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 multi-faceted 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 into Turf Partners or putting some additional money into the subsidiary to buy some level of shares. They have to make that decision in the next 12 months.”

“We are interested in the Biodect 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 shove into their agricultural markets and this 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 favoritism and Simplot is one of them.”

Concurrently, Eco Soil will be working to cut costs after losing $11 million in the fourth 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, you found there’s a lot of cost savings,” said Adams. “You can get a lot of buying power with a vendor.”

Continued on page 62

Redexim to distribute Carraro tractors

By ANDREW OVERBECK

PITTSON, Pa. — Redexim Charterhouse has entered into an exclusive marketing and distribution pact with Padova, Italy-based tractor manufacturer Antonio Carraro. Redexim Charterhouse has had a distribution agreement in Europe with Carraro since August 1999.

“The success of the European joint venture led us to roll out U.S. operations,” said Philip Threadgold, executive vice president of Redexim Charterhouse. “Carraro was looking to get into the U.S. market and we offered the distribution.”

The tractors will be distributed in the United States through Redexim Charterhouse’s network of 47 distributors. Replacement parts will be stocked at the company’s new warehouse facility in Pittston.

Continued on page 66

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 at Golfsat.”

Scott aims to get superintendents online, create a high-speed industry network and design and develop industry-specific software and content.

Registered Golfsat users can use the Golfsat search engine to locate information on turfgrasses and cultivars, diseases and insects, biological and chemical

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Continued on page 68

AgriBioTech files Chapter 11; asset sale to follow

HENDERSON, Nev. — Citing low seed prices, high expenses and slow collections, AgriBioTech (ABT) has filed for Chapter 11 bankruptcy protection. The full-service turfgrass seed company has been struggling to integrate the 34 companies that it has bought over the last four years.

According to ABT’s second-quarter report released Feb. 22, “The company has incurred significant operating and net losses since inception and has been unable to generate sufficient cash flow from operating activities to meet projected debt service and other obligations as they become due.”

ABT reported a net loss of $19.5 million for the second quarter ended Dec. 31, 1999, and posted losses of $49.8 million in fiscal year 1999. The company’s second-quarter sales were $52 million compared to $75.9 million in the same period last year, a decrease of 21.6 percent.

As of Feb. 11, the company had outstanding debts of $69.6 million. The NASDAQ National Mar...
manufacturers, distributors and other related products and services. Golfsat users can also access DTN satellite weather for regional or national forecasts. In addition, Golfsat offers configurable chat, enabling a superintendent to filter or identify a region of peers with which to communicate.

There are 1,100 manufacturers and 50,000 products represented on the Golfsat website. Superintendents can look up a manufacturer, click on the product, configure the order, select a distributor, get pricing and throw the product in the virtual “forklift.” The product is then ordered via Golfsat’s secure distributor interface.

Likewise, Golfsat has catalogued research publications from 42 universities and has several consulting professors under contract. “Universities lead the Internet online,” said Scott. “But you would be challenged to go to a site and in a few minutes find where their turfgrass or horticultural research is.”

On Golfsat, superintendents can select a turf species and then choose from a list of insects specific to that turf. The site then links up to research relating to the pest and eventually to a product catalog page that suggests what to use to solve the problem and then places an order.

**CHALLENGES**

There are several challenges in launching Golfsat. First, superintendents have limited computer hardware, 15 to 20 percent have no computer at all and only 10 to 15 percent have a computer with decent processing capabilities, said Scott. Those who already have computers and Internet access will be able to use the site for free. Further, a very small percentage of superintendents has access to DSL or cable lines and only one to five percent have 56.6 modems.

To solve these problems, Golfsat is offering a hardware package to users that includes a fully equipped Pentium III personal computer and high-speed, broadband Internet access from anywhere in the nation using satellite, cable or DSL configurations. The package will cost $29.95 a month and will be available this summer. Work on the satellite network is still being sorted out.

While Golfsat hopes to have direct access to a distributor's inventory, those agreements are also in flux.

“We have captured all the manufacturers’ data. The challenges now lie with the distributors,” said Scott. “We are on that road right now and if things start this summer we will begin to actively recruit other distributors and go through that conversion process.”

However, if the interest shown at the GCSAA International Conference and Show is any indication, signing on additional distributors and manufacturers will not be that difficult.

The manufacturer and distributor interest is something that we didn’t anticipate,” said Mike Trompeter, senior vice president of member and distributor relations. “The amount of top level people that stopped by and spent time with us understanding the program was very encouraging.”

continued on next page