

Agrico Case Write-Up

CIS 410

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Agrico Inc. is an American based company founded in 1949 that specializes in ranch management for their customers. Agrico Inc. recently took a look at their technology and computer services and decided that their current systems were not adequate for the current or future customer needs. Because of this Agrico has decided to look into purchasing a new software package that would aid them and their customers. In order to do this Agrico hired a computer consulting firm to aide them in their search for a new software company. This brings in the project manager and future Agrico Vice President, George P. Burdelle into the picture.

Currently, Agrico and Burdelle have chosen a software company to work with called AMR. AMR specializes their software for each of their customers (currently they have about 12). Agrico, believing they can use all of the specialized features requested the full source code for AMR's software. However, because the company had never released all of their source code at the same time Agrico discovered the company had just dumped all of the specialized software into the same program and were planning to operate how they usually do. To not thoroughly proof the system and instead just fix problems as customers found them. This didn't sit well with Agrico who wanted the software thoroughly proofed before full payment or implementation was completed. This is where our issue arises, AMR refuses to allow Agrico to develop the code themselves and instead gives Agrico the ability to view the code but only AMR employees can make changes. This stipulation coupled with the fact that the two companies have agreed to place the code in an escrow, and to a further extent cannot agree on where to place it has caused some headaches for Burdelle. Several months into the process Burdelle receives information that one of the AMR employees (who seems to sympathize with Agrico's issues) has left her desk unlocked with the original source code in plain sight. Burdelle's

employees want to know if they should copy the source code and send it to one of their off-site vendors in order to keep it safe. This is where our decision comes in, should Burdelle copy the source code and break the contract under the hope that the court of law may side with them and their plight. Or should he continue to invest more money into AMR and their continuous updates of the program that Agrico was promised months ago.

One of the main considerations the company has in situations like this are the outside forces that may impact or be impacted by any decision made. The easiest way to categorize these would be through Porter's Five Forces: suppliers, customers, new entrants, substitutes, and intra-industry competition. (Team FME, 6) Because the choice the company makes may in fact affect the way the company is viewed in the public eye it is important that we consider each of the five forces in this matter before Burdelle makes a decision.

Agrico is a ranch management company which means that they don't necessarily supply any materials to their customers but instead focus on the services they can provide them. The obvious supplier for them is then the provider of the software that they keep their portfolio and other business information on. Currently, they are in the process of making AMR that supplier. With only one other option (that does not meet all of their needs) the power of suppliers is very high in this instance. As for the customers they may have you would have to look at the ranches or farms that they manage. As we learned with Goldratt the goal of an organization is to make money (really to survive) and Agrico will not be able to do that if they are losing customers who believe Agrico was dishonest with their business practices. (Goldratt) However, because Agrico leases out their land to farmers and ranchers it would be very difficult for them to cut ties with Agrico quickly and therefore the cost for them to switch would be very high.

Due to the way Agrico's business is structured the threat of substitutes ties into their customers as well. Because the land is leased out to farmers and ranchers to work on the cost of switching is high. Customers would have to break contracts with Agrico as well as move to new areas which would be very expensive for them. Due to this fact, while there might be substitutes to the services that Agrico provides it would be very difficult for their current customers to switch to them.

As for new entrants into the business they face the same issues as mentioned in the Five Forces, they usually come across some form of an entry barrier. (Team FME) But with the current size of companies such as Agrico and the fact that the business is a service providing business that is focused around farming and ranching (highly seasonal trades) it is hard to envision a company coming around that could be considered a threat due to the considerable time it has taken Agrico to build up its portfolio. So while the cost of entry may be low, managing farms and building a business around that is something that would take time to do. Dealing with competition, in the Five Forces it is mentioned that a company must learn to innovate their systems in order to stay a strong competitor in the industry. (Team FME, 11) However, due to the sheer size of Agrico Inc. there is not much solid competition that could threaten Agrico and their business. Making the change to AMR's software is something that Agrico wishes to do to help their customers but not necessarily to innovate and stay competitive as they have a large portion of the market to themselves already.

There are a total of four main stakeholders in the decision process for Mr. Burdelle. The first being Mr. Burdelle himself, as the Vice President of Information Systems at Agrico he has been the main person dealing with AMR and as well is the main person in charge of this

decision. The next stakeholder would be Agrico Inc. who have invested thousands of dollars into this program already and if something were to go wrong could end up losing a lot of money because of the loss of their portfolio. The next group of stakeholders would be the customers of Agrico themselves. For the same reason if Agrico's new system does not work out as smoothly as they thought it could cost them the data that makes up their current portfolio which would be very costly for Agrico as a business and could slow down the cash flow to their customers if they are not able to recover the data in time. The final group of stakeholders is AMR themselves who have invested just as much time into the new software as Agrico although they are not necessarily aware of the decision being made they have the right and it is expected for them to want to protect their intellectual property. Because of this we should expect them to react to whatever decision, if any, is made by Burdelle about copying the software.

Because the dilemma and decision to be made is less of a business decision and more of an ethical choice to be made here are only two choices that Burdelle has in this decision. The first choice he has boils down to doing nothing and continuing to work with AMR. While the second choice is to copy the data and store it in some other location so that they can develop it themselves or they can have a copy in case something goes wrong in the future.

If Burdelle chooses to do nothing and not copy the data the companies will continue to work together for the foreseeable future. While the head of AMR is not necessarily happy with how nit-picky Agrico is being with the software they have purchased, AMR has signed a contract stating that they will work with Agrico to keep the software updated. Because of this AMR will continue to supply the software for Agrico and the two companies will not have to part ways or have any form of a lawsuit between the two. If the decision is made to do nothing Agrico would

have to deal with the consequences if AMR were to go out of business before the code was completed or if the software was not finished in time. This includes the possibility of losing data in their system which could cost them severely. Burdelle would have the same consequences as Agrico would in this situation with the added factor of him being in charge of the decision and the possibility of him being fired if things go wrong. If Burdelle chooses not to download the software the customers will see no immediate effect on themselves however down the road they could benefit from an increase in the quality of the software or suffer from the damage done because the software was not ready to be implemented. While the three stakeholders tied to Agrico Inc. seem to have negative impacts in this decision it is important to note that all of those negative impacts would only occur if AMR's system were to malfunction in some way. However, if everything was implemented smoothly and AMR does not go out of business for any reason in the future none of the negative effects would arise and the business would receive the added benefit of the new software as they continue to grow as originally planned.

If Burdelle decides to steal the code it is possible it could be a good decision for Agrico. While the decision would be immoral we discussed in class how businesses are neither moral or immoral but instead are amoral and make the decision that will be best for the company. (Barker) Burdelle and his employees have spent a lot of time frustrated because they were not allowed access to develop the code themselves and instead had to go through AMR in order to do so. Burdelle, believing this was best for the company, would probably face some slap on the wrist from his superiors at Agrico but would then be allowed to develop the software to the parameters that Agrico needs in order to meet the needs of their customers. Agrico as a company may benefit in the long run but if AMR finds out that the information was stolen they

will almost certainly break the contract and file a lawsuit against Agrico. While Agrico's company lawyer believes the court may side with them in the lawsuit they will have ended all relations with a competent supplier in the form of AMR and gained a lot of bad publicity in the meantime. However, as we discussed in class the goal of a business is to survive and it is possible that had they not stolen the code it could have been very damaging to continue working with AMR. (Barker) As for how it would affect the customers they would not receive any negative impact other than by hearing the name of the company they work for in the news. AMR as a company would immediately break the contract once they found out that Agrico had copied the information and would file a lawsuit as well. If the court sided in Agrico's favor and Agrico developed the product and later resold it, it is possible AMR could go out of business.

After considering each option the decision I would make if I were in Burdelle's shoes would be not to copy the source code. While the issues still arise of the escrow having the correct data being stored I do not think it is in the company's best interest to steal the data when they are so close to completing it. Currently they are working parallel with their current system until they get AMR's up and running. Because of this I do not see a full risk being taken until they switch fully into AMR's system. By the time their contract with the original comes out it is possible for them to have negotiated a good location for the software tapes to be stored that is suitable for both parties whether it is done in or out of a court of law. If they were to steal the data it is possible the court would not side with them and then AMR would also cut ties, leading to Agrico having to go to the inferior second choice for software. While it seems that Agrico and Burdelle are in a tough situation due to miscommunication on their contract I do not think it is in the company's best interest to steal the information. Under the current

circumstances and with the safety net of their original system still there it only makes sense to iron out the details and attempt negotiations with AMR. Any other decision made has no guarantee of working out and could cost Agrico just as much money as well as bad publicity.

Sources:

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