



**STERN SCHOOL
OF BUSINESS**

Fall 2019
INFO-GB.2332
Managing a High Tech Company: The CEO
Perspective

Prof. Jihoon Rim, jihoon.rim@stern.nyu.edu
Monday & Wednesday, 9:00-10:20am
Office Hour: After class or By appointment

Course Description:

We are living in an era where “technology” companies are totally changing our lifestyle and it is obvious that artificial intelligence will push this trend further. As it is clear that each and every industry will be disrupted by technology, understanding this mass transformation is crucial. Students will study how ‘management’ is done in high tech companies and understand the differences between managing a high tech company and a traditional company. This course will cover mega trends in the technology sector and a number of real word business cases. Topic examples in this course include: (1) How to manage innovation; (2) Critical success factors in tech companies; (3) Technology’s role in platform business (two sided business, content platform business); (4) Culture & Talent management in tech industry; (5) Tech M&As.

On top of U.S tech companies, Asian tech companies, well known for their advanced implementation of technology, will also be discussed. (Baidu, Tencent, Alibaba in China and Kakao, Naver in Korea) Additionally, the lecturer will share his experience working as CEO at Kakao Corp., and help students understand the “CEO Perspective”.

Course Objective:

- To understand basic concepts and underlying principles that apply to technology industry.
- To analyze and discuss success factors of technology companies that are changing our everyday life.
- To understand how technology companies operate.
- To learn how to read between the lines in tech news.
- Most importantly, to put yourself in the shoes of CEO/CXO and face the complexity and difficulty in leading people and making decisions. A number of scenarios and discussions you experience throughout this course will better prepare you to become a good leader.

About the Professor:

Jihoon Rim is executive advisor and former CEO of Kakao Corp., a top technology company valued around \$10B in South Korea (KRX: 035720). The company services the No.1 mobile messenger Kakao Talk, No.2 search engine Daum, No.1 music streaming service Melon, No.1 ride hailing service Kakao Taxi and is recognized as one of the top PC/Mobile gaming companies.

During his term as CEO (September 2015 to March 2018), Kakao successfully expanded its business into finance (Kakaopay - joint venture with Alipay, KakaoBank - mobile only bank without physical branches), contents (Gaming, Music, Webtoon etc.), ride hailing (Taxi, designated driver etc.) and invested heavily in artificial intelligence. As a result, Kakao is acknowledged as the best mobile platform and appreciated as Google/Yahoo + WhatsApp + Spotify + Uber + Zynga + Venmo in South Korea.

During the two and a half years under Jihoon's lead, Kakao's revenue grew from USD 932M in 2015 to USD 1.97B in 2017, and operating income increased from USD 88M in 2015 to USD 165M in 2017. (USD 1 = KRW 1,000)

In recognition of his stellar performance, Jihoon was ranked No.1 in "2017 Korea's Best CEO" survey and was also selected as one of "2018 Korea's Top 10 Heroes" by the largest business newspaper in Korea. The Association for Information Systems (AIS) presented the "AIS Leadership Excellence Award" to Mr. Rim in 2017.

Before leading Kakao, Jihoon founded KCube Ventures, an early stage venture capital in 2012 that got acquired by Kakao in 2015. KCube Ventures' AUM (Asset Under Management) exceeded \$200M and was also ranked #8 in the global Corporate Venture Capital ranking in 2017 by CBInsights.

Mr. Rim also worked at Softbank Ventures, an investment arm of Japanese Telco Softbank, The Boston Consulting Group, Naver, and Accenture. He studied Industrial Engineering at KAIST (Korea Advanced Institute of Science and Technology).

Assignments:

- There will be group assignments and an individual mid-term paper. You should form a group (4 students in one group), with complementary background/skillsets.
- [Group Assignment 1](#): On-Demand House Cleaning Service (max 3 pages)
 - Assignment#1: House cleaning
 - Due date: Sep 15th, midnight
- [Group Assignment 2](#): Making a Content Deal (max 3 pages)
 - Assignment#2: Making a Deal
 - Due date: Oct 7th, midnight
- Group Assignment 3: Difficult People Issues (max 3 pages)
 - Assignment\$3: Difficult People Issues
 - Due date: November 10th, midnight
- [Mid-term paper](#) (Individual Assignment):

- Pick two technology companies that you believe they should M&A and lay out your logic. For example, Google acquiring Uber/Lyft, Netflix acquiring Spotify, a well known Tech company acquiring a unicorn startup etc. (max 5 pages)
- You might want to select technology companies from [here](#).
- Do not choose a “no-name” startup and claim that it was a talent acquisition. So-called “unicorns” would be a good acquiree target.
- Due date: Oct 25th, midnight.
- Final paper: (Group Assignment):
 - Pick one of the [world's 20 largest technology companies](#) and assume that you will have an hour meeting with the CEO. What's your proposal/recommendation for the company? (max 5 pages)
 - Due date: Dec 13th, midnight (Subject to change based on your needs)
- For each assignment, a document with detail explanation will be linked to Syllabus.

Online Discussion:

Slack will be used extensively as a discussion board so you are required to join the workspace. Small talks, news sharing, Q&As are all welcome.

Grading:

Attendance & Class Participation: 20%

Assignment 1: 10%

Assignment 2: 10%

Assignment 3: 10%

Mid-term paper: 25%

Final paper: 25%

Teaching Fellow:

Others:

- You are not expected to deliver a presentation of your assignment in class.
- No “exams” in this course.
- I prefer voluntary participation BUT I might also cold-call. Please be prepared.

Course Schedule:

This is an outline. Please note that the details in the syllabus are subject to change if I encounter more relevant materials and/or the guest speakers have schedule constraints. HBS Cases will be provided as Digital Coursepack at the Bookstore.

9/4 W	Intro	Overview • Course overview, format, grading, assignments • Kakao Corp., Analysis Understanding the company I led will give you a better idea of what I experienced and what to expect from my course. Kakao is one of the top technology companies in South Korea that services No.1 mobile messenger KakaoTalk, No.1 music streaming service Melon, No.1 ride hailing KakaoTaxi, No.2 search engine Daum and a top-tier mobile gaming platform KakaoGames and more. The company can be viewed as Google/Yahoo + Whatsapp + Uber + Spotify + Zynga + Venmo in South Korea.
9/9 M	Intro	Internet & AI Trend • Mary Meeker's Internet Trends Report, 2019 • Mary Meeker's Internet Trends Report, 2018 • Tech & Media Outlook 2019 • China Internet Report, 2019 Internet and AI are acting as an infrastructure and these technologies are disrupting every industry. These reports are great overview materials on how technology is transforming the world.
9/11 W	Platform Gig Economy	HBS Case: Uber, Changing the Way the World Moves Keywords: On-demand, Gig Economy, Sharing Economy, Two-sided market, Disruptive Market Entry, Disruptive Innovation, Government Regulation Lessons learned from Kakao Taxi will be shared and discussed. Discussion points: 1) Driver/Consumer's Value Proposition 2) Key to Success? 3) Assume you're launching a ride hailing service. How do you know your business is doing well? What metrics? 4) How did Uber cope with regulation? Were they smart? 5) Uber's next growth? Future of Mobility industry? For students who are interested in learning more about Self-driving cars, you may want to watch this lecture. Nowadays, we hear a lot about self-driving cars and some of those prospects seem to be too promising. This

		lecture has a more balanced viewpoint. MIT Self-Driving Cars: State of the Arts (2019) For a more utopian perspective, you may want to watch this video clip from a Silicon Valley VC, Andreessen Horowitz. (Usually, VCs and consultancies have a brighter outlook than scientists.) From Self-Driving Cars to Beyond
9/16 M	Platform Gig Economy	Real Case Study: On-Demand House Cleaning Service After Kakao Taxi became a huge success, Kakao moved towards on-demand/O2O services and House Cleaning was one of the key projects on the way. You will be asked to write up a recommendation on what you should do as a CEO with this project (maximum 3 pages) given the situation I provide. (Group Assignment #1) By examining a real business case, you will not only learn that each platform business is different, but also there are many variables you should consider when running a multi business company.
9/18 W	Platform Tech	Lecture & Discussion on Technology & Platform Business • Networking: Facebook, Instagram, LinkedIn • Communication: WhatsApp, Wechat, Kakao, LINE • Education: Udemy, Coursera • Transportation: Uber, Lyft, Grab, Kakao Taxi, Designated driver service • Travel: Airbnb • Content (Video): Netflix • Content (Gaming): Playstation, Xbox, League of Legends, Battleground • Delivery: Grubhub, Postmate, Doordash • Commerce: Amazon, Ebay, Etsy • Other On-demand services: Task Rabbit, Handy etc. What's a technology company? It's difficult to find a company that doesn't utilize technology but that doesn't make every company a tech company. We'll discuss the meaning of this and also talk about disruptive innovation. Also, since many technology-based consumer internet companies are "platform businesses", you will learn the key factors in each industry and understand how these services became successful. We will discuss the level of technology required in tech companies, too. Class preparation: You might have heard the term "Uber for X". Read this article "There's an Uber for Everything Now" and assume you're building your startup. What's your X and why? For those who want to deep dive into "growth hacking" and "metrics", you may want to download and read this document. The numbers that investors look for into your startup's metrics.

9/23 M	Content Platform	Netflix & Disruption HBS Case: Netflix in 2011 Keywords: Disruptive Innovation, Cannibalization, Conflict with Existing Biz, Video Streaming Business, New business development, Understanding Video Market, Content Acquisition Lesson learned from Kakao TV will be shared and discussed. Also, by learning Korea's video market, students will understand that there is no "right" solution to market. Discussion points: 1) Value proposition of Blockbuster vs. Netflix mail service vs. Netflix streaming 2) Economics of Blockbuster vs. Netflix vs. Netflix streaming 3) What's your call in separating the DVD by mail service from the streaming service? 4) Is developing original series a smart move? 5) Netflix's future outlook? Competition? 6) Discussion on Content platform businesses Additional discussion topic: Assume there is a technology that disrupts your existing and one of the biggest businesses within your company. As CEO, what should you do? What are the issues you should consider? We will discuss this with some cases I've experienced at Kakao. Read this Mini-case before class: Disrupting Kakao Ad Business
9/25 W	VC Startup	Special Lecture: Fast Growing Startups and Venture Capital • Amy Sun, Partner at Sequoia Capital
10/2 W	Content Platform	HBS Case: Spotify Keywords: Music Streaming Business, Content Deal Economics, Negotiation between Content Owner (Artists) vs. Platform, Content War against incumbents Lesson learned from Melon, the No.1 music streaming service that Kakao operates will be shared and discussed. Discussion points: 1) How would you respond to Taylor Swift's request? Do you think other top artists will follow suit? 2) Economics of music streaming? 3) How should spotify compete against competitors? Pandora, Youtube, Apple, Deezer etc. 4) Spotify's future outlook? Did Spotify disrupt the music industry? 5) What are your thoughts on content subscription services? Game, news etc. What do you think about Peloton?

10/7 M	Content Platform	Real Case Study: Making a Content Deal Kakao Games was losing its presence in early 2015 and was having difficulties in making promising deals with top-tier game developers. I'll give you a (slightly sanitized) real case situation and you'll be required to write up a recommendation. (Group Assignment #2, maximum 3 pages) We will discuss the possible options and I'll share what I decided to do and how it turned out.
10/14 M	VC	Venture Capital For those who are not familiar with Venture Capital, read this blog post before coming into class: Venture Capital 101 I recommend you to skim through this VC report. Is VC still a thing? This is a good read, if you want to know what makes a VC successful and what are the pitfalls. How KPCB empire fell.
10/16 W	M&A	HBS Case Study: \$19B 4 txt app WhatsApp...omg! Keywords: Internet M&A, Valuation, Mobile Messenger, Growth, Facebook, Global Strategy, Network Effect Discussion on "Beyond messenger" will take place. What's so special about messenger? WhatsApp, WeChat, KakaoTalk, Line etc. Discussion points: 1) If you were Mark Zuckerberg, would you acquire WhatsApp for \$19B? Why? Why not? 2) How can you monetize a mobile messenger? 3) What's beyond mobile messenger? This article is a good read on mobile messenger: FB believes messenger will anchor a post-app internet
10/21 M	M&A	Lecture & Discussion on Tech M&As • How Tech M&As differ from traditional M&As • Reason/Logic behind the acquisition. Buying the product, Buying the team, Buying the technology, Buying "time" etc. We will review widely known Tech M&As and discuss the reasoning behind the deal. Also, lesson learned from Kakao's acquisition of Loen Entertainment, one of the biggest (USD 1.6B) deals in South Korea's tech M&A history will be shared.

10/23 W	M&A	Special Lecture: Investments and M&As in Tech Industry Gaurav Kittur, Managing Director, Global Co-Head of Internet Investment Banking, Jefferies Group
10/28 M	Global	HBS Case Study: Tencent Keywords: China Internet, Multi-business company, One-stop Shopping, Freemium, Walled Garden, M&A, Strategic Investment, Globalization Discussion points: - During the past 20 years, what was Tencent's growth strategy? How is it different from American/Western technology companies such as Google, Facebook, Amazon etc.? - What would be synergies between Tencent's business units? - What's the role of "investment"? - If you know anything "unique" about Chinese/Asian internet/tech company, what is it? Could you share it with your classmates? Do you think that can be applied to American/Western companies? Skim through these China reports: China Internet report 2019, Decoding China Internet (BCG)
10/30 W	Online Commerce	HBS Case Study: Groupon Keywords: Internet M&A, Group Buying, Marketing Platform, Experience vs. Product Commerce - Assume you were the CEO of Google in 2010. Would you offer a \$6B takeover deal to Groupon? Why or why not? Why do you think Google did so? - What's the core of "daily deals"? Is it different from coupons? Think about consumer's, merchant's, platform's benefits. - What were the pitfalls of Groupon? - What happened to Groupon-like e-commerce services around the world?
11/4 M	Online Commerce	HBS Case Study: Amazon 2018 Keywords: Product, Long-tail, Sellers/Buyers, Customer Loyalty, Distribution, Logistics, Competition against Amazon, Commerce Startups Discussion points: - What was Amazon's early strategy? What product categories did Amazon enter? - What's the pros and cons of opening up your commerce platform to 3rd parties, Amazon marketplace? - What's the beauty of Amazon Prime? - Why does Amazon need physical stores?

		5) Will most of the mom and pop stores be killed by Amazon? 6) How to compete against Amazon? 7) E-commerce Startup? What to do? 8) Future of e-commerce? Future of Amazon? Is Amazon almighty? There were, of course, many projects that failed. Read this article. What's your lesson learned?
11/6 W	Culture HR	HBS Case Study: Google Oxygen, Do Managers Matter? “What makes a great team?” and “What makes a great leader” are two questions we always discuss but rarely answered. Is there a secret recipe for good culture in Tech industry? Pros and Cons? Limitations? On top of the HBS Case, read below articles/materials: • The five Keys to a successful Google team • Netflix, Culture deck • Google's 20% time Discussion points: 1) What do you think about Google's “Oxygen8” behaviours? (Exhibit3) 2) Would it be a good idea to use Oxygen8 results (Upward feedback survey) in deciding promotions? 3) What's the role of manager in Tech industry? 4) What's the role of HR in Tech industry? 5) Pros and cons about Peer Evaluation/360 Evaluation? 6) Have you heard about Google's 20% time? Is it good/bad? 7) Was Netflix's culture deck impressive? Why? Why not?
11/11 M	Culture HR	Lecture & Discussion on Difficult Issues in People Management/Culture • Picking the right leader • Fair recruiting system • What employees want to do vs. What the company wants • Top talent leaving to join your competitor • Performance evaluation & Compensation • Others
11/13 W	Culture HR	What CEOs Really Do? We are living in an era of “superstar” CEOs and I believe this gives a wrong impression of being a CEO, especially in Tech industry. I will share what were the things I did while I was leading a \$10B valued tech company having more than 5,000 employees. Issues in People Management/Culture from previous class will naturally be included.

11/18 M	AI/Tech	Lecture and Discussion on AI @ Consumer Internet services We often imagine AI is a “magical button” that makes everything smarter, but in reality, tremendous amount of work is done behind the scenes. By learning the work and process of AI technologies applied into consumer internet services, you will get a better understanding of AI and won’t be intimidated by the idea of AI Robots dominating the world in the near future. Examples: Language translation, Speech recognition + Natural Language Understanding, Chatbot, News and content recommendation, AI applied on Ads (revenue maximization), Knowledge Graph, Face/Object recognition etc. Skim through ‘CB Insights, AI Trend 2019’ before coming to class. Slide version.
11/20 W	AI/Tech	Special Lecture: What should we expect from AI technology? How far will AI Technology go? • Kyunghyun Cho is a renowned professor of computer science and data science at New York University and a research scientist at Facebook AI Research. Professor Cho will explain the basics and principles of the technology behind Artificial Intelligence (deep learning). He will present result examples of AI technology from academia and research institutions. You will understand what enabled a breakthrough in AI and how far AI can go, including its limitations.
11/25 M	AI/Tech	HBS Case Study: Voice War: Hey Google vs. Alexa vs. Siri Keywords: Smart Speaker, Artificial Intelligence, Personal Assistant, Voice, Conversational User Interface, Mobile Messenger and Beyond During the past few years, big tech companies are heavily pushing smart speakers. Why are they investing so much? Is this just a Fad? To fully understand this phenomenon, students should think forward and try to imagine how our life will be changed in 3 years, 5 years and more.
12/2 M	AI/Tech	Lecture and Discussion on “Innovation” • Innovation vs. Originality • First mover advantage vs. Late mover advantage • Technological Innovation • Business Model Innovation Kakao’s innovation story will also be shared and discussed since the

		company is well known for its innovation and is often called a ‘game changer.’ There are many businesses that Kakao innovated and delivered first in the world, followed by global companies. Kakao Games (first mobile game platform with social features), Kakao emoji, Kakao Gift (e-commerce based on social graph), Kakao Page (mobile comic/manga service with innovative business model, “free if you wait”), Kakao Bank (a commercial bank without a single branch. All mobile), Kakao Taxi to name a few. Also, we will discuss various characteristics of innovation and debate whether widely discussed innovation methodologies are correct.
12/4 W	Portfolio Growth	HBS Case Study: Alphabet Eyes New Frontier Keywords: Multi-business Corporation, Conglomerate, Corporate Structure, Reorganization, Holding Company, Resource Allocation, Accountability, Portfolio Management, New Business Development Discussion points: 1) Is business diversification good or bad? 2) Is diversification different in technology industry? 3) Why did Google change its corporate governance into a holding company structure, Alphabet? What are the pros and cons? This was a famous article discussing the risk of diversification: Focus on your core for profitable growth.
12/9 M	Portfolio Growth	Lecture and Discussion on Kakao’s Spin-off Strategy Kakao reorganized its multi-business by spinning off a number of divisions: Kakao Games, Kakao Page (Webtoon/Manga), Kakao Pay, Kakao Mobility, Kakao Commerce. I will share and discuss many obstacles, pros and cons that emerged throughout this process.
12/11 W	Last Class	AMA: Ask Me Anything • Reflection on what we’ve learned + Q&As • Discussion on updated tech trends: anything you want to talk about. • Career advice • Etc.

Supplementary Reading/Videos:

These will not be directly covered during the classes but if you're interested in technology industry, it will be helpful.

Tech-related books

The Second Machine Age, *Erik Brynjolfsson, Andrew McAfee*

AI Superpowers, *Kai-Fu Lee*

Platform Revolution, *Geoffrey Parker, Marshall Alstyne, Sangeet Choudary*

Business of Platforms, *Michael Cusumano, Annabelle Gawer, David Yoffie*

Inspired, *Marty Cagan*

The Four, *Scott Galloway*

The Upstarts, *Brad Stone*

Blitzscaling, *Reid Hoffman, Chris Yeh*

The Hard Thing about Hard Things, *Ben Horowitz*

Zero to One, *Peter Thiel*

The Lean Startup, *Eric Ries*

For those who are interested in Venture Capital

Secrets of Sand Hill Road, *Scott Kupor*

Venture Capitalists at Work, *Tarang Shah, Shital Shah*

Old...yet invaluable management books

Winning, *Jack Welch, Suzy Welch*

High Output Management, *Andrew Grove*

Others

The Click Moment, *Frans Johansson*

The Making of a Manager, *Julie Zhuo*

Andressen Horowitz's Content

<https://a16z.com/content/>

Stanford eCorner, Video clips about Tech Entrepreneurship

<http://web.stanford.edu/group/techventures/cgi-bin/tv5/>

<https://ecorner.stanford.edu/>

Daily Tech News

<https://www.techmeme.com/>

<https://news.ycombinator.com/>