

New York University
Stern School of Business – UG Division
Digital Business Strategies
Spring 2015

Professor Sunder Narayanan	MKTG-UB.0056.01
Office: 901 Tisch Hall	M 3:30-4:45 pm
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Office Hours: TBA	TF: TBA

Course description

In the world of digital and networked media, the technology industries that provide the infrastructure for the entertainment and media industries have become important. In particular, platform-mediated networks have become very important. This course will cover platforms from a strategy and marketing perspective. The objectives will be to understand how platforms function, the unique challenges they face, and how platform-oriented companies can leverage their strengths and achieve success in the marketplace. These objectives will be achieved through a combination of readings, class discussions, case analysis and a group project.

Required Course Material

1. Harvard case packet available for purchase and download at the following link:
<https://cb.hbsp.harvard.edu/cbmp/access/31180885> (you can also order a hard-copy at an extra charge)
2. Additional case to be purchased for the exam (link will be provided later).

Course Evaluation

Class attendance and participation	20%
Three case write-ups	10%
Exam	50%
Group project	20%

Class Attendance and Participation (20%)

Every session of the course will involve interaction in the form of class discussion. I expect each one of you to come to class on time and be prepared to contribute to all class sessions. Please go over the readings prior to class. Lectures will not duplicate reading material: they will supplement and embellish the readings, and offer alternate viewpoints. Attendance will be taken for each class session and will be a factor in determining your class participation points. Laptops, cell phones, smartphones and other electronic devices are a disturbance to both students and professors. **All electronic devices must be turned off prior to the start of each class meeting.**

Class Schedule

Date	Topic	Readings and Assignments
Jan 26	Introduction	
Feb 2	Multi-Sided Platforms	Strategic Decisions for MSPs
Feb 9	Network Effects	Airbnb
Feb 16	President's Day	No Class
Feb 23	Platform Design	Gazelle in 2012
Mar 2	Revenue Models	Online Restaurant Promotions
Mar 9	Competitive Strategy	Videogames: Clouds on the Horizon?
Mar 23	'Friend' Social Platforms	Zynga (A)
Mar 30	'Meet' Social Platforms	eHarmony
Apr 6	Mobile Platforms	GREE
Apr 13	Exam	
Apr 20	Project Discussions	
Apr 27	Project Presentations	Due: Project Slides
May 4	Project Presentations	
May 11	Project Presentations	

Exam (50%)

The exam will take place on the date indicated in the syllabus. More details will be provided in class. If you miss the exam due to a medical illness documented by the NYU medical center, then a make-up exam will be given on the scheduled final exam date.

Three Individual Case Write-Ups (10%)

Please select any three out of the cases highlighted in bold in the class schedule. A hard copy of your analysis is due **before class begins**. No extensions will be given on this assignment for any reasons. The write-up of the case should **not** exceed two pages (single-spaced, 12-point font). Bullet-points are allowed. Please follow the following format in your write-up:

1. **Define clearly and concisely the basic decision problem.** The problem statement should be summarized in 1-2 paragraphs.
2. Identify a number of **alternative courses of action** to deal with the identified problem. For each alternative, **list the pros and cons** using bullet heads. **This should be the major part of your write-up.** Materials such as tables, quantitative analysis, may be placed in appendices, not in the text. Do not repeat tables and material contained in the case.
3. Write a **brief recommendation**, selecting one of your suggested alternatives. Give a rationale for your choice. **This should be summarized in less than 10 sentences.**

Group Project (20%)

Groups of 5-6 students will analyze any company pertaining to the digital technology industry. Your project report should show an understanding of the frameworks and concepts covered in the course, as well as significant original scholarship and research involving secondary data sources (please confer with the reference librarian at Bobst for library sources). Each group will make a 20-minute presentation in class on its project findings. There is no need to turn in a written report of your project. Instead, please turn in a copy of your presentation slides on the first day of the presentation. The slides that you turn in should contain detailed accompanying notes, and would typically contain more material than an abridged version that you might present to the class (given the time constraints).

Please select a company that operates in the digital space. While doing so, please select a company that is new and not well established. Preferably it should be a company that is just starting out with a new business model so that your project can explore how it can succeed in the marketplace. Your company needs to be approved by me before you start working on it.

Your report should broadly follow the following structure:

1. Introduction
2. Environmental Analysis: Examine the economic, technological, social, regulatory, political, and legal environments in your industry sector.
3. Industry and Competitor Analysis: Examine the structure of the industry (whether monopoly, oligopoly, or pure competition), the different players operating in the industry (domestic and international), the economics of the industry, the core competencies of the main players, and the nature of competition in the industry. You can also perform a Porter's 5 forces analysis if appropriate.
4. Consumer Analysis: Examine the consumer culture, consumption patterns, and trends in the industry.
5. Company Strategy: Analyze the company's strategy and evaluate its prospects. What recommendations would you make to top management as they look into the future?
6. Conclusions and Summary

Questions for Case Discussions (note: please do not answer these questions in your case write-ups – for instructions on that see the section above)

Airbnb

1. Is there anything Airbnb could have done to avoid the EJ incidents?
2. What should Airbnb do to further facilitate trust between renters and hosts?

Intuit Quickbooks

1. Why and how exactly might Xero (and similar competitors) be a threat to Quickbooks? How concerned should Quickbooks be about competitors such as Xero?
2. What should be the business model for Quickbooks Financing?
3. What should be the business model for Concierge?
4. To what extent should Intuit pursue platform opportunities for Quickbooks?

Gazelle in 2012

1. What are the key differences between Gazelle, Glyde, Usell, and CExchange? What are Gazelle's key sources of competitive advantage relative to these competitors?
2. How should Gazelle use its resources to grow on its buy side?
3. Should Gazelle invest in launching a direct-to-consumer site on its sell side?
4. Should Gazelle aim to move toward a two-sided platform model?

Brightcove

1. What were Brightcove's vision and business model in 2006? What were its strengths and weaknesses?
2. Brightcove went after publishers first rather than consumers first? Evaluate that strategy.

Videogames: Clouds on the Horizon

1. How structurally attractive was the videogame industry prior to the emergence of cloud gaming? How does the emergence of cloud gaming affect the structural attractiveness of the console gaming industry?
2. Where do profits come from the traditional business model of videogame consoles? What is the economic logic of the profit model? What are the new pricing models made possible by cloud gaming?
3. How should the three big console makers (Microsoft, Nintendo, and Sony) respond to cloud gaming?

Online Restaurant Promotion

1. Evaluate the various business models.
2. If you had to invest in one of these businesses, which one would you choose? Why?

GREE

1. What are GREE's main sources of competitive advantage?
2. Will GREE be able to replicate its success from Japan in international markets?
3. Is GREE's platform complementary or competing with Apple's iOS and Google's Android smartphone platforms?
4. What should be GREE's strategy in international markets, especially in the US?

Academic Integrity

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the **NYU Stern Student Code of Conduct**. A student's responsibilities include, but are not limited to:

- A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

Please see www.stern.nyu.edu/uc/codeofconduct for more information.

Grading

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty has agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines. The grading for this course will be as follows: approximately 40% of the class will get A or A-. The rest of the class can expect to get a grade in the B-range (B+, B, or B-), unless their unsatisfactory performance warrants a grade lower than a B-.

Re-Grading

In line with Grading Guidelines for the NYU Stern Undergraduate College, the process of assigning of grades is intended be one of unbiased evaluation. This means that students are encouraged to respect the integrity and authority of the professor's grading system and discouraged from pursuing arbitrary challenges to it.

If you feel that an inadvertent error has been made in the grading of an individual assignment or in assessing an overall course grade, a request to have that the grade be re-evaluated may be submitted in writing to your TF within 7 days of receiving the grade, including a brief written statement of why you believe that an error in grading was made.

Students with Disabilities

Students whose class performance may be affected due to a disability should notify me early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate their needs. Please see www.nyu.edu/csd for more information.

Sign Your Name: _____

Group Project Peer Evaluation (Optional)
Digital Business Strategies (Spring 2015)
Professor Narayanan

On a percentage scale of 0-100, please evaluate your group members on how much contribution each one of them made to his or her share of the project work. If someone in your group did his or her share of the work (or more), then give that person a score of 100. For others, please give a score that reflects their contribution to their share (for example if someone contributed only 90% of his or her share, then give that person a score of 90, etc.). Please return this form to me before the last day of class. If you do not turn in this form, then it will be assumed that you have given a score of 100 for all your other group members. **Therefore, if you feel that all your other group members did their share of the work, you do NOT have to turn in the evaluations.** Please be honest and fair in your evaluations, in accordance with the Stern Honor Code. Also note that your evaluation of your group members may affect their grades but will not have any impact on your grade in the course.

Group Member Names (do not include your name)

Contribution Score (0-100)

If you give anyone a score less than 100, then please give specific reasons below so that I can discuss it with the person concerned.