



ISOM 4010

DIGITAL BUSINESS STRATEGY: HARNESSING PLATFORM, CROWD, AND MACHINE

SUMMER 2024

Course Instructor	Dr. Yongsuk (“Yong”) KIM Dept. of Information Systems, Business Statistics, and Operations Management (ISOM)
Class Times/Location	July 15 – August 7 (Mon/Wed/Fri) 14:00-17:20 / TBA
Office Hours	Immediately after class or by appointment
Email	yongskim@ust.hk
Teaching Assistant	TBA

Course Overview and Objectives

This course provides students with a broad understanding of the opportunities and challenges presented by the modern digital revolution. The three key elements that sum up the modern digital revolution are online/digital platforms, AI-driven machines, and crowds. Platforms are transforming the technology, banking, logistics, and media industries, to name a few. A platform brings in different groups of ecosystem partners who join the platform network on the condition that it creates value for them. Information and communication technologies (ICT) and artificial intelligence (AI) enable and drive digital platforms, creating and nurturing networks and facilitating value-creating matches and interactions. Rather than remaining passive consumers, crowds are actively participating in platforms as providers of content, products, services, and social currency. The three elements are so intertwined that one cannot be understood without the others.

Digital platform businesses present a number of unique challenges that traditional product businesses do not. For example, platforms inevitably run into the "chicken or the egg" problem - a situation in which no ecosystem partner wants to be the first to join the network unless there are other partners with whom they want to interact. Platforms often give away content and services for free instead of profiting from them. Platforms create value using resources they don't own or control (the resources are mostly from the crowd), and as a result they can grow much faster than traditional businesses.

In this course, students will explore a wide range of examples of digital platforms powered by technology and crowds. We will learn about the fundamental principles behind platform innovation and disruption today and tomorrow. Students will learn through lectures, case discussions, web-based simulation, and a group project.

About the Instructor

Dr. Yongsuk Kim received his doctoral degree at the McCombs School of Business at the University of Texas at Austin. He also holds a master's degree in Human Computer Interaction (HCI) from the University of Michigan at Ann Arbor. Prior to graduate

studies, he worked at IBM Business Consulting Services. In his research, he investigates enterprise social network and online communities from the knowledge management perspective. He also studies IT-enabled open innovation such as user innovation community and crowdfunding.

Course Materials

- Course materials will be available on Canvas
- Recommended books
 - **Platform Revolution by Parker, Van Alstyne, and Choudary**
 - *Machine, Platform, Crowd* by Erik Brynjolfsson, Andrew McAfee
 - *Business of Platforms* by Cusumano, Gawer, and Yoffie
 - *Matchmakers* by Evans and Schmalensee

Course Requirements and Grading

Grading

Percent	Requirement	Note
6%	Class Attendance	Throughout the semester
4%	Class Contribution	Throughout the semester
5%	Platform Competition Simulation	On S9
35%	Final Group Project <ul style="list-style-type: none"> • Group Formation..... • Presentation 	By S3 On S10
50%	Final Exam	On S11

Class Attendance (6%) and Contribution (4%)

I will come to class on time, and I expect you to do the same. The TA will check your attendance regularly. Each time you miss class, you will lose 1 point AFTER your first absence.

I encourage you to participate actively in class. Alternatively, you can use Canvas>Discussions to ask/answer questions and share relevant news and content to be considered active. I will occasionally ask you to do some quick research and post your findings in Discussions. Your participation will be considered a contribution.

In-class Simulation (5%)

On S9, we will run a web-based simulation designed to give students the opportunity to develop their skills in managing a two-sided platform operating in a competitive environment. Students will form teams. Two teams will be paired up to compete against each other twice (first round and second round). Each team will be the owner of one of the two competing platforms. Each team will be responsible for designing the platform's pricing and R&D strategies.

	Condition	Point earned
Round 1	If your team's net profit > 0	1
	If your team wins	1
Round 2	If your team's net profit > 0	1
	If your team wins	1
Both combined	Depending on your overall team performance (based on your accumulated net profits from R1 and R2)	0 ~ 1

Final Group Project (35%)

All members of each group are expected to contribute equally to the assignment. Each group member's contribution will be evaluated by peers. The project leader should inform me if the group faces a serious freeriding problem and is unable to solve it.

The topic of the project will be introduced in class.

Your group assignment is to address the following:

1. Pull:
 - A. Whom to pull in which order and why? (5 sides in total)
 - B. How will you overcome the chicken-or-egg problem?
2. Facilitate: How will you build and maintain trust by reducing interaction risks?
3. Monetization: How will you make money? (what data will you leverage for monetization?)
4. Competition: How will you combat disintermediation and multi-homing?

Important criteria:

- Specificity (Be specific! Don't be broad and shallow)
- Reasoning (Be logical. Justify your choices/recommendations)
- Feasibility (Realistic? Implementable?)
- Novelty/Creativity (Can you go beyond the obvious? Any killer idea?)

Final Exam (50%)

In the last session (S11), we will have the final exam. The final exam will be based on the topics and related concepts taught in class.

You are allowed to prepare an A4-size cheat sheet (front and back can be used) for the exam.

If you miss the deadline due to extraordinary circumstances such as unexpected hospitalization or loss of a family member, please let me know as soon as possible and contact me with a doctor's note and/or verifiable, reliable, and valid evidence. Only under such extraordinary circumstances will an oral exam be scheduled for you. In all other cases, there will be no make-up tests. **Time conflicts with job interviews, other exams, travel plans, etc. will not be considered.**

Course Outline (subject to change)

Session	Topic
S1	What is a platform? Network Effects and Platform architecture
S2	Pull: Chicken-and-Egg Problem and Solutions I
S3	Pull: Chicken-and-Egg Problem and Solutions II Onboarding Strategy
S4	Match: Data and AI I
S5	Match: Data and AI II Facilitate: Trust and Transaction Facilitation
S6	Monetization Multi-sided platform evolution
S7	Platform's Viral Growth Disintermediation
S8	Platform Competition and Winner-take-all Market
S9	Platform competition Simulation Day Wrap-up
S10	Presentations
S11	Final Exam