

At 10, E-Markets looks to fill gap

Key Points

- E-Markets had positive cash flow before the dot-com boom.
- Time is spent educating companies on technology.



By **MICHAEL HOWIE**

E-MARKETS Inc. was started on a shoestring budget in 1996 and went to work building products on its customers' wants and needs, in this case an automated online grain production contracting system launched in 1997 and followed by an internet-based input ordering system in 1998.

The quick development of those two systems, the first of which was geared toward high-oil corn users and the second for seed companies, was critical for the company, which was able to survive the internet boom and bust of the last decade to reach its 10th anniversary this year.

"The company came out with a product after its first year using relatively little money," president and chief executive officer Scott Cavey (pictured) told *Feedstuffs*. When the company's second product came out, he said, it already had a positive cash flow and low "burn rate," a term that refers to how quickly a start-up goes through cash.

Some internet companies formed in the late 1990s just "acted big" but "didn't have a product," he said.

"We started in 1996 and had two products in use before the dot-com

boom," he said.

However, E-Markets wasn't completely immune to the dot-com mentality of the times, he said, noting that after the company took its first round of investment money, it began hiring people in the fall of 1999. The company soon swelled to 85 employees.

Cavey said he and Dave Abbott, who was CEO and chairman at the time and remains chairman today, saw the bust coming. The company went from 85 to 42 employees on a single day in May 2000 — about six months after the hiring began.

"We realized that we didn't need that many people for what we were doing," he said.

The company has 32 employees now in offices in Ames, Iowa, and Spicer, Minn., but it has more products and services, including Decision Rules Contracts (DRC), which it released in 2000. An internet-based Attribute E-Xchange trading management tool came out in 2001. The latest product geared toward agribusinesses is its CINCH Agri-Suite.

The company's systems, which continue to evolve and improve (a new DRC model will be released next year), support more than 6,000 processors, manufacturers, distributors and retailers in the agriculture industry. Cavey added that 25% of the seed sold in the country goes through its ordering system, and companies like Cargill Inc. and The Andersons use its DRC product.

He said E-Markets evolved from the early days into not only a software and internet company but a technology solutions provider for its customers. "We are technology consultants," he said.



Technology gap

As E-Markets advanced into more of a software provider and worked to tie its systems to accounting/back office and other software packages, Cavey said it had to educate customers on where technology is and where its going.

He said things like supply chain management and enterprise resource planning (ERP) are designed for high-volume, low-margin products — a pretty good descriptor of agriculture — but companies just don't have the knowledge to implement them.

In many cases, Cavey said, companies are stuck in the 1980s, with software that may work well but doesn't communicate with one standard system through a common database.

"You're not able to bundle products and services if one part of your business doesn't know what the other is doing," he said. "That is a hot-button issue for ag retailers today."

Cavey said the first thing companies need to do is choose a platform (Windows, Unix or Oracle) for their entire system. Many companies, he said, are on different and outdated platforms at every location.

Once the platform decision is made, he said, "we can combine it all — seed, chemicals, grain, tires, whatever — into one database. Then, you can choose a product."