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 Innovation & Investment

# Shrimp farmers in Ecuador tap an app to seal a better deal

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By Lauren Kramer

**XpertSea's newest machine-learning product digitizes marketplace to help producers compete – and be compensated – fairly**



Using smartphone photos, XpertSea's mobile app produces data farmers can share with buyers, facilitating transactions. Photo courtesy of XpertSea.

When Quebec, Canada-based XpertSea introduced its new, artificial intelligence-powered smartphone mobile app at Ecuador's Aqua Expo last month, the company's booth was inundated with dignitaries, journalists and farmers. The minister of foreign affairs attended with the vice-minister of environment and the president of Ecuador's National Chamber of Aquaculture. Twenty journalists sought interviews and farmers clamored for information about the app and for the free white trays XpertSea was distributing to anyone who wanted them.

The app allows farmers to capture accurate shrimp health and quality data by taking a photograph of a sample of shrimp from their ponds using the white tray and their smartphone. XpertSea's platform, which contains growth data accumulated over many years, accurately predicts the commercial size of the shrimp and the pond value. When farmers are ready to sell their harvest they do so through the app, which puts their harvest out to bid to different shrimp processors across the country. XpertSea manages and guarantees the transaction between farmer and processor, ensuring that farmers are paid 80 percent of their crop value within 24 hours of harvest, and the remainder within a few days.

Guillaume Breton-Ménard, general manager of XpertSea in Ecuador, said farmers at the trade show were excited about the technology and keen to try it.

"Farmers are really motivated to digitalize their operations and there's no other technology out there like this," he said. "We're able to prove the accuracy of the technology and because we're a Canadian company that has been working on this solution for a long time, they trust our data. We've collected hundreds of thousands of data points just from Ecuador, so the technology the farmers are using is specific to their country."

To date the app is only available in Ecuador but in the past two months alone it has been downloaded by 250 farmers. According to XpertSea, in the first few months that the app was operational, more than 7 million pounds of shrimp were traded on it.

Harry Viafara owns Exporcareca, a 160-hectare shrimp farm in Taura, which is located in the province of Guayas, and began using XpertSea's app three months ago.

"Prior to using this app, I could only sell my shrimp to three or four processing plants in Guayas with whom I had an existing relationship," he said. "I would get 50 percent of payment three days after harvest and in worst-case scenarios, I had to wait 30 days after harvest for payment. In some cases the processing plants would cancel our agreement or change the terms of the agreement after they received my shrimp."

The app has opened up new markets for his shrimp trading beyond the provincial boundaries of Guayas, creating new relationships where his payment is guaranteed by XpertSea, meaning he carries no risk of the transaction failing.

"When I use the app I harvest in the morning and get paid in the afternoon – and the payment price is better than before," he said. "I'm selling as far away as Santo Domingo now. With these better prices and many more selling options, I can increase production because I know there's more demand for my shrimp."

**Valerie Robitaille** (<https://valerierobitaille.medium.com/why-we-launched-a-marketplace-for-trading-shrimp-4256ff5426dd>), CEO at XpertSea, said it's exciting to see farmers get a real return on their product and grow better shrimp: "Before we launched this app, the shrimp were trading more as a commodity. Now we have buyers who have a specific order for quality shrimp connecting with farmers who are getting better prices. We're really hopeful this will give farmers monetary incentive to keep producing a better product."



Producers and buyers have conducted hundreds of transactions through XpertSea's digital marketplace. Photo courtesy of XpertSea.

XpertSea offers shrimp farmers access to a large network of buyers. "Because trust is so important in that market, we make a guarantee on behalf of the buyer, to the farmer, and this way the farmer feels comfortable selling to that buyer and starting a new relationship," she said. "It makes it easier for farmers to do business with new buyers they did not previously know."

The unique shrimp data collected by the app enables XpertSea to significantly reduce misunderstandings and potential conflict between growers and processors, thus managing the risk it assumes.

"Having that data on the crop allows us to significantly reduce our risk, and when spread across all transactions, the risk from each individual transaction is minimized," Robitaille said.

XpertSea charges a transaction fee for each transaction that varies according to the total value of production, the terms of the transaction and how much risk the company assumes on behalf of the buyer. "Sometimes the buyer pays the fee, sometimes the farmer, and sometimes they share it," she said. "It depends on the dynamic of the market. Oftentimes, when a farmer has good shrimp, there will be a lot of buyers and one of those buyers will agree to subsidize the fee."

XpertSea plans to release the app in a yet-to-be-determined country in Southeast Asia in the future. “There’s so much complexity in the value chain and the transaction, and every marketplace is unique,” Robitaille said. “As we do proof-of-concept in other places we’re seeing great potential because other markets are even more segmented than Ecuador. But we’ll most likely move forward market by market, using Ecuador as our test case.”

In Ecuador the company has 15 staff on the ground working with farmers and buyers. During the pandemic many of the interactions with farmers have been via social media, and while the response has been encouraging, Robitaille said it takes time to build trust.

“These are big transactions and we need to be with the farmers to ensure they trust the platform,” she said. “We also have to ensure our payments are on time, our customer service is great and that we deliver flawless service to this marketplace.”

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