

Tech Companies: Business Strategies and New Global Policy Tensions

DRAFT Syllabus Outline

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This is a new Master Level Course to be offered by the Summer School in Law, Business and Economic Policy, starting in Summer 2022.

Target: it should be part of the Master of Science (MSc) in Business and Economics and included in the new Major "International Business, Trade and the Environment" starting in HS 2022.

Abstract:

The past decade has witnessed the emergence and growth of many new business models as firms seek to differentiate themselves on either the cost or the demand side of markets. These strategies have produced dramatic changes in the manner in which consumers acquire goods and services. They have also led to a dramatic restructuring of numerous industries, and have increasingly become the focus of US and EU antitrust authorities.

This course will examine a host of novel business strategies that have permitted so-called "high tech" firms to enter markets and revolutionize the nature of competition. These strategies include both market-based and non-market-based strategies that have enabled stunning financial success of these companies. Yet, recently a growing chorus of questions has arisen regarding whether these strategies, including "zero-pricing", purchase of nascent competitors and "self-preferencing" are pro- or anticompetitive. The course will examine the emergence of these strategies, and their corollary policy tensions, with the goal of advancing students' ability to discern the merits of both existing and proposed regulations governing these firms. The course will end with a "live exercise" in which students debate alternative positions regarding the merits of specific new business strategies.

Tentative Course Outline and Relevant Readings

I. Introduction/Overview

A. The Entry and Growth of Big Tech

Presentation of Big Tech companies' entry, activities and financial success

B. Market Disruptions of Big Tech Disruption

Christensen, C. "What is Disruptive Innovation," *Harvard Business Review*, Dec. 1, 2015,

Wells, John R., Benjamin Weinstock, Gabriel Ellsworth, and Galen Danskin. "[Amazon.com, 2021.](#)" Harvard Business School Case 716-402, August 2015. (Revised June 2021.) "Amazon.com, Inc."

II. Strategic Features and Tactics of "Big Tech"

A. Platforms

Cusumano, M.A., A. Gawer and D. Yoffie "*The Business of Platforms: Strategy in the Age of Digital Competition, Innovation and Power*," HarperCollins, 2019.

Hagui, A. "Don't Let Platforms Commoditize Your Business," *Harvard Business Review*, May-June 2021 (with Julian Wright).

Cennamo, Carmelo and J. Santalo "Platform competition: Strategic trade-offs in platform markets," *Strategic Management Journal*, Vol. 34, Number 1, pp. 1331-1350.

B. Network Externalities

Hagui, A. and S. Rothman "Network Effects Aren't Enough," *Harvard Business Review*, 94(4), 65-71, April 2016.

C. Data

Hagui, A. and J. Wright "When Data Creates Competitive Advantage," *Harvard Business Review*, 94-101, January-February 2020 (with Julian Wright).

Iansiti, M. "The Value of Data and its Impact on Competition," Harvard Business School working paper 22-002, 2021.

III. Policy and Economics of "Big Tech"

A. The Backlash: Policy Tensions Facing Big Tech

"FTC Imposes \$5 Billion Penalty and Sweeping New Privacy Restrictions on Facebook," Federal Trade Commission, July 24, 2019.

Lerman, Rachel "Big Tech antitrust bills pass first major hurdle in House even as opposition grows," *Washington Post*, June 24, 2021.

Mayo, J.W. and S. J. Wallsten "Babies, Bathwater and Pending Antitrust Reform': An Economic Perspective, Economic Policy Vignette, Georgetown Center for Business and Public Policy, October 2021.

B. Predatory Competition

Caselet: The Role of New Technologies and Disruptive Technologies - *Philadelphia Taxi Association, et al. v. Uber Technologies, Inc.*

C. Self-Preferencing

Hagiu, A., T.T. The and J. Wright "Should platforms be allowed to sell on their own marketplaces?" *RAND Journal of Economics*, forthcoming.

D. Mergers and Acquisitions

Alcantara, C., at al. "How Big Tech got so big: Hundreds of acquisitions," *Washington Post*, April 21, 2021.

Cunningham, C. F. Ederer and S. Ma "Killer Acquisitions," *Journal of Political Economy*, Vol. 129, Number 3, pp. 649-702.

D. Targeted Advertising

Lau, Y. "A Brief Primer on the Economics of Targeted Advertising," Bureau of Economic, Federal Trade Commission, January 2020.
