Business Funding Models

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Overview

• Why review the current Business Funding Model?
• How was the review conducted?
• Key outcomes
• Potential application to services for Clinical Mastitis
• Where to from here?
Why?

- Interbull Centre has been providing services for decades, starting with MACE for production
- Services expanded and initial fee structure principles were maintained
- Growth in novel trait evaluations during genomics era
  - Not equal history or data completeness across countries
  - Significant shift in the key motivations for participation

Current MACE Fee Structure

<table>
<thead>
<tr>
<th>Basic fee</th>
<th>≤ 100</th>
<th>101 to 300</th>
<th>301 to 1,000</th>
<th>1,001 to 2,400</th>
<th>&gt;2,400</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable fee, per 1,000 milk-recorded cows*</td>
<td>49.00</td>
<td>18.70</td>
<td>7.00</td>
<td>4.70</td>
<td>0.25</td>
</tr>
</tbody>
</table>

*Example: A country with 1,815,000 milk-recorded cows will pay for the evaluation of production traits:

- Basic fee: €4,000
- The first 100K milk-recorded cows: $100 \times €49.00 = €4,900$
- The next 200K milk-recorded cows (those from 101-300K): $200 \times €18.70 = €3,740$
- The next 700K milk-recorded cows (those from 301-1000K): $700 \times €7.00 = €4,900$
- The final 815K milk-recorded cows (those over 1000K): $815 \times €4.70 = €3,831$
- Total: €1815

Table 2: Calculation of MACE Service Fees of Trait Groups Relative to Production

<table>
<thead>
<tr>
<th>Trait Group</th>
<th>Annual Fee as % of Production Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conformation</td>
<td>30%</td>
</tr>
<tr>
<td>Udder Health</td>
<td>15%</td>
</tr>
<tr>
<td>Longevity</td>
<td>15%</td>
</tr>
<tr>
<td>Calving</td>
<td>15%</td>
</tr>
<tr>
<td>Female Fertility</td>
<td>20%</td>
</tr>
<tr>
<td>Workability</td>
<td>5%</td>
</tr>
</tbody>
</table>
Steering Committee appointed a Business Funding Models Task Force (BFM TF) to:
- Review the current service portfolio and fee structures
- Assess alternative options and make recommendations for the future

SECTION 1: CURRENT FEE STRUCTURES
- Dairy International Bull Evaluations: MACE
- Genomic Trend Validations: GEBV Tests
- International Genomic Evaluations: GMACE
- Truncated MACE: TMACE
- InterGenomics
- GenoEx-PSE
- Interbeef
- Other Data Services
- Services for ICAR
**SECTION 2: EXPECTED NEW SERVICES**

- **New Traits and/or Populations**
  - Mainly novel traits and/or expansion of existing traits to new countries
  - Could be MACE/GMACE, InterGenomics, Interbeef
- **New Methods**
  - Ex: SNPMace
- **New GenoEx Services**
  - Ex: GenoEx-GDE (Genomic Data Exchange) services for InterGenomics, Interbeef
  - or as a stand-alone service for international exchange agreements
- **New ICAR Related Services**
  - Ex: Accreditation of DNA Data Interpretation Centres for Parentage Discovery
- **Product/Service Development Budget**
  - Ex: Allocate percentage of fees collected to product/service development

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**Key Outcomes**

1. **Revised fee structure for MACE services novel traits**
   - Ex: Clinical Mastitis, Hoof Health, etc…

2. **Appropriate fee structure for SNPMace services**

  Goal for both: Balance “contribution” vs “benefit” for each participating country
MACE currently exists for SCS and MAS, which is a blend of Clinical Mastitis (CMA) and SCS by country.

A specific CMA MACE evaluation is being investigated for input to national genomic evaluations processes.

Reality: History of data collection varies hugely across the potential participating countries.

Normally, countries with most data pay more but, in this case, they also contribute most to other countries.

For each country, calculate the proportion of bulls with Milk evaluation in MACE that also have official CMA.

Establish an estimate for each country across “X” years.

Reduce the calculated fee based on this percentage.

<table>
<thead>
<tr>
<th>Contribution Category</th>
<th>Min</th>
<th>Max</th>
<th>FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0%</td>
<td>19.9%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
<td>39.9%</td>
<td>87.50%</td>
</tr>
<tr>
<td>3</td>
<td>40%</td>
<td>59.9%</td>
<td>75%</td>
</tr>
<tr>
<td>4</td>
<td>60%</td>
<td>79.9%</td>
<td>62.50%</td>
</tr>
<tr>
<td>5</td>
<td>80%</td>
<td>100.0%</td>
<td>50%</td>
</tr>
</tbody>
</table>
SNPMace - Principles

• National genomic evaluation systems with the largest reference populations for a specific trait would benefit less from SNPMace
• If SNPMace and MACE are both offered for a given trait, countries should ideally continue MACE
• Fee structure needs to consider the above and find a balance between “contribution” vs “benefit” as well as link to MACE services

Where to from here?

• Under normal circumstances, this presentation of concepts with questions and discussion would be part of Interbull Business Meeting agenda
  • Propose similar discussion as part of this process via virtual meetings on August 27 and September 8
• Fee structure for Clinical Mastitis needs to be finalized so MACE service can be introduced in near future
• Discussion for SNPMace services fees can continue
Thank You!

Please submit any questions you may have.