Case Analysis: Agrico

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**Agrico Overview**

Agrico was a Midwest company in the agriculture industry that provided farm/ranch management services to farmers and other agriculture clients from 1949 through the 1980’s. They were prospering and expanding their company using three main services: crop-share leases, cash-rent leases, and direct management. Crop-share leases allowed farmers to use land managed by Agrico and return a percentage of crops to Agrico (which would be sold). Cash-rent leases let farmers pay to rent Agrico’s land while keeping their crops. These two services each covered about half of Agrico’s portfolio, while direct management took up about 2%.

**Agrico Mission and Generic Strategy**

Agrico offers various forms of agriculture management services to farmers and related clients. Their generic strategy would be cost focus, a mix of cost leadership and a focus on providing quality services to a specific target industry (farmers/agriculture). Agrico wants to provide their services at reasonable prices while preserving their spot in the market using the expertise they’ve gained over the last 4 decades.

**Porter’s 5 Forces**

In Agrico’s case, the buyer power is low because the company is unlikely to reduce their prices since there aren’t many alternatives. The supplier power (of AMR) is high because Agrico needs a system to manage their data. They likely don’t have many other suppliers besides working with realtors for property, so otherwise, supplier power is low. The threat of substitutes is low because Agrico provides a broad and deep range of agriculture management services that could be difficult to find elsewhere. The threat of new entrants is medium because other companies could take advantage of this opportunity in the industry if they have better data management. Competition is likely low at this time, until other competitors enter the market.

**Agrico’s Dilemma**

Agrico’s information management was lacking, so they purchased a software system from AMR. AMR delivered the product and only allowed Agrico to view the compiled object code, not the original source code. Agrico believed this was deceitful and wanted to obtain the original source code for transparency purposes. A software engineer for AMR, Jane Seymour, left the source code open at her desk, and the Agrico employees have the option to take it. Would this be morally or legally justified? Agrico’s dilemma raises this ethical question, since “doing the right thing is equated with a sense of responsibility” that will impact the company’s future (Morgan, pg. 143). In the end, the contact was not clearly defined, which led to disputes between Agrico and AMR.

**Stakeholders**

Agrico’s stakeholders include Agrico’s employees, customers, and investors. Employees are affected by this dilemma because they likely will use the system provided by AMR or their work will be impacted by it. Agrico customers want their data to be secure and organized professionally while continuing to receive services at the same rates or lower. Customers require the companies with which they do business to continuously improve (Kalakota, pg. 12) Agrico investors want to make sure this AMR investment is a profitable decision and prevent costs/losses due to the disagreement about the source code.

**Alternative Actions**

**Option 1: Do Nothing**

Agrico can choose to continue operations as normal and only view the compiled object code (not the source code). They can use the AMR system and contact them for support or data issues, instead of trying to manage the actual code itself. Agrico would keep focusing on their own industry and services while utilizing AMR’s software to manage their data. As stated by Zwass, “expansion of commerce and technological innovations are two of the levers of economic growth” (Zwass, pg 18). With this option, Agrico would be accepting the technological innovations from AMR while focusing on expanding their commerce.

**Stakeholder Impact:** Employees that want the source code to the AMR software would dislike this option because they may feel that AMR is deceiving them by keeping the code secret. Most employees probably don’t care about getting the source code since they wouldn’t all be accessing or modifying it. Investors would prefer this option the most because it’s the least costly and has a low impact to Agrico’s reputation and finances. Customers of Agrico might also prefer this option because there are no additional expenses that could impact the cost of their services. Overall, this option seems to be the best from the stakeholders’ points of view.

**Option 2: Copy/save Jane’s source code without consent**

If Agrico believes they are entitled to the source code, they could obtain it from Jane Seymour’s workstation and store it in a secure location. Management may be worried that they are being taken advantage of, since “technological advances can rapidly create conditions in which companies that once were king of the mountain can wake up one day to find no mountain at all” (Kalakota pg. 17). This option may lead to legal action from AMR if they feel it was stolen or obtained illegally. Before choosing this option, Agrico should review the contract with a lawyer to confirm that they are within their rights.

**Stakeholder Impact:** Employees may be fine with this option as long as it doesn’t get them fired. Some employees want to view the source code, which may help them better manage the system if AMR isn’t giving proper support. Investors would not like this option because it could be viewed as illegal or immoral, which would be bad for Agrico’s reputation and finances. Customers wouldn’t notice the effects of this choice unless it impacted their services or costs.

**Option 3: Pursue legal action to obtain the source code**

Agrico could choose to obtain the source through the legal system. For this option also, they should consult a lawyer and review the contract thoroughly to see if this choice is worth the legal fees. This option should not be chosen if it would have a significantly negative impact on Agrico’s finances or future growth.

**Stakeholder Impact:** Employees that want the source code immediately may not like this option because it takes a long time to resolve legal conflicts. By the end of the court case, Agrico may be using a new system or no longer need the source code. Investors would prefer this option over option 2 because it would be better for Agrico’s long-term reputation. However, they may feel the legal fees aren’t worth obtaining the source code. Customers likely wouldn’t notice this option either, but this way they wouldn’t hear about misconduct for stealing source code, so their view of Agrico would remain positive.

**Recommendation: Do Nothing**

Since Agrico purchased the software from AMR, they probably do not have the legal right to the source code, which is owned by AMR. AMR sold the software to Agrico, not the code behind the software. The system is meant to be used by Agrico to support their company in the agriculture industry, and Agrico is not a software/development company. According to Mallach, it’s important to teach people “to work and live during technological change”, which includes acceptance of technological protocol (Computerworld vol. 30 iss. 41 pg. 37). Does Agrico intend to modify the source code and recompile it? If not, simply viewing the source code seems unnecessary and the ordeal could cause tensions between AMR and their client Agrico.

By choosing this option, Agrico saves money by avoiding legal fees. This is preferred by investors and management, as well as by customers whose service costs may rise if Agrico engages in legal action. Employees who want the source code will have to accept that the software is meant to be used as delivered, and AMR likely owns the rights to the software legally, so Agrico should not expect to view the code behind it. They purchased a product from AMR, which should be used as intended. As stated in The Goal, “…the goal of our company is to make more money now as well as in the future”, so Agrico should focus on that instead of disputes about the source code of software they purchased (Goldratt 95).