NEW YORK UNIVERSITY'S STERN BUSINESS SCHOOL

Syllabus Course Number: FINC-GB 3125 10

CORPORATE STRATEGY AND FINANCE IN ENTERTAINMENT, MEDIA AND TECHNOLOGY COMPANIES

Henry Kaufman Management Education Center 4-90

Adjunct Professor Tad Smith

Teaching Assistant Milton Olsoff

Course Overview: This course employs the Socratic Method of teaching. Students must be comfortable speaking publicly, being called upon without warning by the professor to answer questions or participate in the discussion, and debating issues with other students. There are no "lectures." The course format encourages students to develop the ability to think quickly and articulate the strategic and financial issues facing top executives at entertainment, media, and technology companies. The perspective from which the course is taught is that of the Chief Executive Officer, but the Wall Street and analyst points of view are also examined.

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

Course Materials: Only publicly available information (i.e. news clips, financial reports, and other materials widely available on the Internet) will be required for this course, and reading assignments will be distributed electronically prior to each week's class. However, each will take some time to read, and certain weeks may require the preparation of financial analyses in advance of the class.

Grades: A student's grade will be based on class participation (50%) and the take-home final exam (50%). The final exam can be completed and submitted individually or as part of a team of no more than five students. There <u>may</u> also be a midterm exam, but that will be announced during the class.

<u>**Fall 2018 Classes**</u>:

1.   **(Monday, November 5th) - The New York Times Company (NYT)**

    How will traditional mainstream media organizations survive and thrive in the transition to digital? Where do newspapers go from here?

    How should the Internet economic model shift from an advertising-based model to something else so traditional journalism can continue to thrive? What might that new model look like?

2. **(Monday, November 12ᵗʰ) - Facebook (FB)**

   Will Facebook do what it takes to curb the social network's negative effects?

   How much do social networks really know about us, and how they are really using our information?

   What form will Facebook regulations take? How will they be implemented?

   Why was this a Facebook scandal more than a Cambridge Analytica one?

3. **(Monday, November 19ᵗʰ) - Spotify (SPOT)**

   Will Spotify's subscription and advertising revenue model be successful long-term, especially post IPO?

   How much does Spotify make per stream, and how much does an artist get from Spotify?

   Are economies of scale and scope helping Spotify remain the leading music streamer?

   What could happen to music streaming if Spotify goes out of business?

4. **(Monday, November 26ᵗʰ) - AT&T (T) acquisition of Time Warner (TWX)**

   What is the investment thesis behind M&A activity in the telecom and media industries, and will companies like AT&T be able to integrate successfully vertical capabilities?

   How will the DOJ verdict set a precedent for similar cases? What are the main impacts of this merger to the telecom and media industries?

   Is scale a driver to reduce operating costs while having more right of transmissions?

   How do media companies need to react to be able to compete with platforms like Amazon, Netflix and Hulu?

5. **(Monday, December 3ʳᵈ) - Lionsgate (LGF)**

   What are the main challenges to a fragmented box office and television business?

   How has Lionsgate been able to grow from a fledgling independent film studio to a $2 billion publicly-traded global entertainment corporation?

   Has Lionsgate created a plan to capitalize the direct-to-customer market by acquiring Starz and growing their subscribers? Will they be successful in leveraging data and a new library of content as Netflix did?

   Is Lionsgate an undervalued content leader?

6. **(Monday, December 10th) - Sonos (SONO)**

   Will Sonos' trajectory and access to millions of homes be sufficient to compete with Amazon and Apple?

   How well do Sonos' key capabilities align with their competitive positioning in the home audio industry?

   How has Sonos' IPO leveraged its relationships with Amazon, Google and Apple to outperform traditional audio-equipment manufacturers like Bang & Olufsen, Bose, Sony, and Samsung?

THE FINAL EXAM WILL BE DISTRIBUTED AT THE END OF CLASS.