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Barker

CIS 410-S01

Agrico Case - 11.3

Summary of Corporation

Agrico was a corporation that was started on 1949 in Iowa. They provided agriculture management services (Cash, 1999). These services included, but was not limited to: farm and ranch operations management, equity interests, buying and selling commodities, and directly managing various agricultural properties. They had four regional offices. It seems that land owners let Agrico, Inc be the property managers of there lands and handled contracts and leases with farmers in various areas.

Most of their portfolio contained cash-rent leases or crop-share leases. Cash-rent leases are where tenants [farmers] usually pays a fixed dollar amount in rent (either on a per acre or whole farm basis) (Rincker Law, PLLC, n.d.). Crop-share leases are defined as the landlord will share input costs (including but not limited to seed, fertilizer, fuel) while the tenant provides all of the labor and remaining input costs. Once harvested, proceeds will be divided according to the agreement (normally ranges from 25/75 to 50/50) (Rincker Law, PLLC, n.d.). These leases are considered contracts between landowner and farmers, there does not to be any legal definitions or requirements of these (other than for income tax and social security/Medicare purposes) in the state of Iowa. A half of these leases (in Iowa in 1985) are, oddly enough, only oral contracts (Drake Law Review).

Business Problem

Agrico was looking into purchasing a new computer system to assist in managing their 170 client's collectively massive farm properties of 691,000 acres with over 300 farms/ranches. The system they purchased and had customized would not hand over the source code, and after a vendor's consultant left all the program's source code on a computer terminal. The problem is

their contract specifically forbade any all source code being in Agrico's property, but they have been given an opportunity to successfully make a backup of the code.

Industry Competitive Analysis

Mission Statement

Agrico, Inc. provides agricultural management services to clients, including cost-effective operations and landowner-tenant management.

Competitive Rivalry

The case does not specially say anything about competitors, and its hard to collect data on agricultural management services in this time period. Based on the fact they are one of the nation's largest, the threat is low.

Threat of new Entrants

Since the industry of agriculture farm management is a very specific field that requires a lot of knowledge to consistently maintain cost-effective and profitable management of lands, sectors that has high level of expertise are harder to break into (Team FME, 2013), the threat of new entrants are low.

Threat of Substitutes

I am unaware of anything that could be substituted for agricultural management services, other than landowners/farmers doing it themselves. I would think the threat of substitutes is low.

Bargaining Power of Suppliers

Since the AMR is a supplier, which is withholding the source code and is causing major problems with Agrico, AMR holds all the power, so the bargaining power of suppliers is high.

Bargaining Power of Customers

Since customers must be held in contract (at minimum for the farming season and land dealings) it would be hard for customers to break out of them, the bargaining power of customers is low.

Stakeholders

Agrico and their employees are a stakeholder. AMR, the software vendor, will also be considered a stakeholder. AMR employee Jane Seymour will also be considered a separate stakeholder as compromising a trade secret will also affect her personally and as an extension of AMR. Customers who receive services from Agrico are also stakeholders.

Options

Do nothing

Copying the source would be considered a breach of the contract if they were found out. Having it on the premises without permission from AMR would also be considered intellectual infringement. There is no way to know if Jane (the programmer who left the code on the computer) did it intentionally or not and could possibly be a setup for a breach of contract suit with a hard to deal with company on AMR's end.

Agrico would not be happy because they still do not access to the source code. AMR would be happy because their source code would not be anywhere outside of the company. Jane would be happy because there would be no actions against her. Customers would be happy because nothing would change.

Copy/steal the source code

Stealing the source code (which is only copying it) and storing it is actionable via the contract.

Source code now can be considered intellectual property, which could also have another suit (ST Times, 2011).

Agrico would be fined/sued with breach if they were found out, which generates legal expenses and could compromise relationships with clients. AMR would not be happy, probably terminate their contract and sue for damages. Jane Seymour would probably be fired, possibly fined, and could also come under suit from releasing a trade secret. Customers would probably not understand what would be going on so would relatively be unaffected except for bad publicity.

Recommendations

I do not believe they should copy the source code. It creates more expenses and affects the business more if they are found out. This is not only an issue, but potentially devastating affects on the company. Legal expenses and possibly intellectual property suits would be very expensive from a financial standpoint and not enough return in my option. They have the right the check the software in escrow whenever deemed necessary to make sure it is an updated version. Doing this every year when the updated escrow software storage date (and possibly request more frequent updates with a fee) makes much more sense to me. They are allowed to have access to the escrow backup whenever it is deemed necessary if AMR is liquidated, sold, or does not do an adequate job in Agrico's opinion. At the very minimum they could force the AMR's inadequate job as the legal language is very vague so they would have much more leeway in that case without possible penalty's.

Works Cited

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