on the basis of our leading vertical farm solutions, collaborative approach to farming and reputation within the industry. Indeed, the success of the solutions was a factor in why YASAI were so keen to work with iFarm:

> “*What we saw, in terms of hardware, is that there are very good logistics partners out there, such as Logiqs, and, in terms of software, iFarm's solutions were already proven. Also, the range of plant growth recipes available via iFarm's Growtune software was critical to our goal of increasing crop and food diversity.*
>
> **Mark, YASAI**

From our perspective, we were excited to work with both YASAI and Logiqs to create Zurich's first vertical farm. Both the passion and expertise of the partners were clear from the *outset with the potential for a long-lasting and successful relationship. Furthermore, our economic analysis of the region confirmed what a lucrative market Europe is for vertical farming and further cemented our commitment to expanding in the region.*

Kirill, iFarm

However, identifying the right partners isn't solely about finding organisations who can meet your needs or deliver the solutions you need to begin operating.

We've been delivering horticultural solutions for 45 years, so we have a lot of experience we can bring to a partnership, but, when it comes to complex innovation, it's very important to have partners that are open and all focused on the same objective, instead of their own, individual success.

Gert, Logiqs

Creating the vertical farm in Niederhasli, Zurich, is a joint collaboration, with YASAI taking on the management, operations and branding, Logiqs providing automated hardware and iFarm delivering the nutrient solution management system, climate control equipment and the Growtune software platform. While each partner is bringing distinct, critical components to the table, it's the values and objectives that form the union and facilitate a **constructive and collaborative working partnership.**

> *What we really liked about iFarm is its collaborative mindset. That's how we want to accelerate, vertical farming — with collaboration.*
>
> **Mark, YASAI**

Whether you're a farmer, retailer, food distributor, investor or entrepreneur, there are partnership opportunities available right now. However, it's important to think about long-term goals and what success looks like when you're deciding who to work with.

By partnering with people and companies that share your values and ambitions, you can work together cohesively and increase your success.

Why is Vertical Farming Important?

Vertical farms may be a profitable investment, but they offer much more besides revenue and profit. In addition to being a prime investment in Europe, vertical farming can change the way we approach food production and provide **better access to food**, as well as reducing the environmental impact current production methods have.

At iFarm, the potential to spark worldwide change and benefit society has always been the driving force behind the operations, and we're pleased to partner with organisations who share these values.

> *We have the ambition to accelerate access to 'honest food'. People will learn about this partnership and will start to think about the way we produce foods and the potential vertical farming has to solve some of the acute global issues.*
>
> **Gert, Logiqs**

As we move towards a **more circular economy**, there's a greater emphasis on the need to minimise waste and make better use of our resources. In comparison to traditional farming or greenhouses, vertical farming is more closely aligned to these objectives and will, therefore, be critical in shaping the future of food production.

> “*If we want to create real circular food systems, we must think about how to integrate technology and not just build more efficient food factories.*
>
> **Mark, YASAI**

The trend towards sustainable, pesticide-free food production has gained traction in recent years, but it's accelerated in recent months. As we continue to assess the **impact of COVID-19** on the industry and society as a whole, it's clear that the way we think about food, health and even retail is changing:

> *People started to rethink their diet habits, their way of life, and consider alternatives to the status quo.*
>
> **Mark, YASAI**

From a commercial perspective, the relative instability of large supply chains has been highlighted by COVID-19, which means businesses are now more wary of relying on complex chains and reluctant to put unnecessary distance between their own operations and their suppliers. As a result, the ability to grow produce in close proximity to retailers and distributors means vertical farms will play a key role in the evolution of the food production industry, in both the short and long-term.

With the potential to improve access to high quality produce, drastically **reduce the environmental impact of food production**, shorten supply chains and deliver better food diversity, vertical farming can provide solutions to so many of the issues we're currently facing. From food scarcity in developing countries to volatility within the distribution industry, vertical farms can play a key role in transforming the way we grow, access and think about food.

What’s Next for iFarm, YASAI and Logiqs?

As YASAI’s Zurich vertical farm prepares to open in Niederhasli in autumn 2021, we’re already looking towards the future. We’ll be testing and perfecting our growing methods in Niederhasli, with a view to working together on an ambitious project to create another vertical farm that’s 10 times bigger. With plans already underway, the creation of Zurich’s first vertical farm could be the first step in our shared journey.

Is a Partnership Right for You?

Now you’ve got an insight into the rationale, decision-making and objectives behind our strategic alliance with YASAI and Logiqs, you may be wondering whether a partnership could offer the same growth potential to you.

By working with iFarm and other industry leaders, you can access the resources, services and expertise you need to create your own successful vertical farm. Whether you’re a traditional farmer who wants to incorporate new technology into your operations, a retailer that wants to access locally sourced produce or an investor looking for your next venture, a vertical farm partnership can deliver the practical, financial and sustainable rewards you’re looking for.

To learn more, take a look at how you can benefit from vertical farming:

1. Food, Fruit and Vegetable Distributors

For existing food, fruit and vegetable distributors, partnering with vertical farms and logistics companies offers clear benefits. With an abundance of crops being produced all year-round, distributors can **expand their network** and substantially increase their profitability.

As traditional farming delivers seasonal growth, distributors may be forced to work with numerous clients in order to trade throughout the year. Inevitably, this means changing distribution routes, switching equipment and altering the network to accommodate different types of produce.

In contrast, the year-round production at vertical farms enables distributors to **minimise resource consumption**, safeguard demand and use existing routes.
As a result, food, fruit and vegetable distributors can maximise their own profitability by partnering with vertical farmers, investors, logistics providers, food retailers and entrepreneurs.

2. Food Retailers

Food retailers can benefit from vertical farm partnerships in a number of ways. For example, a food retailer can source fresh produce from their partners and increase the diversity of their stock. This enables retailers to enhance the quality and the flavour of their fresh produce, as well as meeting consumer demand for **pesticide-free, locally-sourced food.**

Critically, partnering with other organisations or investors to create a vertical farm also gives retailers the chance to shorten their supply chains. As we've seen over the past year, complex or lengthy supply chains are precarious, particularly when stock has a short lifespan, as is the case with fruits and vegetables. Supply chain delays and disruptions are now common, which leads to increased waste, additional expenditure and fewer products on the shelves.

As part of a vertical farm partnership, however, food retailers can **produce their own stock,** avoid the risk associated with lengthy supply chains and cater to a growing market. By doing so, retailers can reduce their expenditure, safeguard their supply chains and increase their profitability.

3. Investors

Investors, financial partners and private equity funds can capitalise on the evolving agro-tech industry by partnering with expanding vertical farms. As we can see with the YASAI vertical farm in Niederhasli, the initial production site is only a glimpse of what's to come. With proven success at smaller sites, investors can get in at the ground level to fund expansion and reap the rewards.

The EU has already confirmed its plans to **drastically reduce the use of pesticides in food production**, with a 50% reduction estimated by 2030. This, combined with consumer demand for pesticide-free food, highlights a growing market. Furthermore, it's a market that vertical farms can and will satisfy.

While the increasing market for pesticide-free produce is one reason why vertical farms present such a lucrative investment, there are many others. The relatively **low start-up costs,** in conjunction with low running costs, makes vertical farms a viable option for all types of investors.

Furthermore, many investors are actively seeking out 'green investments'. From hedge funds to pension funds, an increasing number of people and companies are moving away from investing in products, firms or industries which are known to have a negative impact on the environment and searching for an alternative. Not only does a vertical farm partnership meet the criteria of a **green investment** and enhance the 'green credentials' for all parties, it can also generate significant and sizable returns.

4. Distributors and Resellers of Agro-Technologies

For existing distributors and resellers of agro-technologies, the chance to form a partnership with vertical farmers, investors, retailers and entrepreneurs is undoubtedly compelling.

Instead of simply selling your tech innovations to farmers and companies, you'll have the chance to create long-term professional relationships with people and organisations from your target audience. By doing so, you can **increase customer lifecycle value** and optimise your profitability.

However, the increased revenue isn't the only benefit associated with a partnership. As we have seen with Logiqs' role within the iFarm and YASAI partnership, the chance to increase brand awareness within the industry and establish your firm as a market leader is valuable in itself.

As your role in ground-breaking partnerships becomes more widely-known, demand for your brand and your technologies is increased and further growth potential develops. From ad hoc sales to additional partnerships, distributors and resellers of agro-technologies can significantly increase their reach when they form partnerships with other people and organisations in the industry.

Additionally, being part of a partnership enables you to work closely with farmers and to gain an in-depth insight into the type of technology they require. In doing so, you will consistently enhance and evolve your technologies to deliver more efficient and more effective solutions. For agro-tech developers, the chance to **shape the future of the industry** makes a vertical farm partnership an opportunity that simply shouldn't be missed.

To learn more or to explore upcoming partnership opportunities, contact iFarm today!

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