Technology and Strategic Change in Entertainment, Media and Telecom  
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Overall course description
Technology has impacted almost every industry, but its impact on entertainment has been and will continue to be particularly profound. All throughout the value chain, from content creation, to distribution and consumption, technology has changed the way consumers view and use entertainment. It has dramatically altered the entertainment and media landscape, with more change on the way.

To this point, technology’s impact on telecommunications has mostly meant more speed and more mobility for the consumer, exemplified by broadband and mobile communications. But from the perspective of the telecom industry itself, it has mostly meant cutting jobs and dabbling in new businesses. Over the next few years, the true impact of technology will begin to be felt in the telecom industry as it moves from regulated monopolies to unbridled competition within and between the sectors.

Advertising is another industry that touches all of us, hundreds of times a day. It too is beginning to feel significant impact from changes in technology, brought on by audience fragmentation, interactivity and VOD technology. How $300B in advertising dollars will be spent over the next 5 years is a question that will impact many pillars of the U.S. economy.

This course will provide a brief introduction to each of these industries and examine the impact that technology has had on them, including a realistic assessment of possibilities for the future. We will focus on technology’s role as a fundamental driver of strategic change, based on the following framework:

- The technology itself: Is it real or vapor? Can it be produced economically? Can it be easily replicated? What are the hurdles to production / adoption?
- The consumer: Does the consumer want the technology? How is the consumer filling the need right now? How strong is the inertia for the incumbent competitor or technology / consumer behavior?
- Execution capability of relevant actors: Basically, can the companies “pull it off”?
- Competitive response from those affected by the change: How will they react? Can they slow or prevent disruptive change?
- What will be the impact of the technology on incumbents, consumers and new players, including economics, social impact, leverage across industries, other?

Course style will be powerpoint-guided lecture, with 3 or 4 guest speakers. Grading will be based on class participation, one mid-term test and one final paper.

A reading list will be provided before the course begins with links to all relevant articles. Required reading will be approximately 2 – 4 articles per class session, no more than 5 – 10 printed pages per session.

Grading:
- Class participation – 25%
- Take-home midterm exam – 35%
- Final paper – 40% (suggested topics to be distributed mid-semester)
Class number and description

Introduction – Session 1
- Personal introduction
- High-level overview of course and class structure
- Industry overview - highlights of the scale of each industry (e.g., music is a $30B worldwide business in retail dollars, US advertising is expected to reach $280B in 2005, etc.)
- Telecom: brief timeline of some telecom mergers, huge capital costs, ARPU, network coverage and maintenance costs, de-regulation and open access rules
- Advertising: highly cyclical, increasing desire for accurate measurement
- Entertainment: hit-driven business, geared around creating, marketing and distributing content. High variable margins, but big marketing and content costs, especially for failures.
- Why are telecom, entertainment and even advertising anxiously converging today like never before?

Setting the stage before exploring the various industries

The value chain – Sessions 2 and 3
Introduction to the value chain and technology’s impact on it
- Content creation, including user-generated content
- Marketing
- Distribution (physical, to hybrids like Netflix to digital. Overview of Digital Rights Management)
- Aggregation – the rise of new aggregators like AOL, Yahoo and potentially TiVo-like devices
- Consumption – changes in devices (portability and ‘connected devices’), the battle for the living room between PC and Consumer Electronics
- Potential guest speaker(s) from Universal Music

Consumer Electronics Industry – Session 4
How innovations in CE affect the content and telecom industries and why the CE industry is such a difficult businesses.
- New devices create new opportunities
- Globalization forces down margins; the iPod “exception”
- CE hopes to profit from ‘services’ and content sales, movement away from the ‘dumb box’. Potential guest speaker from Sony Electronics.
Piracy – Session 5
How technology has magnified both physical and digital piracy and how it impacts the balance of power between content and distribution
- Sony Betamax case and implications for today
- Global internet vs. national laws
- DMCA / telco safe harbor laws

Specific industries and their response to technology threats and opportunities
Music – Sessions 6 and 7
Music business and technology – canary in the coal mine for all other content industries
- A long history of shunning or ignoring technology
- Gearing up in the mid-90’s
- Tempered by caution and desire for security
- Overtaken and surprised by the scale of piracy
- The pivotal failure of a deal with Napster 1.0
- Half-hearted efforts and the rights issues that hampered early efforts
- The darkest days of sales declines and retail closure

A new dawn? Significant revenue from emerging digital distribution
- Breakthroughs in consumer experience with DRM
- Attractive consumer propositions ($0.99 downloads and $9.99 subscriptions)
- The iTunes shot heard round the world
- Impact of these new distribution platforms and products, e.g., legitimate downloads, subscriptions, mobile/ringtones, music videos on DVD and on demand
- Debate: Good for artists? Good for labels? Good for music publishers? Good for consumers?
- Guest speaker from one of the digital music services

Movies / Television – Session 8
- Video quality and convenience have spawned the incredible DVD market
- VOD and digital distribution
- Collapsing windows
- Cable vs. satellite

********** TAKE-HOME MIDTERM EXAM DUE *****

Movies / TV continued, Video Game Industry - Session 9
- Content creation
- Living room vs. portable
- Console vs. PC
- Multi-player and ‘connected games’
Advertising – Session 10
• Interactivity, audience fragmentation and the shift from broadcast
• Audience fragmentation and what it means
• Online ad growth
• What it means for broadcasters, telecom and content companies
• Guest speaker from advertising industry

Newspaper and magazine publishing – Session 11
• The “democratization” of news creation, filtering and distribution
• Blogs and podcasts – fundamental change or hype?
• Advertising vs. paid content (NY Times / Yahoo, vs. WSJ online)
• Destination site or content syndication (e.g., NY Times vs. Reuters)

Telecom – Session 12
• From the twisted pair of copper in the early 90’s to coax, fiber and wireless
• From one pipe to many – true competition beginning to emerge
• The commoditization of distribution – bundling, VOIP etc.
• What it means for the incumbent communications players, content industries and consumers

Final paper due