

**Updated Version – Sept 27, 2018**

**COURSE GUIDE—FALL 2018**

***Business Models for Digital Platforms***

***DSO 556 – MILAN MIRIC***



Place: Bridge Hall 202 (Capture Room)



Time: Thursday 3:30 PM – 6:20 PM

**Instructor: MILAN MIRIC**

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**COURSE DESCRIPTION & OBJECTIVES:**

This course focuses on identifying, designing, and assessing innovative business models for digital platforms. It also focuses on understanding the dynamics of digital platform ecosystems. Increasingly all industries are becoming “flipped” with the digital platform becoming the foreground whereas as the physical activities are becoming the background. Digital platform leadership is becoming increasingly vital for strategic advantage. This course is meant to give MBA and MS participants a competitive advantage in terms of career preparation for full participation in aspects of business development and business model innovation in any industry where products and services are offered through digital platforms. Digital platform ecosystems are triggering new value chains, new business models & entirely new sets of partnering relationships. Senior executives – especially those in the digital entertainment marketplace --- have indicated a great need for MBAs and MS graduates who can contribute to new business development initiatives around digital platforms and who understand digital business models. Beyond that, the Internet of Things is extending new digital business models to the emerging connected car industry, healthcare and wellness, and smart energy, and more.

As companies launch many new initiatives and services that are delivered through digital platforms, there is a need for business professionals who understand the new business models evolving in the industry – and who understand the many cross-functional elements that have to be in place for business development to prosper. These are not just for entrepreneurial ventures, but most frequently larger established companies that are innovating with new initiatives and services.

The course takes a strategy approach to understanding dynamics, business models, & digital platform ecosystems. It has a general management multi-disciplinary orientation. It also adopts an ecosystem perspective of business strategy that is suitable for emerging digital platform ecosystems. It delves into emerging technologies as needed.

This course uses lectures, case studies, articles, industry reports, and features industry guest speakers who provide current practice insights. The course’s historic roots come from Marshall’s Institute for Communications Technology Management (CTM) [www.marshall.usc.edu/ctm](http://www.marshall.usc.edu/ctm) where the course professor used to be Director of Research. It was initially offered in its first incarnation in 2007 by Omar El Sawy & Francis Pereira with input from

CTM's Industry Board of Directors who are senior executives in the digital industries. This course is also a good companion to DSO 599 "Fundamentals of Digital Innovation" taught by Vivek Sharma, SVP of Disney.

### **UPON SUCCESSFUL COMPLETION OF THIS COURSE, PARTICIPANTS WILL BE ABLE TO:**

- 1) Identify, design, and assess innovative digital business models
- 2) Use digital business model design frameworks
- 3) Understand different types of digital business models (open innovation, user-generated content, Internet of things, sharing economy models, social commerce...)
- 4) Explain the dynamics of disruptive business models
- 5) Articulate the hows of positioning and managing an enterprise in a digital platform ecosystem
- 6) Scope and assess digital business ecosystem niches
- 7) Leverage partner capabilities in digital business ecosystems through governance and APIs
- 8) Describe the methods and strategic moves through which a company can establish digital platform leadership

### **THIS COURSE WOULD BENEFIT THOSE PURSUING CAREERS IN THESE AREAS:**

Business Development --- Marketing --- Entrepreneurship --- Management Consulting --- Digital Innovation --- Information Systems --- New Product Development --- General Management – Strategy

### **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, automotive, smart energy, or entertainment. That has been most obvious for careers in industries that have depended heavily on services provided through interactive digital platforms such as telecom, media, entertainment, software, social networks, and online gaming ---- but that is steadily and surely being extended to almost all industries – even manufacturing.

### **SOUTHERN CALIFORNIA AS DIGITAL NEXUS**

Southern California sits in a very special place at the heart of "Silicon Beach" and "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 worldwide 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 these new business models trigger a new and evolving digital business ecosystem. We are a major center of commerce, content, and communication in the digital space. Southern California is definitely associated with the "digital cool." It is an exciting spot for USC to be in, and USC is a world leader in digital media, informatics, and communication.

### **GUEST SPEAKERS**

We will have several guest speakers from industry throughout the semester. They will be announced in the preparation sheets for each session.

**The schedule may change slightly depending on the availability and scheduling of guest speakers.**

☐ TOP VIEW of DSO 556 COURSE 

Session #	Date	Topic	Cases/Readings from Course Packet listed below. Others to-be-posted readings are in weekly Prep sheets
<b>Part 1 Setting The Stage: Digital Platform Ecosystems &amp; Digital Business Models</b>			
1	Thur Aug 23	Course Orientation & Introduction	<i>Ch. 1 Platform Revolution Book</i>
2	Thur Aug 30	Ecological Approaches to Strategy & Digital Business Ecosystems	UBER (USC Case) HBR: Disruptive Innovation <i>Ch. 4 Platform Revolution Book</i>
<b>Part 2 Probing Business Models for Digital Platforms &amp; New Forms of Value</b>			
3	Thur Sep 6	Open Innovation & CrowdSourcing Business Models	Case #1 TopCoder <i>Ch. 2 &amp; 5 Platform Revolution Book</i> HBR: Open Innovation in Lean Times
4	Thur Sep 13	The Future of Digital Media & Introduction to Report #2	<i>Ch. 6 Platform Revolution Book</i> HBR: Reinventing Your Business Model
	Friday Sept 14	<i>Guest Speaker: Anastasia Egorova (Director of Business Intelligence and Analytics Hulu &amp; Formerly AT&amp;T @ 10am Location: Taper Hall "THH" 201)</i>	
5	Thur Sep 20	Social and Professional Networking Business Models	Case#2 LinkedIn HBR: Making "Freemium" Work <i>Ch. 3 &amp; 7 Platform Revolution Book</i> <i>Guest Speaker: Tom Cizek (Twitter)</i> <b>Report #1: Critical Platform Properties – Answer Online Question before Class</b>
6	Thur Sep 27	Platform Business Models	Case #3 Intuit QuickBooks HBR: Really Want to be an e-Bay? HBR: Finding Platform in Product <i>Ch. 8 Platform Revolution Book</i>
7	Thur Oct 4	Scaling up Digital Commerce in a Platform World	<b>Report #1: Critical Platform Properties Assignment Due</b> Case #5: Vestas Wind Systems & the Industrial IoT (USC Case) <i>Guest Lecture: Omar El Sawy (DSO Professor)</i>
8	Thur Oct 11	User-Generated Content & Long Tail Business Models & Revenue Generation	Case #4 Twitch (USC Case) HBR: Should you Invest in Long Tail? HBR: Transformative Business Models <i>Ch. 9 in Platform Book</i> <i>Guest Speaker: Vince Roberts (Former CTO of Disney ABC)</i>
<b>Part 3 Digital Platform Ecosystems: Strategic Moves</b>			
9	Thur Oct 18	The Internet of Things (IoT): Implications of Smart Connected Products	HBR: Pipelines & Platforms SCALEFAST (USC Case) <i>Guest Speaker: Nicolas Stehle (CEO of ScaleFast)</i>
10	Thur Oct 25	Scoping your Digital Ecosystem Niche	Case #6 HTC HBR: Strategy as Ecology HBR: The Self-Tuning Enterprise
11	Thur Nov 1	Report #2 Presentations	<b>Report #2: Digital Business Model Innovation Assignment Due</b>

12	Thur Nov 8	Red Queen Competition & Orchestration in Platform Worlds	Case #7 Nintendo does Pokemon Go <i>Ch. 10 Platform Revolution Book</i>
13	Thur Nov 15	APIs as the Glue of Digital Platform Ecosystems	Case #8 Stripe <i>Ch. 11 Platform Revolution Book</i>
Thanksgiving			
Part 4 <b>Visioning the Future</b>			
14	Thurs Nov 29	ReVisioning Game Changers for the Future	<i>Ch. 12 Platform Revolution Book</i> HBR: Truth about Blockchain
15	Thur Dec 6	Report #3 Presentations	<b>Report #3: Digital Platform Ecosystem Strategic Moves Assignment Due</b>



## COURSE MATERIALS & READINGS

- 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.
- Course Reference Text:** *“Platform Revolution: How Networked Markets Are Transforming the Economy--And How to Make Them Work,”* by Parker, Van Allstyn, and Choudary, 2016. You can purchase from Amazon in both Hard copy and Kindle edition.
- USC Marshall Cases and Other Readings:** USC Marshall cases, articles from professional journals, trade press, and industry reports (made available on-line through BlackBoard class folder or distributed in class if hard copy).

**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*. The *Syllabus* section contains course guides and information on materials. The *Assignments* section has information on mid-term and final projects. The *Content* section is the one that changes weekly and has the session preparation guides and posted readings.



## 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.

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|--|--------|
| 1. Class participation and online discussion related to readings | 15 %   |
| 2. 2 case write-ups (individual)                                 | 17.5 % |
| 3. Report#1 (1-Person Report)                                    | 17.5 % |
| 4. Report #2 (2-3 Person Team Report)                            | 30 %   |
| 5. Report #3 (4 Person Team Report)                              | 20 %   |

## [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 your 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. You are also expected to make up for your absence by some extra effort.

**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, tweeting, etc.. or doing other assignments for other courses while in class, that will be deemed unprofessional and unallowable – and will affect your participation grade. Laptops will please 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] WRITTEN CASE WRITE-UPS

Written analysis is required for **2** of these 8 cases (*one from each set*) as follows:

Write-up #1 (Individual) Case 1, 2, 3, or 4

Write-up #2 (Individual) Case 5, 6, 7, or 8

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 “email” pages (and any appendices attached). This is approximately 1 to 1.5 pages in word, single spaced 12 pt font.

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.

### **[3] REPORT #1: (1 Person Project) Critical Properties of Digital Platforms Assignment**

This is an individual written assignment that identifies and selects critical properties of digital platforms that make a difference for strategic advantage. More details will be provided.

### **[4] REPORT #2 (2-3 Person Team Project) Business Model Innovation Proposal**

Students will work in teams of 2 or 3 to develop a business model proposal for a selected new service through digital platforms. 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 by and in September 14 session.

### **[5] REPORT #3 (4 Person Team Project) Digital Platform Ecosystem Strategic Moves Assessment**

We will pick one large digital platform ecosystem for which there are large platform owners such as the auto industry or the IoT space or the telecom industry – and perhaps also try to get executive involvement from a large player such as AT&T. Each team will be asked to pick an ecosystem niche and assess and anticipate the various strategic moves that different players will have. We will divide each team into 2 sub-groups – one sub-group will address the strategic moves that the large platform owner can make, while the second group will address the strategic moves of the smaller players. And then the team will integrate its findings. More details and guidelines will be provided later in the semester.

### **Academic Integrity and Conduct**

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own (plagiarism). Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. All students are expected to understand and abide by the principles discussed in the *SCampus*, the Student Guidebook ([www.usc.edu/scampus](http://www.usc.edu/scampus) or <http://scampus.usc.edu>). A discussion of plagiarism appears in the University Student Conduct Code (section 11.00 and Appendix A).

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://dps.usc.edu/contact/report/>. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report or can initiate the report on behalf of another person. *Relationship and Sexual Violence Prevention and Services* (RSVP) <https://engemannshc.usc.edu/rsvp/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

### **Support Systems**

Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information (<http://emergency.usc.edu/>) will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.