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**I**t all started with the rolling of some bones. Two semi-straight bones carved with markings that came to rest deciding the fate of the first known gamblers. Those bones evolved into a game using cards in 16th century China. Then a Persian innovation gave the world its first glimpse at a game that looked a lot like "poker." This style of gaming swept like wildfire across the globe, eventually weaving its way into the fabric of the American West.

## **"Cut 'em Thin and You Win:" Browser-Based Analysis and The Origins of Risk**

by:  
Gary L. Kruse

How could a game be so prominent in so many cultures? The popular opinion is that it satisfied a basic human desire – to engage in risk. (Something ag lenders might know a little something about, yes?)

When I first discovered these origins of risk, it made me think of all the old poker expressions like "Read 'em and weep" ... "Ace in the Hole" ... "One-eyed Jacks" and even the dreaded "Dead Man's Hand (Aces and Eights)" made famous by Wild Bill Hickok. Then I remembered the poker expression that brought everything I'm about to tell you full circle. That expression is "Cut 'em thin and you win."

This prophetic quip describes something that you certainly are familiar with: a process (cutting the cards) that attempts to minimize the player's risk (thin) in order to enhance the player's success (winning the hand). Yes, it's the ag

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loan process, but this analogy is even more relevant today because of an emerging Information Technology (IT) standard known as Independent Computing Architecture (ICA) or "thin-client" computing.

In its simplest form, thin-client technology, or ICA, allows for a small computing device (a Web browser like Microsoft Internet Explorer or Netscape) to connect to a server (a big computer) through a network (LAN, WAN, Intranet, Extranet, the Internet). It's the server that does all the work to process applications, access files, print and perform other services. Most of you may know this to be the process of a "mainframe." However you may not know that it also is the technology inside Web browsers that access the Internet and allows consumers and dot-com companies to do business today.



### Did He Just Say *Dot-Com!*?

All right now, breathe deep ... exhale ... and purge all the negative thoughts you may have about dot-com companies. Out of all the losers in what is now known as "The Dot-Com Bomb" there stands a single absolute winner: the thin-client technology itself. I see the business strategies of B2C (Business-to-Consumer) and B2B (Business-to-Business) overshadowed by what I call B-2-ME, a concept where businesses adapt the same cool technologies all those dead dot-coms were built on and put them to work for their own internal success. This technology helps you realize lower technology costs, more reliable computing, ease-of-use, lower maintenance costs and secure data storage. It's key to the cost-effective electronic delivery of services to your customers and the best way for you to make it easier for them to do business with you.

Even if you took a bath on tech stocks in the last 12 months, the reality is that the Internet is a part of our culture today. You may still think its risky betting on the Internet, but no less than what you are doing today ... playing a



high-stakes game of poker where it's you against the other players (your competitors). Putting that thin-client technology to work for you is your "ace in the hole."

Not all the dot-coms bombed (totally). With the cause of death in the dot-com post mortems now fully realized, the remaining dot-coms are morphing into something else. Where the dot-coms of the late 1990s were about promotion, the current strategies are about stealth. Even *Forbes'* "2001 Best of the Web" list released in September still has three ag dot-coms from last year's list maintaining their positions ([www.farms.com](http://www.farms.com), [www.rooster.com](http://www.rooster.com) and [www.xsag.com](http://www.xsag.com)).

### **Thin As A Standard**

Did you know that 99 of the Fortune 100, 90 percent of the Fortune 500 and 40 percent of the *Financial Times* FT 500 use thin-client technologies? They are eagerly embracing this technology because of its proven track record for reducing application deployment and management costs, while significantly improving employee productivity.

The value of ICA technology is the ability to cost-efficiently and easily deploy mission-critical applications like financial decisioning (credit analysis) to end users everywhere, regardless of location or time of day. With this level of acceptance ICA is fast becoming an industry standard, and not just for the business elite, but for all businesses of all sizes.

### **S - M - L**

The beauty of this technology is its adaptability to every size of lending

organization whether it is small, medium or large. Smaller organizations can harness the power of ICA technology through an outsourced service known as Application Service Provider (ASP). A thin-client ASP by today's standards is a company that supplies software applications and/or software-related services over the Internet. However, ASPs are all around us in many different forms. Here are some examples of ASPs that have been around for quite some time:

- Shipping companies like FedEx, UPS and USPS – Imagine maintaining your own distribution network for shipping packages. We all win by paying a low incremental fee to ship packages anywhere and everywhere.

- Telephone companies like AT&T and Sprint – I'm sure you would agree that it would be extremely difficult for a company to justify the cost of owning and operating its own nationwide fiber optic network. Consequently, we all pay a low incremental cost for each minute of long distance time we use.

- Power companies – Yes, it would be possible for each homeowner and business to generate their own power, but not for 10 cents per kilowatt-hour. Therefore it makes sense to purchase power from a power company that distributes the high capital cost of a power plant across all of its customers.

When you think of an ASP in these terms, they make a lot of sense. You can choose whether or not to use an ASP based on economic factors that are driven largely by your frequency of use and the



cost of entry and maintenance. It simply boils down to how your use of the technology fits your needs and your budget.

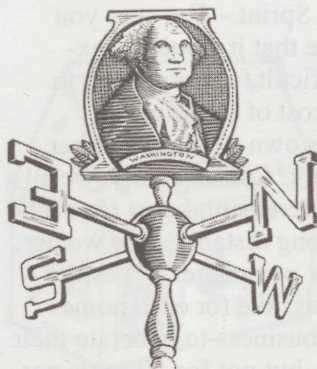
The ASP is a viable thin-client solution for many small- to medium-sized community lenders because it can provide a cost-effective way to access the very latest technologies for financial decisioning, portfolio management, customer retention and new business development without any of the techno hassles that are inherent in such processes. Larger organizations can benefit as well, however, most of them like the control of purchasing an off-the-shelf enterprise solution without having to create it from scratch. After all, lenders are in the business of lending money and servicing customers, not developing and supporting software.

### At the Crossroads

There are hundreds of community lenders who are at the crossroads of IT use today. They are standing at the center of a place where the origins of risk intersect with how to successfully compete for business in the 21<sup>st</sup> century. Here at ECI we have spent the last 16 years identifying and responding to the IT needs of ag lenders. Today we know, without a doubt, that the lenders who implement a thin-client strategy will maintain the upper hand against competitors who do not.

By the way ... I only stated half of that "thin" poker expression. The whole thing goes, "Cut 'em thin and you win ... cut 'em deep and you sleep in the street."

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