



The wool industry's online marketplace

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Our product for mills, top makers and early stage processors of greasy wool. Get more control over your wool buying, with finance and logistics at low rates. [Find out more>](#)



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Our product for wool exporters, brokers and merchants. Automated, convenient buying and selling, with finance and logistics at low rates. [Find out more>](#)

One of the fundamentals of the Wool Selling System Review is to answer this question...

Would online trading of wool increase returns for producers?

We say yes!

The more the wool supply chain is connected and streamlined, the more the benefits increase exponentially

Therefore, we also need to answer:

- How could an online trading system work?
- How do we reduce costs in the system? i.e. double-handling, storage, transport
- How do producers differentiate their offering? i.e. how do we avoid wool becoming "commoditised"
- How do producers "value add" with online trading?
- How does an online trading platform handle risk? i.e. sellers not being truthful, buyers not accepting/paying
- What does the new paradigm look like? Who are the participants?

How could an online trading system work?

Sellers

Producers register and enter wool book online

- Producers record their shearing into i-Trade, which auto fills documentation
- Finalisation of the clip – AWTA declaration – triggers availability for testing

Testing and storage – either on-farm or in regional centres

- Wool testers, using i-Trade Wool's mobile testing unit, complete core & grab sampling and testing on-farm
 - Wool is AWEX-typed, bales are accurately weighed then sealed
 - Report is issued, tester sends wool samples for certification
 - Certificate is issued, and wool is ready for auction
- These may take place in a regional centre

Wool is listed for sale and then sold via online auction

- Sale lots are automatically generated using data from the producers online wool book and on-farm test report
- An orderly online sale auction process ensues to maximise the sale price

How could an online trading system work?

Buyers

Wool lots are purchased by brokers, traders, speculators, exporters, processors or mills (buyers)

- Online system provides for recording search spec search for wool, allowing notification by mobile phone when available (auctioning tools)
- Other tools can fill shipping containers to spec, automatically bid up to a limit (buying tools)
- Sample bins (post testing) are still available for manual inspection (traditional buying tool)

Transaction is settled

- Sold wool lots are transported to intermediate facility (e.g. broker)
- Lots are validated for weight range, seals intact, and are matched to certificate
- Wool producer is paid, custody is transferred to buyer

Post-sale

- Buyers may initiate shipping process – dumping, fill containers, generate export documentation – from online records
- Buyers may also sell excess stock back into the system, generating liquidity in the market

How are costs reduced in the system?

By reducing supply chain inefficiencies and streamlining systems

Double-handling is eliminated

- Wool remains on-farm until sold, it does not need to be traditionally brokered
- Documentation is generated once, at the time of shearing
- No more need for production of traditional sale catalogues
- Auctions occur online, removing costs of centralised selling

Storage costs are minimised

- Wool is stored by the producer until sale, minimising costs
- Wool only handled by intermediaries during the process of settlement

Transport costs are minimised

- Sale lots are automatically generated using data from the producers online wool book and on-farm test report

How do producers differentiate their offering? i.e. how do we avoid wool becoming "commoditised"?

Online reputation system

- All buyers can see sale history of wool producer. Rewards those who produce consistently high quality clips
- Feedback from purchasers on quality of sold wool lots. Rewards trustworthiness.

Online producer profiles

- Producer's account/sales record is linked to their website and online profile
- Producers can describe their environmental, R&D, and husbandry practices to enhance their brand

Choosing when to sell

- Wool producers are able to choose sale times to maximise scarcity
- Tools can be provided to estimate demand at any particular time
- Larger pool of buyers – Australia/world wide rather than those physically at open-cry – leads to greater competition for product

How do producers "value add" with online trading?

Matching of sales to sheep

- Documentation from sale can be matched back to mob
- Producer can determine which mobs produce best wool
- Sales information better informs breeding decisions, leading to stronger returns

Establishing direct relationships with buyers

- If producer's sales are often to one buyer, option to sell direct
- Online trading sale/settlement system handles this – just a different way of selling
- Trust is established, leading to options for forward selling
- Better collaboration with buyers leads to specialised products, offering greater rate of return to producers

How do we handle risk?

Sellers not being truthful

- No sale until wool lot is verified post-sale and matched to certificate
- Failed sales lead to reputation downgrade – if reputation is too low, seller can be suspended/banned from platform
- Buyers can see history of seller's transactions, allowing them to make decisions on seller trustworthiness

Buyers not accepting/paying

- All sales are final – post-auction, once lot is verified & matched to certificate, payment must be made
- Failed purchases lead to reputation downgrade – if reputation is too low, buyer can be suspended/banned from platform
- All transactions are insured by the “market regulator” – even if buyer can't pay, insurance makes sure payment is made once wool lot is verified. With online reputation, this is rare.

Change, old roles, new roles, new paradigms and the way forward?

- Electronic connectedness of the supply chain and the introduction of an online wool selling system will be a catalyst for dynamic industry thinking.
- New players will enter the market. Old players who don't adapt will remain static or become redundant.
- Logistics services will still be required. Likewise, buyer's agents remain an important link.
- Traders and speculators will add liquidity to the market.
- Like the grain market, a stronger futures market for wool may evolve.

Achieving long-term success requires transformational change...

i-Trade Wool's goal is to bring the benefits of Internet-age auction houses to the trading of wool, with specialised tools to help selling participants maximise their returns. By looking at the wool industry from a “holistic” perspective, we believe that the industry can achieve long-term success, sustainability, and resilience.

Next steps...

We request that the WSSR panel invite us to extrapolate on the ideas and framework we have outlined in our submissions.

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