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## Minnesota software company CEO using background to her 'AgVantage'

Rochester-based AgVantage Software Inc. writes cutting edge software for agricultural technologies on the foundation of the IBM power systems.



Michelle Blomberg, CEO of AgVantage Software Inc., at the company's headquarters in Rochester, Minnesota, on Nov. 20, 2024. Noah Fish / Agweek

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ROCHESTER, Minn. — Michelle Blomberg never set out to be the CEO of a computer software company, but that's where she found herself 24 years ago, responsible for ushering a company into the 21st century.

Blomberg, CEO of the Rochester-based AgVantage Software Inc., now oversees a much larger company with customers across the country and a product line that covers every inch of the agricultural supply chain.

There's AgVantage software for grain, feed, agronomy and seed, accounting, retail, energy, eBusiness, CRM business intelligence and more. In recent years, the company has put in place a process called customer-driven development wherein AgVantage develops new software based on customers' requests and feedback.

## **Be-Rich**

Michelle was one of 10 children raised in the small farming community of Albert City, Iowa. Her father, Rich, worked as an accountant for a hog refinery in town until one day at work a representative from IBM stopped by to recruit anyone working in the ag industry with a proclivity for math.

"IBM sent him to Chicago for three weeks, where he took some computer programming classes, and then he came home for a week, and then they sent him to Minneapolis for three weeks, and once he finished those six weeks, he was a computer programmer for IBM," Blomberg said of her father.

After writing computer software for some time at the local cooperative in the late '70s, Rich Blomberg and his wife, Betty, started their own computer software company, meant for agriculture businesses, called Be-Rich.

Michelle listened to her father when he suggested she minor in computer science at Wayne State, where she would major in math and had scholarships to play basketball and softball.

Her first job out of college was as a computer programmer in the Twin Cities, which made her realize she'd rather be teaching math. So she did, until her parents started to talk retirement and their interest in her taking over the family business. She went for it, and moved back to her hometown to learn directly from them, eventually buying them out.

"They had 15 or so co-ops that were running my dad's system that he had written, and my mom was his bookkeeper," Blomberg said of Be-Rich. "They had two programmers."



An article featuring AgVantage at the company's headquarters in Rochester, Minnesota, on Nov. 20, 2024. Noah Fish / Agweek

The year was 1999 and the company belonged to her, but Y2K fears were in full force, and, according to her father, for good reason.

Through the '80s and '90s he wrote all the largest computer programs using a two-digit code for the year. There was a fix, however, which was to pay about \$500,000 to have the entire system converted. Blomberg said she had about \$60,000 to her name at the time.

"It needs to be four digits or it's going to fail," Blomberg said of her father's words.

## The right merge

A similar-sized, family-owned computer software company — Udenberg & Associates — had operated since 1976 in the city of Rochester, where IBM's manufacturing, engineering and educational facilities took up a 397-acre site on the edge of the city.

The company, which would eventually partner with IBM to offer software and hardware, was started by Don Udenberg who wrote a software system to make business more efficient at grain elevators and other farm businesses. Udenberg also noticed the rise in consolidation in the ag industry in the '90s, and the company focused on handling complex mergers between multiple businesses.

When Udenberg reached out to Blomberg to discuss a merger, it felt right for both sides, and she was able to get the blessing from her parents.

"It was basically the same story as my mom and dad's business, only a little bit bigger," Blomberg said of Udenberg's company, which had about 30 co-ops using its systems at the time.

Udenberg passed away in 2000, and Blomberg became CEO of the newly named AgVantage, which had about 40 clients who were soon to be part of a major pivot.

"We shifted everything then. We kind of had to, even though the company at the time was roughly 25 years old, we needed to kind of start over, reinvent everything," Blomberg said of the early 2000s. "We had a lot of things that needed to get out of the old ways and get into some new technologies, and grow the employees, and grow the customer base, and just really everything we needed to get a fresh start and move on."

## **Before cloud**

The cost-saving process now known as cloud technology was put into place in the early 2000s by AgVantage, which could host companies on its IBM back end rather than businesses having to make the purchase and upkeep themselves.

"They would need to invest maybe \$50,000 in a machine that was going to be there for only three years," she said. "So we worked with IBM and carved out a space that could be protected for them, with security."

Today, Blomberg said the company's business of hosting has gone "gangbusters," and nearly 80% of their customers run on the machine hosted by AgVantage. She said unlike most of the major cloud services or shared cloud spaces, they offer an actual sellable space where customers get peace of mind.



Part of the staff working at the AgVantage Software headquarters in Rochester, Minnesota, on Nov. 20, 2024. Noah Fish / Agweek

"Our customers really like that. They can know where their data is, then come in here and touch the machine," she said.

## **What's it worth?**

At 48-years-old the company has grown to 53 employees and has tens of thousands of users relying on AgVantage software daily. The company remains a go-to for handling agribusiness mergers, including with Ohio-based Sunrise Cooperative, which has gone through three mergers in the last decade.

George Secor, president and CEO of Sunrise Cooperative, said the company uses AgVantage Software for all its services, and not just to handle the onboarding of new employees and systems.

"It's the true backbone of our company when it comes down to software. If software won't interface with AgVantage, we won't use it," Secor said.

As a computer software company that specializes in handling complex mergers, Blomberg said the company will never change hands as long as she's still at the helm. It will "forever" be an employee-owned, privately held company, she said, to allow for customers to trust that owners and the employees are one in the same.

There are stock restrictions to keep the 100% employee ownership in place, and when an employee leaves the company or retires, they are required to sell the stock to current employees or back to the company.

Blomberg said there used to be several computer software companies that were employee-owned, but in recent years they've been picked off by financial institutions.

"This happens to me about 10 times a month," she said of offers from investment firms. "'We found your company. We've been looking at you guys. We're interested in buying you.' And I just say we're not for sale. And people always challenge that to me. They're like, 'Everybody has a price tag.' I really don't have a price tag."

When asked what the company's worth is today, Blomberg steers the question in another direction.



The front desk at AgVantage Software's company headquarters in Rochester, Minnesota, on Nov. 20, 2024. Noah Fish / Agweek

"These last five years have just been really good for the company. We've made it through COVID really well, with our customers and our employees have been super happy. We have literally no turnover," she said. "We have such a strong employee base, and so it's what drives us financially to do well, make money, grab new customers, win mergers like we're winning most of the time."

Both of Blomberg's parents have passed away, but before her dad died she would often visit him and his friends in Arizona.

"That's the other reason I always say we're not for sale, at least while I'm sitting in this chair, because when my mom had already passed away, and my dad was still alive, I'd go every year for a week and just hang out with him and his crony buddies down in Arizona," Blomberg said. "These old guys would sit around

drinking coffee, and they were like, Michelle, never sell your company. They said anytime a company sells, everything changes. I've just taken that so much to heart that I can't let it go."