*Problem Faced by Agrico*

Agrico needs to decide if they will copy the source code of the new AMR system being implemented.

*Industry Competitive Analysis*

Mission Statement: The goal of Agrico is to provide a variety of agricultural management services is a cost-efficient manner

Generic Strategy: The general strategy of Agrico is differentiation providing different services for different situations

Porter’s 5 Forces (*Michaux 1)*:

1. Competitive Rivalry – Low, there are little to no other competitors in the farm management space
2. Supplier Power – Low, there is very little Agrico has to purchase, its main supply are human labor and the farm management software, the rest is covered by the client within the contracts
3. Buyer Power – Medium, the buyers can choose to leave after the contract is up making them a finite resource therefore, they can leverage that when it comes time to renew contracts
4. Threat of Substitution – Low, most of the contracts for land managed by Agrico are long term contracts and they cover a variety of different situations and services
5. Threat of New Entry – Low, Agrico already owns a large amount of land that they contract out. This initial investment would be huge and most of the prime farmland is probably already in development making a difficult barrier for entry

Value Chain vs Value Shop: Value shop providing agricultural services

Organizational Structure: Functional organization*(Cash 108)* with little to the actual structure following a simple departmentalization*(Cash 104-105)* of major functions and the rest being taken care of by clients through contracts

*Stakeholders*

1. Stockholders – Have a financial interest in Agrico’s continued success
2. Customers – Don’t have a lot of alternatives for management of farmland and would be invested in the success of Agrico
3. Employees- Depend on Agrico’s success for their wellbeing and to provide for their families

*Actions & Effects*

1. Do Nothing: This option is basically to not take the source code and most likely alert them to the fact it has been left and request AMR send someone to come collect the information. In this scenario this gives Agrico more leverage in the trust relationship between them and AMR over storage of the source code. This would be following Burdelle’s wishes to follow the contract. This is also the ethical thing to do under the context that if Agrico loses its reputation due to lawsuit over breach of contract, that would not be in the best interest of the stakeholders in Agrico’s continued success. If Agrico’s reputation declines and it results in a loss of clients at the end of their contract, while alternatives are few this outcome would come down to how poorly Agrico is viewed afterward. If they lose the lawsuit, they will most likely not be allowed to continue implementing AMR’s system, and probably have to pay a large sum. If Agrico cannot use AMR’s system because they are implementing IT in a ‘revolution’ manner by replacing an entire system *(Cash 252)*, they have to invest in either developing their own system or finding another client that will trust them. Therefore, continuing down the path of negotiations to acquire it through proper channels would be the best course of action.
2. Alternative: The alternative is to take the source code and ship it offsite. In this alternative they can either then let AMR know the source code exists, play coy about it and hope it never comes to light, and continue negotiations as though they do not possess the code. The penalties if found out and taken to court are most likely the same but would be more severe versions than I described in the last scenario such as larger fine, worse reputation. If they get away with it, they will have secured their future ability to update their system with one of the necessary aspects of an IT system being its flexibility, needing to be able to adapt *(Cash 170)* regardless of AMR’s success, but they would forever have to be careful about how visibly they can make those changes so AMR doesn’t find out.

*My Choice*

I would opt for option 1 to do nothing and tell AMR about the leak for leverage in negotiations. While I believe there can be an argument that securing the code is securing the future success for Agrico, I don’t believe it will play out in their favor. I believe being taken to court would be ill advised with the “keep everyone happy” approach Agrico has historically taken. AMR is probably at a negotiating disadvantage to begin with being a smaller company, and the point that none of their systems are the same and therefore escrow lockup is essential for future security. With all of the struggle AMR has already had with the system I believe it would be more than enough for Agrico to win in court without playing dirty.

*Citations*

Michaux Stéphanie, Cadiat, A.-C., & Probert, C. (2015). *Porter's five forces*. 50Minutes.com.

1. Performed an industry competitive analysis with Porter’s 5 forces

Cash, J. I. (1994). *Building the information-age organization: Structure, control, and information technologies*. Irwin.

(104-5) Cash describes differentiation and departmentalization

(108) Cash describes a Functional organizational structure and its properties

(170) Cash explains how IT systems but be flexible and continue to develop over time

(252) Cash describes two methodologies to implementing IT systems, revolution and evolution