

University of Pennsylvania, Wharton School
Department of Operations and Information Management
OPIM 469 - Information Economics and Strategy (1 cu)
(Fall 2014)

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Course Overview

This course focuses on information economics and applying information economics principles for examining strategy and competition in information intensive industries. We focus on information industries such as digital media, social networks, Internet advertising, online retail as well as more traditional businesses (financial services, construction, manufacturing) that have been transformed by inexpensive information processing and communications technologies. There are four major modules in the class: the economics of information goods and services (bundling, pricing and competition), search and consumer information (search agents, recommender systems), markets and market design, and implementation (security, privacy, software development).

This course is likely to be especially useful for students interested in consulting or staff roles in high-technology firms and those interested in pursuing entrepreneurial opportunities in the information economy. The course is analytical but not heavily quantitative. A basic understanding of strategy and microeconomics (including basic game theory) is useful, but all necessary strategic or economic concepts will be reviewed as part of the course.

Course Structure and Grading

Preparation and Readings. Most of the “work” in the course is preparing the readings and discussing them in class. For each session there will be a reading guide posted on Canvas that will generally include a mixture of academic and trade articles as well as online exploration of interesting or relevant businesses. There may also be guest speakers and occasional in class exercises. It is absolutely essential that you do the readings and consider the discussion questions before attending class.

Grading. There are four types of activities included in the grade:

Exams (2 x 25%). In order to give sensible individual grades, there will be two exams, one toward the middle and the other during exam period. They are equally weighted and are focused on the material in each half of the class.

Activities (15%). There will be periodic exercises and written problem sets that cover the material from each module in the class. Some are in class exercises or directly support class discussion (value chain exercise), while others are more like problem sets.

Project (15%). This is an opportunity to pursue something you are interested in broadly related to the economics of the information economy. There are minimal constraints on topic. You need to have the idea in rough form by mid-semester (to present and discuss with the class) and finish by the end. The format is: formulate a question and then rigorously answer it. Expected deliverable size is a presentation of length: $15 \text{ min} * \sqrt{\text{GroupSize}}$, although other deliverable formats are permissible if it is consistent with the project.

Class Participation (20%). You are expected to prepare and come to class to discuss the material. I will periodically make a subjective assessment of class participation.

Course Schedule (Preliminary)

Date	Day	Session
8/27/2014	Wed	Course Introduction
9/1/2014	Mon	No Class - Labor Day
9/3/2014	Wed	Information Goods and Versioning
9/8/2014	Mon	Bundling
9/10/2014	Wed	Information Goods Pricing (continued)
9/15/2014	Mon	Network Effects
9/17/2014	Wed	Two-sided Markets and Platform Competition
9/22/2014	Mon	Social Networks
9/24/2014	Wed	Online Social Networks
9/29/2014	Mon	Markets
10/1/2014	Wed	Auctions
10/6/2014	Mon	Online Advertising and Keyword Auctions
10/8/2014	Wed	Knowledge and Service Markets
10/13/2014	Mon	Midterm (may be adjusted)
10/15/2014	Wed	Thinking About Opportunities (Fun/Optional)
10/20/2014	Mon	Knowledge Management
10/22/2014	Wed	Project Proposals
10/27/2014	Mon	Price Search
10/29/2014	Wed	Product Recommender Systems
11/3/2014	Mon	Intermediaries
11/5/2014	Wed	Video Value Chain Exercise (Exercise Due)
11/10/2014	Mon	Software Development Risks
11/12/2014	Wed	Outsourcing Risks
11/17/2014	Mon	Cloud Computing and SaaS
11/19/2014	Wed	Intellectual Property and Open Source
11/24/2014	Mon	Information Security
11/26/2014	Wed	No Class (Break)
12/1/2014	Mon	Information Privacy
12/3/2014	Wed	Schedule Flexibility Day...
12/8/2014	Mon	Course Conclusion