



Course Title: Building a Better Business Model: The Key to Successful Innovation

Course Code: BUS 169

Instructor: Eugene Shteyn

Class Sessions and Recording

Meeting days and times: Thursdays, 7:00 pm - 8:50 pm (PT)

April 27 - March June 1

Meeting location: Zoom

The class sessions will be recorded

Required Reading:

- Geoffrey G. Parker, et. al, 2016. **Platform Revolution.**
- Kai-Fu Lee & Chen Quifan, 2021. **AI 2041: Ten Visions for Our Future**

Recommended Reading:

- Henry Ford & Samuel Crowther, 1922. *My Life and Work.*
<https://www.gutenberg.org/ebooks/7213>

Additional Suggested Reading:

- Safi Bahcall, 2019. *Loonshots.*
- Annie Duke, 2018. *Thinking in Bets.*
- Barbara Tversky, 2019. *Mind in Motion.*
- Reid Hoffman, 2018. *Blitzscaling.*
- Tim Hartford, 2017. *Fifty Inventions That Shaped the Modern Economy.*
- Cezar Hidalgo, 2015. *Why Information Grows.*
- Clayton Christensen, 1997. *The Innovator's Dilemma.*
- Ostervalder & Pigneur, 2010. *Business Model Generator.*
- Daniel Kahneman, 2011, *Thinking Fast and Slow.*
- Peter Thiel, 2014, *Zero to One.*

Course Summary:

Technology innovation creates enormous value and brings to life entirely new industries and professions. Nevertheless, original innovators (both individuals and

companies) often fail. To become successful, equal—if not more—attention must be paid to designing a strong business model. This means considering what business or consumer needs the innovation can serve and creating a clear path for monetizing, producing, distributing, pricing and servicing. Finally, successful companies must be able to scale up, achieve a dominating market position, and be ready to pivot as technologies and consumer needs evolve.

This course will examine how innovations in a broad range of industries, including AI as a service, health tracking, social media, distribution services, fintech and more have succeeded or failed based on the strength and adaptability of their company's business models. We will delve into case studies of ChatGPT, Nvidia, Microsoft, and Pfizer/Moderna –companies that successfully shifted focus to break away from the pack of competitor. Furthermore, we will consider the potential impact of AI technologies on business models of the future. We will also look at how companies like Google and Apple provide "sandboxes" for their teams to pilot-test new ideas and business possibilities before scaling up. Students will use brainstorming and business game exercises to create and test out new ideas and will apply lessons learned to design their own business models. We will also experiment with ChatGPT to explore and generate potential business models for real and imaginary companies. Our explicit goal is to learn by doing and to broaden participants' understanding of business model innovation.

In addition to six regular class sessions, the course will offer four optional brainstorming sessions for students who want to try developing their ideas in real time. Depending on students' preferences, the sessions will take place either on Tuesday or Wednesday mornings (California time), beginning week 3 of the course.

Grade Options and Requirements:

- No Grade Requested (NGR)
 - This is the default option. No work will be required; no credit shall be received; no proof of attendance can be provided.
- Credit/No Credit (CR/NC)
 - Score will be determined by student attendance and participation, including answers to online quizzes.
- Letter Grade (A, B, C, D, No Pass)
 - In addition to attendance and participation, the final paper (a 3-page written report) or the final project will determine a student's grade.

**Please Note: If you require proof that you completed a Continuing Studies course for any reason (for example, employer reimbursement), you must choose either the Letter Grade or Credit/No Credit option. Courses taken for NGR will not appear on official transcripts or grade reports.*

Tentative Weekly Outline:

Week	Date	Topic/Agenda Summary
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1	April 27	<p>Course Introduction and Core Concepts</p> <p>Topics: Technology, Innovation, Business, Models. What is most remarkable about the current technology and business revolution(s)? Why technology solutions create value? How business models enable innovators capture the value created? What future business models can be enabled by AI? Can you generate business models using modern AI tools? How do companies experiment with and choose a new business model?</p> <p>Reading: 1) Kai-Fu Lee, AI 2041. Chapter 1. 2) Henry Chesbrough, Business Model Innovation: Opportunities and Barriers, 2010. (<i>article provided via Canvas; otherwise, google it</i>). 3) Why does ChatGPT constantly lie? https://noahpinion.substack.com/p/why-does-chatgpt-constantly-lie</p> <p>4) Ford. My Life and Work, Chapter 2.</p> <p>Watching: 1) Silly Symphony “The Big Bad Wolf” https://www.youtube.com/watch?v=Sw8Yk93X1Lk</p>

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2 May 4 **Building a New Business Model**

Topics: Why do we need new business models if there are plenty of good old ones? Why business models become obsolete? What are the most common features and components of a successful new business model? Why and how does it work? How, for example, technology platforms enable value creation and capture? Will the \$44B business model experiment at Twitter succeed? How?

Reading: 1) Parker. Platform Revolution, Chapter 1. 2) Kai-Fu Lee. AI 2041, Chapter 4. 3) Reid. Blitzscaling. Part II. “Proven Business Model Patterns.”

Podcast: 1) The invention of market research (10 minutes)
<https://www.bbc.co.uk/programmes/w3csv3gm>

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3 May 11 **Innovation, Creativity & Decision-Making**

Guest Speaker: Marco De Polo
Global Head Growth Acceleration, Insights & Open Innovation at Roche.

Topics: Why thinking beyond technology is necessary for the success of a technology-based business? What are the typical problems and mistakes of business model creation? How to develop new ideas for a technology-bizmodel fit? How can we improve decision-making under conditions of uncertainty?

Reading: 1) Parker. Platform Revolution, Chapter 2. 2) Clayton M. Christensen, et. al. The Hard Truth About Business Model Innovation. MIT Sloan. 3) Annie Duke. Thinking in Bets. Chapter 3, “Bet to Learn.”

Watching: 1) Geoffrey Bezos at Stanford Entrepreneurship. “Taking on the Challenge.”
<https://www.youtube.com/watch?v=WhnDvVNS8zQ>

4 April 18

Guest Speaker: Max Shtein, Professor of Materials Science and Engineering at the University of Michigan, Ann Arbor.

We will discuss how modern science and technology breakthroughs enable new business models and create opportunities for startups in a broad range of industries: from semiconductors, to entertainment, to healthcare and beyond.

Additional topics: How do technology and business model reinforce each other, creating opportunities for exponential growth? How do we develop product and business insights that take advantage of the unique features provided by technology solutions.

Reading: 1) Parker. Platform Revolution, Chapter 6. 2) Kai-Fu Lee, Chapter 10.

Podcast: 1) a16z.com The Case of Zoom and Scaling Cloud Security.

<https://a16z.com/2020/04/12/16mins-zoom-security-scaling-bottomup-saas-pandemic-remote-work-shelter-in-place/>

5 April 26

Topics: How innovation type affects scalability: technology, product and business model. Case study: AI/ML in healthcare, wellness and IT 6.0. How to spot and ride a revolution, e.g. mass production, mobile communications,

Internet Platforms, AI. Brainstorm for potential business models for ChatGPT applications, bio-enhancement, etc.

Reading: 1) Parker. Platform Revolution, Chapter 9. 2) Ford. My Life and Work. Chapters 14, 16.

Podcast: TBD

6 June 1

Business Model Canvas and other tools. Course Review.

Topics: What tools can we use for creating and improving business models? What's the value of a "Disruptive Model"? Does your new business model fit company culture? How do I analyze a new business model from different points of view, e.g. entrepreneur, investor, technologist, customer, etc.?

Class project discussion. Brainstorming. Wrap-up.