

Syllabus

EMBA541: The Online Economy: Strategy, Entrepreneurship and Innovations, Spring 2013

Staff

Instructor:

Teaching Assistant

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Course Meeting Times

Lectures: Saturday, 09:00PM-12:00PM @ S301

Introduction

COURSE DESCRIPTION

This course is intended to supply MBA students with an overview of the electronic business (e-Business) phenomenon sweeping through the global economy. Online businesses attract entrepreneurs, and possibility of quickly achieving scale. These opportunities are equally attractive to existing businesses seeking growth and innovation potential in the internet.

Yet online ventures pose distinctive management challenges. For one, they are often grounded in network effects, requiring mobilization of many users to deliver value. In many industries, powerful firms already control key online platforms: Google, Facebook, Apple, Amazon, Microsoft, and others. The course explores two opposing perspectives on market power: how dominant providers can expand their positions and respond to threats, and how upstarts can find opportunities in the face of seemingly-omnipotent incumbents.

Online businesses are also unusual in their revenue sources, as users often receive service for “free.” For some businesses, advertising can sustain no-charge service. Others support free or subsidized service to one set of users by attracting another group willing to pay to reach the first. But these free and subsidized strategies have their limits: All too many online businesses have failed due to business models grounded in unrealistic revenue plans. The Online Economy arms students with a framework to identify realistic revenue sources.

On other hand, nowadays, every business embraces some of digital components (digital products and services, digital business processes, digital agents, and digital spaces). Hence, executives continuously re-define their business models and boundaries by employing some of these digital

components. We will see how existing firms can innovate their business models by embracing the Online Economy.

Hence, the Online Economy equips whose career paths will be closely connected to online businesses. In particular, the course is appropriate for:

- Students planning entrepreneurial ventures in online businesses
- Students whose careers as managers, investors, or consultants will focus on online businesses
- Students who want to harness the potential of online businesses with existing “offline” businesses

The course contains three parts in large:

1. Macro-evolutions of Business Environment by IT innovations (Basics of Technology Innovations)
2. The Online Business Strategy and Entrepreneurship (Creation of new online businesses)
3. Business Model Innovations (Harnessing your business and online economy)

Learning Objectives of Contents

Upon successful completion of the course, students will be able to:

1. Explain the "megatrends" digital technology has brought to the era we live.
2. Describe how electronic business affects the strategic intent and operations function of the firm;
3. Know how to start and manage new online businesses
4. Understand how to enhance existing business's sustainability by embracing online economy

Secondary Objectives of Skill Sets

Through the semester, students will sharpen their essential skill sets for effective business leaders. They include:

1. Effective Communication (oral and written communication)
2. Analytical Thinking from Case Studies
3. Synthesizing Different Disciplines

Pedagogical Methodology

. What business education should try is to nurture students to learn by themselves amid of high uncertainty. In high tech environment where relentless changes take place, new business leaders should have clear vision to see through big pictures out of noisy information loaded with hypes and fads. Therefore, this class will not be *taught* by the instructor but be *learned* by students themselves by active research/project/ and class discussions. What the instructor will do to (i) outline topics, (2) suggest discussion topics of conflicting views, and (3) point some references for students' research.

For each class, students will be provided the outline of topics, and research questions before the class. Students are supposed to have the report for research questions when attend the class. For each topic, required readings will be assigned and be quizzed in the class for their readings.

Grading

Students will be graded as follows:

ACTIVITIES	PERCENTAGES
Case Question Report (Individual)	20%
Case Presentation (Group)	10%
Term Project (Group)	20%
Final Exam	30%
Class Participation	20%

Grading Policy on Homework

Homework sets are designed to help you learn how to apply the material presented in lectures and recitations. You are encouraged to discuss course material, including homework, with other students in the class. With respect to your final grade, you will get full credit as long as **(but only if)** you turn in your homework on time. Handwritten solutions are fine, as long as they are legible and neat. Please remember: if we can't read it, we can't grade it. In fairness to students who complete assignments on time, **late homework sets will not be accepted unless any legitimate excuse is provide**. Even in the excused case, 10% points will be taken out per day of late submission. You may turn in assignments during the lecture on the day they are due.

Re-grade Policy:

Requests for re-grading an exam must be made within **one week** of the date upon which the graded examination is returned to the student. To request a regrade, attach a written explanation of the potential problem with the grading to the (entire) exam, and submit it to your TA. Regrading may not be limited to the part of the exam which is discussed in the written explanation. Regrades will be carried out by the Instructor or TA.

Case Write Up

Students should work in groups of 3 or 4 students to analyze each of the four cases. Each case introduces students to a series of problems and issues faced by a company attempting to come to grips with the changes in the emerging information economy. Students are expected to immerse themselves in the case by actively playing the role of the protagonist, or the main manager in the case. The process should include the following steps:

1. Individual analysis and preparation – read the case and think about the main issues being faced by the protagonist.
2. Review the case questions I outlined before you analyze the case. They are the ones you must answer.
3. Informal small group discussion – each group should meet and discuss the case from the perspective of the following questions and issues:
 - Who is the protagonist?
 - What are his/her objectives for the company?
 - What decisions must be made in order to achieve these objectives?
 - What are the problems and risks facing the protagonist? (May perform a SWOT analysis)
 - What are the current and expected market conditions?
 - Who are my customers and how do my decisions affect them?
 - What alternative courses of action are available for the company?
 - What action should be taken in the short term? In the long run?
 - How can other stakeholders be convinced of the validity of my decision?

In examining these issues, students will be expected to apply the materials from the class where appropriate. One of the main learning objectives is for students to learn when certain frameworks apply to a given situation. It is important that all students participate in the group discussion and analysis of each case.

4. Having examined the above issues prepare a four to five-page single-spaced write-up of the case for hand-in at the end of the case discussion. Be prepared to discuss these issues and the specific issues raised in the class. In writing your case report, please refer to the rubric for the “Strategic Case Analysis to assess Written Communication and Analytical Thinking Skills” for the effective writing or the “Writing Rubric” if the case is a rather short essay. In your writing, the case questions I outlined must be answered logically and naturally.

Group Project

eBusiness Project: A group of students explore to start an online business. Develop the overall online business strategy for your new start-up. \ Apply all possible frameworks/tools the class covers and other strategic planning tools you have learned from other classes or industry practices. The report should be made in PowerPoint and the executive summary will be presented in the class.

Student Conduct

Professional conduct is built upon the idea of mutual respect. Such conduct entails (but is not necessarily limited to):

Attending the Class

Core classes are required for a reason, and each class benefits from the attendance and participation of all students. Your grade for participation will be affected by absences. You should sit in the appropriate seat, if relevant, and display a legible name card at all times.

Arriving on Time

Late arrivals are disruptive to both lectures and class discussion, and show disrespect to those who are on time.



Minimizing Disruptions

All cell phones, laptop computers and hand-held devices should be turned off during class. Even manner mode is not allowed. Any violation to this policy may result in denial of class attendance. You should not leave and re-enter the class. You should avoid engaging in side conversations after class has begun.

Being Prepared for Class

You should be ready to discuss any assigned readings and to answer any assigned questions for each day's class, including being ready to open a case assigned for that day.

Respect

You should act respectfully toward all class participants.

Class participation grading reflects student adherence to these principles; students gain credit for contributing valuable insights and students lose credit if they fail to adhere to any of the above guidelines.

Topics and Tentative Schedule


Session	Topic	Student Activities
M1 Read Megatrend of Technologies		
1 (2/2)	M0. Class Orientation	
2 (2/16)	M1.1 Why does Technology Matter?	Reading #1, Reading #2
M2 Mobilizing Online Businesses		
3 (2/23)	M2.1 Business Modeling and E-Business	Case #1 (Virtual Vineyards, currently Wine.com) Reading #3, #4
4 (3/9)	M2.2 e-Business Value Propositions	Case #2 (Zopa.com) – Guest Speaker (Popfunding) Reading #5
5 (3/16)		Reading #6, #7
6 (3/23)	Term Project Proposal	Business Model Proposal Presentation (Group)
6 (3/30)	M2.3 Online Economy Characteristics (Multisided Market, Platform Mediated Networks)	Reading #8, #9 Case #3 (eBay and Amazon.com)
7 (4/6)	M2.4 Mobilizing users	Case #4 (TheLadders)
M3 Scaling Up: Intermediaries, Adverting and Promotions		
9 (4/13)	M3.1 Managing Intermediaries	Case # 5 (eBay Partner Network)
11(4/20)	M3.2 Online Business Promotions	Case # 6 (Online Restaurant Promotions)
M4 Monetization and Market Design		
13 (4/27)	M4.1 Creating market thickness	Case #7(Airbnb), Reading #10
14 (5/4)	M4.2 Monetization with platform goals	Case #8(Cyworld) – Guest Speaker (Cyworld)
15(5/11)	Term Project Presentation	
15 (5/25)	Final	

Readings

Articles

1. Before They Were Stars (Smantha Presnal and Susan Ackerman), Harvard Business Review, Jan 2012
2. The last Kodak moment?, The Economist, Jan 14th 2012
3. Why Business Models Matter? (Joan Magretta), Harvard Business Review, May 2002
4. How to Identify Your Enemies Before They Destroy You (Farshad Rafii and Paul J. Kampas), Harvard Business Review, November 2002
5. Should You Invest in the Long Tail? (Anita Elberse), Harvard Business Review, July 2008
6. Leadership's Online Labs (Farshad Rafii and Paul J. Kampas), Harvard Business Review, May 2008
7. The Fairyland of Second Life: Virtual Social Worlds and How to Use Them (Andreas M. Kaplan and Michael Haenlein), Business Horizons, Nov 15, 2009
8. Strategies for Two-Sided Markets (Thomas R. Eisenmann, Geoffrey Parker and Marshall W. Van Alstyne), Harvard Business Review, Oct, 2006
9. Platform-Mediated Networks: Definitions and Core Concepts (Thomas R. Eisenmann)
10. Art of Designing Markets (Alvin E. Roth), Harvard Business Review, Oct, 2007

Cases

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1. Virtual Vineyards (Rayport and Silk)
 2. Zopa: The Power of Peer-to-Peer Lending (Piskorski, Fernandez-Mateo, Chen)
 3. eBay, Inc. and Amazon.com (Casadesus-Masanell and Thaker) with Google Inc. (Edelman and Eisenmann)
 4. TheLadders (Coles, Edelman, Hall and Bennett)
 5. eBay Partner Network (Edelman and Larkin)
 6. Online Restaurant Promotions (Edelman)
 7. Airbnb (Lassiter III and Richardson)
 8. Cyworld: Creating and Capturing Value in a Social Network (Gupta & Han)