

***AI on the FARM:***

# A \$1.6 Billion Growth Opportunity



# AI On the Farm: A \$1.6 Billion Growth Opportunity

By Ian King, Editor, *Strategic Fortunes*

**T**HE combustion engine is one of the most transformative technologies in human history. It disrupted society and transformed our world on a massive scale. It was a true *mega* trend. The real power of the engine was its ability to replace human and animal labor at a fraction of the cost.

This became most apparent in the agricultural sector.

For thousands of years, most humans have been farmers. They've spent considerable time and energy getting food to grow out of the ground.

Farming used to involve tilling the soil with plows pulled by horses or oxen. Hand-seeding the land. And when it came time to harvest, it was also done mainly by hand.

The internal combustion engine changed all of that.

Tractors made it possible to till more soil in an hour than a man could in a day. Harvesters do the work that once took dozens, and the internal combustion engine's applications in agriculture alone led to a massive shift in those who lived off the land.

The time and energy saved moved into new endeavors...

Capitalists were able to expand factories using engines. And with labor no longer needed on the farm, cities developed. More factories meant more products were being made at ever cheaper prices.

In fact, from the end of the Civil War through 1900, prices generally declined in the U.S. But thanks to the productivity boom from the internal combustion engine ... real wealth soared. America even started building a middle class.

And, as with any mega trend, there was widespread disruption...

Moving from a life on a farm to the rush of city and factor life wasn't easy. But most made the move because they saw an opportunity for a better life. And they largely got it.

Countless people and businesses who didn't foresee, or outright *ignored* the power of this new technology were devastated by it.

Imagine how many farriers, stagecoach drivers, livery stables, saddlers, blacksmiths and wagon makers lost their livelihoods as technologies like the car replaced the horse...

Yet, it also turned ordinary Americans into millionaires ... even our first billionaires.

Just consider two companies.

The first is the Moline Plow Company.

The second? One of their competitors.

Both started out making horse-drawn plows ... then came the combustion engine.

Moline Plow Company failed to adapt quickly to the changing trend. Their competitor saw what was coming and took action.

Moline Plow went out of business.

Today, Moline's competitor is the largest farm machinery manufacturer on the planet ... and its shareholders have made an absolute fortune.

\$10,000 invested in this company in 1970 would now be worth more than \$2.1 million today.

It's just one of many examples of the **global disruption** ... both good *and* bad ... caused by the internal combustion engine.

Millions of jobs, thousands of businesses, and hundreds of industries were forever changed by it. And throughout it all, some people made a lot of money ... while others *lost* a lot of money.

There's a new technology today that has the transformative power that the combustion engine had in the 19th and 20th centuries.

And harnessing that — and knowing which companies can profit from it — will allow you to make a fortune.

The technology is **artificial intelligence (AI)**.

## AI: The Combustion Engine of the 21st Century

As the CEO of Nvidia put it: “[AI] is bigger than the PC. It's bigger than mobile, and it's gonna be bigger than the internet, by far.”

Sundar Pichai, the CEO of Google, agrees. He said AI is: “More profound than fire, electricity, or *anything* we have done in the past.”

Simply put, AI will be more disruptive than any other mega trend in history.

How can I be so certain?

Throughout history, innovations have replaced older ones — making them obsolete ... just like the combustion engine made horses, wagons and steam engines obsolete.

This “out with the old, in with the new” changing of the guard is what economists call “**creative destruction**.”

Austrian economist Joseph Schumpeter first coined the term in the 1940s. He described it as the “process of industrial mutation that revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”

This process is *vital* to the success of capitalism.

Creative destruction brings new technologies and amazing innovations, which blossom into new businesses and new industries.

Ones that improve our quality of life by leaps and bounds ... and help us lead longer, healthier and happier lives.

*Creative Destruction* — it's the process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.

That's ultimately good news, especially if you invest with companies that are already using AI.

They're on the edge of what's possible, seeing what works and how to profit from it, while other companies are just talking about it.

And it will transform every industry it touches. Even industries that have already seen phenomenal transformations, such as **agriculture**.

## AI on the Farm: The Seeds Have Already Been Sown

Agriculture is one of the largest industries in the world.

It's a \$12.2 trillion business.

The World Bank reports it is the largest employer in the world...

While less than 2% of Americans work in agriculture thanks to our vast technological advantages, 40% of the world's population earns its income from agriculture.

But that is already beginning to change...

Eighty-seven percent of U.S. agriculture businesses now use at least *some form* of artificial intelligence. And that number is only going to rise...

Because it has to.

Farmers only have two choices: embrace AI to make their farms more productive, more efficient and more profitable...

Or, quite literally, lose ground to other farms that do.

So it won't be long before every tomato ... every grain of wheat ... every egg ... and every gallon of milk is either planted, picked or processed by AI-driven equipment.

We're not talking decades from now either...

We're talking about right now. Today.

For example:

- Automated drones already monitor crop health.
- Robotic lenses zoom in on seedlings to predict when vegetables will be ripe and ready to pick.
- AI-driven tractors can plant seeds, kill weeds and harvest crops.

It's also estimated that, by this decade's end, AI will play a role in producing \$1.6 billion worth of food.

The global "AI Agriculture" market within this industry was valued at \$578.7 million in 2023.

It's now poised to reach **\$ 729.8 million by 2030** (with a 3.3% compounded annual growth rate) — all driven by the precision farming revolution.

And one company in particular is at the head of the pack...

It is *already* a big, dominant name in farming circles. And it's preparing to roll out fleets of AI-driven tractors, seeders, combines and sprayers even as we speak.

Its goal is to ensure that every one of the 10 trillion corn and soybean seeds worldwide can be planted, cared for and harvested autonomously ... by 2030.

I expect its shareholders to make a bundle of money in the years ahead — and its competition will have to race to keep up.

## The Agriculture AI King

This company's equipment is an iconic color green. Its stores, located in small towns largely across the United States, are a hub where local farmers gather.

However, **Deere & Company (NYSE: DE)**, the former competitor of the Moline Plow Company, is much more than that. It's a company on the move.

It's making a new transformation, but not for the first time in the company's history.

John Deere moved to Grand Detour, Illinois, in 1836 and set up a blacksmith shop.

Deere and other pioneers had trouble with the rich, black soil of the Midwest getting stuck to iron plows designed for sandy eastern soils.

So in 1837, Deere used a circular steel saw blade to create a self-scouring plow that moved so quickly it was nicknamed the "whistling plow."

He sold only three in 1838, but by 1842, he was making 25 a week.

Deere moved his enterprise to Moline, Illinois in 1847. His son Charles joined the company in 1853, beginning a long tradition of family management. (All five Deere presidents before 1982 were related by blood or marriage.)

Charles eventually set up an independent dealership distribution system and added wagons, buggies and corn planters to the product line.

Deere & Company was incorporated in 1868 and the John Deere Credit Company began operation in 1958.

As I already mentioned, Deere was quick to see technological changes and adapt its products to the new internal combustion engine. That put him ahead of his competitors. It's also why Deere is an industry leader to this day.

But the company isn't resting on its laurels. Deere sees some amazing opportunities in utilizing artificial intelligence to be the leading provider of agricultural services for decades to come.

## How Deere's AI Efforts Are Already Bearing Fruit

There are a number of ways that AI can be used today to increase the efficiency of a farm. That means more food is produced for the same resources, and less potential wastage.

One tool is the See & Spray Ultimate system. It uses machine learning, robotics, cameras and ultra-fast GPUs to target-spray weeds, reducing chemical use and improving crop health.

Using 36 cameras, it can scan more than 2,100 square feet at once.

Plus, it can identify weeds growing among crops — and then target them specifically.



With this technology, a farm can see a two-thirds reduction in herbicide, depending on crop and field conditions.

That's a high-cost item to save money on. And spraying less herbicides in the wrong place can also reduce lost crops.

Deere's Sense & Act technology also lets the equipment identify highly specific details within its surroundings.

That improves efficiency as the machine learns and improves based on a specific crop at a specific farm. In 2023 alone, Deere's See & Spray Technology was used on over 1 million acres.

That's a space larger than the state of Rhode Island. Farmers also saw about a two-thirds drop in herbicide use, saving over eight million gallons!

While this may sound like something out of science fiction, remember, this is a tool that is now in use today.

Artificial intelligence can make the difference between a farm's success or failure, given the razor-thin margins and rising costs that farmers now have to contend with.

## Deere's Pioneering Use of Automated Farm Equipment

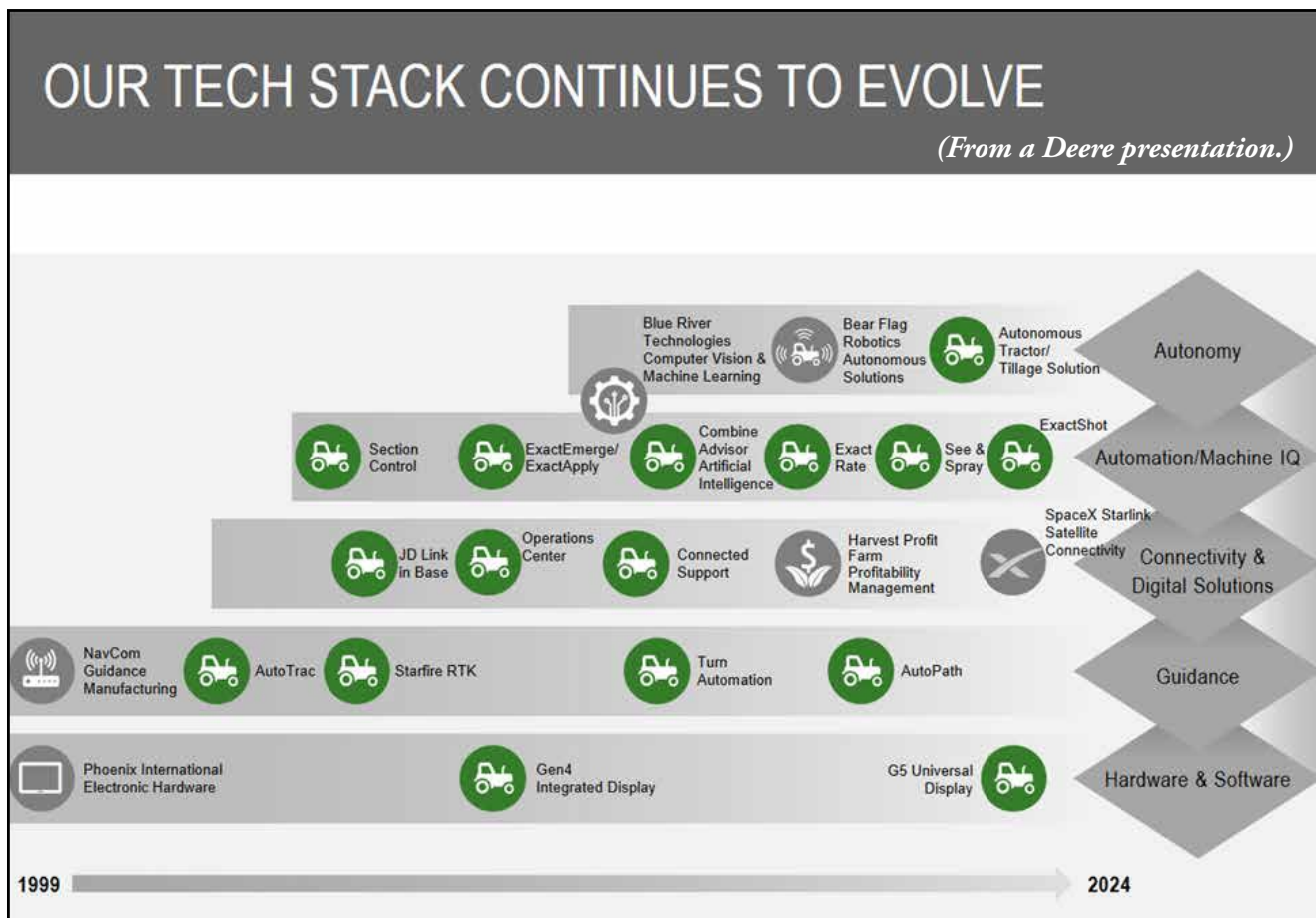
We've all heard of self-driving cars...

And the technology is coming along.

But those vehicles have to process a lot of data.

There's less data for a self-driving farm vehicle. There are no traffic signals to follow, pedestrians in crosswalks to stop for, or even other traffic.

So it should come as no surprise that John Deere tractors have been self-steering for two decades ... over a decade ahead of the self-steering driving option on today's new cars.



Today, Deere is testing out fully autonomous tractors.

That can solve one of the *biggest* problems in agriculture today: high labor costs and low supplies. During the peak of farming season, getting enough labor to get the job done can be costly. Automation goes a long way to easing that problem.

Autonomy allows the equipment to do the brunt of the work, while farmers focus on other tasks.



Deere's fully autonomous tractor can work long days and even nights, with or without an operator in the seat. Users can operate and monitor progress remotely, from a smartphone or tablet, and make changes as needed.

Deere's fully automated tractors include six advanced cameras that provide 360-degree vision. The tractors can even recognize obstacles. They're designed to stop to avoid them, and they notify the remote operator for input.



This is *huge*...

This allows a farmer to be in two places at once, which can multiply their productivity.

Today's farmers literally have the farm at their fingertips.

Plus, the automation of key tasks and functions provides an easy learning curve.

The John Deere Operations Center app connects with the farm equipment via the cloud, bringing together everything a farmer needs to know about their operation in an easy-to-read screen.

## Why Deere Is Still an Early AI Play

While Deere has been around for over 150 years, its long-term growth prospects remain strong.

That's thanks in part to consistent investments in new products like automated tractors and AI-powered tools.

The company still earns over 40% of its revenues in the United States. So, its opportunities include **global expansion**.

That's likely a strong prospect in the years ahead. The world is getting wealthier, and the world population continues to grow. That will only increase the demand for food.

Deere's not just a play on agricultural equipment anymore.

Technology like its cloud-connected equipment means that Deere can earn recurring revenue, not just make one-time sales on a piece of equipment.

That's the real power of investing in Deere now. Its business model is shifting toward one favored by Wall Street.

Currently, Deere makes about 75% of its revenues from equipment sales. It makes 16% from parts sales, and finance services is just 7% of total revenue.

AI services will vastly change that equation. They will provide a more consistent cash flow to Deere as it rolls out more high-tech equipment and services to farmers.

Services also tend to offer higher profit margins than manufacturing, which means that investors will be fine with a higher valuation for shares in the future.

The company's operating data doesn't see that opportunity right now.

Despite the big technological strides the company made in 2023, shares dropped, bucking the stock market's rally that year.

That's a sign that the AI story just isn't out there yet.

But that's great news for today's investors.

This is because Deere trades like a value stock. It's trading for about 14 times earnings right now.

Deere is currently a \$100 billion company. But if it can continue to build out its lead by providing AI on the farm, it can potentially *double* its market cap in the next few years.

Depending on how quickly its profit margins can improve from providing AI-integrated services, it could be a surprising winner in the AI race and fare even better.

## AI On the Farm Is a Massive Opportunity for Deere Investors

The world is on the cusp of one of the biggest changes since the internal combustion engine, thanks to AI.

Every sector ... every industry ... and every job will feel the impact.

Overall, that impact will be beneficial. And some companies are already seeing the future and making it a reality today.

In the agricultural space, Deere is that company. They're the ones betting big when it comes to AI on the farm.

They're going to be the big winner from the shift from selling equipment to becoming a partner with farmers, giving them the hardware and software tools needed to succeed.

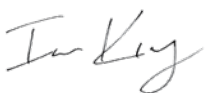
And investing in Deere & Company today could be like investing in 1970, before a \$10,000 stake grew to \$2.1 million.

The AI-driven food revolution could generate similar returns to the technological improvements of the past 50 years in far less time.

Now, to take advantage of the AI tools this company is rolling out to the agriculture sector...

**Action to take: Buy shares of Deere & Company (NYSE: DE).**

Regards,



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