

AgJunction To Expand With Acquisition

(KNZA)--A regional powerhouse in ag-based technology makes a major move, as Hiawatha-based AgJunction has entered into an agreement to acquire California-based Novariant through a merger transaction.

Novariant is known as a premier provider of advanced steering solutions for precision agriculture, while AgJunction provides hardware and software applications for precision agriculture.

AgJunction CEO Rick Heiniger says the merger will provide several advantages, including establishing a larger presence with more resources and reductions in operating redundancy. "Going forward, what both companies want, since we know there's going to be a lot of work to do in the next two to three years, and beyond, it doesn't make a lot of sense for the two companies to innovate separately because we're going to be inventing the same things, only twice."

Heiniger says the move comes at a time as the industry shifts from a bolt-on system approach to factory integrated approach. "Systems like what we do have been primarily designed as systems that you bolt onto the machine and therefore the machine then does something new. In the future, the machinery manufacturers want to see those technologies embedded, integrated into the machine itself. They want it to disappear into the machine, so the machine just comes out of the factory doing what it's supposed to do."

Once the transaction is finalized, Heiniger says, the combined company will have about 200 employees worldwide and will be headquartered at Novariant's corporate headquarters in Silicon Valley. "The address will be moving, and our thinking there is that through time we'll become more and more recognized as a technology company, and there is certain prestige to having your address in Silicon Valley."

Heiniger adds that the location of the headquarters shouldn't be taken to mean there's any movement of operations to California. "We're very, very fortunate to have the Kansas facility because it is the one facility that is not leased, it's owned, so the company owns the Hiawatha facility. The core of all of our operations are here. Novariant, their operations are smaller than ours. It doesn't make very much sense to have two IT departments, for example, or two HR departments, so, more than likely, those positions will exist in Hiawatha."

Besides Hiawatha, the combined company plans to maintain offices in Arizona, Canada and Australia.

Novariant CEO Dave Vaughn will be appointed CEO of the combined company, with Heiniger serving as a senior advisor to the CEO.

Completion of the transaction is expected in mid-to-late summer of this year.

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