B10.3155.30: Accounting and Valuation Issues in the EMT Industries
Spring 2011
Professor Soohwan Kim (Adjunct)
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Office Hours: Th 5:00-6:00

Description:
In this course, we will discuss financial economic, financial accounting, and valuation issues that pertain to the entertainment, media, and technology (EMT) industries. We will cover topics such as:
- Normal Revenue Recognition and Expense Matching
- Capitalizing, Immediate Expensing, and Writing off the Costs of Intangible Assets
- Subscriber Bases, Market Penetration, and Churn

Readings:
There is no assigned text for the course. I will hand out material each class for the following session. While I will hand out all materials needed for the course in class, the materials that are in electronic form will be available on Blackboard. All material assigned for a session should be read and thought about prior to class. So as not to violate copyright laws, all of the articles I hand out are available to NYU students at http://library.nyu.edu/collections/databases.html.

Simulation:
We will be doing an online simulation from Harvard Business. You will have to make a $12.50 payment prior to the session. You will also need to bring in a laptop for this session.

Grading:
Your grade will be based on final exam (50%), assignment (30%), and class participation (20%).

- Final exam - in class, closed book final exam during the last session of class.
- Assignment – There will be four assignments in total. Late assignments will be downgraded.
- Class participation - Students are expected to attend each class and actively participate in discussion. Quality is as important as quantity.

Students are expected to adhere to the School’s academic policies regarding attendance, academic conduct, and behavior. These can be reviewed online at http://w4.stern.nyu.edu/academic/affairs/policies.cfm?doc_id=7511.
I intend to follow the schedule as listed below.

Session 1
Path Dependence - Networks and Lock-in, Standards, Copyrights, and Patents
Please read “The rise and fall of MySpace”, the Financial Times, December 4 2009

Session 2
Strategy simulation - competitive dynamics and Wintel
We will extend the discussion to the smartphone market.

Session 3
Revenue recognition – Apple, Red Hat, MicroStrategy
Please read the 10-K excerpts from Apple, Red Hat, MicroStrategy
Mini assignment due (5 points)

Session 4
Subscriber Bases, Market Penetration, and Churn
Assignment due (15 points)

Capitalizing, Immediate Expensing, and Writing off the Costs of Intangible Assets
Please read the 10-K excerpts from Electronic Arts, THQ
Mini assignment due (5 points)

Session 5
Revenue recognition
Please read “Orion Pictures Corporation: Silence of the Accountants” case, Abarbanell, 1997
Mini assignment due (5 points)

Session 6
in class Final exam
informal Q&A session

About the Professor:

Soohwan Kim is a co-portfolio manager/analyst at BNP Paribas Asset Management. His prior employers include Deutsche Bank, AIG SunAmerica, Citibank, and UBS. Soohwan received his MBA from New York University's Stern School of Business. He graduated magna cum laude from Columbia University with a B.A. in economics. He is also a CFA charterholder.