



Where Are They Now? Water Tech Startup SWIIM a Year On from Series A

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Last November, **SWIIM System**, the water management software platform, **closed a \$3 million Series A** on AgFunder. The round was led by goFARM, an investment firm backed by Robert Costa, former principal of Australian food producer Costa Group.

SWIIM, which stands for Sustainable Water and Innovative Irrigation Management, helps farmers use their water more efficiently and even conserve it by giving them a clear picture of how much water their crops use.

The platform enables farmers to create specific crop plans for their land based on its unique characteristics and water resources, according to data ingested by SWIIM from flow meters and other water measuring sensors on the farm.

In some regions, farmers can monetize their conserved water through transfers to other users such as local water managers like municipalities. And this can mean an extra source of revenue for them.

A year in the life of a startup is a long time, so we caught up with Kevin France, CEO of SWIIM, to find out about the company's progress and looking ahead to 2017 when it plans to close a Series B round.

LBT: Kevin, you're calling me from Hawaii, what are you up to there?!

KF: We are here at the [Western Growers Association](#) (WGA) annual meeting. It's our 3rd time attending and it takes place every few years in Hawaii so it's great to be here representing SWIIM. We have a formal partnership with WGA, which has been helping to market and distribute our technology among its members.

LBT: How many acres is the SWIIM System now on and how has this grown since the Series A?

KF: When we closed our Series A and our partnership with WGA, we initiated revenue-generating pilots in three regions of California, with continued work in regions of Colorado and Arizona. Today SWIIM is being used across thousands of acres and we've expanded into new areas of California and Yuma. For 2017, we have plans to roll out on tens of thousands of acres in up to six additional regions starting in early 2017. So far all of our initial, one year contracts that are coming due now look like they will renew but for much longer periods and over larger tracts of land, which is a promising trend among existing clients. We also have new clients that have never done a pilot interested now in a long-term arrangement.

LBT: How else has the business developed in the last 12 months?

KF: We have refined and solidified our revenue model and now have two that work very well. The first is a simple "fee for the service" model on a per-acre basis, which is similar as to how small and medium-sized businesses subscribe to other types of services such as accounting software. The second model is a revenue-share, whereby we provide SWIIM for a very limited per-acre fee and share in the new income stream created by conserving water, assuming there is a platform in place to pay for transferred water. We are comparable to QuickBooks for crop-water planning and management, at the field-level - you have your base accounting package that everyone sub-

scribes to, then you can add on other value-adds – budgeting, financial planning and modeling, etc.

We are also launching a leasing subsidiary, which will enable farmers to spread out the cost of the equipment needed to measure water use. This can really bring the cost down for farmers by spreading it across several years. Also, we recently received notice on another key patent application – we will have two patents now, with additional applications pending.

LBT: What kind of equipment will you be providing this asset finance for?

KF: The in-field measurement portion of our service. Mostly these include various flow, climate and soil moisture sensors. We are able to combine measurements via pipe, in-channel, lined ditches as well as non-lined channels. We also use custom-developed tail flow sensors to capture end-of-field return flows in certain situations. We have sensors that work on- and off- of water delivery headgates as well, so there are several options to choose from, based upon local needs and restrictions. We measure each source of water (groundwater, surface, etc.) to be able to account for every drop in a comprehensive report not dissimilar to what your CPA would provide for your financial accounts and tax returns.

Depending on the region, the equipment configuration is different. We are agnostic to the equipment vendor but have some preferred providers in each region and sometimes we can retrofit sensors the farmer already has in place. In all cases, we have to add something, as no grower we have worked with thus far has gathered the level, and quality of field-level crop-water budget use data that we offer as a part of our core offering.

LBT: How does a farmer get paid for conserving water by using SWIIM and are there other benefits?

KF: Through the water lease transfers of the portion of the client’s water allocation that is conserved. Transfers are generally ag-to-ag, ag-to-water district and ag-to-municipal/industrial. Also, clients can be paid in some cases through governmental incentives such as tax breaks, payments, and so on.

There is also a benefit by itself created by the “audit trail” and confirmation of “best practices” that SWIIM brings to its clients. Although no one wants to think about this, the “tax audit” concern is a good analogy for part of what SWIIM helps with; SWIIM provides a comprehensive audit trail on your crop-water use, each day. Currently there’s no IRS-equivalent for crop water use compliance, but there are areas with regulations and strict reporting requirements, such as groundwater use in the Central Valley of California that requires reporting compliance. Other re-

gions are paying, or considering paying farmers for the water they conserve such as the Imperial Valley. We are also looking to the Central Valley to create incentives conserving and tracking, as a result of the Sustainable Groundwater Management Act. Even if there isn't a direct incentive in place currently, every region we have spoken to wants to protect their water rights or allocation and protect against the risks association with state enforcement or curtailment of water use.

LBT: How big is your team now compared to this time last year?

KF: We have hired six people since closing and are now up to 13 full time staff. A key hire over the year was Darren Fillmore, our chief water engineer, veteran of Imperial Irrigation District's on-farm conservation program, as well as Victor Montano who is leading our on-farm water conservation deployments in Southern California. After our Series B closes we will be hiring a series of sales staff as well as deployment experts and software specialists to help expand the platform. We are targeting 23-25 people by the end of next year.



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