Business Models for Interactive Digital Media & Services

GSBA 556 -- Omar A. El Sawy

Place: JKP 204 (Popovich Hall)  Time: Tuesdays 6:30 PM - 9:30 PM

Instructor: Omar A. El Sawy, Professor of Information Systems
https://marshallapps.usc.edu/portal/subapps/digitalmeasures/faculty.jsp?surveyid=48761
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- Office Location: Bridge Hall 401-L (Information & Operations Management Department)
- Office Hours: By appointment or 5-6 pm on non-guest speaker days or after class
- Office phone: 213-740-4837 (direct / voice mail) or 213-740-0172 (dept.)

COURSE DESCRIPTION & OBJECTIVES:
This course focuses on identifying, designing, and assessing better business models and business development for products/services delivered through interactive digital media/platforms. It also centers on assessing growing niches in the dynamically evolving media/entertainment/telecom market space -- which has been termed by some as the Networked Digital Industry (NDI). This course is meant to give students a competitive advantage in terms of career preparation for full participation in aspects of business development and business models in this market space -- with a strategic orientation.

The NDI is a dynamic growing industry that is taking shape around new products & services delivered through broadband digital networks & wireless communications --- triggering new value chains, new business models & entirely new sets of partnering relationships. It is being created from convergences (and collisions) of the media, telecom, entertainment, gaming, and software industries. Senior executives in this industry -- especially those in the digital entertainment marketplace -- have indicated a great need for MBAs who can contribute to new business development initiatives. Fortunately, most sectors of this industry are doing well in this difficult economic climate.

As companies launch many new initiatives and services that are delivered through digital media/platforms, there is a need for business professionals to understand the new business models evolving in the industry -- and to understand the many cross-functional elements that have to be in place for business development to prosper. These are not just entrepreneurial ventures, but most frequently larger established companies which are innovating with new initiatives and services around digital media/platforms. For MBA students interested in the NDI and the Creative Industries, it is also increasingly important to understand how entertainment fits into the broader networked digital industry ecosystem. Needless to say, it is also imperative to understand the impact of disruptive technologies on the generation of new business models.

The course takes a strategy approach to understanding dynamics, business models, & digital ecosystems. It does not focus on technology, and has a general management multi-disciplinary orientation. It also adopts an ecosystem perspective of business strategy. When environments change rapidly and new market spaces are fragile as new products and services are being shaped, there is need for enterprises to look beyond their supply chain and have to worry about the entire business ecosystem that they are part of if they are to survive and thrive.

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This course uses lectures, case studies, articles, industry reports, and features industry guest speakers who provide current practice insights. The course draws on the expertise and contacts of CTM -- Marshall’s Institute for Communications Technology Management and its 20+ sponsoring companies [www.marshall.usc.edu/ctm](http://www.marshall.usc.edu/ctm). Together with IOM 543 (Global Issues in the Networked Digital Industry) taught by Professor Francis Pereira in the Fall, this course also provides helpful skills for the $25K handsomely prized MBA Annual International Technology Strategy Business Case Competition [http://management.bu.edu/casecomp/](http://management.bu.edu/casecomp/) to be held in Boston March 29-31, 2012, and co-sponsored by Ericsson. This course is also a good combo with GSBA 555 (Managing in the Creative Industries) taught by Professor Mark Young.

**Skills Acquired Through this Course:**

1) How to scope and assess a business ecosystem niche in an emerging technology-intensive industry.
2) How to systematically identify, generate, build, & assess better business models for launching services provided through interactive digital media/platforms.
3) Use of new strategic frameworks and methods suited to rapidly changing industries with emerging technologies, structural discontinuities, & dynamic ecosystems.
4) Understanding of dynamics and value chains of the global telecom, entertainment, media, & gaming industries -- & how they are converging (& colliding).
5) Appreciation of partnering strategies for digital platforms in the entertainment / telecom space.
6) Familiarity with generation of alternative future scenarios for new services based on digital platforms.
7) Understanding new forms of customer value in digital ecosystems.

**This Course Would Benefit Those Pursuing Careers in These Functions**


**This Course Would Benefit Those Pursuing Careers in These Industries:**

Any industry that delivers services & content through broadband digital networks & interactive digital platforms -- whether healthcare, consumer retail, or entertainment. Especially geared to careers in industries that depend heavily on services provided through interactive digital platforms such as telecom, media, entertainment, software, social networks, and online gaming

**Southern California as Nexus of the NDI Ecosystem and the Creative Industries**

While the NDI is a global industry, Southern California sits in a very special place at the heart of “Digital Hollywood” and the heart of the creativity and content industries from movies to television to music and games. Just to our north lies Silicon Valley with its world wide reputation for leading the changes in hardware and software that continue to drive the IT industry. To our south, in San Diego, lies the single largest concentration of wireless ingenuity and expertise in North America. To our West are countries such as Korea, China, India and others in the Pacific Rim—close enough for Los Angeles to be their gateway to North America for their leading edge experiences in new services delivered on digital platforms. As this new world is being born, we literally sit at its crossroads with the opportunity to watch, participate, and help rethink developments as the new business models of the NDI evolve into a new digital business ecosystem. Southern California is definitely associated with the “digital cool.” It is an exciting spot for USC to be in!
COURSE MATERIALS & READINGS

1. Harvard Business School Cases & Articles (Course Pack): The two-part course pack can be purchased online directly and downloaded in electronic form from Harvard Business Press -- as per the instructions provided in the BlackBoard class folder under syllabus. The article pack and case pack are separated as it is possible to access the articles (not the cases) for free through the USC libraries.

2. Other Readings: Articles from professional journals and trade press, and industry reports (to be made available on-line through BlackBoard class folder or distributed in class if hard copy).

3. Blackboard Course Folder: There will be a session preparation guide with case questions posted for every session on Blackboard. Other than the course pack that needs to be purchased (see item 1. above), other readings will be posted on Blackboard course folder -- as will session PowerPoints, assignment instructions, administrative information, guest speaker bios etc.. Please check it frequently! The sections that are populated typically are Syllabus, Assignments, and Content.

RELATED BOOKS

If you have any deeper special interest in any of the topics we will cover, these books are commendably intriguing and useful (not required) depending on your deeper interest. They cover new business models for digital platforms and ecological approaches to strategic innovation, digital innovation, as well as the evolution of the networked digital industry. They are listed in order of most recent publication date.


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<td>VISOR Business Model Framework McKinsey Quarterly: 10 Tech-Enabled Trends to Watch</td>
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<td>DNA of the NDI: Digital Convergence or Creative Collisions ?</td>
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<td>Ecological Approaches to Strategy &amp; Digital Business Ecosystems</td>
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<td>Complementors, Competitors, and Digital Platforms</td>
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<td>Scoping your Digital Ecosystem Niche: Your TV is Pinging ?</td>
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COURSE EFFORT / GRADING INFORMATION

Each individual's effort and grade will be based on the following 5 components. Please note that extraordinary effort in any of those components will be recognized. Conversely, plagiarism in written assignments will be dealt with very severely as per USC rules.

1. Class participation related to readings 12%
2. Team presentation & key recommendations for one case 12%
3. 2 case write-ups (individual) 16%
4. Report #1 (2 person Team Report) 24%
5. Report #2 (3 Person Team Report) 36%

[1] CLASS PARTICIPATION

Your participation grade is based on quality and a sincere effort to provoke, learn and understand, rather than quantity. The more you engage with the class with passion, intellectual curiosity, and interest, the higher will be your participation grade, and the more successful and exciting our learning experience will be. We are all here to learn and share our understanding.

Attendance: You are expected to attend all sessions. If you cannot attend for a specific reason then please inform the professor through e-mail that you are unable to attend, or you absence will affect your participation grade. Treat it like a professional meeting at work: if you cannot attend, you are expected to inform the person running the meeting as a professional courtesy.

Engagement: You are expected to attend and prepare for each class and to actively engage in the discussion of readings and cases. If you don't keep up with the reading, you will not enjoy the class. Thus it is very important that you be prepared for each class. You are expected to actively discuss both readings and cases and add to the learning of the class, whether in the live classroom or on-line (if you see an article that is pertinent to the class – let us all know). You are also expected to raise questions that provoke the thinking of others. You may be randomly called upon in class to comment and answer questions, so please be prepared.

You are also welcome to volunteer to act as a “deep diver” for a session, and informally give us more details on a topic or context they may have special expertise in. You are also very welcome and encouraged to spot and identify disruptive “game changers” to the digital business ecosystem and share with the class.

Laptops & Mobile Devices: It is a professional courtesy to devote your full attention in the class as you would in a face-to-face meeting at work. If you are using a laptop or mobile phone/device to follow the class or take notes, that will be allowable. If you are using it for e-mail, instant messaging, twittering, etc. or doing other assignments for other courses while in class, that will be deemed unprofessional and unallowable. Laptops will be closed during guest speaker presentations.

Academic Accommodations for Disability: If you have any disability that requires special academic accommodations, please let us know ASAP. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to instructor as early in the term as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

[2] TEAM PRESENTATION & KEY RECOMMENDATIONS FOR ONE CASE

Each case discussed in the course will have its key recommendations presented in executive summary form after the case discussion by two 2 person teams. Each team will be given a question to answer. Maximum time is 15 minutes and will include key recommendations and reasons why (rather than the entire case analysis). Team assignment rules and case sign-up will be provided. The team performance will be judged as to how succinctly they select key recommendations and reasons behind it.
[3] WRITTEN CASE WRITE-UPS

Written analysis is required for 2 of these 10 cases (one from each set) as follows:
Write-up #1 (Individual) Case 1, 2, 3, 4, or 5
Write-up #2 (Individual) Case 6, 7, 8, 9, or 10

**Note:** The 2 written cases cannot be the same as the one you picked for presentation with a team.

You need not tell us your choices but you are responsible for keeping track of them. Written analyses are due at the beginning of the session in which the case will be discussed. Case questions will be provided for each case to guide your write-up. The case write-ups should be the equivalent of about 2-3 single-spaced pages (and any appendices attached). Please provide your case in hard copy printed form unless you have a special circumstance. It is much faster and easier to write comments on the hard copy.

The written analysis is an individual assignment. However, group discussion before write-up is good as long as write-up occurs separately and individually. If you would like detailed feedback on a specific aspect of your write-up, please feel free to include “feedback requests” in the body of your write-up.

These are not “standard” case analyses. Just answer the questions. There is no need for a lengthy introduction in your write-up but rather please directly address the key issues suggested by the case questions. Try to avoid lengthy repetition of case facts (you can reference page numbers, exhibits, tables) -- but by all means justify your logic through case specifics. Please be careful to distinguish between case facts and stereotyped sweeping generalizations. Recommendations should be substantiated by clear logic and case specifics. Diagrams and schematics are very helpful in both sharpening your thinking and your exposition. Incorporation of learning from assigned readings and class material into analysis is a definite plus and is expected.

[4] REPORT #1 (2 Person Team Project) NDI Ecosystem Niche Assessment

You will be asked to each pick a niche in the NDI business ecosystem that interests you and map the NDI ecosystem from that perspective and prepare a brief for the consumption of VPs of business development in that niche. This will involve describing your selected NDI business ecosystem niche, and assessing the health of that niche, using various tools that will be discussed in class. More specific guidelines will be provided later.

[5] REPORT #2 (3 Person Team Project) Business Model Proposal

Students will work in teams of 3 to develop a business model proposal for a selected new service in the NDI business ecosystem. Business models for new products and services in the digital business ecosystem often make their way to reality through a variety of paths. The process is triggered variously: a new value proposition for a targeted customer segment through a service innovation, a new interface for content access through new media or a new device, a different service delivery platform, a different way of organizing channels, or a new revenue sharing or different pricing arrangement… More specific guidelines will be provided later.