Course: E Global Business Strategy
Location: WEH 5310
Time: Wednesday, 5:30 PM to 8:50 PM
Instructor: Mark DeSantis, PhD
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Please call to arrange for office hours.

Course Description:
This course will explore the impact of national and international policy on IT business strategy. Public policy can be thought of as the "rules of the game." For purposes of this course, IT includes an array of technologies and emerging markets such as telecommunications hardware and services, computers, software, IT services, and Internet related services. Strategy is the means some IT businesses use to exploit the rules of the game, take advantage of the new technologies and capture a clear advantage over their competition. However, public policy "rules" around the world are not static. Policy is constantly changing and executives therefore need a solid grounding in strategy and strategic analysis combined with IT public policy to gain an understanding of these changes can impact every IT businesses most important decisions.

Our course will proceed in three stages. First, students will learn several established strategic analysis tools with a special emphasis on the work of Dr. Michael Porter of the Harvard Business School. We will then explore some of the latest technical advances in IT and determine the implications for these advances for corporate strategy. Once we have some grounding in strategy and IT technology we will then explore the implications of national and international IT policies -- trade policy, standards, domestic regulatory policy and international and national regulatory regimes -- on corporate ebusiness strategy. The course will present several means for developing a
corporate strategy, with a special emphasis on the work of Dr. Michael Porter. In addition to advances in technology we will also explore the implications for business strategy of national and international information technology policies including trade policy, standards policy, domestic regulatory policy and international and national regulatory.

This course relies heavily on case studies and independent research. The cases will allow students to get a better understanding of the policy implications for strategic planners and decision-makers in information and communication technology based organizations. This course will be highly interactive with students encouraged to participate actively in the presentations and discussions.

**Course Objectives:**

Each student is expected to assume the perspective of corporate strategist for an information technology firm that does business in more than one country. This course will help you (the strategist) develop sensitivity to the relationship between government policy (regional, national and international) and corporate strategy and business decisions. It is also hoped that students will gain a better understanding of recent trends in the growth and role of the Internet, telecommunications and advances in information technology.

**Course Requirements:**

Each student will be required to complete a research paper and complete two team-based case studies. Students are free to draw on any resources they believe appropriate to perform both the case studies and paper. The grade weighting is as follows:

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<tr>
<td>Case Study and <em>Team</em> Presentation 1</td>
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<tr>
<td>Case Study and <em>Team</em> Presentation 2</td>
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<td>Research Paper and <em>Individual</em> Presentation:</td>
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**Course Grade** 100%

Research Paper
Each student will be expected to identify an actual information technology company (approved by the professor no later than the third session). The student will perform a “strategic assessment” of the regional, national and global policy concerns of that company and propose a likely corporate strategic response to those concerns. The professor will discuss the means of doing a strategic assessment in the first few sessions.

Papers will be graded primarily on the quality and depth of the analysis and clarity of presentation of the findings. The paper will conform to APA style, have length of no greater than 30 double spaced pages and be submitted no later than the last session. At a minimum, the paper will include the following: (1) title page, (2) table of contents, (3) executive summary, (4) references section, (5) list of figures and tables.

Each student will present for no more than 15 minutes his or her key research findings before the entire class in the final two sessions. The students will focus on their most important findings and should prepare for a 5 to 10 minute Q&A. Each student will need to identify and describe the most important public policies most relevant to this businesses strategy and discuss possible strategic responses.

Case Study

Each student will also serve as a member of a team (team size depends on class size). Each team will be assigned a hypothetical information technology company and two countries. Each team will perform one strategic assessment (similar to one for the individual research paper just referenced) for each of the assigned countries. For example, the “Milicron team” will perform an assessment for Brazil and later one for Canada. Teams will need to complete the following (in order of priority):

- Identify and describe the most important public policies relevant to the proposed businesses strategy and discuss possible strategic responses.
• Present team findings in an oral report of no more than 20 minutes to the class, take Q&A from the class and submit a written report (no more than 5 double spaced pages) of their findings to the entire class.

Again, case studies will be judged on the quality and depth of the analysis and clarity of presentation (both written and oral) of the findings. The presentation assessment forms that I will use in evaluating both the team and individual presentations are attached.

Required Texts:


Recommended Texts:


Course Schedule:

Session 1 – 8/26

Learning Objectives:

Obtain a familiarity with basic concepts in
corporate strategy, strategic analysis, and business decision-making.

1. Definitions of Strategy.
2. Understand the Difference Between Strategy and Tactics.
4. Basic Terminology Used in Strategic Analysis.
5. Economies of Scale and Scope.

Required Readings:


Session 2 - 9/2

Learning Objectives:

Obtain a familiarity with basic concepts in corporate strategy, strategic analysis, and business decision-making.

10. Understand the Difference Between Strategy and Tactics.
11. Definitions of Strategy
13. Economies of Scale and Scope.

Required Readings:


Session 3 - 9/9

Learning Objectives:

Achieving a general understanding of corporate strategy:
1. Porter’s “Five Forces Model” for Strategic Analysis.
2. Describe “Generic” Strategies.
Required Readings:

Session 4 - 9/16

Learning Objectives:
Achieving a general understanding of corporate strategy.
3. Describe “Generic” Strategies.
4. What is the Firm “Value Chain.”

Required Readings:

Session 5 - 9/23

Learning Objectives:
Achieving a general understanding of corporate strategy.
5. Describe “Generic” Strategies.
6. Examples of Five Forces Analysis

Required Readings:

Session 6 - 9/30

Learning Objectives:
Foreign market entry strategies
1. A Design for Entry Strategies

Required Readings:
Chaps. 1-3, Entry Strategies for International Markets.

Session 7 - 10/7
Learning Objective:

Describe implications of policy for business strategy.

- The Intersection of Public Policy and Corporate Strategy
- “Non-Market” Strategy
- The Rules of the Game

Required Readings:

Chaps. 1-6 *Winning the Influence Game: What Every Business Leader Should Know About Government*

Session 8 – 10/14

Learning Objective:

Describe implications of policy for business strategy.

- Building Strategy Around Public Policy and Visa Versa
- Global Policy and Strategy
- Discuss case presentations

Required Readings:

Chaps. 6-9, *Winning the Influence Game: What Every Business Leader Should Know About Government*

Guidelines for Preparing Briefings (attached)

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Session 9 – 10/28

Requirements:

1. **Case 1: Teams 1 and 2 present.**

Session 10 – 11/4

Requirements:

1. **Case 1: Team 3, 4 & 5 present.**
Session 11 - 11/11

Guest Lecture: TBD

Session 12 - 11/18

Requirements:

1. **Case 2: Team 1 and 2 present.**

Session 13 - 11/25

Requirements:

2. **Case 2: Team 3, 4, and 5 present.**

Session 14 - 12/2

Requirements:

- **Individual presentations**

Session 15 - 12/9

Requirements:

- **Individual presentations**
Picocron

**Corporate Objective:** Picocron is a large fully diversified US laptop computer manufacturer, which recently announced a new array of handheld multimedia products including, among other things, a new 3G “viewphone.” The company claims this novel technology will allow two, three, and even four-way high quality video communication over existing digital networks. Picocron further claims this proprietary technology will soon surpass the most advanced cell phones available today in all capabilities.

Picocron’s goal is to be known as the leader in providing ultra-clear full-motion multi-party video imaging easily to every consumer. The company is considering a role out of this product as part of a family handheld “communication and display devices” in the next six months. In addition, Picocron is weighing the advantages of building facilities in the assigned country as well, including even investing in whatever local basic infrastructure is required to support Picocron’s products.

**Background:** Picocron has experienced slow growth of late. For example, annual sales grew only 6 percent in nominal terms from Q2 2006 and Q4 2007. Early 2008 sales numbers do not appear to be improving. In addition, the cost of a possible infrastructure build out as well as the ability to form cooperative relationships with network providers around the globe is an open question as well. A recent article in the Wall Street journal suggested that a soon-to-be-announced alliance with ATT collapsed for unexplained reasons. Nevertheless, the economic surge in India and across Asia gives hope to the company for rapid deployment and growth in these countries. However, the company also remains concerned about a global economic slowdown nonetheless.

Some industry analysts complain that Picocron puts out “boring products” that are “way behind the technology curve.” In fact, some senior executives at the firm were recently anonymously quoted in the Financial Times as saying this company lacks a “coherent global strategy” and is “not in touch with the important trends in the market and industry.”

**Your Job:** You’re part of an elite cross-functional team that must come up with a “role out” strategy for this new family of products. Your role is to identify the major public policies likely to influence how and in what way your firm will be able to implement strategy in the assigned country.

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1 The company claims depending on which country and region of that country and their digital network capacity.
TCB

Corporate Objective: TCB is one of the largest and most successful of the large network service providers in the North America. However, TCB management believes growth will soon stall and, more importantly, there are a number of un-tapped markets around the world that need to be explored. In fact, TCB sees the rest of the world (ROW) as having enormous potential for short and long term growth with its current network offering. However, the management recognizes the need to start somewhere so the search is on for where, when, and how to start this global growth effort.

To address their ambitions, TCB management is assessing the following three (not mutually exclusive) strategies for the assigned country:

- Direct investment in network facilities including fiber and wireless 3 and 4G network infrastructure.

- Establish a regional (outside of North America) presence(s).

- Partner (e.g., merger, acquisition, strategic alliance or joint venture) with one or several local or regional network, cellular, or media service providers. It needs to act quickly (within the next six-months) because the Federal Communications Commission, the US Justice Department and even the US State Department (under pressure from the assigned country’s government) are assessing the implications of your alternative strategies. “After all,” one EU official recently asserted, “your already one of the largest private enterprises in the world.”

Background: TCB CEO, Don Draper, acknowledged recently in Forbes that TCB “must get bigger faster or, possibly, die.” This shocked market analysts who believed that TCB was on a solid path. However, Draper based his assertion on three assumptions. First, economies of scale and scope are critical to pricing in this industry and it is not clear if and/or how TCB has any scale or scope economies. Second, near complete control of the global and key regional networks (or at least a big pieces of them) will be the basis for long-term survival. Third, an expected renewed round of global de and re-regulation will create enormous opportunities for growth and dramatic reordering of competition worldwide.

TCB competitors in North America and elsewhere appear to be anticipating TCB’s next move and, as a result, TCB can expect stiff competition, whatever strategy choices the company makes.

Your Job: You’re part of an elite strategy team assigned to assess the most important policy considerations both in the US and in the assigned country for these three alternative and (possibly other) strategies. Base your recommendations on your best guess as what will be the most likely “policy scenario” for the assigned country. Assume that your team may be tasked with going out and influencing policy in the assigned country if the possible scenarios do not look appealing.

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2 Based on sales growth, return on invested capital (ROIC) and return on equity (ROE).
Amplosermo – Pixelation, PLC

Corporate Objective: Pixelation is a small and quirky UK based on-line gaming and social networking software firm, which just recently started trading on the AIM. Amplosermo is a massive Italian-based multi-national media conglomerate. The two companies recently signed a cooperative agreement that they both believe could lead to a powerful joint venture. This cooperative agreement allows both parties to pursue a variety of small and experimental projects to, among other things, determine the competencies of one another while also looking for long-term joint market opportunities. A possible future joint venture would likely be anchored around “… some sort of social networking real-time on-line game” according to Amplosermo’s CEO, Carlo Amplosermo.

The specifics of exactly what this opportunity looks like (and how it will make money!) needs to be worked out. In addition, there is an immediate challenge of where to locate such a joint venture, its structure, and what geographic markets to pursue. There are implicit concerns that both firms have about this effort including differences in corporate culture, different expectations, and lack of trust.

About the Companies: Pixelation was founded by a well-known British film director and a Cambridge physics professor (his colleagues refer to him as the “Professor”). The film director has since ceased involvement in the day-to-day operations of the firm, though he remains on the board. The Professor, on the other hand, remains the CEO and he can be – at times and by his own admission – a difficult person to work with. He is a “sensitive creative type,” according to his friends, and his temper and paranoia are legend. Nevertheless, he is acknowledged in the on-line gamer space to be one of the most creative executives in the industry. In addition, he has an acknowledged ability to recruit some of the most talented technical and creative talent available.

One of the challenges Pixelation management faces is how to compete with the big players in the game space and do so on a global scale. This joint venture appears to create some ways to do just that.

In sharp contrast, Amplosermo is one of the largest multimedia companies in the world with newspapers in 20 countries on three continents, several large advertising agencies, three “Web 3.0” companies, and numerous cable TV companies across the globe in its vast portfolio. Though a public company, a controlling interest is retained by the Amplosermo family of Milan and Carlo Amplosermo remains the CEO. In fact, Carlo believes on-line gaming and social networking offers possibilities for growth.

Your Job: You are part of an elite strategy team assigned to assess the most important public policy barriers and opportunities in the assigned country that could determine the fate of their “joint experiment.” You may want to validate some of the assumptions embedded in the minds of the leaders of these two companies. Further, what, if anything, can be done to reduce the threats and enhance the policy opportunities.
**BellWest**

**Corporate Objective:** Bell West is the result of a merger between two Regional Bell Operating Companies (“RBOCs”) and is now considering “a diversification strategy,” according the Meredith Joyce, the company’s CFO. This strategy will be built their expected success in international markets, particularly the assigned country. Among the steps BellWest is considering are the following:

- Building global satellite telecommunications network. Start-up begins in the assigned country. It has already launched a series of dedicated Low Earth Orbiting (“LEOs”) satellites (a program that many in and out of the company believe will go on indefinitely). BellWest has kept this project under close security. Nevertheless, the Financial Times and J.P. Morgan cite recent huge investments in satellite and wireless infrastructure as well as increased travel by senior management to the assigned countries as strong evidence of BellWest’s commitment to this project.
- Purchasing several regional cable operators in several carefully chosen markets.
- Building a “4G” wireless network in one or several carefully chosen markets.
- Doing some combination of all of the above.

**About the Company:** Prior to the merger the two RBOCs were the smallest of the national RBOCs in the US (both in terms of total assets and sales). After the merger the new combined company became one of largest in North America and one of the largest (in terms of gross revenue) pure phone companies in the world. Both companies have maintained fairly sophisticated operations in various countries for well over 20 years in anticipation of domestic and global deregulation. Further, they have invested heavily in both assigned countries, have “courted” the public officials in these countries and can legitimately claim to understand these markets “as well as anyone,” according to industry insiders.

However, of note is the fact that a Senior Marketing VP of BellWest is now under investigation for violating the US Foreign Corrupt Practices Act. The company spokesperson recently claimed (in a recent interview on MSNBC) that “… this is all a misunderstanding and the issue should be resolved soon.” Nevertheless, Justice Department officials are proceeding with the investigation.

**Your Job:** You are not employees of this firm. Rather, you are part of a large team of “industry analysts” working in the Equities Department of J.P Morgan. You are attempting to discern where this new firm is headed strategically and, most importantly, identify any public policy barriers or threats that might impede or help implementation of their strategy. Your analysis will be the basis for your firm’s buy/hold/sell recommendations to its largest institutional investors.
R.M. Barnsworth

Corporate Objective: R. M. Barnsworth (RMB) is a niche retailer headquartered in New England but operations in three states. Since its founding 110 years ago their product focus has been self-described as up-scale “outdoorsy” and includes everything from fishing gear and ice axes to hiking shoes and luggage. RMB’s target customers are “those who like the rugged outdoors image,” according to a close-hold internal marketing study the company just funded.

Although RMB’s main distribution channel is catalogue mail order sales (approximately 79% of total annual sales) they do have two retail stores (one in New England and one in mid-town Manhattan). There are currently no plans to open additional retail stores and they currently function with only one main distribution center in New York State (they would consider another distribution center). Over the past year RMB has been experimenting in tow areas:

- “Virtual” shopping. The company constructed a highly sophisticated web site that allows customers to shop as if they were in one of RMB’s retail stores.
- Increased sales of advances outdoor gadgets like GPS, communication tools, and something called “body sensor monitors.”

Although this site does not offer RMB’s full-time of products, this “beta” version allows customers to visually “inspect” products, inquire about various product attributes and even order products. RMB remains a very quality conscious company and the CEO only permitted the opening of this site with the personal proviso that “we don’t do anything too fancy” that “customers won’t understand or can’t use” and “we must make $#% sure that customer privacy is maintained!”

Background: RMB’s sales have been weak the past two years, as numerous comparable outdoor retailers have entered the market. Fortunately, RMB has a strong brand ID and an unblemished reputation for quality. RMB believes that customers are increasingly frustrated with this explosion of catalogue sales. The CEO was quoted in Business Week asserting that, “... folks are tired of having their mailboxes stuffed with catalogues ... there has got to be a better way to communicate with the customer.”

Your Job: RMB is intrigued with the twin possibilities of increasing overseas markets (currently RMB’s non-US sales are less that 3% of total annual sales) and shopping through the Internet. Recently, RMB hired a retired US Army General (he was a four star General in charge of the Army’s Logistics Command) to serve as Executive Vice President for Global Marketing. The “General” (as he is called in RMB) reports directly to the CEO of RMB and is considered the CEO heir apparent. Your team was recruited by the General to advise him on “what is possible and what is not possible” with the expanding international sales through Internet or web based technologies. The General’s immediate need, however, is sound advice on “any and all policy considerations” before RMB considers any technical proposals. The General, though savvy with information technology, admits to being a bit of a “techno-phob” wants his staff to communicate with him in “plain spoken terms ... none of that techie talk around me.”
Media Fusion

Corporate Objective: Media Fusion is a five year old company focused on “fusing web-based, cable, and wireless content providers” according to a recent press statement. Their most recent product, “TVNow V 3.0,” is a small handheld device that users can take with them wherever they go in the world and access cable TV, web-based video content (free TV and otherwise), and a wide variety of ever increasing online content. The user simply plugs in an Ethernet cable into the box (V 4.0 will soon have a wireless capability) and the content can then be ported to any type of display device.

The focus of the market is world travelers and “ex-pats” wanting access their TV and video content wherever they go. One the yet to explored keys to their success, according to Media Fusion management, is the prospect of securing near exclusive relationships with cable providers in key markets around the world. However, this has been difficult for a variety of reasons. Nevertheless, this effort continues.

Background: Media Fusion experienced rapid growth since its founding thanks in part to TVNow. However, a number of similar TVNow products have put pressure on Media Fusion to stay ahead of the innovation curve. Some of these products are knock-offs while others offer serious competition including SlingBox and Apple TV, to name a few. There have also been lingering product quality issues, including global compatibility issues.

Media Fusion is a privately owned (and ventured funded) firm and the board of directors has quietly opened up the possibility of being acquired by one of its competitors. The CEO is ambivalent about being acquired but has nevertheless initiated a secret effort to consider a suitor.

Your Job: You were hired by the CEO to explore the prospect of being acquired and all other alternatives to being acquired. Specifically, you are to look at the penetration of certain global markets that, among other things, might enhance the prospects for a major acquisition.

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3 Flat panel TV, computer monitor, laptop, and PDA displays.
SecuSoft

Corporate Objective: SecuSoft is a network and software security firm that does substantial business with the US Federal government as well as a number of large US multinational firms. However, the management of the firm is concerned that too large a percentage of their business is based on the US government sales (currently 50 percent). In addition, the management believes that a number of foreign governments offer tremendous market opportunities. Nevertheless, US export control laws and some foreign country import restrictions appear to block these opportunities. In addition, the company is facing the challenge of hiring key employees in the US who do not yet have US citizenship status.

Background: The challenge to expand beyond the US government market is several-fold. First, the US government has certain foreign export controls rule that may severely limit the number and variety of foreign market opportunities. Second, SecuSoft has almost no non-US presence through which to grow into these markets, should they represent real opportunities. Third, the citizenship requirements are put a tight hold on their ability to hire the best available employees. Fourth, the company is facing enormous pressure for competitors in the US.

Your Job: You are a member of a marketing consulting team whose mission is to assess the prospects for global growth the ability of the company to “break out” of its current market limitations.
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E-Global Strategies
Team Presentation Evaluation Form

TEAM _________

DATE _________

CONTENT (33%)
Poor __ Fair __ Average __ Good __ Excellent __
Comments:

PRESENTATION (33%)
Poor __ Fair __ Average __ Good __ Excellent __
Comments:

ANALYSIS (33%)
Poor __ Fair __ Average __ Good __ Excellent __
Comments:

Overall ____