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Case 5: Agrico

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**Problem**

Agrico manages several different acres of land in the US. So, they decided to get a new software to manage all the land. The problem that Agrico is facing is that a software engineer for their new Amr system left the source code open on the Agrico’s computers when she went for dinner. Agrico and AMR could be held up in court if the source code of the software was stolen because software was required to be stored in a secured place and exposed for everyone to see. *“Copyright law is there to protect an investment in creative work.”* **(stop-source-code-theft)** Now Agrico has determine if it’s right to steal the source code or just ignore it.

**Industry Competitive Analysis (ICA)**

**Mission Statement**

The mission for Webvan is to provide a management service for acres of lands across the US with efficiency and effectively by using a software system by AMR to manage vast number of lands.

**Porter’s Five Forces**

**Bargaining Power of Customers:** Low

Customers have low bargaining power over Agrico because Agrico is running their business perfectly fine without any problems and it would be very high cost for customers to switch the management company, so they are better off staying with them as long as they meet all of their needs. If they do decide to switch companies then they would have to be ready to pay

**Bargaining Power of Suppliers:** Low

Suppliers had a really low bargaining power because there are many suppliers for software services like AMR. There is no specific supplier for Agrico because their business is solely relied on their service and not from a product from any supplier.

**Threat of new entry:** Low

The threat of new entry is low because it’s not easy to enter into this business field because there are a lot of barrier that a startup has to pass for them to survive. *“The barriers refer to the existence of high costs or obstacles that can deter new competitors from entering the industry.”* **(CoporateFinanceInstitute)**. Start-ups also need a lot of resources and special skills and knowledge to successfully compete with an established company like Agrico.

**Threat of substitutes:** Low

The threat of substitute is low because it requires special skills and knowledge to successfully compete with an established company like Agrico. To avoid competition, companies usually operate in different areas.

**Competition:** High

The threat of competition is high. There is high level of competition because if Agrico starts having some issues in their customer then other companies could try to steal its customers by giving good offers farmers. So, Agrico will have to keep their customers happy if they want to compete with other companies.

**Stockholder Analysis**

There are different stakeholders in the Webvan.

**VP** – George Burdelle is Vice President of Information systems for Agrico. He was responsible for the software and other important decisions in the company.

**Employees** – The employees are the most important asset for a company. Good employees would eventually make the company very successful.

**Shareholders** – Shareholders of Webvan have a large in stake in the company and they would want the company to succeed so they could profit off of it.

**Customers** – Customers would be happy as long as the software and their quality of service stays good as before.

**Solution Alternatives**

There are multiple solutions for this problem. Regardless, the main goal for the company is to maximize profit, increasing efficiency, and get a great return on investment. I have three different solutions for this problem.

**Alternative 1 :** Do nothing

One of the solutions is to do nothing. This solution would mean to just do nothing and act as if they hadn’t seen the source code and just ignore it. Although it may seem like a good thing to do by not stealing but it wouldn’t help the business in any way. It could be very beneficial to them if they use it for their benefit. *“The effort involved in taking action could be more work than sorting it out if the problem did occur. You have to weigh up whether it is really worth investing time and effort in moving forward with a solution when the alternative is to sit tight and carry on as you are.”* **(Account)**

**Stakeholder Consequences:**

Employees – Employees would benefit from this solution because it might be risky to steal the source code and Agrico might be sued and lead to bankruptcy which would lead them to lose their jobs.

Shareholder – Shareholders would also benefit from this solution because they wouldn’t lose their investment if the company wouldn’t go bankrupt.

VP – Vice president would not benefit from this solution because stealing source code would benefit the company a lot more.

Customers – there will be very little change for them

**Alternative 2**: Copy the source code

Another solution would be to copy the source code. This solution seems morally wrong, but it may benefit the business the most. But there is also a risk of getting caught and if they did get caught then there would severe consequences on the company such as lawsuit. They have to compare the risk and reward to see if this is the right solution for their business. *“Computer source code is the most important asset of software companies.”* **(LegalGyan)**. If AMR finds out that Agrico stole their source code, then Agrico would be sued for copyright infringement. They would potentially have to spend a lot of money on court fees.

**Stakeholder Consequences:**

Employees – Employee would not benefit from this solution because even if the company stole source code and succeeded then it wouldn’t change anything for them but if they fail then the company could go bankrupt and employees would lose their jobs.

Shareholder – This decision would not make them happy because they could lose all of their investment in the company.

VP – He would benefit but also a chance of going to jail from this solution. He would have to make the best decision considering all scenarios.

Customer – It won’t affect them much because if the company succeeded in stealing source code then it would have no effect on their service and if they get caught then they change to different management service provider.

**Alternative 3**: Report the incident to AMR

The final alternative would be that they report this incident to AMR and try to renegotiate the terms with the CEO and use this act of good faith in your advantage to win their trust. Using this option would be the safest and most effective way to benefit the business. They could also ask for an escrow for the source code. *“the majority of source code leaks come from human mistakes. ”*(Huston)

**Stakeholder Consequences:**

Employees – Employees would benefit from this solution because company would be in good position as well as their jobs.

Shareholder – This solution would benefit the shareholder because their investment wouldn’t be lost, and the company would stay in good position.

VP – Vice President would also benefit from this solution because he wouldn’t potentially face going to the jail.

Customer – It wouldn’t affect them much

**Recommendation**

My recommendation for Agrico is that they report this incident to AMR and try to renegotiate the terms. This solution would be the best because there is a less chance of facing a lawsuit than stealing the source code and there is also a good chance that AMR would be willing to renegotiate the terms and they would move the source code to an escrow account because of the act of good faith that they did by reporting the incident. *“If negotiation is about sharing expected benefits, renegotiation is almost always about allocating a loss.”* **(HBS)**. Even if they don’t change the terms then Agrico wouldn’t have much to lose and they are far better off than facing a lawsuit from Copyright Infringement.

**Rejected alternatives**

Doing nothing wouldn’t help or hurt the company in any way but if they don’t do something then someone else could benefit from it and they wouldn’t be able to get access the software.

I didn’t go with option of copying the source code because there was a lot more risk than reward. AMR would eventually realize that their source code was stolen, and Agrico could face a lawsuit for copyright infringement. Their potential for reward would be a lot less compared to costs of the lawsuits which would eventually lead to bankruptcy.

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