GDM enters the corn seed genetics market

A company with a strong presence in soy is building a genetic improvement plant for the cereal in Petrolina (PE)

With a strong presence in soybean seeds, GDM is expanding its operations and entering the Brazilian corn market. The company started research with the cereal in Brazil in 2019 and is building a unit dedicated to developing hybrids for the crop located in Petrolina (PE).

"Corn is important and has a very expressive area. We want to be present", points out the Business Leader of GDM in Brazil, Julio Cesar Poletto. "Corn in the country is one of the company's main projects, to diversify the business and take a larger portfolio of products to the customer," he says.

GDM acquired an existing cereal genetic improvement program to develop the research. According to Poletto, with its germplasm bank, cultivars' development time can drop from between seven and eight years to three years. The company is placing five corn hybrids on the market that should be available in the second crop of 2022/2023.

Genetically modified hybrids have technologies that promise effective control of the main pests. Furthermore, a conventional hybrid was developed, promising high performance in the field and adaptability to refuge areas.

Goals

As a business strategy, GDM is starting a new operation in the Midwest region. They expect between 120,000 and 150,000 bags of corn seeds to be available on the market by 2024. The goal is to reach one million bags in five years and at least 10% of the Brazilian market in the cereal segment in ten years.

"Corn is a very competitive market, but we plan to be a very relevant company," says Poletto. "Within our strategic plan, we see the need for another two or three years to complete the portfolio in regions where we do not have coverage," explains the executive.

GDM's total investments in Brazil are around $150 million yearly in research and $100 million in infrastructure. The Petrolina unit will focus on the initial stages of genetically improving corn, where the first crosses will be made.

The seeds will then be distributed to around 50 to 60 test sites throughout Brazil, where they will be evaluated and adapted to the local conditions.

"We chose Petrolina because the climate issue allows us to speed up the creation process of the new hybrid," explains Poletto. "We have been treating corn in a similar way to soy. They are teams that work separately. There are synergies, but we created a whole new structure", he completes.

More than $1 billion

The company originated in Argentina and is known as both GDM and Grupo Don Mário. Specializing in genetic improvement, it licenses its technologies to partner sowing plants, which multiply the materials. Approximately a third of the world's soybean production carries its genetics.

Soy research began in Brazil in 2003, and commercial activity in the segment began in 2008. In the 2021/2022 harvest, according to business leader Julio Cesar Poletto, GDM genetics were present in 65% of the area planted with oilseed in Brazil. The target for the 2022/2023 harvest is to reach 75%.

Last year, the company posted net revenue of $1.069 billion. A majority of the company's revenues come from Brazil, not only because it participates in the national market, but also because it is a larger market than other territories where it operates. The company is present in more than 15 countries worldwide.

With corn still in its initial phase, 97% of GDM's revenue in Brazil comes from operations with soy seeds. But the expectation is to change the division. The company predicts 60% participation in oleaginous and 40% in cereal in five years.

Digital Agriculture

In December, GDM announced the creation of a technology subsidiary for agro, with the acquisition of Dymaxion Labs, an Argentine startup specialized in monitoring based on geospatial data and artificial intelligence. The company started adding digital agriculture tools to manage tests and position varieties.

In GDM's view, the digital agriculture market has an "asymmetry." While rural producers have several options of technological tools at their disposal, the chain behind what they apply in the field still needs to be improved. With Dymaxion Labs, the genetic improvement company aims to expand the development of digital products and the use of artificial intelligence in agriculture.

"We already had this mentality with the business generated within the company itself, and now with Dymaxion we take another step towards this path", evaluates Leonardo Boz, Global Digital Business Manager at GDM, now responsible for Dymaxion Labs, in a note released by the company.

With this new subsidiary, we plan to take what we've done in Latin America to markets such as the United States to enable the tropicalization of solutions already commercialized there. However, Brazil should be the startup's primary location in the short and medium term.

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