

Agrico Case Analysis

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The Problem

Agrico is a company that manages over 690,000 acres of farm and ranching land coming in at an evaluation of around a \$500 million portfolio. When it comes to specifics, they have around 350 properties, all split up between three different business models. Because of all these clients, Agrico wanted to develop new software to manage such a large sum of clients. They decided on using AMR who specialized in farm management systems.

Where the major problem arose was between Burdelle, Agrico's VP of Information Systems and AMR's CEO Rogers. Burdelle believed Agrico needed the source code and tried everything possible to acquire it from AMR and Rogers. Instead, Rogers declined believing it was too risky for his own company, whose main job is to sell and maintain this one type of service.

One of the workers of AMR was deploying the system at Agrico and accidentally left the source code open. A manager at Agrico noticed, and notified Burdelle, asking if they should copy the source code.

Porter's Five Forces

Competitive Rivalry: The competitive rivalry is pretty low considering how specific the services that Agrico provide are. Also, contracts bind customers to Agrico and don't allow for switching.

Threat of New Entrants: The threat of new entrants is low. Most farms are already under contract, so it would be hard for a new company to pop up and steal part of the

market. Agrico have a huge market share and are a nationally known company, so people will naturally stick with them.

Threat of Substitutes: Substitutes are very low. The services are so niche and differentiated that customers of Agrico cannot go to any other company if they are looking for what Agrico offers.

Bargaining Power of Suppliers: Extremely low because all the is required by Agrico is labor and capital.

Bargaining Power of Consumers: The power of the consumers is medium because they could potentially leave after their contract is up. With that being said, they may not find exactly what they are looking for.

Stakeholder Analysis

Shareholders: Shareholders are those that are invested within Agrico. The decision to copy the code or not plays largely into their stake in the company.

Employees: Employees are the people working for or apart of Agrico. Their job status could be on the line dependent on the decision that is made.

Customers: Customers are all the people who have contracts with Agrico and utilize their management systems. The only big problem to them would be if Agrico was to get caught stealing the source code.

Option A: Don't Copy Source Code

This avoids an entirely dark and gloomy path that Agrico could be thrown on if they decide to copy the source code and send it out. One of Burdelle's biggest arguments was about having the source code just in case something went bad. That was addressed in the original contract with ARM. It was stated that a third party would

hold a copy just in case of disaster, so that reasoning was addressed, even though it is still being worked out at this point in time.

If it was just about that, Burdelle should not have been worried. But it is about more than that. He wants to maximize the company's tech and therefore max their profits. Instead of putting his company at risk, when the contract is up with AMR, they could develop their own software and have the source code for themselves (Goldratt 140).

Option B: Copy Source Code

Copying the source code would be a huge benefit to Agrico on a technical level. They would have the original code which would allow them to implement changes and updates as needed. It would increase the effectiveness of their technology and systems. This could potentially lead to more sales which is the entire point of the business (Goldratt 60).

What it would also give Agrico is control and power (Morgan 6). They would be able to control their own systems without relying on others. That is a huge benefits as waiting on other companies can be extremely time consuming and frustrating.

Recommendation

They should not do anything remotely close to copying the source code. The upside on this is nowhere near high enough to warrant a possible utter collapse and disappearance of Agrico as a whole. Even if eventually getting away with the theft of the source code, they would be caught at some point, where AMR would realize their source code has been altered or compromised. This can lead to AMR suing for a breach of contract.

If this were to be the case, all three major stakeholders apart of the company would suffer dearly. Shareholders could lose large sums of money depending on whether the lawsuit ends in a huge loss or bankruptcy. Employees of course would be losing their jobs by being laid off or fired. Customers would have to look elsewhere for these farm management services since Agrico would be viewed as not trustworthy, or no longer actually able to service customers.

The best course of action for Agrico is to not copy the source code. This avoids any potential breach of contracts with ARM. It would allow for Agrico to continue to run business as normal, which for the time being is going extremely well. And if they want to have source code for development down the road, they can find a company that allows them access to it or develop their own.

Works Cited

Goldratt, Eliyahu M, Jeff Cox, and David Whitford. The Goal: A Process of Ongoing Improvement. 3rd ed. Aldershot: Gower Publishing, 2004. Print.

Morgan, Gareth. Images of Organization: International Version. Thousand Oaks, CA: SAGE Publications, 1997. Print. Pg. 112.