AGcerez: sustainably solve plights of food overproduction

Thailand Laksi, Thailand

Peera Sopitpongstorn

Year Founded:
2012

Organization type:
hybrid

Project Stage:
Start-Up

Website:
http://www.agcerez.com

- Food
- Income generation
- Sustainable agriculture
- Waste

Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

L’amai is prebiotic syrup – low-calorie food for good bacteria in human intestine – extracted from longan. It is the single solution to improve digestive health of 1.6 billion people worldwide and to improve plight of 100,000 longan growers in Thailand who suffer from price discrimination.

About Project

Problem: What problem is this project trying to address?

Almost 2 billion people worldwide – rich and poor nations – suffer from digestive problems from minor to severe level like cancer. Gastroenterology experts suggest that prebiotic consumption is the most effective method to prevent them by keeping good bacteria in intestine healthy. On the other side, more than 100,000 longan growers in Thailand encounter seasonal effect of longan – overproduction and price discrimination of this perishable fruit – every year. The only solution they know is to dry longan but dried longan still affected from price discrimination from main buyer in China market due to its excessive, inevitably produced, small-size longan that is part of orchard product. Not to mention their farming method that requires intensive chemical usage that ruins the soil in their orchards.

Solution: What is the proposed solution? Please be specific!

With patent-pending enzymatic process, AGcerez can use overproduced small-size longan in the harvest season to produce L’amai – longan
prebiotic syrup – thus, create value to wasted longan and generate more income to poor longan growers so they can sustainably continue their crops, give better education to their kids, and improve their product quality. Moreover, L’amai can reduce government burden on subsidy that has been paid to longan growers every year for decades. Our startup partner/supplier is the only certified organic longan grower co-operative in Thailand whose vision is to bring natural longan to consumer while ensure soil nourishment for orchards. Meanwhile, more than 400,000 consumers worldwide will have cheaper access to prebiotic in the application that can incorporate to their lifestyles, not in form of food supplement, thus, improving their nutritional intake and improve digestive health. All ingredient of L’amai are 100% natural so it is safe for consumers.

Impact: How does it Work

Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.

2012 was like other year; longan growers throw longan on the street to protest price discrimination and asked for subsidy from Thai government who in turn had to pay them. Innovation hasn’t been successfully used until L’amai arrives. With help from our start-up partner, we have interviewed many longan growers in northern Thailand and they all agreed that product like L’amai can sustainably solve longan overproduction because it utilizes small-size longan, has high value, and have long shelf life – unlike fresh or dried longan. Buyers in US market that we met earlier this year also have strong interest in L’amai. It’s never taken more than a week to get customers to test L’amai with the sales channel or incorporate it in their product. Besides the buyers, all of our L’amai testing volunteers in both US and Thailand reported satisfactory result. Unlike trading companies, AGcerez holistically solve all problems regarding devaluation of longan by developing longan skin peeling machine. Longan skin peeling, which is part of raw material preparation for dried longan and L’amai, has been done manually in labour intensive manner. This peeling machine will benefit longan growers as skilled labour shortage has become a major problem in Thailand and it can be used with all sizes of longan in dried longan preparation process. Our plan is to distribute this machine to community-based co-ops growers can combine resource to manage and reduce upfront investment in machine.

Impact: What is the impact of the work to date? Also describe the projected future impact for the coming years.

R&D of L’amai has been ongoing for 3 years to the extent that we can truly utilize wasted longan as normal longan. We proposed this idea to small and large longan grower cooperatives in Thailand and they believed L’amai was the best solution to eliminate longan waste and sustainably improve growers living condition. Furthermore, we offer growers low price equity of AGcerez and guarantee to buy their wasted longan above market price, which is normally lower than the growing cost, to ensure good longan quality. Our OEM partner who owns the syrup production facility of 50 tonne/year capacity, GMP and HACCP certified, is very keen to further develop full scale syrup factory with us once we achieve bigger sales volume. Samples have been sent to customers in USA and got positive feedback which has become initial order of 1 tonne. We are aggressively scaling up customers base to attract more fund to help longan growers. In 5 years, we expect to raise $8 mm waste value to longan grower.

Financial Sustainability Plan: What is this solution’s plan to ensure financial sustainability?

Our business relies on wellbeing of both consumers and longan growers. Consumers must get healthier with what they eat and growers must get the better living. We will apply fair trade to ensure that end consumers understand our business concept. Further investment from venture capitalists would accelerate our impact toward well-being of people in longan supply chain. R&D on other fruit will also amplify our impact to people in other crops as well

Marketplace: Who else is addressing the problem outlined here? How does the proposed project differ from these approaches?

Digestive property is the 2nd most important factor after weight loss when consumers in our target market; US, Europe, and Japan, buy food product – a trend well served prebiotic popularity. Most of digestive products add either fiber or prebiotics, unless these agents exist in their based material, for instance; oat meal. Traditionally, prebiotic is extracted from other plant such as chicory root or Jerusalem artichoke – expensive uncommon plants. Our study shows that extracting prebiotic from longan requires only a third of raw material cost comparing to these traditional plants. Doing so will create full utilization of longan orchard by adding value to small-size longan whose usage are only eat fresh or dry, practices that experience price discrimination every year.

Team

Founding Story

Newspaper! I get tired of seeing news of protesting longan growers on newspaper every year until last year, I found an article on the newspaper about the research that use overproduced longan as a prebiotic source. I start to get connected to government organization that owns the patent and eventually sign exclusivity contract to commercial this technology. I believe it will sustainably solve the plight of longan growers from overproduction and also let consumers with bad digestion have better access to safe, natural food that can prevent bad digestion, and also have a role to improve living quality of longan growers in Thailand.
About Your Organization

Organization Name
AGcerez

Country where this project is creating social impact
37

Has the organization received awards or honors? Please tell us about them

Winner of TiE 2013 competition, New Delhi, India
Winner of New Venture Challenge (NVC) 2013, Oregon, USA
Finalist of Venture Lab Investment Competition (VLIC) 2013, Austin, Texas
Finalist of Bangkok Business Challenge, Bangkok, Thailand
Semi-finalist of Rice Business Plan Competition (RBPC) 2013, Houston, Texas

Nutrients For All

Where do you ensure the availability of nutrients?
Healthy environments., Human wellness and vitality.

If you had greater capacity, which additional sectors would you like your solution to target - either through expansion, partnership, or thought exchange?
Healthy environments, Nutrient-rich farming, Human wellness and vitality.

How specifically would this added capacity help you improve the quality, efficiency, or sustainability of your existing product or service?
Initially we plan to use 625 tonne out of 200,000 tonne overproduced longan in the first year. Although not the significant number of all waste, we'll aggressively promote our product through existing network to increase L'amai sales volume, fulfilling high demand of prebiotic market thus reduce more wasted longan. We'll have more supply to expand since our 5 years target sales will use up only 60% of overall waste. Furthermore, partnership with organic longan co-op can stimulate can endorse organic practice that can solve contaminated soil problems in longan orchards.

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