NEW YORK UNIVERSITY'S STERN BUSINESS SCHOOL

Syllabus Course Number: B40.3125.10/Room (KMC 2-90)

STRATEGY AND FINANCE FOR ENTERTAINMENT, MEDIA AND TECHNOLOGY COMPANIES

By

Adjunct Professor Tad Smith and Special Guest Imran Khan

Course Overview: This course employs the Socratic Method of teaching and requires students to be comfortable with speaking publicly; getting called on without warning by the professor to answer questions or participate in the discussion; and debating issues with their colleagues. There are no guest lecturers; in fact, there are no “lectures” at all. The course encourages students to develop their ability to think quickly on their feet and to articulate the strategic and financial issues facing top executives of entertainment, media, and a select group of technology companies. Unlike the case of prior years, the course will be taught with the assistance of prominent special guest professor JP Morgan Chase analyst Imran Khan, who has also graciously made his firm’s analyst reports available for our study. As a consequence, most of the course will be taught from the perspective of the Chief Executive Officer, but the view on Wall Street and that of the analysts will be explored as well.

Course Prerequisites: Although this course is not mathematically challenging (anyone who knows bond math and DCF analysis will be fine) the course is conceptually quite difficult. Students apply option theory, the capital asset pricing model, realities of synergy, vertical and horizontal integration, and the portfolio theory to the real work of running a large complex media enterprise. Therefore, this course is exclusively for second year students who have already taken a basic corporate finance class and who are unafraid of algebra.

Grades: A student’s grade will depend on class participation (quality rather than quantity is important here) and performance on the final exam. Each part is 50% of the grade.

Fall 2010 Agenda:

11/04/10: PRINT MEDIA: FOR SALE AS IS

Students will explore the challenges of managing a large print portfolio in an increasingly digital world. The case will examine The New York Times Company as well as Gannett.

11/11/10: YIKES: MY CUSTOMER JUST STOLE MY PRODUCT!

Students will review the outlook for two content creation industries: music and movies. The focus of the class will be Warner Music and DreamWorks.
11/18/10: BREAKING UP THE VALUE CHAIN: WHO ARE THE WINNERS AND LOSERS? Students will review Amazon, Apple, to see how the content creation and distribution value chain is being unbundled in the modern era as well as examine the winners and losers. Additionally students will look into the break up of AOL and Time Warner and will try to understand if deconsolidation drives value.

12/2/10: NEW DISTRIBUTION MODELS: CHANGE YOU CAN BELIEVE IN?

Students will review the prospects for new forms of distribution of content. Epix and Netflix will be the principal areas of focus. Imran Khan will be a special guest professor in this class.

12/9/10: NO LONGER WALL STREET'S FAIR-HAIRED CHILDREN?

Students will explore the future and prospects of Yahoo and eBay. Why are they out of favor? What are their problems? How do they fire up the old magic? Imran Khan will be a special guest professor in this class. THE FINAL EXAM WILL BE ANNOUNCED AT THE CONCLUSION OF THIS CLASS.

12/16/10: TAKING STOCK OF WHERE WE ARE

Students will review the final exam cases that were handed out the prior week. THE FINAL EXAM WILL BE DUE AT THE BEGINNING OF THIS CLASS. Imran Khan will be a special guest professor in this class.

ABOUT THE PROFESSORS:

Tad Smith is President, Local Media, for Cablevision, where he is responsible for News 12 Networks, MSG Varsity, amNY, and Newsday. He is also an Adjunct Professor at the Stern School of Business at New York University, where he teaches the highly rated corporate finance and strategy course on entertainment, media, and technology companies. His prior employers include Reed Business Information, Starwood Hotels and Resorts, BMG Entertainment, and McKinsey & Company, Inc. Tad is a Young Global Leader of the World Economic Forum, and a member of the Young President’s Organization. He serves on the board of the Interactive Advertising Bureau. Tad received his MBA from Harvard University, where he was a George F. Baker Scholar and a Horace W. Goldsmith Fellow. He received his BA from Princeton University’s Woodrow Wilson School of Public and International Affairs, where he received the R.W. van de Velde Prize.

Imran Khan is a Managing Director and Internet, Media and Entertainment Analyst at J.P. Morgan. Mr. Khan has consistently ranked as one of top 3 Internet Analysts by Third party surveys such as the Institutional Investor All America Research Poll, Alpha Magazine Survey, and Greenwich Research Poll in every year since 2005. Mr. Khan is the author of some of the most widely-read research reports in the industry, including: Nothing But Net (2006-2010), The Rise of Ad Networks, Large Cap Courtship and Consolidation. Mr. Khan also serves on the board of Make-A-Wish foundation Metro New York chapter.

Most importantly, Tad and Imran are good friends even though Imran is the smart one.

October 2010