HARVARD | BUSINESS | SCHOOL

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August 17, 2017

Professor Paul Healy

Dear Paul,

I was asked for an evaluation of Professor Ben Edelman for tenure in August 2015, and I am writing again two years later. I shall repeat large parts of the first letter, being careful to ensure that they are still appropriate.

In the earlier letter I wrote that I am not particularly close to his research, except that I recommended him to send papers to the Journal of Marketing Research, which had not been on his radar, because I thought they contributed to its research agenda. It remains the case that I think you will get more useful opinions on his research from others than from me, so I shall discuss first the case's teaching and service aspects and add my thoughts on the research at the end of the letter.

During the two years since my last letter I haven't had much to do with Ben in a teaching capacity for reasons irrelevant to merit, but prior to that my experience had been fairly extensive. When I chaired the "Taking Marketing Digital" short executive course I invited him to teach six years in a row. I have about five or six times run a shared session with him at alumni reunions.

He does not, in the instances that I've seen, conform to the usual model of HBS teaching in my view, but he is a special talent and we need him. Let me try to illustrate. In the first execution of the '[redacted] course in 2009 I asked Ben to teach a session, which I observed. Based on my observations and the evaluations, I decided that he had performed spectacularly with respect to demonstrating specialized forensic insights and sheer grasp of Internet mechanics, but diminishing returns had set in fast. In subsequent executions of the program I was never tempted to omit that session, because he opened the eyes of participants to the glaring potential for fraud in digital media. But I did not initially give him two sessions. Participants had typecast him as, in

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the phrase that Bloomberg attributed to Al Roth, the sheriff of the Internet, and while they were glad that the Internet's Wild West had a sheriff, all of the material that Ben offered to teach was in the line of policing deceptive practice and the class was not reporting that they needed to hear more on that topic at the margin.

Beyond content, his method of delivery in the classroom did not elicit much participant discussion, and I was concerned that it might lead to insufficient student preparation on a second session. I suggested Ben should try giving up the keyboard in favor of a technology (chalk) that could circle and underscore and mirror the flow of the discussion when it turned non-linear, but he did not buy the argument that there was a connection between the keyboard and the low level of debate.

Over six years in this program his teaching stabilized, and on occasion scored very well in the ratings of participants and my own assessment. The amount of discussion-based learning improved, but was still below what I think we would call strong, and I attribute that to the keyboard. In 2014 I observed him teaching in his EC course, and my notes (which are available) still note relatively light participant-centered learning. I recorded of one part of the class, "The style of this portion of the discussion was enumeration rather than evaluation. There was seldom more than one hand in the air, and little reflection in the discussion. When the list was complete Ben moved to comparison of the alternatives. A student said, "It depends on what you're trying to protect against," but the point was left hanging. My personal view was that if Ben had been using a chalkboard it would have been easy and valuable to map a list of "what you're protecting against" to "protections," driving to an integrated picture of how a diverse set of reputation threats require a diverse set of protections, but because Ben does not use a chalkboard his pedagogy is excessively linear. The technology impedes spontaneity and flexibility.

Quoting from my teaching observation, "At about 40 minutes into class, with the size of Airbnb's reputation mess established, Ben cold-called a student, "Would you declare reputational bankruptcy?" The student was unprepared for the term, and had little to say. Ben filled the void with a sidebar lecture on reputational bankruptcy. I felt Ben was asking the question to justify a lecture, not as part of a process of self-discovery."

Let me emphasize that my teaching observations are from several years back. I'm told that he performed exceptionally well in LCA this year, suggesting that he is quite intelligent enough to take instruction on teaching.

I believe he meets our standard with respect to course development and teaching. He develops good teaching materials on important topics, he writes very thoughtful teaching notes, and he cares a great deal about his students. The dimension of in-class discussion management has likely already begun to improve.

I can't imagine that there will be much disputing that Ben meets our standard for outstanding intellectual contribution. His paper with Brandi in the Journal of Marketing Research, "Risk, Information and Incentives in Online Affiliate Marketing" does two things. First it documents large scale malfeasance in the affiliate marketing industry. That sounds like a police matter, not a scholarly project, except that the police appear not to be up to the task. Second, and this is very scholarly, the paper uses the setting to investigate Coase's old question of the boundaries of the firm, and draws afresh for the digital age the line between quality control through in-house and outsourced institutional solutions. The result is the beginning of a literature in marketing on how to design institutions to tame the very risky but very rewarding ecommerce marketplace.

It is interesting that in writing this article on affiliate fraud he could find only two marketing scholars to cite. Here we have the early years of a marketing institution so flawed that eBay could pay one of its practitioners $35 million for services from which it found it had derived no value at all, yet the institutional design questions are barely on the radar of scholarship.

I read his recent paper, "Price Coherence and Excessive Intermediation" with Wright. The contribution of this paper is to generalize from earlier work on debit and credit card systems to a much wider range of settings in which intermediaries interpose themselves between buyers and sellers and restrict sellers from recovering the cost of the intermediary services, thereby inflating retail prices. The particular advantage of Ben's model is that reveals the welfare consequences of contracts that constrain a seller from charging a lower price to buyers if they don't use the intermediary. It is an elegant paper with wide application to the regulation and litigation of platforms whenever they appear to have welfare-eroding effects.

To convey anecdotally how important are the issues that Ben studies, one might read a story in the Atlantic Monthly titled, "Jesse Wilms, the Dark Lord of the internet." Wilms earned enough in two years of dishonest affiliate marketing to be able to pay $359 million to make the FTC leave him alone. The Atlantic story quotes Edelman extensively, including this assertion, "We put a man on the moon. If we put our minds to it, we can fix this stuff. The problem is that a lot of the folks who can stop it don't have much incentive to stop it." Web fraud is a frighteningly serious matter. The combination of prosecutorial zeal, economic skill, and facility with the technologies of the internet are just what is needed to build the institutional foundations for the emerging information economy, now and likely for a generation to come.

Because the internet needs this kind of scholarly attention, and because I like Ben personally, admire his intellect enormously, value his insights professionally, and find him a solid HBS citizen, I support strongly the case for tenure.

Sincerely,

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