****

**The Media Industries:**

**Draft: January 28, 2013**

**Public Policy and Business Strategy**

**B8366-001, Spring 2014**

**Tuesdays 5:45 – 8:45pm (Warren 311)**

Professor Jonathan Knee Professor Tim Wu

Hours: 3-4pm on Tues Office: 730 Jerome Green

Office: 325b Uris Phone: 212-854-2322

Phone: 212-857-3158 twu[@columbia.edu](mailto:Tsw12@columbia.edu)

[Knee@Evercore.com](mailto:Knee@Evercore.com)

The course is designed to introduce law and business students to the unusual regulatory and business challenges faced in the media industries. We will cover a variety of topics ranging from intellectual property, the history and structure of the media industries, strategies of integration and consolidation and patterns of innovation in the media industry.

The course is organized around a handful of major issues confronting the media industry that have public policy and business strategy implications. Each issue will be the subject of group work, debate, lecture and outside speakers over the course of 2 (two) weeks. The first week, groups will be assigned to one side of an issue, prepare arguments and participate in debate relating to that week’s two debate questions. The second week will include class lecture and perspective from industry participants.

In addition to a readings packet, the two textbooks for the class are: *The Master Switch: The Rise and Fall of Information Empires*(TMS) by Tim Wu and *The Curse of the Mogul: What’s Wrong with the World’s Leading Media Companies*(COM) by Jonathan Knee, Bruce Greenwald and Ava Seave. The reading assignments for class combine chapters of the book with relevant background materials. Grading is based on

- Group presentations (25%)

- A final examination (75%)

**Group Presentations.** The class of 48 students will be divided into 8 (eight) groups of 6 (six) students. Each group will be divided equally between law students and business students. The groups’ composition will be confirmed by the TA on the day following the second class (February 6th). Students may establish their own groups as long as they consist of 3 business students and 3 law students. Any group not pre-arranged will be randomly assigned.

During the course of the semester each group will participate in 2 (two) presentations in which they present their 3 (three) strongest arguments on one of the debate questions for that day and defend those positions to the class. The debate will be graded with all group members receiving the same grade. The average of these two grades will represent the presentation portion of the overall class grade.

**Final Exam.** The purpose of the final exam is to test your ability to apply the concepts taught in the class to a real situation. The exam will describe an actual or hypothetical media combination and ask a series of questions regarding the appropriate attitude towards the transaction of various stakeholders including shareholders and the public and what role the government can and should play.

**Syllabus**

***Confirmed speakers in bold***

**January 29, 2013 Topic: Introduction to Media Regulation and Policy**

**Questions:**

1. What, if anything, makes the media industries different as a regulatory matter?

2. What should the objectives of media regulation be?

3. How should you think about the dangers of excessive government control versus excessive corporate control?

4. How does the paradigm of regulated monopoly still influence media regulation?

5. What are the Constitutional constraints on media regulation?

Reading:

* TMS: Introduction, Chapters 1-10

**February 5, 2013 Topic: Introduction to Media Strategy**

**Questions:**

1. What makes media different?

2. What is strategy?

3. Have media industry strategies been successful?

4. What are the basic structures of media industries?

5. How should those structures drive strategy?

Reading:

* COM: Introduction, Chapters 1-4

**February 12, 2013 Topic: Vertical M&A in Media**

**Debate questions:**

1. Should the government have blocked the Comcast/NBCUniversal deal?
2. Was there a strong strategic basis for the Comcast board to have approved the NBCUniversal transaction?

**Issues to consider:**

1. When do vertical deals make sense for shareholders and the public?
2. What are the benefits and risks of combining content and distribution for consumers and for shareholders?
3. Is this combination in the public interest?

Reading:

FCC Conditions on Comcast (2 parts)

FCC Grants Approval of Comcast-NBC Transaction

Appendix A

Not so cursed?

Comcast Slide Presentation

Non-Horizontal Merger Guidelines

TMS: Chapters 13, 16; COM: Chapters 6, 12, postscript

**February 19, 2013 Topic: Vertical M&A in Media**

**Guest speakers: Bob Pick, SVP-Corporate Development, Comcast**

**Kathryn Zachem, SVP, Regulatory & State Legislative**

**Affairs, Comcast**

**February 26, 2013**  **Topic: Horizontal M&A in Media**

**Debate question:**

1. Should AT&T’s proposed acquisition of T-Mobile been approved?
2. Should AT&T have decided to buy T-Mobile?

**Issues to consider:**

* + - * 1. When do vertical horizontal deals make sense for shareholders and the public?
        2. How was the HHI used in this situation – how were the markets defined?
        3. Are there different or overlapping concerns that the Justice Dept. and FCC addressed?
        4. Why did AT&T think the deal would be approved?
        5. Are there conditions that could have been placed on AT&T that should have satisfied concerns?

Reading:

Horizontal Merger Guidelines

T-Mobile readings (4 documents)

AT&T & T-Mobile Factsheet

AT&T + T-Mobile: a World-Class Platform for the Future

of Mobile Broadband

DoJ Complaint against AT&T

AT&T & T-Mobile: World Class Platform for the Future of

Mobile Broadband (part 2)

TMS: Chapter 14, 18; COM: Chapter 13

**March 5, 2013**  **Topic: Horizontal M&A in Media**

**Guest Speakers: Christine Varney**

**Jim Cicconi**

**March 26, 2013 Topic: Net Neutrality and Public Access in Over the Top Companies**

**Debate question:**

1. Is net neutrality good public policy?
2. Is it a good business strategy for broadband providers treat different content services differently?

**Issues to consider:**

1. What is net neutrality?
2. What are the objectives of the regulations?
3. What is the strongest argument against these regulations?
4. How would access providers behave in the absence of regulations?

Reading:

Wu v. Yoo Net Neutrality Debate

Verizon / Google: A joint policy proposal for an open Internet

TMS: Chapter 19, 20, 21

**April 2, 2013 Topic: Net Neutrality and Public Access**

**Guest Speakers: Randal Milch, EVP & General Counsel, Verizon**

**Communications Inc.**

**Chris Libertelli, Global Public Policy Head, Netflix**

**Google**

**Marc Lawrence-Apfelbaum, EVP & General Counsel,**

**Time Warner Cable**

**April 9, 2013**  **Topic: News in the Digital Age: Policy and Business Implications**

**Guest Speakers: Richard Tofel, President, ProPublica**

Michael Golden, Vice Chairman, New York Times Company

Henry Blodget, CEO, Business Insider

John Steinberg, President and COO, BuzzFeed, Inc.

**Issues to consider:**

1. How has the Internet changed the newspaper business?

2. How has the Internet changed the news business?

3. Who are the winners and losers from these changes?

4. Do these changes argue for more or less government involvement in the

industry?

5. Was Murdoch’s acquisition of News Corp. good or bad for the public,

the Bancrofts, the Murdochs, the independent shareholders of News

and Dow Jones?

6. Is there any basis the government could have used to justify blocking

the acquisition?

Reading:

- COM: 10,11

**April 16, 2013** **Topic: Sports and Poverty: Media as a Basic Necessity**

**Debate question:**

1. Is there a role for government in managing the cost of sports programming or cable service generally?
2. Will cable companies maximize profits by being for or against a la carte pricing?

**Issues to consider:**

1. How much of a basic cable bill represents the cost of sports?
2. What drives and who benefits from the increasing cost of sports content?
3. What would the impact be of ‘a la carte’ pricing?
   * + Who are the winners and losers?
4. What would be the impact of barring exclusive distribution deals for sports content?

Reading:

ESPN Short Articles

US Telecommunications and Cable and Satellite: the Poverty Problem

Media Spotlight: After Further Review, ESPN Has EvenK More Leverage

Cable-TV Honchos Cry Foul Over Soaring Cost of ESPN

[FCC Reports on A La Carte]

COM: Chapters 6, 7, 14

**April 23, 2013** **Topic: Sports and Poverty: Media as a Basic Necessity**

**Guest speakers:** Arne Rees, Chief-of-Staff to the CEO, ESPN

**Craig Moffet, Senior Research Analyst, Sanford L.**

**Bernstein**

**Rocco Commisso, CEO Mediacom Communications**

Leo Hindrey, Chairman, Intermedia Partners

**April 30, 2011 Wrap-up and Conclusions**