E-commerce companies face a unique set of financial reporting, managerial control and valuation issues. The purpose of the course is to examine these issues in the context of the economic and financial characteristics of E-commerce companies.

While stock prices of pure E-Commerce companies suffered greatly since late 1999, and many start-up E-Commerce companies have terminated their operations, E-Commerce is not dead. Many companies that currently do not have sufficiently strong online presence are likely to conduct a substantial portion of their operations online in the future. This course will examine which businesses and companies are likely to succeed online. To do so, we develop a framework to evaluate Internet strategies and various E-Commerce business models of companies.

Financial reporting issues affecting firms in the digital economy include revenue & expense recognition, accounting for the granting and exercising of employee and director stock options, and the treatment of expenditures required to build important assets such as software and brand recognition.

Valuation of E-commerce companies has been likened to “trying to hug air”. The problems inherent in E-commerce valuation and possible approaches are examined. The course also examines the economic framework and cost structures of various E-commerce business models selecting a different model to examine in various class sections.

### GRADE

- Multiple-choice quizzes online (Quiz 1 due by 2/3; Q2 2/6; Q3 2/15) 50%
- Project – Analysis of an Internet Firm (due by 2/15) 50%
- Total 100%
BLACKBOARD

The course uses BLACKBOARD for delivery of materials, transmission of assignments, and correspondence. To log into it, you need to use your Stern E-mail ID and password. Access is provided through:

http://sternclasses.nyu.edu

Note: There is no required textbook. However, prior to each class section you should download the notes that will be made available in BLACKBOARD. Also check announcements on BLACKBOARD for periodic updates.

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
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| 1    | 1/31 Introduction  
New Economy and Old Economics  
Viability of Online Businesses  
E-Commerce Business Models - Overview |
| 2    | * No formal class ISP Model  
Portal Model  
Networked Utility Model  
Online Content provider model  
Online Market Making model  
Online Broker |
| 3    | 2/2 Financial Characteristics of E-Commerce firms  
Unique accounting issues  
Security of IT infrastructure |
| 4    | 2/3 Guest Presentation – Online newspapers |
| 5    | 2/6 Valuation  
Valuation – other approaches  
Online Matchmaking  
Online Banking |