



**STERN SCHOOL
OF BUSINESS**

Spring 2019
INFO-GB.2332
Managing a High Tech Company: The CEO
perspective

Prof. Jihoon Rim, jihoon.rim@nyu.edu
Tuesdays & Thursdays, 9:00-10:20am

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”.

About the Instructor:

Jihoon Rim is executive advisor and former CEO of Kakao Corp., a top technology company valued around ~\$10B in South Korea (KRW: 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 business 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, operating income 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 #7 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 individual assignments. You should form a group (up to 4 students in one group), hopefully with complementary background/skillset.
- Three HBS cases will be covered and each group **will be assigned one case** study to present to the class.
- Four (slightly sanitized) real business cases will be provided to the class and you, **as a group, should submit a recommendation write-up** (maximum 5 pages) for each case presented.
- Individual assignment: Select a company or assume you are building a startup. Define a CEO-level problem you would like to solve and **create a product/business plan**. (Maximum 5 pages)

Grading:

Participation: 20%

Group Assignment: 60%

Individual Assignment: 20%

Post-class reflection paper: (Bonus 10%)

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 has schedule constraints.

1a	Overview <ul style="list-style-type: none">• Course overview, format, grading, assignments• Introduction to Kakao Corp. <p>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.</p>
1b	Internet & AI Trend <ul style="list-style-type: none">• Mary Meeker's Internet Trends Report, 2018• China Internet Report, 2018 <p>Internet and AI are acting as an infrastructure and these technologies are disrupting every industry. These slides are great overview materials on how technology is transforming the world.</p>
2a	Artificial Intelligence applied on Consumer Internet services <ul style="list-style-type: none">• How AI is applied on Kakao services• AI applied on global tech companies <p>We often imagine AI is a “magical button” that makes everything smarter, but in reality, tremendous amount of work is done behind the scene. 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.</p> <p>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.</p>
2b	(Special Lecture) What should we expect from AI technology? How far will it go? <ul style="list-style-type: none">• Guest speaker: Kyunghyun Cho is an assistant professor of computer science and data science at New York University and a research scientist at Facebook AI Research.• https://scholar.google.com/citations?user=0RAMmIAAAAJ&hl=en&oi=ao <p>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 the limitations.</p>

<p>3a</p>	<p>Overview of Platform Business</p> <ul style="list-style-type: none"> • Networking: Facebook, Instagram, LinkedIn • Communication: What's app, Wechat, Kakao, LINE • Education: Udemy, Courseera • 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. <p>Many technology-based consumer internet companies are “platform business”. You will learn the key factors in each industry and understand how these services became successful. Also, we will discuss the level of technology required in these services.</p>
<p>3b</p>	<p>Real Case Study: On-Demand Home Cleaning Service</p> <p>After Kakao Taxi became a huge success , Kakao moved towards on-demand/O2O services and Home 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 5 pages) given the situation I provide. (Group Assignment #1)</p> <p>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.</p>
<p>4a</p>	<p>Understanding Content Platform Business</p> <p>You'll learn a number of content platform businesses; Movie/TV Shows, Gaming, Comic/Manga and Music etc and discuss how technology has changed our way of consuming content. Also, you will study the importance of value chain in content businesses.</p>
<p>4b</p>	<p>HBS Case Study: Netflix Inc; The Disruptor Faces Disruption (2017, 12 pages)</p> <ul style="list-style-type: none"> • https://hbsp.harvard.edu/product/W17722-PDF-ENG • Case is subject to change if more relevant materials are found
<p>5a</p>	<p>What's Innovation?</p> <ul style="list-style-type: none"> • Innovation vs Originality • First mover advantage vs Late mover advantage • Technological innovation • Business model innovation
<p>5b</p>	<p>HBS Case: The Hard Truth About Business Model Innovation (2016, 12 pages)</p> <ul style="list-style-type: none"> • https://hbsp.harvard.edu/product/SMR573-PDF-ENG Case is subject to change if more relevant materials are found

<p>6a</p>	<p>Innovation at Kakao</p> <p>Kakao 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.</p> <p>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. You will learn how these innovations were born.</p>
<p>6b</p>	<p>Real Case Study: Making a Content Deal</p> <p>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 5 pages) We will discuss what options are possible and I’ll share what I decided to do and what were the consequences.</p>
<p>7a</p>	<p>What makes a High-tech company win?</p> <ul style="list-style-type: none"> • Product and product/market fit • Team • Technology <p>There is no single recipe for success but one of the above or a combination of the above factors create competitive advantage. Various cases will be examined.</p>
<p>7b</p>	<p>How to build a Consumer Internet product?</p> <ul style="list-style-type: none"> • Lecture material: INSPIRED <ul style="list-style-type: none"> ○ How to create tech products customers love (Marty Cagan) • Business Canvas Model
<p>8a</p>	<p>Exercise: Building a Product Proposal (Online/Mobile Bank)</p> <p>Think about problems or inconveniences you have experienced with your commercial bank. If you were to create a better online/mobile bank, how would you create one? Write up a maximum 5-page product proposal (Group Assignment #3).</p> <p>The proposal should state a problem with a solution. If there are unique business models you are considering, include them. If you think adding a storyboard or showing the UI(User Interface) of key feature is required, please do so.</p> <p>One or two teams will present their proposal to the class and I will share how Kakao successfully launched its mobile only Kakao Bank service.</p>

8b	<p>(Special Lecture) Scaling a Business Globally</p> <ul style="list-style-type: none"> Ole Ruch, Managing Director of global business, WeWork
9a	<p>Culture in High Tech companies</p> <ul style="list-style-type: none"> Netflix's culture deck (125 pages) https://www.slideshare.net/reed2001/culture-1798664 <p>We will discuss the famous Netflix Culture Deck, which Sheryl Sandberg once praised "possibly the most important document ever to come out of the Valley." Is this the recipe for success? Any limitations? Pros and Cons?</p>
9b	<p>What is Leader's job in High Tech industry?</p> <ul style="list-style-type: none"> What leaders really do (John P. Kotter, HBR 1990) What makes a leader (Daniel Goleman, HBR 1998") <p>We will have a free discussion about "what is a good leader and also examine whether it differs by industry.</p>
10a	<p>Difficult issues in People Management</p> <ul style="list-style-type: none"> Hiring & Firing (or relocating) Promoting Performance review Compensation Office politics Hiring/Promoting from inside or outside
10b	<p>Inorganic Growth Strategy: M&A</p> <ul style="list-style-type: none"> 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. <p>We will discuss widely known Tech M&As.</p>
11a	<p>(Special Lecture) Investments and M&As in Tech industry</p> <ul style="list-style-type: none"> Gaurav Kittur, Managing Director of Investment Banking, Jefferies Group
11b	<p>Real Case Study: Acquiring a Music platform, Melon</p> <p>Kakao acquired Loen Entertainment, an online music platform in 2016 for approximately USD 1.6B. Write up a maximum 5-page recommendation whether Kakao should or should not have acquired the company with reasons backing your conclusion. (Group Assignment #4) We will discuss pros, cons and risks of this deal making in class.</p>

12a	What do High Tech Company CEOs really do? How do they spend time?
12b	HBS Case Study: Tencent (2017, 39 pages) <ul style="list-style-type: none"> • Understanding Chinese Internet Market
13a	Wrap-up <ul style="list-style-type: none"> • Free discussion, Q&A about managing a high tech company • Updated technology trends
	Optional: If time allows, these topics will also be covered <ul style="list-style-type: none"> • Fintech • Beyond Messenger & Conversational User Interface • Online Commerce • Venture Capital and Startups • Updated/Enhanced Technology trends • Managing Luck