J.R. Simplot set to expand deal, inject $20 million into Eco Soil

By ANDREW OVERBECK

RANCHO BERNADO, Calif. — Building on November's marketing and distribution alliance, Eco Soil Systems, Inc. and J.R. Simplot Co. have strengthened their relationship by entering into a multifaceted letter of intent. Under the agreement, Simplot would acquire $20 million of a new series of Eco Soil preferred stock. Simplot would also agree to commence field trials of Eco Soil's proprietary products in agricultural markets. The deal also grants Simplot the option of acquiring an interest in Eco Soil's Turf Partners subsidiary during the spring of 2001, depending on Turf Partners' 2000 financial performance.

"Simplot is investing in the parent company," said Eco Soil President and Chief Executive Officer Bill Adams. "But they retain the option of converting that investment in Turf Partners or putting some additional money into the subsidiary to buy some level of shares. It allows us to have that decision in the next 12 months."

"We are interested in the Biocject and FreshPack products," said Hiromi Yanagisawa, senior vice president of marketing for J.R. Simplot. "But we need to look at it financially to see if it makes sense."

While a 12-month valuation period is unusual, Adams remains unfazed. "Simplot is not sure whether they want to be fully invested in a distribution company," he said. "At this stage of the game, it doesn't matter to us. We wanted to make sure they made a commitment to us since we had made a distribution commitment to them, and in addition, we have some technology that we wanted to show into their agricultural markets and it was an easy way to do it."

Building a relationship with a vendor also makes a lot of sense to Adams. "The working capital helps, but the bottom line is that we want to get closer to our major vendors because we have always presented ourselves as a value-added sales force," said Adams. "In the final analysis, it is all about positioning someone's product over someone else's. You have to have favorites and Simplot is one of them."

Concurrently, Eco Soil will be working to cut costs after losing $11 million in the third quarter due to restructuring costs and operating losses in Mexico. While Eco Soil continues to expand its revenues — $22 million in the fourth quarter — it faced overhead expenses of $17 million in 1999. By streamlining operations and using the proceeds of the Simplot investment to retire debts, Eco Soil expects to trim 2001 costs to $9 million.

"When you consolidate all the business facets of the partnership, I'm very positive in the future," Adams said. "And Simplot is positive in the future."

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Golfsat plans to be one-stop online source for supers

By ANDREW OVERBECK

NEW ORLEANS — Looking to fill the Internet gap that exists in the golf course maintenance industry, Golfsat has launched its website (www.golfsat.com) and industry portal to golf course superintendents.

Golfsat Chief Executive Officer Mike Scott equates the site's unveiling to the Oklahoma land rush. "Everyone is running to the Internet and is not sure where they are going," said Scott. "The Internet has embraced this industry. There are a lot of manufacturer and distributor websites, but by and large there has not been a formation of e-commerce or a virtual community for superintendents. That is what we are creating."

Scott aims to get superintendents online, create a high-speed industry network of specific software and content. Golfsat search engine to locate information on turfgrass cultivars and diseases, and insects, biological and chemical...
Eco Soil ready with e-commerce strategy

By ANDREW OVERBECK

RANCHO BERNADO, Calif. — In order to increase customer service to superintendents, streamline distribution and provide more visibility to its proprietary products, Eco Soil Systems, Inc. has launched a business-to-business e-commerce initiative. The company will launch the e-commerce strategy in several phases, beginning first with its Turf Partners subsidiary.

The system will give superintendents access to products sold through the Turf Partners network, including many turf products offered by the J.R. Simplot Co. and Eco Soil’s Bioject and FreshPack microbial products. Turf Partners has 70 salespeople/agronomists and distributes maintenance and proprietary products to 7,500 golf courses nationwide.

"The system is designed to be an integrated tool for superintendents," said Eco Soil Chairman and Chief Executive Officer William Adams. "Superintendents have a project philosophy. They have to schedule people and products and keep up with a big budget."

Eco Soil is designing the interactive program around this project mentality. Turf Partners salespeople will work with superintendents to develop an agronomic plan that will become the superintendent's daily schedule.

"When he comes to work, he turns that schedule on, and as a vendor we are connected into his plan," said Adams. Through the integrated on-line, order-entry system, salespeople will continually help the superintendent build their program by showing them how to use products more efficiently and environmentally, ensuring that they have picked the correct products for the project and supplying them with the products.

"Superintendents will enhance their credibility and build a partner who is capable of helping them build and execute a plan that makes them smarter, faster, cheaper and more efficient," said Adams. "We become a better vendor because we anticipate needs faster and sooner. Our whole purpose in this business is to preserve and enhance the job of the superintendent. We want them to keep their jobs and get a big raise."

Adams expects the salesperson/superintendent relationship to strengthen as a result of the new program.

"With the order-entry system, there are scheduled delivery days, so instead of coming around and asking for orders, salespeople can go out and see how projects are going. They can really be an asset now instead of someone who bugs you for an order all the time," he said.

Eco Soil introduced the system to its sales force in January. The company is now working to bring everyone through the program so they can access and build the systems themselves.

"Our sales staff is wildly enthused. A year ago they were afraid that we were going to kick them out and go direct," said Adams. "But it is just the opposite. We are trying to allow the sales guy to be an agronomic consultant."

Adams said Turf Partners will introduce the program one customer at a time and expects to have the system operational by this summer.

Eco Soil/Simplot

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nesses that we bought you end up, instead of realizing all kinds of benefits, creating additional costs because in some cases you are building double systems," said Adams. "Because of the 12-month evaluation period, Simplot forces us to eliminate a lot of that overlap."

In the next year, Eco Soil could wind up not owning all of Turf Partners, but Adams said the company is still committed to the turf business.

"We have a proprietary product line to sell in the turf business and we bought the distribution channel and started building that because we want to control our destiny," he said. "Hopefully, Simplot's share of ownership in Turf Partners will allow us to grow that market together."

Even during the evaluation period, Adams will continue to work at making Turf Partners a national player.

"There are a couple of big markets that we have zero presence in. We have very little in the Southeast, Texas, Northern California, Nevada and the Middle Atlantic states," said Adams. "So we are going to try and pick up people where we can. And if there are some businesses that are there that are opportunistic, we could consider consolidating them this year or the next."