MILK RECORDING IN A COMPETITIVE MARKET

“Competition in the market drives innovation”

Presentation by David Hewitt: Chief Executive Holstein UK

1. History

1. 3 Milk Boards each with MRO. 1994 Vesting day; Milk Boards abolished; MRO became separate, NMR became PLC. United and Scottish became part of Milk Co ops.

2. Historically all milk records were analysed at NMR to produce genetic evaluations.

3. Vesting Day: MDC Genetic Evaluations formed as the central genetic evaluation centre funded by levy on milk sold.

4. All genetic records returned to milk recording agencies and breed societies free as part of UK service.

2. Challenges to Breed Societies

1. NMR plc decided that records for its milk recorded animals could not be presented on web pages of other organisations.

2. NMR challenged breed societies as to ownership of information on registration certificate. High financial charges proposed.

3. LSUK and UDF continued to work with freedom of flow of information.
3. Actions: Business Strategy
1. Holstein UK felt threatened
2. Holstein UK decided to enter the milk recording market in order to secure its future
3. Started with an on farm PC based program linked to auto parlours called ‘1stop’. Entry very successful
4. 2000 Bought 50% share in LSUK from First Milk, which had 11% of the UK market share
5. Renamed ‘Cattle Information Service’
6. 2002 bought remainder of company
7. 2006 all database functions moved into a new fully integrated company Centre for Dairy Information
8. United Dairy Farmers NI joined the scheme and uses all programs

3. Actions: Development Strategy
1. New and innovative: Competition already established
2. Identified Key points: low fees and recorder loyalty
3. Decided to focus on Call Centre and Web service structure with ‘single entry multi use’ systems
4. Centralised database and office structure plus remote access: Improve operational efficiency
5. Change salary and payment structure to field staff = improve the quality of staff
6. Quality control of highest standard through programs
7. Offer choice and flexibility of service
8. Direct link with the government’s animal register, BCMS
9. ‘Greener footprint’ – less paper - less duplicated miles

Presentation
1. Brief History of UK Milk Recording
2. Challenges Faced
3. Actions Taken
4. Results to Date
5. Facts and Figures

CUSTOMERS REQUIREMENTS ARE PARAMOUNT
FLEXIBLE AND COMPREHENSIVE DATA COLLECTION

SECURE ACCESS TO FARMER AND APPROVED AGENCIES
CIS Services

- Farm Notification
- Text Message

Secure Access

Login
Welcome to Your Herd. This provides you with an up-to-date view of your data.

<table>
<thead>
<tr>
<th>Herd No.</th>
<th>10026</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIN:</td>
<td></td>
</tr>
</tbody>
</table>

Note: You will be logged out automatically if after 30 minutes you have done nothing.

RESULT OF INVESTMENT
The ‘COMPLETE’ Service

‘Adding Value to Your Asset’
‘Increasing Profit from Your Product’
‘Improving our Environmental Footprint’

Individual Animal and Herd and Farm Information

- Farmer Management Information
- Veterinary Surgeon
- Farm Advisor
- Nutritionist
- Government

All Breeds – All Systems

- Grass Based
- Easy Care
- Traditional
- Show Type

Data Export

Download Data Files? Help
- Datastream
- Herd Browser
- Monthly Update
- CDL File
- Field System Files

Integrating with farm and vet software
Farmer Preferences

Tailor made service to meet Farmers needs
‘Environmentally friendly ‘Paperless’ system

Traditional Reports

Dynamic: Updated reports as events are added

Dynamic Management Tools

Example: Single Entry - Multiple Use

1. Enter a calving event once
2. Start new lactation with MRO
3. Fertility chart entry
4. Automatically add calf to young stock
5. Link to online medicine book for medicine used: Meets legislation
6. Immediate pedigree registration: Adds value
7. Automatic BCMS application: Meets legislation
8. Automatic Movement Book updated: Meets legislation
9. All data kept in a secure environment
Herd Health – Advice from Vet

Details of the test performed on 1/17/2007, IBR=57%, BVD=93%, Leptospirosis=90%, Johne’s=9%

Comments on the Test: There has been an encouraging fall in the herd’s IBR titre; it will be interesting to see if this is maintained at future tests.

IBR: Titres >50 indicate a heavily infected or vaccinated herd. If you are not vaccinating and would like to know more about investigation and control of IBR please contact us.

BVD: Titres >50 suggest a significant proportion of the herd has been vaccinated or infected. To investigate whether infection is currently active, 10 unvaccinated replacements in the 9-18 month age range can be tested. Heavy infection with BVD will decrease your farm profits - if you would like further information on this please contact us.

LeptoSpirosis: Titres >60 indicate a proportion of infected or vaccinated animals in the herd. If you are not vaccinating, and would like to discuss the investigation and control of leptospirosis please contact us.

Johne’s: Titres <10 suggest a lower prevalence of disease or no infection. This is an excellent position to be in and we would advise you take steps to protect it. For further information on Johne’s testing and details of how to work towards accreditation, please contact us.
Benchmarking Tools

Key Performance Indicators KPI's
- Existing
- Production
- Fertility
- Health
- CDI Unique
- Conformation
- Welfare
- Longevity

Unique KPI's

Independent Breeding Advice

WEBMATE – USING LINEAR INFORMATION

Adjust Cow Weightings

- Cow Weight
- Body Condition
- Udder
- First Litter
- Day of Calving
- Growth
- Foot Conformation
- Udder
- Year of Birth
- Longevity
- Production
- Birthweight
- Protein
- Fat
- Milk
- Cell Count
- Dry Matter
- Insurance
- Stabilisation
- Stability
- Health
- Sales
- Artificial Insemination
- Mating
- Reproduction
- Production
- Efficiency
- Profitability
- Economic Value
- Financial

Set Year Making Preferences

- Breed
- Sex
- Age
- Calving Type

Calculate by Breeding Coefficient (BMC) - tool calculates coefficients for individual herds and identifies potential genetic improvements.
Inbreeding coefficients...

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5. Facts and Figures
1. Initial investment: €2 million
2. 5 year development cost: €500K
3. Independently valued in 2005 with 30% market share minus database - €2.9 million
4. Today 45% market share - Value?
5. Central database for all information linked to the government (BCMS)
6. Complete cow history
Reduced Recording Cost Per Cow

15% Less

Plus increase in Services

Average Price Per Cow Per Month

The Future

- 1999
  - 2.3 million cows
  - 26,000 producers
  - Milk Price €0.36 cents per litre
- 2007
  - 1.6 million cows
  - 12,500 producers (Herd size 128)
  - Milk Price €0.22 - €0.32 cents per litre
  - Supermarkets - direct buyers
- Projected by 2012
  - 8000 producers (Herd size 200)?
  - 1.6 million cows?
  - Milk price ?

Summary

- In the UK the market will be smaller
- Operational efficiency will be demanded
- Extra on farm regulation is expected: additional income opportunities
- Investment has secured our business future and increased asset base
- Innovation must continue
- Competition has delivered efficiency and lower cost to the farmer and industry.
- We are in control of our destiny.