COURSE DESCRIPTION

A fundamental change is taking place in the business world. The Internet and other digital information technology have enabled a new way of conducting business, i.e. e-Business or e-Commerce. Digital information technology removes the constraints of time and distance in operating business and has begun to enable a company to do business any time and any place. According to a January 2001 survey of corporate executives by AMR Review, 87 percent of the companies surveyed plan to move forward with sales and customer service e-business projects, and 84 percent will move ahead with supply chain management. By 2003, information technology accounted for 10% of the economy and 60% of business capital spending (NYT, 5/4/03).

This new development in information technology characterizes the business environment in transition from so-called the “old economy” to the “new economy.” While the rigid, one-size-fits-all management tactics were successful in the past, they may not work today. The business environment in the new economy requires managers to better understand the trend and impact of information technology and to formulate better business models and strategies to successfully compete in the global, digital and diversified markets.

This is an issue-oriented seminar course. It provides a broad overview of the strategies used in e-business from the early days of the commercial Internet through to the present. We will explore Internet-related strategies and business models for three types of enterprises:

1. Fast-moving information enterprises (e.g. Microsoft)
2. Established “brick-and-mortar” companies (e.g. McGraw-Hill and Wal Mart) to be transformed by information technology, and
3. Start-up enterprises, such as many dot-com companies (e.g. eBay.com) to develop entirely new Internet businesses.

The discussion is based on following four elements:

* Class schedule is subject to change at the instructor’s discretion without notice in advance.
The properties of Internet, its role in business, incremental and disruptive technologies, value configurations, benefits, limitations and online and off-line similarities and differences

Business models that facilitate competitive advantages, theories and diagnosis tools that underpin many current business operations.

The interaction between macro environment and business operation, macro environments as determinants of profitability and influencers of business models, and how the Internet and e-business in turn affect macro environments in which they operate.

How to change business philosophy and concept, how to reshape business models and strategies, and how to rethink about the new way of doing business and form new relationships with customers, suppliers, distributors, employees and business partners to gain new competitive advantages.

**CLASS STRUCTURE AND REQUIREMENTS**

Specifically, this course attempt to addresses the following three interrelated questions:

(1) What is Internet and where is it going? What is the new economy and how does it differ from the “old economy”? (Sessions 1 & 2)

(2) What are the strategic initiatives in a world of convergence? What are the Internet business models and strategies for new and “old” enterprises? (Sessions 3, 4 & 5)

(3) How do the Internet matter to business venture and your career development? (Session 6 & 7)

Each session will focus on a particular topic shown in the class schedule. I will not lecture from the textbook. Instead, we will analyze and criticize the reading materials and discuss the competitive strategies of leading corporations. This requires that you come well prepared to the class --- read the assigned material, search for more information, think about and make notes of the issues to be discussed in class. Your class participation score will be based on your demonstration of the grasp you have over the issues of each session.

In this course, there is no such thing as stupid questions. Your course-related questions are always appreciated. Similarly, there are no stupid answers. There are only incomplete answers. One of your learning objectives should be to find out the complete answer to the puzzles of running an e-business successfully. So question and challenge the reading materials and search for new answers.

The material covered in each session may differ from that scheduled in the syllabus. Also, with respect to particular topics, the content covered in class may differ from the text. When I make changes in the text, I will point it out in class. In such a case, it is your responsibility to keep up to date. If you’re absent from class, find out
from your classmates what transpired in class. Ask your fellow classmates for their class notes.

GROUP PROJECTS

You will be asked to form your own group of 2-3 people to work on group projects. Each group will do two presentations in class and one Internet strategy critique. Students can choose to do the critique individually. In the critique report, you will be asked to choose two Internet companies in one industry either in the new economy or in the old economy, one with good performance and the other with poor performance. The critique should discuss the industrial competitive environment, company’s business models, strategies and problems and suggestions.

The second and final project is a consulting report. Three years after the merger AOL Time Warner has not done well. Your team is hired as consulting group to examine the challenges facing this company and devise a strategy for Mr. Richard Parsons, who is to become CEO in May 2002. Your strategic advice should be based on your thorough data collection, problem identification and analysis of the dynamics of industrial competitive environment, and company’s business models and current strategies. Remember you will be rewarded by your thoroughness in analysis and your creativity in providing solutions.

Students registered for BMGT 7970 (3 credits) will be asked to write an e-Business Plan additionally. This project requires you to clearly describe the business model, competitive landscape, value configuration and macro environment.

GRADING POLICY

Accomplish Items 1-4 (100 points) for 2 credits;
Accomplish Items 1-5 (150 points) for 3 credits.

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<th>Item</th>
<th>Pts</th>
<th>Notes</th>
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<tr>
<td>1 Attendance and class participation, including written case analysis notes (to be collected)</td>
<td>30</td>
<td>You are allowed for one absence without penalty. <strong>Coming late to class or leaving early is considered absence.</strong> Fulfillment of in-class or participation in online discussion will be counted.</td>
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<td>2 Snapshot quizzes (individual).</td>
<td>20</td>
<td>Quizzes on reading assignments</td>
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<td>3 Group presentations (Group of 3-4 students)</td>
<td>20</td>
<td>Critique on Internet business models and strategy for two companies in one industry (one with relatively good performance and the other poor performance)</td>
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<td>4</td>
<td>Internet Strategy Consulting Project (Individual or in group of 2-3 people)</td>
<td>30</td>
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<td>5</td>
<td>e-Business Plan Project (Group for 3-credits)</td>
<td>50</td>
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<td>6</td>
<td>Creative Contributions</td>
<td>10</td>
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**TEXTBOOKS:**

**Required:**


**Supplementary and Optional:**

Reading Package: to be distributed in class


**For Writing Business Plan:**


Website: [www.businessplans.com](http://www.businessplans.com); [www.ventureplan.com](http://www.ventureplan.com); [www.venturecapital.20m.com](http://www.venturecapital.20m.com)
CLASS SCHEDULE

1 (May 13)  Introduction to the course and requirements
             Team formation
             e-Book Ordering

What is going on with Internet and the new economy?
(1) What is happening in the market? To your companies?
(2) What is happening at workplace?
(3) What is happening at home?
(4) What is going to happen 10 years in the future? 20 years?
(5) Is the new economy bubble economy? Is dot.com the new California Gold Rush?

Understanding how the Internet, business models and strategies add up to firm performance

ASSIGNMENT:
(1) Read Text Chapters 1 - 3

2 (May 14)  Discussion:
            What is the Internet?
            How does the Internet change business?
            (1) The three waves of e-Commerce
            (2) The ten landscape-transforming properties of the Internet
            (3) How the Internet change business environment and operations

Assignment:
(1) Read Chapters 4-5 and 9
(3) Prepare Case 3: Netscape (A) and (B) for next class discussion with 1-2 page written notes of analysis addressing the following questions:
   -- Which of the ten "Competitive Landscape-Transforming Properties of the Internet" affects Netscape the most, and how does Netscape use these to its competitive advantage?
   -- How did Netscape differentiate itself?
-- What were the critical success drivers in the browser business?
-- Which companies were in direct competition with Netscape and which were co-opetitors (cooperator + competitor)?

3 (May 15) Case Discussion: Netscape (A) and (B)

Discussion
(1) Overview of the types of business models and their components
(2) Business model appraisal

Assignment;
(1) Read Chapters 5 and 6

Group Meeting: Each team names two companies following different business models and different generic strategies and criticize the models

4 (May 19) Discussion
(1) Strategies for building Business Models
(2) Start-ups versus bricks-and-mortar companies

Assignment:
(1) Read Chapter 7
(2) Read “Google’s Toughest Search is for a Business Model to Match its Technology, NYT, 4/8/02, p. C1. (Reading Package, 6)
(3) Prepare Case 1: Broadcast.com for next class discussion with a 1-2 page written notes of analysis addressing the following questions:
   - What are Broadcast.com’s competitive advantages?
   - Which competitive strategy/strategies did it adopt?
   - Where is Broadcast.com in the Complementary Assets model?
   - Is Broadcast.com a value shop or a value network? Why?
   - How could you justify Broadcast.com’s market cap/share price that Yahoo offered?

5 (May 20) Discussion
(1) Value configuration and the Internet
(3) Financing Internet start-ups: venture capital, IPO, etc.

Group presentation: Internet business model critique (A)

Case Discussion: Broadcast.com

Group Meeting: prepare for final project: Internet business plan (for 3 credits) or business critique report (2 credits). Submit an outline next class.
Assignment:
(1) Read Text Chapter 9
(4) Prepare Case 10: eBay for next class discussion with a 1-2 page written notes addressing the following questions:
   – How do the properties of the Internet drive eBay's business model?
   – What does eBay actually sell, and to whom does it sell?
   -- What are eBay's capabilities and where does it find capabilities it needs, but does not have in house?
   -- Which revenue source of eBay's is most enhanced by its "stickiness?"
   -- Should eBay aggressively pursue the business-to-consumer (B2C) auction market?

6 (May 21) Discussion:
Internet strategies for brick-and-mortar companies (Winners and Losers in traditional business)

Case Discussion: eBay

Group presentation: Internet business model critique (B)

Assignment:
(1) Read: Text Chapter 10-11

7 (May 22) Internet and business opportunities and career development

Open Discussion: Based on your own experience, share with the class:

(1) How does the Internet transform the ‘brick-and-mortar’ companies?
(2) How much Internet and IT will affect your career opportunities and how do you prepare yourself for that?

(8) May 27 Group Presentation on Internet Strategy Consulting Project

Summary

Hand-in: Report on Internet Strategy Consulting Project

July 1 Deadline for submission of e-Business Plan, Please submit to Secretary Rose Mary at 6th Floor Kozlowski Hall.
Internet Strategy Consulting Project

Two years after the merger AOL Time Warner has not done well. Your team is hired as consulting group to examine the challenges facing this company and devise a strategy for Mr. Richard Parsons, who became CEO in May 2002 and Chair of the Board in May 2003. Your strategic advice should be based on your thorough data collection, problem identification and analysis of the dynamics of industrial competitive environment, and company’s business models and current strategies. You will earn extra credits for your creativity and originality for analysis and recommendations.

It is suggested to include the following parts in your report:

1. Executive Summary
2. Introduction
3. Brief review of corporate and competitive environment
4. Recommendations: Strategies and actions to take
5. Analysis and Justifications for your recommendations
6. Conclusions
7. Appendix: Charts, diagrams and supporting documents
8. Reference: List the articles and data you’ve collected for your analysis
Just imaging after surfing in a market in the cyberspace where customers, suppliers, distributors, and trading partners are greeted by name, you can identify, interact, and track individual customers and prime prospects instantly, you come up with a business idea and you want to turn it into a business project. You then hold a meeting in a virtual conference room with your colleagues in different locations of the globe thousands of miles apart to toss around your idea. There is no travel, no per diem, and no expense report. At the meeting your idea was accepted and you were asked to develop an e-Commerce business plan. You are expected to apply strategic planning procedures with the latest Internet technology to catch the wave of business opportunities.

Create a B2B or B2C e-Commerce enterprise aiming at the international market. You and your teammates are in charged to develop a three-year business plan for this e-Commerce start-up. Notwithstanding, preparing a business plan takes time, thought and effort. Your business plan will be used to seek venture capital (VC). A VC-seeking plan usually address issues such as business objectives and your products/services, business opportunities and competitive environment, the structure of the company and financial cost/benefit analysis.

Based on your detailed analysis, you will submit a report on your global business plan with a 2-page executive summary and bibliographic reference. The content of the report should be less than 20 pages with appendix. See the attached Group Project for detailed requirements.

You are encouraged to use the Global Business Plan & Resource CD-Rom to guide you step-by-step through the development of your own global business plan. As indicated in the CD-Rom, you can link to hypertext chapters from the book, view related video clips or launch to the book web-site and Internet.

According, the following are guideline for this project.

1. Group formation

Form into groups of four students each. Give details of (1) member names, (2) major, (3) telephone numbers and (4) e-mail addresses to the instructor.
2. Selection of Company/Industry

1. It is very important that you select a well-defined industry in which e-commerce has great market potential.
2. Select products or services to be sold in the market. You should be able to define competitive advantages you may have of your products/services.
3. Select the markets you are going to sell your products/services either in form of B2B or B2C.
4. Briefly discuss the design of your e-Commerce enterprise; Design a web-site for your company is encouraged.
5. This company can be a brand-new start-up or it can be an e-Commerce division of an existing company.

3. Written Report Content

In addition to an introduction and description of your proposed e-business, the report should cover the following parts:

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<td>1</td>
<td>Identify international business opportunities and analyze international competitors in the target industry.</td>
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<tr>
<td>2</td>
<td>Analyze the economic, political and cultural environments of the target market (Reference: Afuah/Tucci: Chapter 8)</td>
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<tr>
<td>3</td>
<td>Design the business model for your start-up enterprise and detailed generic strategies (references: Afuah/Tucci: Chapters 4-6)</td>
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<tr>
<td>4</td>
<td>Start-up capital formation (start-up costs and venture capital sources) and financial plan; design the management information system (references: Afuah/Tucci: Chapter 7)</td>
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<tr>
<td>5</td>
<td>Submit the final version of your business plan (20 pages or less) with one-page executive summary and bibliographic reference</td>
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Reading Package

(4) AOL Time Warner Consulting Project
   (1) Reviving AOL Time Warner, NYT, 4/29/02, p.C5
   (2) Can Dick Parsons Rescue AOL Time Warner? BusinessWeek, May 19,2003 (not included in the package)
   (3) In HBO, AOL sees a sibling and Crucially a Role Model, New York Time, 5/5/03, p. C1
   (7) E-Commerce report: The three big Internet portals…. NYT, 4/8/02
   (8) An Interview with Micheal Dell,” Harvard Business Review, March-April 1998, pp. 73-84
   (9) Google’s Toughest Search is for a Business Model to Match its Technology, New York Time, April 8, 2002, p. C1

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