Faculty Review Board
DRAFT CONFIDENTIAL REPORT
October 2015

Overview

This document presents the results of a review of concerns related to Professor Benjamin (Ben) G. Edelman's conduct raised in conjunction with his case for promotion to tenure (see **Exhibit 1**) and referred to the Faculty Review Board (FRB). At Dean Nohria's request, the FRB was convened in accordance with HBS policy. We considered two incidents that occurred during 2014: the first, in January, involved Professor Edelman's blog posting about Blinkx, and the second, in December, related to interactions with a local restaurant, the Sichuan Garden. In addition, we considered concerns that had been raised about a range of interactions between Professor Edelman and staff at HBS (see **Exhibit 2**). Over the summer and early fall, the FRB reviewed documents and other materials, including Professor Edelman's statement to the FRB (**Exhibit 3**) and his personal statement submitted in conjunction with his promotion package (**Exhibit 4**), and conducted a series of interviews to evaluate these incidents.

The FRB's mandate in this instance is to evaluate whether a promotion candidate meets the School's criteria for "Effective Contributions to the HBS Community." As set forth in our "Policies and Procedures With Respect to Faculty Appointments and Promotions, "[a]ll successful candidates must uphold HBS Community Values, accept a fair share of School responsibilities, and contribute to the community." Our statement of Community Values defines a set of principles that all stakeholders of the School—students, program participants, faculty, staff, and alumni—agree to abide by as members of the HBS community. These principles, also referred to as our Community Standards, are the following:

- Respect for the rights, differences, and dignity of others
- Honesty and integrity in dealing with all members of the community
- Accountability for personal behavior

In addition, as our promotions criteria make clear (page 6, section 13), "[a]ll recommendations for promotion... must be supported by persuasive evidence that the following requirements are met:

- The candidate displays honesty, integrity, and respect for others, including faculty, students, and staff.
- The candidate accepts his or her fair share of the School's administrative, mentoring, and teaching responsibilities.
- The candidate contributes to the teaching and research environment of the School.
- The candidate advances the School's mission and those activities that support and foster it."

This report is organized into **Findings** and **Assessment**. In the Findings section, we evaluate whether the conduct outlined in the July 31, 2015 letter to Professor Edelman is consistent with our Community Values and our criteria for Effective Contributions to the Community. In our Assessment section, we examine whether Professor Edelman's prior conduct, which we found was inconsistent with our values and criteria, is likely to recur or whether there are tangible signs that Professor Edelman has learned from these incidents and experiences.

Findings

This section presents findings in three categories: Blinkx, Sichuan Garden, and interactions within HBS. Each section includes a brief summary along with exhibits that provide greater detail.

Blinkx – January-April 2014

On January 28, 2014, Professor Edelman posted "The Darker Side of Blinkx" to his benedelman.org website (see **Blinkx Exhibit 1**, Original Post). The piece alleged deceptive advertising practices by a UK company named Blinkx and reported on investigative work Professor Edelman had done to uncover these practices as part of a paid consulting project.

The Blinkx stock price fell dramatically soon after the blog posting, and prominent media reports speculated that several large investment firms had sold the Blinkx stock short (see, e.g., **Blinkx Exhibit 2**, "Harvard Prof's Blog Post Slashes Blinkx Stock Price 21%").

The matter first came to the School's attention when a *Bloomberg News* reporter contacted Marketing & Communications to inquire about the posting and with the following questions (see **Blinkx Exhibit 3**):

> *My main questions are: What is Harvard Business School's policy about a professors (sic) publishing a report financed by an investment company that has a stake in its outcome? What is your view of Professor Edelman's disclosure of his consulting agreement in his blog post? Was it adequate to satisfy HBS's conflict-of-interest policy? If so, why? And, if not, why not? Should he have noted that the consulting agreement was with an investment firm that may have a stake in the outcome of his research? If no, why not? And, if so, why?*

The conflict of interest statement Professor Edelman had included on his blog post was:

> *I prepared a portion of this article at the request of a client that prefers not to be listed by name. The client kindly agreed to let me include that research in this publicly-available posting.*

Beginning with the outreach from the Bloomberg reporter and in the ensuing days, staff from Marketing & Communications and the Dean's Office, with input from the chair of the working group that implemented the School's Conflict of Interest and Outside Activities policies, interacted among themselves and with Professor Edelman to respond to numerous media inquiries. In addition, HBS evaluated its potential responsibility in the event charges of market manipulation were brought against Professor Edelman.

On February 4th and 5th, Professor Edelman updated and expanded his disclosure on the blog:

> *This article draws in part on research I prepared for a client that sought to know more about Blinkx's historic and current practices. At my request, the client agreed to let me include portions of that research in this publicly-available posting. My work for that client yielded a portion of the research presented in this article, though I also conducted significant additional*

research and drew on prior work dating back to 2004. My agreement with the client did not oblige me to circulate my findings as an article or in any other way; to my knowledge, the client's primary interest was in learning more about Blinkx's business, not in assuring that I tell others. By agreement with the client, I am not permitted to reveal its name, but I can indicate that the client is two US investment firms and that I performed the research during December 2013 to January 2014. The client tells me that it did not change its position on Blinkx after reading my article.[1]

As the HBS Conflict of Interest policy makes clear, "HBS faculty members share a primary interest in advancing the School's mission and core values, which include assurance of personal and institutional integrity; independent, objective, and ethical scholarship; accountability for actions and conduct; and preservation of the School's standing as an institution worthy of public trust. Arguably, the School's greatest asset is its reputation for scholarly integrity in the creation and dissemination of knowledge, a reputation that benefits all members of the Harvard community." Faculty members thus are expected to disclose their underlying relationships if those relationships could be seen as reflecting on the impartiality of their work.

In his response to the FRB's initial letter notifying him of the review, Professor Edelman reports understanding the seriousness of the issues that were raised. He characterized his Blinkx disclosure as an example of "bad judgment." He also noted that it led to people seeing him "as a hired gun serving short selling investors"—a view, as he noted, "media attention tended to endorse." He asserted that certain statements in the media reports, such as the suggestion that "the client . . . paid for Edelman's article," were "literally and importantly inaccurate." According to Edelman, the client paid for some of the research, but not for the article.[2] He continued, explaining that the clients "couldn't have known what I would find or whether I would choose to write about it."

Professor Edelman concedes that his initial disclosure on the blog was "arguably ambiguous." Professor Edelman's statement to the FRB also recognized that he "should have provided superior clarity." He promised to be more careful in the future and to "consult more often with appropriate HBS staff."

While HBS faculty are required to report outside activities to the Dean, we learned that Professor Edelman had himself crafted the confidentiality agreement that precluded him from revealing the client's name. We also learned that, consistent with his prior practices, Professor Edelman insisted upon the right to publish findings he would discover during the consulting project ("I accepted the project, subject to my standard requirement that information drawing solely on public sources must remain freely available for me to share with others if I wish, and cannot be subject to a confidentiality agreement.").

In assessing Professor Edelman's assurance that he would provide greater clarity and be more thoughtful in the future when hired as a consultant, the FRB reviewed video from the UK Investor

[1] The FRB was unable to determine from Professor Edelman's carefully worded revised disclosure whether the client (i.e., the two investment firms) changed positions on Blinkx *before* receiving Professor Edelman's report (possible under the wording that was used), *after* receiving Professor Edelman's report but before reading his blog (also possible under the wording that was used), or not at all.

[2] We do not credit the distinction Professor Edelman is trying to make between a client who paid for the research that would result in probable publication, versus paid for an article that summarizes the research.

Show in April 2014—three months after the incident first came to light. There, Professor Edelman reiterated his approach to consulting in response to questions from the audience and moderator: "I'll give [the information] to you, do what you want with it, I don't care what you do with it, but if there's anything notable, I will probably write about it on my site just as I have always done."[3] Professor Edelman's statement at the UK Investor Show seemed to contradict his representation to the FRB that his clients could not have known that he would write up the findings.

In any event, Professor Edelman's long-standing practice of explicitly asserting, in advance, his right to publish the findings of not just his research work, which is expected of our faculty, but also his outside consulting work made it possible that clients would anticipate this possibility (or even count on its probability) in hiring him. Professor Edelman failed to recognize the possible intersection between his publication activities and the ability of a client to engage in market timing, and his initial disclosure did nothing to inform readers of the possibility that his client, which hired him to conduct the research, could benefit from his findings because it had a stake in the subject of his research. HBS's Conflict of Interest policy imposes "a requirement to disclose outside activities and financial holdings as a way to promote transparency and, as a result, to enhance the public's trust in the independent and objective nature of our scholarship. Public disclosure of relevant outside activities and financial interests helps consumers of the relevant work (i.e., readers and listeners) to identify potential conflicts and interpret work products with appropriate care. In the end, greater transparency should enhance the credibility and impact of our scholarly work."

Finally, it is worth noting that the FRB met with senior faculty members from the NOM Unit. They emphasized Professor Edelman's good intentions and suggested he was a victim of circumstance, misunderstanding, and even ensnarement. They further expressed the view that his good intentions outweighed the problematic consequences of his actions. Nonetheless, they thought he could benefit from additional coaching and development.

Sichuan Garden – December 2014

In December 2014, Professor Edelman engaged in a series of email exchanges with the owner of a Brookline restaurant, the Sichuan Garden. Noticing the discrepancy between prices on the menu published on-line and those charged when he picked up his take-out food, Professor Edelman initiated an email exchange with the restaurant owner, requesting a refund. The exchange was sent by the owner to boston.com and soon went viral (see **Restaurant Exhibit 1**). Many of the stories and the thousands of comments posted in response to the stories portrayed Professor Edelman's insistence on a $4 refund as out of touch with the challenges facing a small business and characterized his tone as arrogant.

Faculty, staff, alumni, and students at HBS and Harvard soon found themselves faced with questions about the incident from colleagues, from family members, and from others. The Dean's Office received dozens of emails suggesting that the exchange reinforced negative stereotypes about Harvard and its faculty and expressing significant dismay that HBS was being portrayed this way (see **Restaurant Exhibit 2**). The School's externally facing groups (e.g., Publishing, Executive Education) fielded numerous inquiries from clients expressing concern. Even faculty speaking at global events in support of the Capital Campaign reported that it was challenging to divert questions about this issue back to the desired agenda of HBS innovations.

[3] http://www.dailymotion.com/dm_50fbf1d73b7c9; at 46:55.

Countless hours, across the organization, were devoted to responding to notes and comments. An MBA student, concerned that the incident reinforced negative stereotypes about the School, launched a program, encouraging donations to a Boston Food Bank, with the hope that something positive would come out of the incident; the program raised more than $6,500 (see **Restaurant Exhibit 3**).

With assistance from his Unit colleagues, Professor Edelman eventually crafted an apology to the restaurant owner (see **Restaurant Exhibit 4**).

In his written response to the FRB, Professor Edelman apologized for his "hard tone" in the email, recognizing that the interested public could readily have gotten a negative view of him as a result. He also argued that his tone had the effect of obscuring the merits of the case, which were, in his view, considerable.

Professor Edelman argued in his FRB response that he sensed that "the restaurant's conduct was intentional"—in contrast to the media characterizations of the menu prices as a "mistake"—which motivated him to spend the time to try to change the restaurant owner's behavior. He estimated that the restaurant had likely collected "tens of thousands of dollars" from the menu discrepancy, assuming that customers would have made different selections had they seen the new prices of a dollar more per item.

Professor Edelman's senior colleagues in NOM again emphasized his good intentions and desire to save customers from fraud, while acknowledging his poor judgment and lack of foresight to consider how the exchange might be perceived by others. Some saw Professor Edelman as the victim of a clever restaurateur, seeking to leverage and publicize the situation, given Harvard's visibility and brand.

HBS internal/staff interactions

This category encompasses interactions with staff related to issues ranging from travel policy to classroom technology, case copyright, and business cards. Each has been characterized by the approach the FRB witnessed in the Blinkx and Sichuan Garden incidents: a desire to redress what is seen as a wrong and persistence in realizing that goal.

Professor Edelman acknowledges awareness of these extended staff interactions, noting, "in every instance, my primary motivation was to make HBS the best that it can be." He asks us to acknowledge his "notable successes" in these efforts, which, for example, he points out, helped us avoid a "significant blunder" HBS would have otherwise made (related to a planned change in classroom projectors explained below). Professor Edelman also recognized in his response that, although he sees his "purpose as positive ... others might feel differently, particularly when I opine on areas that are beyond the scope of responsibility of a faculty member."

We reviewed a number of extended interactions between Professor Edelman and different staff members. The two examples below are illustrative of his interactions with others.

One set of interactions began in 2013 when Media Services started to plan an update of classroom projectors. Concerned that the planned change, as Professor Edelman explained in his statement to the FRB, "would have reduced usable projection screen size in all MBA classrooms by 31% with zero notice to faculty—making some slides unreadable, harming learning, and perhaps rattling some instructors or otherwise impeding their efforts at the crucial start of the fall semester," he communicated his concerns first with Kate Targett (Director of Media Services). Following that interaction, emails were sent or meetings were held with Steve Gallagher and Angela Crispi as well as various faculty members engaged in MBA Program leadership and the Academic Technology Steering Committee, including Professors Youngme Moon, Rawi Abdelal, and Felix Oberholzer-Gee. Professor Edelman initially sought to halt the project entirely; when that was not deemed feasible, he requested that a single classroom (his) be exempted from the upgrade (see **HBS Exhibit 1**). Ultimately, the project did move ahead, although it happened later than originally planned (because of cost), and Professor Edelman was not given a personal exemption.

A second set of interactions related to travel. Professor Edelman had begun selling business class upgrades to NOM colleagues, allowing them to book international travel at a reduced rate (and, in Professor Edelman's mind, help his colleagues to "save [their] limited research budget for other expenses") (see **HBS Exhibit 2**). While this effort was undertaken to save the School money, managing the expense reimbursement forms took considerably longer than average for the Financial Office staff and the staff at Harvard University (who had to process additional payments to Professor Edelman). The School's CFO, Rick Melnick, spoke with Professor Edelman, and he agreed to stop the practice. While we appreciate Professor Edelman agreed to cease the practice of selling upgrades for business travel, this was not the first time he was approached about his complicated travel practices. Previously, Professor Edelman had booked travel—both for himself and for colleagues—that entailed purchasing multiple tickets and using partial legs, a practice that is generally not encouraged and indeed may be prohibited by many airlines. This, too, had resulted in a call from the CFO, as the reimbursements were hard to untangle and it was difficult to track which legs were used when over multiple months. Moreover, while we understand that Professor Edelman is no longer monitoring upgrades for business-related travel, the FRB learned that he continues to monitor and use expiring upgrades across the NOM faculty, now largely for non-HBS travel.

* * *

In examining all three areas—Blinkx, Sichuan Garden, staff interactions—the FRB finds that Professor Edelman did not uphold the School's Community Values, and his conduct in each instance did not meet the criteria for "Effective Contributions to the HBS Community." In his dealings with Sichuan Garden and with staff at HBS, he did not demonstrate respect for others or for their commitment to the School. His tone was overly harsh, his approach was dogged, and he demonstrated a lack of appreciation for a difference of views. In connection with Blinkx, he failed to recognize that as a faculty, integrity in our activities—both real and perceived—is at the core of what we do. Across all three areas, his actions reflected a repeated inability to understand and adopt not just the technical requirements of the School's policies, values, and standards, but the underlying principles they convey.

Professor Edelman has consistently exhibited a tendency toward absolutism and extreme certainty that his view is the right view. His apparent certainty that his is the single right perspective, without regard for others' perspectives, was evident in his written and oral response to the committee and was mentioned (although not always as a weakness) by senior colleagues. We do not see persuasive evidence of accountability for personal behavior that would reflect evidence of learning. Although Professor Edelman might argue that his work is in fact "making a difference in the world" and is consistent with the School's mission, we would suggest that *how* he goes about his work matters and is essential to our Community Values.

See **Page 11** for a **Table of Contents** of the full set of exhibits included with this report.

Assessment

In this section, we assess the implications of our findings. We identify two areas of concern: external, related to the potential for risk to the institution and "the public's trust in the independent and objective nature of our scholarship," and internal, related to respect for others inside the institution. In terms of the external risk, there are two types. One relates to conflicts of interest or the appearance of the same, exemplified by the Blinkx incident, and the other relates to perceptions of character and image, exemplified by the Sichuan Garden incident as well as his interactions with staff at HBS.

In this regard, we sought to answer the following inter-related questions:

1) Did the issue ultimately get resolved in a satisfactory way? What is the evidence of learning that will shape future actions? Has learning associated with one incident led to different behavior in another?

2) Given the above, what is the risk going forward? Will closer supervision be sufficient? Or will the fact of Professor Edelman's having a broader platform post-promotion (and the assurances of tenure) increase the risk of similar incidents in the future? What assurances do we have that he has changed?

The FRB anticipated that its fact-finding work and interviews would lead it to one of three possible assessments: (1) no concerns, (2) concerns, along with sufficient confidence that learning and change had occurred such that any risks moving forward were mitigated, and (3) concerns that should be taken into account in the promotions process. The FRB agreed—after lengthy review and discussion—that we had arrived at the third option. We were unanimous in our assessment that neither option (1) nor (2) captured our views.

Blinkx, Outside Work, and Disclosure

With respect to the Blinkx events (consulting work, blog, and subsequent London talk), the FRB appreciates Professor Edelman's acknowledgement that he "should have provided superior clarity." Yet, we are not confident that superior clarity has been or will be provided in the future. Professor Edelman's handling of his conflict of interest disclosure during his London talk, months after the incident, reinforced our view that he fails to understand the fundamental concept of conflict of interest disclosure, or to appreciate the importance of disclosure to the integrity of his work and, ultimately, the work of the full faculty.

The incident raises questions for the FRB about whether Professor Edelman's approach to managing and reporting on outside work is compliant not only with the letter and the spirit of HBS policies on Conflict of Interest and Outside Activities but also with our Community Values. The FRB is aware that Professor Edelman has filed annual reports regularly, but we urge the Dean to review the reports to ensure they are both comprehensive and appropriately transparent before the Appointments

Committee's review of his case is completed. We also recommend assessing the congruence between the personal NDAs that Professor Edelman requires clients to sign and the HBS and University policies.

In terms of managing his outside activities, the FRB found that Professor Edelman did not appear to understand that his own zeal for righting a wrong could call into question the integrity of his writings, as well as the integrity of faculty work more broadly and the reputation of the School—that a single-minded focus on redressing one wrong could, nonetheless, enable other wrongs to occur. In addition, Professor Edelman did not seem to understand that conflicts of interest, real or perceived, could arise not only when he had been paid directly by a company for his work, but as a result of past work for clients in the same industry or field.

The FRB is concerned that the issues raised by the Blinkx episode and with Professor's Edelman's approach to disclosures relating to his consulting work would not resolve themselves simply with a potential change of status from untenured to tenured professor. We are concerned that the Dean's Office and other HBS and University officials may have to expend a disproportionate number of future hours on risks posed by the conduct of a single faculty member, particularly with regard to his outside activities.

The FRB was also concerned about Professor Edelman's approach to transparency. We struggled with the apparent contradiction between Professor Edelman's insistence on transparency for adware companies and restaurants and his reluctance to embrace transparency in his own agreements with clients or disclosures to readers. He fails to appreciate that "[i]n the end, greater transparency should enhance the credibility and impact of our scholarly work."

We also struggled with the seemingly contradictory assertions by Professor Edelman that he is working to make the world better (and HBS should trust his interpretation of what will and will not make the world better) and that he does not have to care about his consulting clients' goals and intentions. We were unable to understand how he resolves competing values or to determine whether he is able to see values that do not align with his position. For instance, when the value of reducing company advertising budgets (and/or helping companies—and indirectly consumers—reduce spending on deceptive ad practices) is pitted against the value of avoiding helping investment companies gain from short-selling stocks as a result of advantageous access to information, which "value" is more important in making a better world cannot be easily determined. Both values may be important, and we do not have confidence that he gives weight, or perhaps even recognizes, competing values presented by complex situations.

In the aftermath of the Blinkx blog and media inquiries, Professor Edelman was coached by senior colleagues and agreed on the need to be more thoughtful about his consultancies and his disclosures about his consultancies. Yet, Professor Edelman's decision to participate in the April UK Investors Show and the tone set at that conference by him (and the moderator) seemed to the FRB to be at odds with this assertion.

A small additional point: the extent of Professor Edelman's outside work policing the internet for clients and for the world struck us as potentially extremely high. We wondered whether it was necessary (or even possible) to determine that this work involves fewer than 400 hours a year (roughly a day a week). It was framed by Professor Edelman, variably, as outside work, as research, as a hobby, and as something he does instead of sleeping, giving the FRB the impression that he may spend a great deal more time than is optimal for HBS faculty on outside work.

Conduct in Community/External interactions

The FRB also is not persuaded that incidents like the one involving Sichuan Garden will not recur.

Professor Edelman stated that he was deeply sorry that it happened and that he learned the hard way that as a Harvard faculty member he was vulnerable to press exposure, which was reassuring. We also found, however, that Professor Edelman continued to believe he was in the right, pointing to price discrepancies and insisting the restaurateur reimburse past customers. He noted in his letter and his in-person comments to the FRB that the restaurant was large and successful—not an unsophisticated small business, as portrayed widely. He emphasized in his response that "the facts firmly contradict" the conclusion that he (Professor Edelman) was acting selfishly and that Sichuan Garden was unaware of its practices that cheat customers. Professor Edelman, along with his senior colleagues interviewed, indicated that it would be difficult for him to avoid taking similar action in the future, although Professor Edelman stated that he would try to be more careful about his tone.

We were somewhat concerned by Professor Edelman's senior unit colleagues' framing of the event as one in which a company that was "ripping everyone off who orders online" engaged in "deceptively" releasing "selected emails" while consistently "refusing to do what Professor Edelman asked him to do." Their expressed view that the restaurant owner was taking advantage of Professor Edelman because "he was a Harvard Professor" may have merit, but it overlooks the broader ramifications of his interactions for him and for the School. While the FRB recognizes that there are two sides to every interaction and does not have reason to doubt that Professor Edelman was trying to do the right thing, we believe that it is incumbent upon faculty to be sensitive to how we interact with the community, locally and around the world. In short, we do not question his good intentions; we question his judgment in his interactions with a local business—particularly coming so soon after the Blinkx incident, when the issue at heart (e.g., how he was or could be perceived by others) was so similar.

With respect to the internal HBS staff interactions, we have concerns about the extent of Professor Edelman's awareness of the impact his actions have on staff colleagues, their workload, and their need to balance broader School-wide considerations. It is often difficult to see the full picture, in which many dimensions (cost, impact, staff time) must be considered together. Professor Edelman is laudably committed to "making the School better" and yet seems not to recognize that his views of what makes the School better are his opinions (not facts) and that those on the other side of each issue very likely also believe their side has merit—and that following Professor Edelman's different advice might not, in their view (informed by their roles or expertise), actually improve the School.

Assessment of learning, change, and risk of recurrence

In its discussions about all three sets of events, the FRB had concerns about the extent of post-event learning and thus about the risk of recurrence. As noted, we have concerns about Professor Edelman's tendency toward absolutism, which appears to influence his judgment about whom to protect, what to report, and what constitutes a conflict or the appearance of a conflict. (This behavioral trait shows up in his writing and his interviews with us as well as in his senior colleagues' descriptions of his behavior.)

We found a consistent pattern in Professor Edelman's responses: apology followed by reiteration of the merits of his side of the story. For those on the receiving end, this kind of apology often falls short—and feels insincere, even if intended sincerely. His tenaciousness in reemphasizing the rightness of his side of a story makes it hard for us to be confident that he has learned, that he has changed in a deeper way, or that he is accountable for his personal behavior. We would like to see more evidence that he truly recognizes the other side of each story, views himself less like a victim, and has become more aware of his own contribution to the problematic situations. In terms of his own learning from these events, we are convinced that Professor Edelman regrets the publicity and perceptions surrounding his actions, but we are not persuaded that he regrets the actions themselves or sees any real problem in the approaches that he took.

When we considered Professor Edelman's certainty, together with his tenaciousness, we were left with a concern about whether he is able, without close guidance, to know when to let go of an issue and recognize an alternative perspective, for the broader good of the institution and/or the community members within and outside the institution. These characteristics, as reflected in the Blinkx and Sichuan Garden matters as well as in his interactions with others at HBS, made us question whether Professor Edelman can make effective contributions to the HBS community in accordance with our Community Values.

For the reasons described above, the FRB finds that Professor Edelman's conduct in connection with Blinkx and Sichuan Garden as well as his interactions with staff, as exhibited by the projector and travel examples, was inconsistent with the School's Community Values and did not constitute effective contributions to the HBS community.

Summary of Recommendations

In examining all three areas—Blinkx, Sichuan Garden, staff interactions—the FRB finds that Professor Edelman did not uphold the School's Community Values, and his conduct in each instance did not meet the criteria for "Effective Contributions to the HBS Community." In his dealings with Sichuan Garden and with staff at HBS, he did not demonstrate respect for others or for their commitment to the School. His tone was overly harsh, his approach was dogged, and he demonstrated a lack of appreciation for a difference of views. In connection with Blinkx, he failed to recognize that as a faculty, integrity in our activities—both real and perceived—is at the core of what we do. Across all three areas, his actions reflected a repeated inability to understand and adopt not just the technical requirements of the School's policies, values, and standards, but the underlying principles they convey.

The decision to award tenure represents a substantial commitment by the School to a faculty member. Absent very unusual circumstances, the faculty member will be part of the HBS community for decades and will help shape the culture and direction of the School. For these reasons and the reasons expressed herein, our review of Professor Edelman's conduct raises issues that, in our view, warrant careful consideration by colleagues as part of his promotion case. Specifically:

- We ask that the Dean review Professor Edelman's Outside Activities disclosure to gain confidence on behalf of the School that the disclosures are appropriate and that his current activities are aligned with the School's policies and mission.
- We ask our senior colleagues to consider these issues and our findings when reviewing Professor Edelman's case for promotion.

Exhibits Table of Contents

HARVARD | BUSINESS | SCHOOL

PAUL M. HEALY |
JAMES R. WILLISTON PROFESSOR OF BUSINESS ADMINISTRATION
SENIOR ASSOCIATE DEAN FOR FACULTY DEVELOPMENT

16 July 2015

Benjamin G. Edelman
Baker Library | Bloomberg Center 445

PERSONAL AND CONFIDENTIAL

via secure file transfer to bedelman@hbs.edu

Dear Ben,

As you know, promotion decisions at Harvard Business School are evaluated on multiple dimensions. Our focus is not solely on intellectual contributions, although those are of vital importance. We also expect that candidates will help foster a healthy and constructive academic community by, for example, displaying respect for others and contributing to the teaching and research environment of the School. These are among the expectations outlined in the *Policies and Procedures with Respect to Faculty Appointments and Promotions* under the heading, "Effective Contributions to the HBS Community."

As we have begun our work on your promotion case, concerns about your conduct—and about your ability to meet this standard—have been raised.

The *Principles and Procedures for Responding to Matters of Faculty Conduct* (attached for your reference) offer guidance about how the School should consider conduct-related issues in the context of a promotion decision. The Faculty Review Board, comprising three faculty members and a senior administrator, is responsible for undertaking a review of cases raising "a question of whether the candidate meets the School's criteria for 'Effective Contributions to the HBS Community.'"

As outlined in the *Principles and Procedures*, I have referred this aspect of your case to the Faculty Review Board, which will be responsible for drafting and providing you with a summary of the concerns ("the allegation, as it is known at the time").

You'll next hear from Amy Edmondson, the chair of the FRB; in the interim, she and I are available to respond to any questions you might have.

Best regards,

Paul Healy

Paul M. Healy

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HARVARD | BUSINESS | SCHOOL

AMY C. EDMONDSON |
NOVARTIS PROFESSOR OF LEADERSHIP AND MANAGEMENT

July 31, 2015

Benjamin G. Edelman
Baker Library | Bloomberg Center 445

Dear Ben,

I am writing to follow up on Paul Healy's letter to you of July 16, 2015, informing you that the Faculty Review Board (FRB) has been asked to review concerns about your conduct, especially as it relates to your ability to foster a healthy and constructive academic community (by, for example, displaying respect for others and contributing to the teaching and research environment of the School).

Consistent with the process outlined in our "Principles and Procedures for Responding to Matters of Faculty Conduct," in my role as Chair of the FRB I am contacting you now to provide a summary of the scope of our review (what the "Principles and Procedures" refers to as the allegation).

The FRB will consider two incidents that occurred during 2014: the first, in January, involving your blog posting about Blinkx, and the second, in December, relating to your interaction with Sichuan Garden. These incidents raised questions about your conduct, including the impact of your actions on HBS, the members of its community, and others. In addition, concerns have been raised about your interactions with staff and other colleagues at the School, including around case copyright, travel arrangements, business cards, and classroom projectors. Over the coming weeks we will review documents and conduct interviews to evaluate these incidents and interactions, and others that may come to our attention over the course of the review.

You can, if you wish, submit a written statement to the FRB at this time; we would ask that you do so by August 15, 2015, but please feel free to let me know before that date if additional time is needed. Should you choose not to provide a statement, your next opportunity to provide input to the FRB in writing will be after we have written a draft report and findings. We expect that we will want to interview you and will be in touch to request a meeting.

Best regards,

Amy Edmondson

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Statement to Faculty Review Board
Benjamin G. Edelman
August 15, 2015

In many ways, 2014 was a great year for me—several key articles finished, submitted, revised, and accepted; my EC course remaining strong, including insightful company guests on an unprecedented eight adjacent days; favorable developments in my outside activities, including litigation to help parents claim refunds from Facebook for kids' unauthorized purchases, as well as incarceration of two perpetrators I caught stealing from eBay; and my wife's pregnancy that led to our new baby Charles, born just a week ago.

These positive developments were tempered by the Blinkx and Sichuan Garden matters, of which the FRB is well aware. These alarmed me for their effect on the way people thought about me and my activities, and for the negative coverage that reflected poorly on HBS. I have apologized for both incidents, then tried to learn something from the experiences, making me a better person and reducing the likelihood of anything like this happening again. I explore these subjects in the sections that follow, then turn briefly to the internal HBS discussions also mentioned in Amy Edmonson's letter of July 31. I look forward to an interview where we can discuss further.

Relationship To My Research Agenda

While the incidents at issue are not directly related to research, I suspect the FRB's understanding of my activities will be advanced by understanding how my outside activities link to my research and my objectives more broadly. Who really cares about $4, or about some adware maker, a continent away, bugging hapless users with a few extra ads? It's a fair question, and as I dealt with the fallout from these activities, it was natural to ask whether I was focusing my effort appropriately.

My choice of activities—and the reason why I found myself taking actions that others surely find puzzling—is informed by a personal imperative, and a perceived responsibility, to apply my skills for the broader benefit of society. This approach is manifested in part in my research: Flipping through my CV, you'll see that each article has a significant element in this vein. For example, my article "Price Coherence and Excessive Intermediation" (Quarterly Journal of Economics 2015) explores contracts and practices that cause higher gross prices, offset (in part) by rebates and benefits that only sophisticated consumers tend to claim, yielding higher prices for the unsophisticated consumers—who are likely to be least able to pay. My "Pricing and Efficiency in the Market for IP Addresses" (American Economics Journal: Microeconomics 2015) similarly is importantly normative—assessing market rules to encourage networks to upgrade to the newest type of address numbers, in order to add capacity for the Internet to expand. A similar narrative motivates substantially every article I have written.

A similar focus permeates my outside activities. When I help advertisers uncover schemes that drain their marketing budgets [1], I am motivated not just by reducing their expenses, but by paving the way for them to pass savings to consumers, and simultaneously undermining the incentives for fraudsters to infect users' computers with deceptive software which users invariably struggle to remove. My work uncovering false and deceptive airline fees [2] similarly benefits consumers who face unexpected charges when they try to redeem accumulated points or miles. My class action litigation efforts compelled Apple to offer full refunds to all parents whose children had made unauthorized purchases on phones or tablets (sometimes hundreds or thousands of dollars with just a few taps) [3], and I continue work on a similar effort as to Facebook (where the problem seems to be even larger). [4]

I realize that this claimed "help the world" purpose may sound like a cliché, and it may also sound self-serving, but it is my genuine motivation.

Broader Learnings from Recent Media Attention

I've tried to find something positive in the Blinkx and Sichuan Garden issues—at least, some learning that can help me improve. A first takeaway is to be sure that my research and other activities are consistently focused in a positive direction I can be proud of. In fact, I was trying to do this as to both Blinkx and Sichuan Garden, as I explain in somewhat greater detail in the subsequent sections. Nonetheless, a positive purpose is a crucial starting point and not to be taken for granted. The interested public would surely have reached a more negative view if my true purpose had been (and hence was surely seen to be) selfish, commercial, or otherwise viewed as improper.

A second insight is that regardless of my motivation, I need to ensure that my work is *seen* as positive. While Blinkx and Sichuan Garden are obvious exceptions that I need to learn from, I have had success in the past. Consider, for example, my efforts to protect computers from spyware and adware [5] as well as my self-service letter-writing tool to help consumers obtain refunds from Groupon and similar services. [6] These have been well received. However, in both the Blinkx and Sichuan Garden matters, many people saw me as selfish—as a hired gun (as to Blinkx) and primarily motivated by a desire for a tiny personal refund (Sichuan Garden). In my view the facts firmly contradict these conclusions, but people nonetheless reached these views and thus a dim view of me and HBS. Importantly, my ambiguous disclosure (Blinkx) and harsh tone (Sichuan Garden) gave critics needless support. In both matters, concern about my motives seemed to prevent many people from assessing the merits of my position or the problem I was trying to solve. I should have taken a different approach: In the case of Blinkx, I should have provided superior clarity in my initial disclosure of relevant paid activities. In the case of Sichuan Garden, I should have used a different tone in corresponding with a small business, and I should have left zero doubt that my primary objective was obtaining refunds for everyone overcharged.

Blinkx Research, Consulting Engagement, and Online Article

Let me begin with a bit of context. For more than a decade, I have studied adware (deceptive software that sneaks onto users' computers and shows extra advertising). My work has had significant impact including multiple government investigations, private litigation, bankruptcy, and liquidation.

In 2004, I began examining a company variously known as nCase, 180solutions, Zango, and more. [7] The company faced class action litigation and a FTC complaint and consent order, both fairly traced to my research and findings. Ultimately the company entered bankruptcy, and some of its assets were bought by a British advertising technology firm called Blinkx. Based in part on Blinkx's statements at the time, I thought these adware activities were much reduced, and I was focused on other lines of research, so I wrote little on my site about this adware for some years.

In December 2013, two investment firms noticed my prior work and asked me to prepare an update. I accepted the project, subject to my standard requirement that information drawing solely on public sources must remain freely available for me to share with others if I wish, and cannot be subject to a confidentiality agreement. In my project for these investors, I found that this company's adware was still quite active and using the same methods I and others had previously critiqued. Reflecting on that finding, I decided to write about it on my public web site. The result was the article I posted to bendelman.org on January 28, 2014 [8], nearly four thousand words plus videos and screenshots. My posting prompted substantial reaction from advertisers and ad networks (who wanted to avoid participating in and funding these tactics), security researchers (who wanted to help remove such software from users' computers), and investors (who soured on Blinkx's prospects). Blinkx management responded by questioning my motives—positioning me as a hired gun serving short-selling investors—and media attention tended to endorse this view.

I wrote this article with the best of intentions—thinking I was reporting truthful information of interest to consumers (whose computers were under attack by an organized adversary) as well as advertisers (budgets and reputations at risk) and regulators (who typically lack sufficient resources to uncover such problems on their own). Looking back, I think my confidence in my objectives and in the substance of the research blinded me to the way the story could be flipped around to focus on my supposedly-improper motives. It was a painful but important learning. In this respect, at least, I now consider myself much more aware.

Numerous news articles made statements like "the client who paid for Edelman's article," and even some HBS colleagues and staff used phrases like this. Although a convenient shorthand, this is literally and importantly inaccurate. Crucially, the article I posted to my web site simply was not required by any contract with investors or anyone else. My agreement with clients obliged me to conduct certain research and to provide them with my findings, but I was *not* obliged to write about this on my web site. Indeed, thinking back to the various companies that have retained me over the years , in only a minority of cases did I consider the findings important enough to merit online posting or other publication. The clients here couldn't have known what I would find or whether I would choose to write about it publicly.

Furthermore, the involvement of a client, such as it was, was always disclosed. I included the following disclosure included in the original version of the article as initially posted to my site:

> I prepared a portion of this article at the request of a client that prefers not to be listed by name. The client kindly agreed to let me include that research in this publicly-available posting.

At the time of the posting, I considered this an appropriate disclosure because its meaning appeared to be clear, and because I had used it, verbatim, in another project in January 2013. I thought this was unambiguous: "a portion of the article" came from a client request, but not all of it; the plain language specifically indicated that the article and the client work were not coextensive. But clearly this was widely misinterpreted, in part because it was arguably ambiguous (could "portion" mean "all" or "99%"?), though also (some journalists told me) because the Blinkx public relations team presented my disclosure to support their narrative of my acting in concert with hostile investors. In an attempt to reduce this ambiguity, and in consultation with appropriate HBS staff, I substantially expanded the disclosure both to emphasize the separation between the paid work and the article, and to say more about the nature of the paid work:

> This article draws in part on research I prepared for a client that sought to know more about Blinkx's historic and current practices. At my request, the client agreed to let me include portions of that research in this publicly-available posting. My work for that client yielded a portion of the research presented in this article, though I also conducted significant additional research and drew on prior work dating back to 2004. My agreement with the client did not oblige me to circulate my findings as an article or in any other way; to my knowledge, the client's primary interest was in learning more about Blinkx 's business, not in assuring that I tell others. By agreement with the client, I am not permitted to reveal its name, but I can indicate that the client is two US investment firms and that I performed the research during December 2013 to January 2014. The client tells me that it did not change its position on Blinkx after reading my article.

In response, I have made several important changes to my approach to online articles and to research in any way connected to client requests. First, I am more cautious—taking more time to consider the impact and the various things that might go wrong. If disclosures are appropriate, I'll surely be more careful to consider the draft text from multiple points of view—not just the literal accuracy of the disclosure, but also whether it might accommodate other meanings different from what I intended. I've already taken the opportunity to consult more often with appropriate HBS staff.

Relatedly, this matter sharpened my understanding of possible appearances of a conflict of interest. I'm now more hesitant to write anything in any way related to what a client previously requested. It's not that I see anything fundamentally wrong with that, particularly when the research all comes from public sources and when an appropriate disclosure is provided. Indeed, this caution may result in me not sharing some information with the public (even if I know it would be of interest). But the Blinkx experience reveals a set of potential problems that I had not previously considered.

Sichuan Garden Correspondence

In December 2014, I checked the web site of Sichuan Garden, a restaurant near my Brookline home. I selected desired items, called in my order (their web site does not support online ordering), and paid upon pickup. Later, I noticed that I had been charged more than expected: Each line on my receipt was one dollar more than the amount specified in the online menu. I contacted the restaurant to inquire and, based on what I learned, to attempt to get the restaurant to provide refunds to all affected customers. Our email exchange went poorly: I found the restaurant owner evasive, and rather than refunding me or anyone else, he forwarded most of our email exchange to Boston.com which published the messages. [9]

Reading the messages, most people quickly reached the conclusion that I'm a jerk (or worse). Other publications picked up the story, as did social media, and the public response was intense. By all indications, the story reached millions of people; halfway around the world, my mother-in-law found it front page news on Yahoo Singapore. I received death threats, a bag of feces at my home, obscene voicemails, and more—though, to be sure, also plenty of supportive messages, especially from people who had noticed that they had been overcharged elsewhere, as well as from those who read the messages and concluded that I was primarily seeking to assist others.

Indeed, the messages themselves make clear that my primary purpose was obtaining refunds for everyone affected. For one, four dollars is obviously insufficient to justify the time required to send one email, not to mention several. Furthermore, a close read of the email exchange reveals my statement of my intent, calling on the restaurant owner to "notify other affected customers" so they could claim refunds. Boston.com didn't publish my complaint to the Brookline town officials (importantly, submitted days before the Boston.com article), but that message was even more explicit. In relevant part:

> ... Is there someone in the Brookline government who might assist [in obtaining] appropriate refunds to affected customers? ...

I explained the broader principle to a journalist:

> We all rely on trust in our daily lives—that when sales tax is added, it actually applies and equals the specified amount; that the meter in a taxi shows the correct amount provided by law and correctly measures the actual distance; that when you order takeout, the price you see online matches the amount you pay in the restaurant. We take most of this for granted, and it would be a lot of trouble to all have to check these things day in and day out. That's exactly why we should be concerned when folks fall short—because hardly anyone ever checks, so these problems can go unnoticed and can affect, in aggregate, large amounts.

Much media attention has framed the restaurant's inaccurate online menu as a "mistake." That is not my view. In fact, I sensed that the restaurant's conduct was intentional, and that made me willing to spend (what I expected would be) a few minutes to try to get the problem fixed. Notice that the restaurant owner's initial reply indicated that the "website prices [had] been out of date for quite some time"–indicating he knew about the discrepancy, to his benefit and customers' detriment, before I wrote. (I later learned that customers had been complaining about the restaurant's pricing and alerting restaurant staff as early as 2010. [10]) Furthermore, even after my inquiry flagged the issue and even after I explicitly suggested that the restaurant owner update the web site, he indicated no interest in doing so; instead, he offered to email me a replacement menu, which would do nothing to help others. My suspicions were piqued: It seemed that he not only knew the online menu was inaccurate, but he wanted to keep it that way. I'm confident that I would have reacted differently had he immediately admitted the problem and fixed the online menu for everyone.

Some people responded to this media coverage by suggesting that I should limit my consumer protection efforts to uncovering malfeasance by big companies. Certainly I have not been shy in taking on big companies, including the Apple and Facebook matters mentioned above, trademark litigation that was at one point the most successful class action against Google [11], the first successful third-party consumer complaint in the history of deregulated air travel in the United States [12], and plenty more. My first-hand view of misbehavior by big firms has led me to wonder who pursues violations by small firms. Consider: If small companies correctly anticipate that no one will enforce consumer protection laws against them, or that occasional enforcement will entail no penalties (and indeed there were no penalties for Sichuan Garden here, nor refunds to the thousands of affected customers), they have no incentive to comply with applicable law. Instead, their gains (and consumers' losses) then grow unchecked; in fact, over the 4+ years at issue here, reasonable estimates indicate that Sichuan Garden collected at least tens of thousands of dollars extra. As I look back on my motivations in continuing the restaurant correspondence even when the owner's position was clear, I think I was inclined to persist exactly because I anticipated that the legal system is unable to deter misbehavior in this circumstance. A timeless proverb asks, "If not me, then who?"—and my haste in following this good advice blinded me to the need to adjust my style and tone to the situation at hand.

Despite my good intentions, my tone and approach were out of line. Among other things, I gave insufficient weight to the fact that I was corresponding with a restaurant owner who, despite multiple locations and media accolades, is not a corporate goliath. And while I intended my tone to be polite but firm, the formality of my messages was far from standard customer correspondence.

Internal HBS Interactions

Amy Edmonson's letter of July 31 also mentions that concerns have been raised about my interactions with staff and colleagues about case copyright, travel arrangements, business cards, and classroom projectors. I don't yet know the FRB's specific concerns or what others have reported, so I'll be correspondingly brief in this initial statement.

In every instance, my primary motivation was to make HBS the best it can be. In fact, I think I've helped us make some important advances. For example, in 2008 I flagged a crucial sentence in our then-applicable case footer that claimed readers could not exercise the rights they are guaranteed by the fair use doctrine under copyright law. Noting a contemporaneous federal complaint against numerous top content providers and publishers about a similar overarching claim of rights [13], I thought it particularly important that this sentence be revised and removed. In a few emails with Linda Olsen, I arranged a correction for all of my then-existing cases; this improvement was later deployed to the case template and to all other authors' new cases and revisions. Similarly, my 2009-2011 concerns about case copyright and my discussions with Paul Healy (then Senior Associate Dean for Research) led to the 2011 "faculty rights in the use of cases" policy, which consists in large part of text that I had drafted [14], and largely responds to the concerns I had raised. Shortly thereafter, the case submission process was revised to include an explicit copyright transfer agreement, consistent with applicable law as I understand it, as well as with a longstanding policy from the Provost's Office. [15]

Turning beyond copyright, I think I've also had some other notable successes. For example, my efforts in classroom projectors helped us avoid a significant blunder in fall 2013 that would have reduced usable projection screen size in all MBA classrooms by 31% with zero notice to faculty—making some slides unreadable, harming learning, and perhaps rattling some instructors or otherwise impeding their efforts at the crucial start of the fall semester. After I raised the issue, MBA program leadership encouraged Media Services to undo the change, restoring prior functionality without any student and indeed any faculty member knowing what had almost happened.

I haven't been shy in speaking up when I see areas for improvement, even on subjects where faculty usually do not seek to be involved. Though I see my purpose as positive, I recognize that others might feel differently, particularly when I opine on areas that are beyond the ordinary scope of responsibility of a faculty member (and a junior one at that). I've always considered it a cooperative effort with everyone trying to do what's best for the school—even as it's not always obvious what that is, particularly when decisions are multifaceted and when multiple factors interact.

The four areas Amy mentioned are actually just a few of the areas where I've tried to improve aspects of HBS. For example:

- Over the years, I assisted various faculty members with short-term disabilities (two people) and permanent disabilities (two people) that impeded teaching and/or research. I also assisted a student with a permanent disability that impeded learning. Of course this is well outside my official role, and at first I was hesitant to assist for multiple reasons, but I quickly learned that some people perceived that I could in some way complement standard channels—aspiring to be some combination of faster, more creative, and more flexible.

- My Participation Tracker [16] improved data collection and analysis for faculty and FAs, saving time, recommending call lists of at-risk students, and tabulating data to explore participation patterns. In a faculty meeting, Dean Nohria once credited that tool as a factor helping to reduce grade disparities for female students—though I wouldn't have been so bold as to take credit for any portion of that improvement.

- My calendar exporter [17] continues to save dozens of hours of FA time each semester while running with perfect accuracy. (Knock on wood!) I wrote this tool after seeing the unfortunate case of an FA error in a colleague's calendar, causing him to miss a session of his own course, which was quite disruptive to learning and to his relationship with his students.

I hope these, at least, have been viewed as positive.

I know I'm not the first to make unusual contributions. Indeed, my Participation Tracker replaced a first version by Jan Hammond and an upgrade by Frances Frei. I do think the level and scope of my internal efforts reveal not just my commitment to the HBS community but also my longstanding determination to make a difference in the ways I am distinctly able.

Throughout these efforts, I have aspired to maintain an appropriate tone. If I have acted in ways that caused others to feel I did not respect them, I am sorry for that, and it was not my intention. I have every desire to learn from these experiences also.

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At this important stage in my career, and with the unfortunate media coverage in two instances in 2014, I fully understand the school's need to assess my actions. In some ways I think of myself as rather different than most of my colleagues—certainly choosing different ways to spend my free time, and less willing to accept the status quo in so many areas, both within and beyond HBS. I would not expect HBS to wish to retain me if every year brought media uproar like the two incidents last year, nor could I imagine remaining a happy and positive person if such incidents reoccurred. I have taken significant steps to see that they do not, and I hope I can demonstrate to the FRB that I adequately understand the problem and that my efforts at learning and improving are both genuine and appropriate. These experiences have also led me to be more thoughtful about the possible externalities from, and perspectives on, my actions; and these experiences have redoubled my commitment to using my research and skills to make the Internet a safer place for consumers. I look forward to further discussions as the committee sees fit.

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10 User Kai. L, writing on August 20, 2010 on Yelp: "they charged different price between receipt and menu". http://www.yelp.com/biz/sichuan-garden-brookline?hrid=sAnmcg2BA1OOP8NfkeTmpQ .

11 *Vulcan Golf v. Google*, N.D.Il Case No. 1:2007cv03371. Plaintiffs there survived repeated motions to dismiss, which at that point no prior class action against Google had ever done.

12 Third-Party Complaint of Multiple Price Advertising Violations of 49 U.S.C. §41712 and 14 CFR 399.84(a). http://www.benedelman.org/airfare-advertising/pdf/edelman-to-dot-04feb2013-aa.pdf . Docket including consent order Regulations.gov DOT-OST-2013-0024, available at http://www.regulations.gov/#!docketDetail;D=DOT-OST-2013-0024 . Index of related research at [2].

13 *In the Matter of Misrepresentation of Consumer Fair use and Related Rights by National Football League et al.*, August 1, 2007.

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Personal Statement
of
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My research addresses competition, policy, and fraud in the contexts of online market design and other networked businesses. I strive to influence multiple audiences: scholars of economics, computer science, and law; practitioners who build and use online marketing services and online marketplaces; regulators who oversee these systems; and instructors in business, law, and computer science.

In this statement, I review my major research to date, including both the academic contributions and the ways my work has been used by practitioners. I then present my publication strategy, contribution to educators, and benefits to the HBS community. Finally, I describe my plans for the coming years. The accompanying itemization *Impact on Practitioners – Selected Examples* lists other instances in which my research directly influenced practice, public policy, and, in some instances, law enforcement.

Research Overview

I organize my research into four broad categories: the game theory of online advertising, strategic behavior and fraud in online advertising, the special concerns raised by the largest online platforms, and fixing various aspects of online systems and services.

Several themes span these topics. First, my work is grounded in economics and incentives; I examine how system rules shape behavior, and what changes would result from alternative rules. Furthermore, my work considers practices that distinctively arise online; I study systems grounded in robust information technology and low transaction costs. The details matter: for example, "small" changes to auction rules can flip bidders' incentives; graphic design elements redirect the focus of web site users; shifting legal doctrines shape participants' rights and responsibilities. While much of my work is descriptive (for example, understanding the equilibrium resulting from certain pricing mechanisms), portions are explicitly normative (flagging problems and suggesting options for improvement).

My research to date is embodied in 17 peer-reviewed articles, 23 other articles (including solicited articles and book chapters), 23 cases (plus two abridgements), ten supplements, 17 teaching notes, three module notes and technical notes, and various working papers. In *Publication Strategy* (page 9), I discuss my choice of publication venues as well as the reasons for my somewhat unorthodox choice to distribute some research primarily on my own web site.

I use multiple methods including formal economic modeling, analysis of archival data, and online laboratory experiments.

Online Advertising: A Game-Theoretic Perspective

Most of my research explores the online advertising ecosystem, a large market now well beyond $100 billion per year. So far, most users appear unwilling to pay directly for many online sites or services. Yet users are content to see ads, which have become the primary source of funding for most online resources.

My work was among the earliest economic analyses of rules and incentives in the *sponsored search* marketplaces that fund search engines and related sites that include text advertising. I study these systems to advise platform designers on sensible improvements, compare strategies for those who buy advertising placements from these systems, and assess the welfare consequences of changes in system rules.

Historically, online advertising platforms have lacked strong norms governing system design, ad selection, or even the calculation of advertisers' payments. The resulting flexibility invites innovation, but also leaves substantial room for error. For example, in *Strategic Bidder Behavior in Sponsored Search Auctions* (Decision Support Systems 2007), Michael Ostrovsky and I examined pricing mechanisms for sponsored search auctions. Comparing first-price and second-price payment rules,[*] we demonstrated the instability inherent in an open, repeated, multi-unit first-price auction—auction rules that leave each advertiser wanting to change its bid. With data from early Yahoo ad auctions, we concluded that Yahoo's early use of such a mechanism cost the company at least 7% of search ad revenue during the affected period.

Evaluating sponsored search auction design requires distinguishing between outcomes that are plausible equilibria, versus outcomes that lead advertisers to change their bids in short order. In *Internet Advertising and the Generalized Second Price Auction* ("EOS") (American Economic Review 2007), Michael Ostrovsky, Michael Schwarz, and I coined the term "generalized second-price auction" to characterize modern search ad auctions. We then characterized equilibria and compared revenue across possible equilibria—the groundwork for welfare analysis in this market. In *Greedy Bidding Strategies for Keyword Auctions* (with Matthew Cary, *et al*) (ACM Electronic Commerce 2007), I showed that bidder outcomes naturally converge to the equilibrium presented in EOS. In extensions, I considered the role of reserve prices (*Optimal Auction Design and Equilibrium Selection in Sponsored Search Auctions*, American Economic Review 2010, with Michael Schwarz) and competition between multiple ad platforms (work in progress).

This line of work has attracted substantial interest from both economists and computer scientists, and it remains the fundamental treatment of equilibria in sponsored search. A diverse subsequent literature explores topics such as bidding strategy, pricing, targeting, and competition, relying on EOS for a basic notion of equilibrium.

I bring the game theory of online advertising to the classroom in two teaching cases: *Google Inc.* (with Tom Eisenmann; most recent update *Google Inc. in 2014*) and *Microsoft adCenter* (with Peter Coles). These cases draw on EOS and related concepts to assess likely dynamics in the market for Internet search. For example, EOS equilibrium results imply that an ad platform with many advertisers will collect disproportionately large revenues and hence enjoy an advantage when recruiting publishers to show the platform's advertisements. If an incumbent has such a strong advantage, how can a new platform gain traction? In the *AdCenter* case, students take the perspective of Microsoft as a late entrant attempting to gain market share despite Google's far larger advertiser base. One key challenge: It seems untenable for Microsoft to win share by merely copying Google, yet many efforts to differentiate would serve primarily to create incompatibility and deter advertisers from joining.

As new advertising systems become available, I've found opportunities to extend this line of research. For example, in *To Groupon or Not to Groupon: The Profitability of Deep Discounts* (with Sonia Jaffe and Scott Kominers; Marketing Letters, forthcoming), I assess the profitability of Groupon-style discount vouchers. When Groupon launched, many consumers, merchants, and analysts applauded its ability to bring the efficiency of online marketing to retail storefronts. In addition, consumers relished large discounts rarely seen elsewhere. But my formal model questioned these benefits. For one, I pointed

[*] In a first-price auction, a winning bidder pays its own bid. In a second-price auction, a winning bidder pays the bid of the next-highest bidder.

out that a discounter's price discrimination feature necessarily shrinks as it grows more widespread. I also examined the marginal cost, return visits, and incrementality required to make Groupon profitable for merchants, foreshadowing merchants' conclusion that these discounts were usually untenable.

Powerful Platforms

Examining early electronic markets, both scholars and practitioners saw the prospect of "disintermediation," suggesting that lower communication costs would allow buyers and sellers to transact directly. In fact outcomes have been mixed: Lower communication costs also let intermediaries operate more broadly and more profitably. Consumers often buy merchandise at eBay or Amazon Marketplace, book plane tickets on Expedia, find small sellers via Google AdWords advertising, and obtain new software through Apple and Google app stores—powerful platforms whose policies and requirements shape online opportunities. My research examines platform rules to assess concerns about certain tactics.

A notable feature of many intermediaries is that consumers pay nothing extra to use them—plane tickets are the same price whether bought from United.com or Expedia; a retail purchase has the same price whether the customer pays cash or uses a credit card; and the same is true of restaurant ordering and reservations (contacting a restaurant directly versus through an intermediary), various forms of insurance and financial services, and myriad others. While unpriced intermediation can also occur offline (real estate is a notable example), electronic commerce seems to distinctively facilitate this market structure, which has become increasingly widespread. In *Price Coherence and Excessive Intermediation* (Quarterly Journal of Economics, forthcoming), Julian Wright and I model markets where a purchase through an intermediary is constrained to have a price no higher than direct purchase or purchase through any other intermediary. We find that this market structure encourages overuse of intermediaries' services, even by consumers who value an intermediary's benefit below the production cost (reducing welfare). Consumers may not notice the harm, as it is embedded in higher costs of goods and services, but if affected consumers could jointly agree to forego intermediation, that agreement would make them better off. Notably, we show that these effects persist under competition among sellers and among intermediaries, and indeed competition can increase the size of the effects and the circumstances in which they arise.

This line of research was inspired by my discussions with protagonists in the *Distribution at American Airlines* case sequence: Noticing the pathologies of this market structure, they wondered whether other markets were similarly affected, and my discussions with them prompted me to examine other such markets and the problems more generally. My updated *American Airlines* teaching note now explores the impact of price coherence. Related themes also arise in my *Zillow* and *OpenTable* cases. Julian and I also present these ideas to practitioners in *Price Restrictions in Multi-sided Platforms: Practices and Responses* (Competition Policy International, forthcoming).

Most companies, large and small, find themselves dependent on powerful online platforms, often facing high prices and important non-price restrictions that transfer significant surplus to the platforms. My *Mastering the Intermediaries* (HBR 2014) and *Market Power of Platform-Mediated Networks* technical note offer strategies for firms in this position. For example, when a platform needs to be comprehensive (for example, Amazon aspires to sell every book, or Kayak to list every flight), a platform becomes vulnerable to even a small supplier withholding content. I also identify other strategies firms can use to reduce dependence on a platform, including supporting or creating an alternative platform, or redoubling their efforts to bypass a platform and reach consumers directly.

A related stream of my research on powerful platforms focuses on Google, whose super-dominance in search and search advertising is a natural concern for both consumers and advertisers. Some of my writings about Google have been particularly influential. First, *PPC Platform Competition and Google's "May Not Copy" Restriction*† (and my associated Congressional testimony) reveals a contractual provision by which Google creates extra costs for advertisers that also buy placements from Google's competitors. When Google failed to offer a pro-competitive explanation for the provision, the Department of Justice cited this restriction as a reason for its objection to a proposed transaction between Google and Yahoo. The European Commission later cited this restriction as a focus of its ongoing investigation of Google. This material also offers an "ah-ha" moment in teaching the *adCenter* case (described above).

Second, my *Secret Ties in Google's "Open" Android*† analyzes Google's contractual provisions that device manufacturers must accept in order to install Google's popular Android operating system on smartphones and tablets. Broadly, Google ties its services together to assure their use even in sectors where there are competitors. In particular, a manufacturer must install *all* the Google apps Google specifies in order to install even a single Google app. A manufacturer might prefer to preinstall Bing Search, Mapquest Maps, or Skyhook's geolocation service, perhaps anticipating a genuine customer preference for these services, or seeking a bounty that those companies would pay for installation. (Competition would likely push device makers to share such payments with consumers, which would in turn reduce the up-front price of devices.) Instead, Google insists that its own search, maps, geolocation service, and other services be installed, prominently and as defaults. These requirements apply to any manufacturer that wishes to offer, among others, YouTube and the Google Play app store—services for which there are no clear competitors. Notably, these contract restrictions are themselves subject to NDA, so they were largely unknown until I managed to gain access to them. (My article explains their presence in an obscure supplement to certain litigation records.) When I posted the contracts to my web site, they became front-page news in the Wall Street Journal, and my analysis spurred formal competition investigations on this subject in Canada, Europe, India, and Russia.

Inspired in large part by Google's mobile application practices, *Leveraging Market Power through Tying: Does Google Behave Anti-Competitively?* (Journal of Competition Law and Economics, forthcoming) considers Google's use of tying more generally. For example, Google repeatedly required advertisers to accept certain new advertising services, including services of uncertain or disputed value, in order to obtain Google's popular AdWords search engine advertising. Similarly, Google required consumers to receive links to Google's other services (YouTube videos, maps, local results, etc.) even if they only wanted search. (Google's perpetual presentation of links to its other services stands in contrast to computer operating systems, where users have long been unable to uninstall or hide unwanted programs as well as operating system components.) While these tactics assured and accelerated the adoption of Google's new services, they also raise competition concerns, including the prospect of deterring entry by would-be competitors. My *Google Inc. in 2014* teaching note offers a teaching plan to develop these concepts through class discussion: Students take the role of Google product managers attempting to launch new services and to increase their odds of success by leveraging Google's dominance in related sectors. Through small-group brainstorming and brief presentations to the class, students see that Google is well-positioned to succeed in a variety of markets adjacent to or dependent on search and advertising. But they simultaneously wonder about the impact on competition and competitors: If Google is uniquely positioned to win, will others even try to complete?

† I use this symbol to identify papers posted to my web site and intended primarily for online distribution. In *Publication Strategy* (p. 8), I explain why I prefer this format and distribution for certain work.

A related line of research questions the benefits brought by platforms that are largely well-regarded. For example, in *Consumers Pay More When They Pay with Bitcoin*,[†] I was among the earliest to question both Bitcoin's supposed savings and its other touted benefits (which were, at that time, understood to be compelling). My subsequent *Bitcoin* (Journal of Economic Perspectives, forthcoming) broadens the analysis with a critical evaluation of Bitcoin's privacy, speed, and reliability. For example, I point out the tension between Bitcoin's publicly-available transaction register and its privacy promise: If a Bitcoin user learns a counterpart's name from one transaction, it can easily see all the counterpart's other transactions. I also flag the various costs that result as add-ons try to add privacy, dispute resolution, and other features to match incumbent payment systems, further calling into question Bitcoin's price advantage.

Gaming, Strategic Behavior, and Fraud in Online Advertising

Online advertising is unusual in that it is delivered purely electronically. For lack of easy monitoring of whether online advertising has been provided, many traditional methods of auditing and verification fall short. Furthermore, reduced transaction costs let online advertising flow through a lengthy chain of intermediaries. For example, a small site might sell placements to a broker, which passes the traffic onward to an aggregator, then to an ad network, which relies on still other networks en route to the advertiser. These indirect placements reduce accountability. For one, many sources of traffic are often grouped together, mixing good traffic with bad—making it that much harder for advertisers to notice problems. When an advertiser does notice, complex relationships impede response: Even if an advertiser bans a particular site or broker, that source can change its name and reapply, or join another aggregator still in good standing. These challenges form the backdrop for my research exploring the many ways fraudsters can game online advertising markets.

Approximately half the recent writings on my public web site, benedelman.org, document methods and perpetrators of advertising fraud. In these postings, I seek both to inform practitioners and to set the stage for further work in academic journals. For example, *CPA Advertising Fraud: Forced Clicks and Invisible Windows*[†] presents a series of scams that successfully target even the advertising systems widely believed to be most immune to fraud: piece-rate systems that pay sites not for *displaying* ads or for users *clicking* ads, but for sending users who actually make *purchases*. Despite the apparent robustness of piece-rate payments, I show that in fact these systems still suffer from fraud. In *Risk, Information, and Incentives in Online Affiliate Marketing* (Journal of Marketing Research 2015), Wesley Brandi and I measure the scope of fraud and identify management structures that increase the risk of fraud in affiliate marketing. Moreover, other advertising pricing models face similar problems. For example, in *How Google and Its Partners Inflate Measured Conversion Rates and Increase Advertisers' Costs*,[†] I uncover fraudulent Google partners that manipulate reported traffic analyses—causing both Google and advertisers to conclude that the partners are providing valuable traffic (users who make purchases), when in fact the ads are just a complicated ruse. I advise some of the web's top advertisers and ad networks on methods of uncovering these and other frauds, and I operate a software system that detects these schemes automatically. (I explain my approach in an article on my site: *Introducing the Automatic Spyware Advertising Tester*.[†])

Most advertising fraud stems from incentives created by advertisers' own systems. Indeed, advertisers are often so slow to detect fraud that fraudsters can profitably perpetrate it knowing they will be paid before they are discovered. In *Deterring Online Advertising Fraud Through Optimal Payment in Arrears* (Financial Cryptography 2009), I suggest an alternative approach: By paying partners only after an appropriately-calculated delay, advertisers can catch more fraud before the fraudsters are paid. With the resulting savings, advertisers can offer all partners a bonus sufficient to make them accept the delay—leaving all both advertisers and legitimate partners better off, while pushing fraudsters to target others or give up. In a simple algebraic model, I demonstrate when this strategy is workable, and I assess the savings using data from a top ad network.

Who are the perpetrators of online frauds? In online advertising, most frauds are not fully investigated, and large and detailed samples are rarely available. But other contexts can offer insight. In *Social Comparisons and Deception Across Workplace Hierarchies: Field and Experimental Evidence* (Organization Science, forthcoming), Ian Larkin and I explore gaming at the web's largest working paper repository. We find gaming particularly prevalent when papers are near ranking discontinuities. For example, authors are more likely to fake downloads to get their papers onto top-10 lists. (Authors correctly anticipate that a paper ranked 10 (in a given field) gets much more visibility that number 11.) We also find that gaming is more likely when an author observes success by a peer (same department, institution or subject area). But at SSRN and at online advertising systems, platform operators have discretion to change the information they share with participants. Our results suggest that platform operators should modify information disclosure and prominence to reduce competitive pressure and attenuate participants' inclination to engage in fraud.

Audiences

This line of work offers a novel context to test longstanding theories. In addition to its substantive exploration of affiliate marketing fraud, *Risk, Information, and Incentives in Online Affiliate Marketing* (Journal of Marketing Research, forthcoming) examines timeless questions about outsourcing, incentives, and the boundary of the firm. Based on advertisers' structured statements of contact information for their affiliate marketing programs, I draw inferences about the management structure of those programs, then find patterns that link types of management structure to types of fraud. In general, outsourced managers prove to be more effective at finding clear-cut violations that all industry participants recognize as improper; I interpret this as a benefit of specialization, in that their focus on this form of marketing helps them learn about clear-cut misbehavior. That said, on questions understood to be borderline, in-house managers make decisions better aligned with advertisers' interests, consistent with agency costs of outsourcing. Notably, my crawlers uncover frauds that are concealed even from the advertiser victims—a significant improvement on the academic context in which such questions have previously arisen in the organizational economics literature.

I've found that this area of research is deeply tied to public policy, as many online scams distinctly arise from efforts at gaming. I believe this work uniquely fits my interests and capabilities, as it combines economic incentives (to anticipate likely areas of fraud and design countermeasures), law (to assess parties' rights and responsibilities, and identify legal responses), and software design (to recognize fraud and uncover it efficiently).

This line of work also has direct benefits to advertisers and the public. For example, court filings reveal that the FBI learned about certain online marketing fraud (the same practice explored in my eBay teaching materials) from my reports. Facing my direct-observation evidence of their infractions, the perpetrators pled guilty and are incarcerated as of the date of submission of this statement. While criminal proceedings are unusual, other fraud write-ups on my web site routinely yield refunds to advertisers. Usually no individual advertiser has enough at stake to pursue the claim individually; instead, fraudsters typically take a small amount from each of many advertisers. My approach thus addresses a collective action problem that otherwise allows fraud to continue unchecked.

In a series of articles, I have reworked these ideas for both IT professionals and marketers. In *Online Advertising: Rustlers and Sheriffs in the New Wild West* (in Beautiful Security, O'Reilly Media, 2009), I develop a taxonomy of advertising frauds targeting both advertisers and consumers, emphasizing responses by the engineers who design security systems. In *Accountable? The Problems and Solutions of Online Ad Optimization* (IEEE Security & Privacy 2014) and *Lessons: Pitfalls and Fraud in Online Advertising Metrics* (Journal of Advertising Research 2014), I explore the organizational underpinnings of advertising fraud, including the reasons why advertisers and their vendors fail to uncover or prevent these problems. In *The Dark Underbelly of Online Advertising* (Harvard Business Review and HBR Online 2009), I offer strategies for general managers to identify and prevent improper ad placements.

I also explore these ideas in the classroom through several teaching cases. These issues are most prominent in my *eBay Partner Network* teaching case (with Ian Larkin). There, fraud provides an "ah ha" revelation of the divergence between the incentives of a merchant versus its advertising network and its marketing affiliates. This insight spurs discussion on revising contract terms to better align incentives.

Fixing the Online Economy

In a final set of projects, I have worked to improve a variety of other online markets. My efforts are split between documenting specific problems and designing systems and incentives to improve outcomes.

Anyone wanting to get online—whether on a home cablemodem or a high-speed office connection—takes for granted that more connections are available. But connections are hardly guaranteed. Every computer on the Internet needs a number from a finite set of IP addresses, and addresses are running short. In *Running Out of Numbers: Scarcity of IP Addresses and What To Do About It* (Auctions, Market Mechanisms, and Their Applications 2009), I analyze the incentives impeding the transition to a more capacious numbering system, and I suggest a market-oriented reallocation system that could mitigate short-run scarcity while easing the transition. My recommended approach was the basis for the transfer system implemented throughout North America by the American Registry for Internet Numbers, and my analyses led to a rethinking of the approaches initially proposed in Asia and Europe. In *Pricing and Efficiency in the Market for IP Addresses* (American Economic Journal: Microeconomics, forthcoming), Michael Schwarz and I analyze a generalization of this policy and develop a formal model to prove its efficiency properties.g

Web site operators also take for granted that their sites appear as intended upon a user's request. That, too, is under attack. Many companies, libraries, and schools block web sites, and some countries limit the access within their borders. These filters suffer from a range of errors and often "overblock" sites that were not intentionally prohibited. I was the first to run large-scale studies of national and commercial Internet filtering programs and the web sites they block. In 2001-2002 litigation challenging certain Internet filters in libraries and public schools, I posted thousands of examples of sites misclassified as sexually-explicit, when in fact they were unobjectionable. In the subsequent *Documentation of Internet Filtering in Saudi Arabia*[†] and *Documentation of Internet Filtering in China* (IEEE Internet Computing 2003), Jonathan Zittrain and I determined what web sites were blocked in selected countries. My methods laid the groundwork for a dozen studies by the OpenNet Initiative (a multi-university research collaboration), which continued the testing methodology I pioneered.

From the perspective of service providers, a fundamental challenge in the online economy is finding a way to claim a fair portion of the value customers receive. Indeed, online services feature a striking variety of pricing schemes: Many are completely free, while others provide unlimited services for a flat fee, and still others charge fees proportional to usage. Often resources move between these categories over time. What services "belong" in which category? In *Priced and Unpriced Online Markets* (Journal of Economic Perspectives 2009), I offer answers grounded in service costs, transaction costs, and complementary products.

My writing in this vein often seeks to influence regulators and inform public opinion. The following articles enjoyed particularly direct responses from practitioners and policy-makers:

- *Adverse Selection in Online "Trust" Certifications* (International Conference on Electronic Commerce 2009) analyzed online "safety" certifications issued without verifying sites' true behaviors. As a result, the sites that sought and received certification were *less* trustworthy than uncertified sites. In response to my analysis, the certifying organization sharply increased its oversight.
- *Domains Reregistered for Distribution of Unrelated Content*[†] documented a Montreal company that renewed domain names after prior owners had allowed the registrations to expire. The company then used those domains to show sexually-explicit material—charging prior registrants large fees to remove the explicit images and reclaim their domains. My article led to the company to abandon this tactic, which saved more than four thousand web sites approximately one thousand dollars each.
- *Spyware Showing Unrequested Sexually-Explicit Images*[†] rigorously documented a series of popups showing explicit images without a user doing anything to request explicit content. Previously, such occurrences had not been preserved in a way that reliably confirmed that the problem was real. My article (and further examples I provided directly to FTC staff) formed the basis of FTC litigation against Penthouse's AdultFriendFinder, which paid partners who presented explicit offers in popup windows, often to users uninterested in such material.
- *False and Deceptive Display Ads at Yahoo's Right Media*[†] demonstrated brazenly unlawful advertising at a top display ad network. In a representative example, a geographically-targeted ad proclaimed "One of your friends from Boston has a crush on you"—a complete fabrication. Other dubious ads charged users to apply for green cards (actually free), promised "free" ringtones (actually yielding charges through users' phone bills), and claimed users' computers needed repair (though there was no specific reason to think they did). Using Right Media's own taxonomy, freely available to anyone who knew where to look, I confirmed that more than 35% of the network's advertising featured characteristics the company itself deemed to be deceptive. My findings prompted an investigation by the Washington State Attorney General, which in turn led Right Media to end the most deceptive practices.

  This project also yielded teaching materials. In fact I found these problems while planning a case about Right Media's banner ad network. When I found the problems, I shifted the case to focus on the company's efforts to classify ads and its possible duty to remove deceptive ads. My *Ad Classification at Right Media* teaching case puts students in the role of managers attempting to satisfy diverse web site publishers as well as ad networks and advertisers. Should they remove deceptive ads? Insist that such ads are only shown to publishers that specifically approve them? Or embrace the deceptive ads to prevent a competitor from seizing the opportunity? Students consider these and other options.

Building on some of the work in the second and third entries above, *Red Light States: Who Buys Online Adult Entertainment?* (Journal of Economic Perspectives 2009) explores online adult entertainment, including the sector's use of new technologies, its sui generis regulation, and patterns in subscription demographics.

I have also uncovered a series of privacy violations by major software vendors. In *Facebook Leaks Usernames, User IDs, and Personal Details to Advertisers*,[†] I demonstrated that Facebook revealed to advertisers the usernames and user ID numbers of those who clicked the advertisers' listings—information Facebook had specifically and repeatedly promised to keep confidential. In *Google Toolbar Tracks Browsing Even After Users Choose "Disable"*,[†] I showed that Google continued to track user behavior even after users "disable[d]" Google's Toolbar and even after the Toolbar disappeared from view. In *Upromise Savings – At What Cost?*,[†] I caught Upromise sending customer credit card numbers, expiration dates, and even CVV codes (among other information) without any encryption whatever, allowing easy eavesdropping even from purportedly "secure" sites. Each vendor ceased the corresponding practice after I reported the problem, and the FTC later filed suit against Upromise based on my findings. My *Selected Privacy Breaches, 2009-2010* case explores potential explanations for these widespread problems, asking students to assess managers' decisions before privacy breaches to consider whether more should have been done.

In striving to improve various aspects of online policy, a significant portion of my work has required finding and documenting behaviors that are concealed or, in any event, little-known. (Consider the various unsavory activities and privacy guffaws described above.) But other projects arise from practices seemingly hiding in plain view. For example, for more than a decade, search engines labeled advertisements with the vague reference "sponsored links." Sophisticated users knew what that label meant, but that knowledge was not universal. In *"Sponsored Links" or "Advertisements"?: Measuring Labeling Alternatives in Internet Search Engines* (Information Economics and Policy 2012), Duncan Gilchrist and I show that vulnerable users (with low income, low education, and less online experience) click significantly fewer ads when they are shown a clear "paid advertisement" label. Yet this improved label leads them to more accurately report how many advertisements they clicked—suggesting that the "sponsored" label did not provide the information they needed to make an informed decision.

Another widespread problem that often goes unnoticed: More than one million typosquatting domains ensnare users who mistype well-known web site addresses, thereby showing advertisements which delay users' attempts to reach desired sites and also billing advertisers for any resulting clicks. In *Measuring the Perpetrators and Funders of Typosquatting* (Financial Cryptography 2010), Tyler Moore and I design software to help inventory these sites—examining the advertisements they show, assessing the market concentration among registrants and their various service providers and partners, and estimating advertisers' costs for these tricky ad placements.

Publication Strategy

My publication strategy reflects the audiences I seek to influence. I have largely sought to publish in economics journals, but I have also published in marketing, psychology, computer science, and law journals. (Note that computer science articles often appear in the peer-reviewed proceedings of selective computer science conferences, rather than in journals.)

Online publication provides an important way for me to reach practitioners, regulators, and the general public. First, online distribution offers unmatched speed, which is useful for presenting fast-changing problems. (Online distribution also offers superior reach, including news stories and blogs that link directly to my site.) In addition, I've found that online publication uniquely lends itself to the diverse formats I provide; for example, it allows for screen-capture video and other appendices that confirm the details of the fraud reports I assemble. I attempt to mitigate some of the resulting loss of peer review by circulating drafts to trusted colleagues, both academics and practitioners. Note that my online articles are not typical off-the-cuff "blog" posts; my full-length online articles often reach several thousand words and feature a dozen appendices of screen-capture video, screenshots, network logs, or other records.

My online publications have attracted a substantial audience. My measurement software reports that the benedelman.org site has received more than five million page-views since its inception in 2004. At benedelman.org/media , I maintain a listing of all news stories, blogs, and other coverage about my work. With one entry per line, the list now fills 86 single-spaced pages.

Course Development

In spring 2009, Peter Coles and I took over *Managing Networked Businesses* from Tom Eisenmann. With Tom's generous support, we reworked the course in light of our research interests and teaching preferences. In fall 2010, we retitled the course *Online Economy: Strategy and Entrepreneurship*. The course draws in part on content and frameworks we and Tom previously developed for MNB, though the course now focuses solely on online businesses, in part based on student feedback. Since Peter's departure from HBS, I have taught the course on my own.

Much of the first half of *Online Economy* considers the challenge of mobilization: motivating users to join a platform that is most valuable when many others participate. My approach to this material differs from (but complements) Tom's MNB mobilization module in that we emphasize specific strategies such as providing a product with standalone value and expanding from a niche. The *Mobilizing Networked Businesses* module note organizes many of the mobilization strategies explored in my course. In *How To Launch Your Platform* (HBR 2015), I present these strategies to practitioners.

The course then turns to expansion, including all manner of online advertising as well as intermediaries more broadly. After building an understanding of online marketing basics, we turn to questions of measurement including both the basic question of whether customers are buying and the more subtle question of whether these customers would have purchased even without an advertising campaign. This leads to questions of intermediaries' incentives, including the methods used to align intermediaries with customers but also the contexts where incentives diverge. We focus on powerful intermediaries, most notably Google, though also powerful intermediaries in travel and payments. We assess companies' options when intermediaries impose unpalatable prices or terms.

The course then turns to questions of monetization, including who to charge and how much may plausibly be given away for free. We examine opportunities to align monetization with platform goals, so that paying a fee serves not only to enrich a platform operator but also to signal quality or commitment. With this design perspective, we turn to the key requirements for successful online markets, including achieving thickness, preventing congestion, mitigating asymmetric information, and ensuring participants' safety.

Students' primary written deliverable for the course is a paper/project. The majority of students analyze startups or business plans they hope to start, or small companies they are considering joining. I support their efforts with extensive one-on-one feedback: During my teaching semester, I regularly offer more than one hundred office hours appointments.

My course's approach to network structure is grounded in the economics literature on market design—and these ideas, along with my own research, provide a useful lens to examine many of the cases we consider in class. For example, the congestion Al Roth sees in matching physicians to medical residency programs is not unlike the difficulty a jobs site faces when job-seekers apply to literally hundreds of jobs that do not match with their interests (a problem considered in my teaching case *The Ladders*, with Brian Hall and Peter Coles). Similarly, I explore strategic use of reserve prices in *Optimal Auction Design* (American Economic Review 2010), and similar controversial behavior arises in both the *Google* and *American Airlines* teaching cases.

Online Economy also benefits from drawing upon—and educating students about—relevant legal principles. When is a web host liable for harmful material uploaded by users? For copyright-infringing material? Students' intuition is often incorrect, especially since online businesses enjoy several protections unavailable to their offline counterparts. The *Right Media* teaching note provides an approach to explore some of these concepts in class discussion. Similar themes permeate my research, for example in *Least-Cost Avoiders in Online Fraud and Abuse* (IEEE Security and Privacy 2010).

I also aim to ensure that *Online Economy* cases are current and tackle the emerging technologies students will encounter when they leave HBS. Five recent additions:

- Set in the context of smartphone-based vehicle dispatch, *SaferTaxi: Connecting Taxis and Passengers in South America* considers questions of growth rates, including whether both sides of a two-sided platform need to grow at the same speed and which side to favor in an early marketing push.
- *Optimization and Expansion at OpenTable* examines the reservation service's tense relationship with restaurants, resulting from nearly two decades of flat pricing despite the influx of low-priced competitors. Students consider whether a mobile payment system might rehabilitate restaurants' relationship with OpenTable, including improving waiters' productivity by avoiding low-value back-and-forth credit card exchanges. Is OpenTable better positioned for this opportunity than competitors such as POS vendors, smartphone makers, and credit card issuers?
- In *Pivots and Incentives at LevelUp*, students assess a mobile payment service that helps small businesses send targeted offers to individual consumers. After negative experiences with other online marketing services, businesses are skeptical, and some question whether LevelUp is sending customers who would have come anyway. Students explore potential adjustments to LevelUp's offer structure in order to demonstrate incremental value to merchants.
- *Reinventing Retail: ShopRunner's Network Bet* explores mid-sized merchants' efforts to compete with Amazon Prime. Is it realistic to ask customers to pay another annual fee, even one that covers dozens or hundreds of stores? With no up-front fee, ShopRunner is more attractive to consumers—but then has no annual fee to help offset merchants' shipping costs.
- Tracking service *Monitter* offered a popular free web tool to track discussions on Twitteruntil a Twitter policy change blocked access to data and rendered the tool nonfunctional. Students assess options to resuscitate the service and consider whether the founder-CEO should refocus elsewhere. In a broader discussion, students examine other business that are highly dependent on a single large supplier of data, referrals, or other key resources.

The *Mobilizing Networked Businesses* module note surveys the mobilization module. A technical note, *The Market Power of Platform-Mediated Networks*, formalizes key takeaways from the final third of the course. The *Online Economy - Selected Course Frameworks* handout for students summarizes the structure of the course.

I genuinely enjoy teaching, and have worked hard at it. I think I am effectively conveying the most relevant material in an engaging way, and I've also found teaching a useful method to advance my research. Some new ideas come from students' assessments; a frank assessment from a student often reveals a new approach or a weakness of an existing line of thinking, and preparing to teach can reveal an unstated assumption or a countervailing factor.

Contribution to the HBS Community

I have sought to contribute to the HBS community by building tools that support the school's teaching mission, and by facilitating the improvement of similar tools created by HBS IT staff.

My best-known software contribution is the Participation Tracker, a program for tracking and analyzing MBA classroom participation. Features include robust tabulation of participation trends, prioritized call lists (emphasizing students who have not spoken recently), integration with classcards, automatic updates from registrar data (as to changes in seating and enrollment), and full customizability for instructors hoping to build additional features. This tool was widely used between 2008 and 2012 by a total of 301 faculty and FAs. Beginning in 2011, HBS IT offered a replacement, with my support in feature design and improvement. The HBS-provided Participation Tracker replacement was among the most successful parts of the 2011 implementation of Learning Hub, I think because my prior work had demonstrated the required features, layout, and workflow in a way that reduced the required experimentation by IT and its vendors.

My Teaching Schedule Exporter copies MBA teaching schedules directly to Exchange/Outlook, thereby eliminating slow and error-prone manual steps. 109 faculty and FAs have used this tool.

When teaching RC Negotiation some years ago, I built tools to support both pedagogical and administrative functions. For example, the Deeport case explores possible coalitions in a multi-party negotiation; I wrote a quick program that allows instructors to show the parties' interests in any combination to facilitate rapid, seamless assessment of possible coalitions. My tool remains widely used by faculty teaching Deeport. Separately, my poll processors mitigated the perils of late-arriving data through robust automation, reliable display of incomplete submissions, one-click updates with the latest poll data, and automatic preparation of formatted charts and tables that matched the requirements of the teaching plan. Through these improvements, faculty could accept late-night submissions of students' negotiation outcomes, yet nonetheless prepare reliable, well-formatted charts and tables tabulating outcomes to facilitate class discussion.

During FIELD 3 teaching in winter 2015, I built a series of tools to streamline support for that course. Surprised by the manual process for making seat charts of students in Batten hives, I wrote a script to automate this task (as it is for Aldrich classrooms), eliminating ten to twenty FA hours of copy-and-paste per year. As students began submitting project proposals and other documents to the "Virtual Team Space" tool, I noticed that at least three clicks were needed to review each team's submissions (54+ clicks for one instructor to review updates from all teams, a task that is repeated often). My consolidated viewer merges the data to a single screen, reducing the task to a bit of scrolling. (My tool can also be used in FIELD 1 and 2.) Most recently, I built a web-based mail merge tool for efficient customized messages to student teams, avoiding the error-prone copy and paste previously used by most faculty and FAs. I'm looking for further such opportunities as the course proceeds.

My IT-related contributions are indexed at http://people.hbs.edu/protected/bedelman/software .

In a series of requests to various IT staff, I have sought to improve numerous aspects of campus technology. For example, I spearheaded the projector "freeze" function that lets instructors use all three classroom projectors with a single source (to show large documents and diagrams, student groupings, etc.). I also offered detailed and specific feedback on course tools, new collaboration systems, and various design guidance to balance security with ease of use. I am particularly proud of my efforts to improve the Research Information System tool that distributes faculty research to the public. As that system was being planned, I offered detailed feedback to designers and developers. After launch, I proposed feature improvements and flagged some surprisingly widespread errors. For example, I uncovered blunders that caused search engines to see gibberish placeholder text instead of information about unit activities; that led Google and Google Scholar to misreport authorship and citation data for faculty articles; that sent readers to HBP pages with multiple oversized advertisements that were more prominent than the faculty publications that users requested; and that mistakenly but systematically presented members of the public with links to teaching notes and "N" cases not available for use outside HBS. I suggested simple quick fixes for each of these problems, and my changes have, for the most part, been implemented.

After discussions in 2010-2011 created "faculty rights in the use of cases," allowing any faculty member to provide a copy of a case to any individual person, I built a tool to accept these requests. If a prospective reader requests a case, my tool provides it automatically and without delay, though only after the reader accepts my restrictions on use (including confirming that the case will not be used in the classroom). The tool provides the requested document by e-mail attachment with a cover message to further discourage arbitrary redistribution. I have offered this tool to all interested HBS faculty, and it is now used by Tom Eisenmann, among others. Our experiment is intentionally small—to date, we have provided approximately 500 case copies to about 300 readers. Nonetheless, our efforts set the stage for HBS to expand its methods of distributing cases online. Our efforts also help assess the extent to which limited no-charge case availability reduces revenues from case sales. Our preliminary experience suggests that the effect is small: There is little evidence that these readers would have navigated the HBP registration process and paid HBP fees to obtain cases through standard channels. Indeed, a sizable minority of our readers are instructors who could have obtained free case previews through HBP's Premium Educator program, but found my courtesy copy tool faster or more convenient.

In response to a person or persons leaking copies of the first HBX exam and making that exam available on the web, I am assisting HBX staff in finding the responsible parties. My contributions included devising the general strategy for investigation, sketching the sanctions that Harvard University can hold over the sites that unlawfully sold this material in order to motivate them to reveal their sources and collaborators, and forensically testing the sites and software that distribute the exam in search of identifying details. These efforts are ongoing.

I began IT-related efforts at HBS primarily because I sensed that I could be helpful thanks to my skills and my understanding of teaching needs. I was also motivated by a notion of efficiency: I knew that my systems would save faculty and staff orders of magnitude more time than I spent to build the tools. I later found that these projects yield unexpected research benefits. For example, my Participation Tracker sat at the intersection of Windows and the web; in some areas, my design decisions tracked Microsoft's challenges in moving its applications to the web. Similarly, my Schedule Exporter epitomizes the customizability possible in "thick client" IT environments of a decade ago, but interestingly more difficult in new web-based systems that impede many kinds of extensions. More generally, my understanding of online strategy and IT is grounded in my first-hand experience designing and writing software, so it has been natural to provide a portion of that software to the HBS community.

I have also served the HBS community as an instructor in FIELD 3 (2015), a member of the Business Economics doctoral program committee (2014-2015) and NOM recruiting committee (2010-2012) and as a two-time PRIMO sponsor (2011, 2012). As of winter 2015, I have sponsored 75 HBS MBA Independent Projects, Field Studies, and Independent Student Research projects.

Lessons from Recent Media Attention

Millions of people recently read my December 2014 correspondence with a neighborhood restaurant. The media response and subsequent discussions provided a natural time to reevaluate the work I'm doing and the way that it is perceived. Though I think I was correct on the merits, I'm deeply saddened by the way the story played out, including the negative publicity my actions brought to the school and university at large. Below, I share my lessons from this experience.

First, I feel that it is imperative, and a personal responsibility, to apply my skills for the broader benefit of society. In general, I think I have done so, for example by protecting consumers and advertisers from problems both known and unknown to them. My correspondence with the restaurant stemmed from similar ideals; I sought to end a problem that had continued for more than four years, and I had hoped to assist in getting refunds for everyone affected (though Boston.com published only a subset of the relevant emails, notably omitting most of my efforts in this vein and preventing many people from learning about this aspect of my motivation). I explained the broader principle to a journalist:

> We all rely on trust in our daily lives—that when sales tax is added, it actually applies and equals the specified amount; that the meter in a taxi shows the correct amount provided by law and correctly measures the actual distance; that when you order takeout, the price you see online matches the amount you pay in the restaurant. We take most of this for granted, and it would be a lot of trouble to all have to check these things day in and day out. That's exactly why we should be concerned when folks fall short—because hardly anyone ever checks, so these problems can go unnoticed and can affect, in aggregate, large amounts.

A second insight is that regardless of my motivation, I need to ensure that my work is *seen* as positive. Here, too, I've been successful in the past. Consider, for example, myriad emails from consumers grateful for my efforts to protect them from spyware and adware. However, as a result of the restaurant correspondence, many people saw me as selfish and concluded that I was primarily motivated by a desire for a personal refund. The facts don't support this perspective, but people nonetheless had this view, and my emails gave critics needless support. More broadly, many people interpreted my attempts at persuasion as a form of bullying, which is not what I intended and is not the role I intended to take. Yet, here there is at least a sense in which they're right: I did intend to make the restaurant submit to my will, as I asked that they fully comply with the law and compensate everyone affected. I continue to believe that this is a worthy effort, and when I previously pushed other companies to comply with the law, I rarely saw similar pushback. But here, most people viewed the same principle quite differently. In most of my public disputes, the amount at issue is at least in the tens of millions of dollars (and sometimes a hundred times that), whereas here the amount at issue (for all affected consumers) was probably just a few hundred thousand dollars. I should have taken a different approach in this circumstance, especially in tone.

I should have been more thoughtful in anticipating the way outside observers might interpret these emails. I now understand that effectiveness in these projects requires not just doing what is right, but also being understood and perceived as such, even by observers who have only a subset of information and who may arrive with their own preconceptions. Better word choice and a different style and focus could have prevented this distracting blow-up.

Looking Forward

My work in the coming years will remain at the intersection of economics, information technology, and public policy. I anticipate continuing to publish articles in a variety of journals (including economics, computer science, and law), along with online articles intended for practitioners, policy-makers, and a general audience. Some articles will build models of new online markets and marketplaces; other articles will test those models and estimate key parameters; selected articles, largely distributed online, will uncover specific activities of public concern.

I see my future work broadening in at least three respects. First, I hope to continue to develop innovative methodologies for online research. I consider my *"Sponsored Links" or "Advertisements"* paper (with Duncan Gilchrist) an example in that regard: We show authentic-looking, interactive search results to our experimental subjects, but our rewriting proxy adjusts result format to test a variety of conditions (namely, alternative advertisement labels). This flexible method can be used for any measurement of changes to a web site, crucially not requiring cooperation from that site. This approach should prove useful in research in economics, marketing, psychology, and law.

The *"Sponsored Links" or "Advertisements"* paper also reflects a shift in my research towards blending methods from economics, computer science, and psychology. For example, by comparing the number of advertisements a user *reports* seeing with the number of advertisements a user *actually* saw (which my proxy knows because it counts advertisements as it sends them to users), I can assess a user's recall. An improvement in recall suggests a genuine increase in understanding—that an altered label not only reduces clicks on advertisements (which could be good or bad) but also helps users more accurately report what they see. By combining increased recall with basic demographic patterns (larger effects for users with low education, low online experience, and/or low income), I can make more powerful statements about the effects and beneficiaries of alternative labels.

Finally, I've found myself increasingly influenced by NOM colleagues who study organizational economics. *Risk, Information, and Incentives in Online Affiliate Marketing* (<u>Journal of Marketing Research</u> 2015) offers one foray in this direction, assessing the management structures that best protect advertisers against various types of fraud. *Social Comparisons and Deception Across Workplace Hierarchies: Field and Experimental Evidence* (<u>Organization Science</u>, forthcoming) similarly prompts a reconsideration of certain organizational design decisions, noting the potentially-harmful effects of "top 10" lists and other institutions that might seem automatic and benign. In future work, I plan to continue to revisit the organizational underpinnings of outcomes both good and bad. For example, in a novel dataset I am assembling with computer scientist Michael Weissbacher, I can measure the number of intermediaries placing a given advertiser's ad into a given web site, which allows us to check whether reduced transaction costs (through standardized online advertising marketplaces) facilitate either simplified relationships (disintermediation as advertisers buy directly) or instead an increase in intermediation (as intermediaries' costs drop). It seems that many of the worst pathologies of online markets are ultimately grounded in organizational design, so I see significant opportunities in applying organizational economic theory to the improvement of online markets.

It's easy to say I share the mission of HBS. But consider the specifics. My discussions with American Airlines case protagonists led to my price coherence paper, which I consider my best paper in some years. Preparing the Right Media case, I stumbled into that ad network's inclusion of widespread deceptive advertising, wrote it up on my web site, and spared the public from these practices. Similarly my AdCenter casewriting alerted me to Google's restrictions on data import/synchronization, which in turn prompted my congressional testimony on this subject and ultimately raised the issue before competition regulators on four continents. Teaching has offered similar benefits for research. For example, year after year, my students asked "What if Google does it?" and noted the many ways Google could prevent their startups from getting a fair chance. Students' concern (and my experience advising them) helped me see the problems of Google's dominance well before this subject became mainstream.

Employed anywhere else or in any other capacity, I would not have had reason to talk to these practitioners, learn about their problems, and reframe those issues for others to consider. HBS teaching similarly offered unrivaled connection to practice that made my research more relevant and more impactful. I am grateful to have had these opportunities and look forward to decades more.

The Darker Side of Blinkx

January 28, 2014

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Featured Research

Prior writings about Zango
IAC Toolbars and Traffic Arbitrage in 2013
Spyware/Adware Research Index
Services for Advertisers

Video and advertising conglomerate Blinkx tells investors its "strong performance" results from "strategic initiatives" and "expanding demand, content, and audiences." Indeed, Blinkx recently climbed past a $1.2 billion valuation. At first glance, it sounds like a great business. But looking more carefully, I see reason for grave doubts.

My concerns result in large part from the longstanding practices of two of Blinkx's key acquisitions, Zango and AdOn. But concerns extend even to Blinkx's namesake video site. In the following sections, I address each in turn. Specifically, I show ex-Zango adware still sneaking onto users' computers and still defrauding advertisers. I show the ex-AdOn traffic broker still sending invisible, popup, and other tainted traffic. I show Blinkx' namesake site, Blinkx.com, leading users through a maze of low-content pages, while charging advertisers for video ads systematically not visible to users.

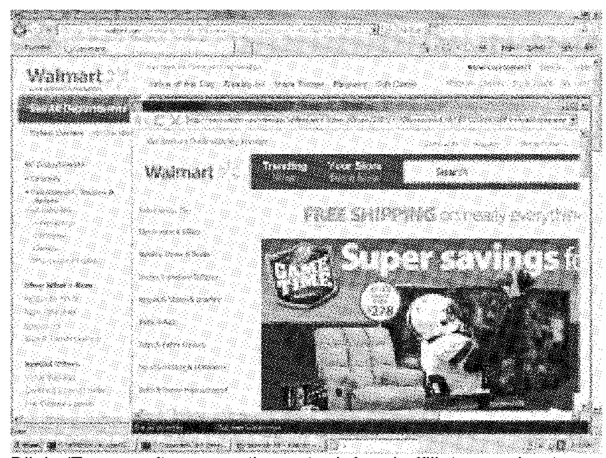
The Legacy Zango (Adware) Business

In April 2009, Blinkx acquired a portion of Zango, a notorious adware vendor known for products that at various times included 180 Search Assistant, ePipo, Hotbar, Media Gateway, MossySky, n-Case, Pinball, Seekmo, SpamBlockerUtility, and more. Zango was best known for its deceptive and even nonconsensual installations -- in write-ups from 2004 to 2008, I showed Zango installing through security exploits (even after design updates purportedly preventing such installations by supposed rogue partners), targeting kids and using misleading statements, euphemisms, and material omissions, installing via deceptive ActiveX popups, These and other practices attracted FTC attention, and in a November 2006 settlement, Zango promised to cease deceptive installations as well as provide corrective disclosures and pay a $3 million penalty.

Few users would affirmatively request adware that shows extra pop-ups, so Blinkx and its distributors use deceptive tactics to sneak adware onto users' computers. In a representative example, I ran a Google search for "Chrome" (Google's well-known web browser), clicked an ad, and ended up at Youdownloaders.com -- a site that bundles Chrome with third-party advertising software. (The Youdownloaders footer states "The installers are compliant with the original software manufacturer's policies and terms & conditions" though it seems this claim is untrue: Chrome Terms of Service section 5.3 disallows copying and redistributing Chrome; 8.6 disallows use of Google's trademarks in a way that is likely to cause confusion; 9.3 disallows transfer of rights in Chrome.) In my testing, the Youdownloaders installer presented offers for five different adware programs and other third-party applications, among them Weather Alerts from desktopweatheralerts.com. Installation video.

I consider the Youdownloaders installation deceptive for at least four reasons: 1) A user's request for free Chrome software is not a proper circumstance to tout adware. The user gets absolutely nothing in exchange for supposed "agreement" to receive the adware; Chrome is easily and widely available for free, without adware. It is particularly one-sided to install five separate adware apps -- taking advantage of users who do not understand what they are asked to accept (including kids, non-native speakers, and those in a hurry). 2) On the Weather Alerts page of the installation, on-screen statements mention nothing of pop-up ads or, indeed, any advertising at all. In contrast, the FTC's settlement with Zango requires that disclosure of advertising practices be "clear and prominent," "unavoidable," and separate from any license agreement -- requirements not satisfied here. 3) The Youdownloaders user interface leads users to think that the bundled installations are compulsory. For example, the "decline" button (which lets a user reject each adware app) appears without the distinctive shape, outline, color, or font of an ordinary Windows button. 4) Users are asked to accept an objectively unreasonable volume of agreements and contracts, which in my testing include at least 14 different documents totaling 37,564 words (8.5 times the length of the US Constitution).

Tellingly, Blinkx takes considerable steps to distance itself from these deceptive practices. For example, nothing on Blinkx's site indicates that Weather Alerts is a Blinkx app or shows Blinkx ads. The Desktopweatheralerts.com site offers no name or address, even on its Contact Us form. Weather Alerts comes from a company called Local Weather LLC, an alter ego of Weather Notifications LLC, both of Minneapolis MN, with no stated affiliation with Blinkx. Weather Notifications' listed address is a one-bedroom one-bathroom apartment -- hardly a standard corporate office. Nonetheless, multiple factors indicate to me that Desktop Weather Alerts ~~is~~ delivers a version of Zango adware. For one, Desktop Weather Alerts popups use the distinctive format long associated with Zango, including the distinctive browser buttons at top-left, as well as distinctive format of the advertisement label at bottom-left. Similarly, many sections of the license agreement and privacy policy are copied verbatim from longstanding Zango terms. Within the Weather Alerts EXE, strings reference 180search Assistant (a prior Zango product name) as well as 180client and various control systems long associated with Zango's ad-targeting system. Similarly, when Weather Alerts delivers ads, its ad-delivery communications use a distinctive proprietary HTTP syntax both for request (to showme.aspx, with a HTTP POST parameter of epostdata= providing encoded ad context) and response (a series of HTML FORM elements, most importantly an INPUT NAME=ad_url to indicate the popup to open). I have seen this syntax (and its predecessors) in Zango apps for roughly a decade, but I have never seen this syntax used by any advertising delivered by other adware vendors or other companies. Moreover, when a Blinkx contractor previously contacted a security vendor to request whitelist treatment of its adware, the Blinkx representative said "The client is Blinkx ... Your engine ... was flagging ***their*** installer package SWA as SevereWeatherAlerts..." (emphasis added). Notice the Blinkx representative indicating that SWA (another Local Weather program, virtually identical save for domain name and product name) is "their" app, necessarily referring to Blinkx. Finally, in a February 2014 presentation, Blinkx CEO Brian Mukherjee included the distinctive Local Weather icon (present throughout the LW app and in LW's installation solicitations) as part of the "Blinkx Ecosystem" -- further confirming the link between LW and Blinkx. Taken together, these factors give good reason to conclude that Local Weather ~~is~~ applications are powered by Blinkx and part of the Blinkx network. Furthermore, in my testing Blinkx is the sole source of advertising for Weather Alerts -- meaning that Blinkx's payments are Weather Alerts' primary source of revenue and primary reason for existence. (Additions made February 13, 2014, shown in grey highlighting.)



Blinkx/Zango software continues to defraud affiliate merchants.

Meanwhile, Zango-delivered advertising remains a major cause of concern. Zango's core advertising product remains the browser popup -- a disruptive form of advertising unpopular with most users and also unpopular with most mainstream advertisers. Notably, Zango's popups perpetrate various advertising fraud, most notably 'lead stealing" affiliate windows that cover merchant sites with their own affiliate links. If the user purchases through either window, the Zango advertiser gets paid a commission -- despite doing nothing to genuinely cause or encourage the user's purchase. (Indeed, the popup interrupts the user and thereby somewhat discourages a purchase.) At right, I show a current example: In testing of January 19, 2014, Blinkx/Zango sees a user browsing Walmart, then opens a popup to Blinkx/LeadImpact (server lipixeltrack) which redirects to LinkShare affiliate ORsWWZomRM8 and on to Walmart. Packet log proof. Thus, Walmart ends up having to pay an affiliate commission on traffic it already had -- a breach of Walmart's affiliate rules and broadly the same as the practice for which two eBay affiliates last year pled guilty. I've reported Zango software used for this same scheme since June 2004. As shown at right and in other recent examples, Zango remains distinctively useful to rogue affiliates perpetrating these schemes. These rogue affiliates pay Blinkx to show the popups that set the scheme in motion -- and I see no sign that Blinkx has done anything to block this practice.

Rather than put a stop to these practices, Blinkx largely attempts to distance itself from Zango's legacy business. For one, Blinkx is less than forthright as to what exactly it purchased. In Blinkx's 2010 financial report, the first formal investor statement to discuss the acquisition, Blinkx never uses the word "Zango" or otherwise indicates the specific company or assets that Blinkx acquired. Rather, Blinkx describes the purchase as "certain net assets from a consortium of financial institutions to facilitate the growth of the video search and advertising businesses." If a reader didn't already know what Blinkx had bought, this vague statement would do nothing to assist.

Even when Blinkx discusses the Zango acquisition, it is less than forthcoming. UK news publication The Register quotes an unnamed Blinkx spokeswoman saying that Blinkx "purchased some technical assets from the bank [that foreclosed on Zango] including some IP and hardware, which constituted about 10 per cent of Zango's total assets." Here too, readers are left to wonder what assets are actually at issue. A natural interpretation of the quote is that Blinkx purchased trademarks, domain names, or patents plus general-purpose servers -- all consistent with shutting the controversial Zango business. But in fact my testing reveals the opposite: Blinkx continues to run key aspects of Zango's business: legacy Zango installations continue to function as usual and continue to show ads, and Blinkx continues to solicit new installations via the same methods, programs, and partners that Zango previously used. Furthermore, key Zango staff joined Blinkx, facilitating the continuation of the Zango business. Consider Val Sanford, previously a Vice President at Zango; her LinkedIn profile confirms that she stayed with Blinkx for three years after the acquisition. I struggle to reconcile these observations with the claim that Blinkx only purchased 10% of Zango or that the purchase was limited to "IP and hardware." Furthermore, ex-Zango CTO Ken Smith contemporaneously disputed the 10% claim, insisting that "Blinkx acquired fully 100% of Zango's assets."

Blinkx has been equally circumspect as to the size of the ex-Zango business. In Blinkx' 2010 financial report, Blinkx nowhere tells investors the revenue or profit resulting from Zango's business. Rather, Blinkx insists "It is not practical to determine the financial effect of the purchased net assets.... The Group's core products and those purchased have been integrated and the operations merged such that it is not practical to determine the portion of the result that specifically relates to these assets." I find this statement puzzling. The ex-Zango business is logically freestanding -- for example, separate relationships with the partners who install the adware on users' computers. I see no proper reason why the results of the ex-Zango business could not be reported separately. Investors might reasonably want to know how much of Blinkx's business comes from the controversial ex-Zango activities.

Indeed, Blinkx's investor statements make no mention whatsoever of Zango, adware, pop-ups, or browser plug-ins of any kind in any annual reports, presentations, or other public disclosures. (I downloaded all such documents from Blinkx' Financial Results page and ran full-text search, finding no matches.) As best I can tell, Blinkx also failed to mention these endeavors in conference calls or other official public communications. In a December 2013 conference call, Jefferies analyst David Reynolds asked Blinkx about its top sources of traffic/supply, and management refused to answer -- in sharp contrast to other firms that disclose their largest and most significant relationships.

In March-April 2012, many ex-Zango staff left Blinkx en masse. Many ended up at Verti Technology Group, a company specializing in adware distribution. Myriad factors indicate that Blinkx controls Verti: 1) According to LinkedIn, Verti has eight current employees of which five are former employees of Zango, Pinball, and/or Blinkx. Other recent Verti employees include Val Sanford, who moved from Zango to Blinkx to Verti. 2) Blinkx's Twitter account: Blinkx follows just nineteen users including Blinkx's founder, various of its acquisitions (including Prime Visibility / AdOn and Rhythm New Media), and several of their staff. Blinkx follows Verti's primary account as well as the personal account of a Verti manager. 3) Washington Secretaty of State filings indicate that Verti's president is Colm Doyle (then Directory of Technology at Blinkx, though he subsequently returned to HP Autonomy) and secretary, treasurer, and chairman is Erin Laye (Director of Project Management at Blinkx). Doyle and Laye's links to Blinkx were suppressed somewhat in that both, at formation, specified their home addresses instead of their Blinkx office. 4) Whois links several Verti domains to Blinkx nameservers. (Details on file.) Taken together, these facts suggest that Blinkx attempted to move a controversial business line to a subsidiary which the public is less likely to recognize as part of Blinkx.

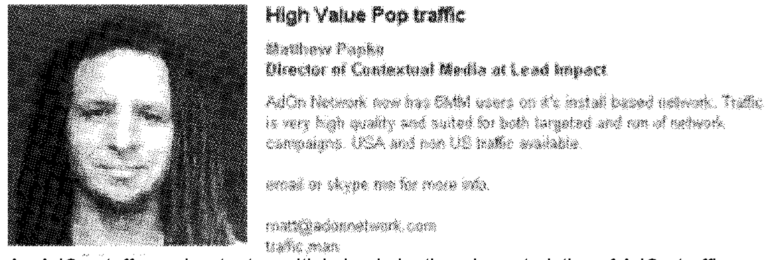
The Legacy AdOn Business

In November 2011, Blinkx acquired Prime Visibility Media Group, best known for the business previously known as AdOn Network and MyGeek. I have critiqued AdOn's traffic repeatedly: AdOn first caught my eye when it boasted of relationships with 180solutions/Zango and Direct Revenue. New York Attorney General litigation documents later revealed that AdOn distributed more than 130,000 copies of notorious Direct Revenue spyware. I later repeatedly reported AdOn facilitating affiliate fraud, inflating sites' traffic stats, showing unrequested sexually-explicit images, and intermediating traffic that led to Google click fraud.

Similar problems continue. For example, in a February 2013 report for a client, I found a botnet sending click fraud traffic through AdOn's ad-feeds.com server en route to advertisers. In an August 2013 report for a different client, I found invisible IFRAMEs sending traffic to AdOn's bing-usa.com and xmladfeed.com servers, again en route to advertisers. Note also the deceptive use of Microsoft's Bing trademark -- falsely suggesting that this tainted traffic is in some way authorized by or affiliated with Bing, when in fact the traffic comes from AdOn's partners. Moreover, the traffic was entirely random and untargeted -- keywords suggested literally at random, entirely unrelated to any aspect of user interests. In other instances, I found AdOn receiving traffic directly from Zango adware. All told, I reported 20+ distinct sequences of tainted AdOn traffic to clients during 2013. AdOn's low-quality traffic is ongoing: Advertisers buying from AdOn receive invisible traffic, adware/malware-originating traffic, and other tainted traffic that sophisticated advertisers do not want.

Industry sources confirm my concern. For example, a June 2013 Ad Week article quotes one publisher calling AdOn "just about the worst" at providing low-quality traffic, while another flags "crazy traffic patterns." In subsequent finger-pointing as to tainted traffic to OneScreen sites, OneScreen blamed a partner, Touchstorm, for working with AdOn -- wasting no words to explain why buying from AdOn is undesirable. Even intentional AdOn customers report disappointing quality: In comments on a posting by Gauher Chaudhry, AdOn advertisers call AdOn "the reason I stopped doing any PPV [pay-per-view] ... this is bot traffic", "junk", and "really smell[s] like fake traffic." Of 31 comments in this thread, not one praised AdOn traffic quality.

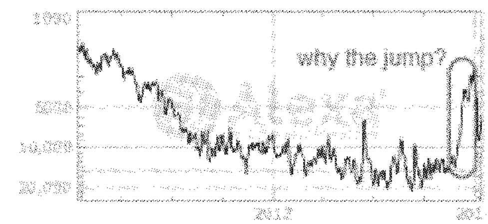
Recent statements from AdOn employees confirm undesirable characteristics of AdOn traffic. Matthew Papke's LinkedIn page lists him as Director of Contextual Ads at AdOn. But his page previously described AdOn's offering as "pop traffic" -- admitting undesirable non-user-requested pop-up inventory. His page called the traffic "install based" -- indicating that the traffic comes not from genuine web pages, but from adware installed on users' computers. See screenshot at right. All of these statements have been removed from the current version of Matthew's page.



An AdOn staff member touts multiple incriminating characteristics of AdOn traffic.

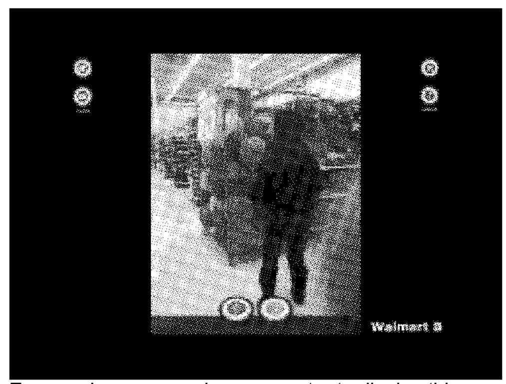
Problems at Blinkx.com: Low-Quality Traffic, Low-Quality Content, and Invisible Ads

Blinkx's namesake service is the video site Blinkx.com. Historically, this site has been a bit of an also-ran -- it's certainly no YouTube! But Alexa reports a striking jump in Blinkx popularity as of late 2013: Blinkx's traffic jumped from rank of roughly 15,000 worldwide to, at peak, rank of approximately 3,000. What could explain such a sudden jump?



Alexa reports a sharp jump in Blinkx traffic in late 2013.

In my automated and manual testing of Zango adware, I've recently begun to see Zango forcing users to visit the Blinkx site. The screenshot at right gives an example. My test computer displayed Blinkx full-screen, without title bar, address bar, or standard window buttons to close or minimize. See also a partial packet log, wherein the Blinkx site attributes this traffic to Mossysky ("domain=mossysky"), one of the Zango brand names. It's a strikingly intrusive display -- no wonder users are complaining, about their computers being unusable due to Blinkx's unwanted intrusion. See e.g. a December 2013 Mozilla forum post reporting "my computer has been taken over by malware, half the links are inaccessible because of hovering links to Blinkx," and a critique and screenshot showing an example of these hovering links. On a Microsoft support forum, one user reports Internet Explorer automatically "opening ... numerous BLINKX websites" -- as many as "20 websites open at one time, all Blinkx related."


Zango adware caused my computer to display this page from the Blinkx site, full-screen and without standard window controls.

Moreover, Alexa's analysis of Blinkx visitor origins confirms the anomalies in this traffic. Of the top ten sites sending traffic to Blinkx, according to Alexa, six are Blinkx servers, largely used to forward and redirect traffic (networksad.com, advertisermarkets.com, networksads.com, advertiserdigital.com, blinkxcore.com, and networksmarkets.com). See Alexa's Site Info for Blinkx.com at heading "Where do Blinkx.com's visitors come from?"

Strikingly, Zango began sending traffic to Blinkx during the winter 2013 holiday season -- a time of year when ad prices are unusually high. Zango's popups of Blinkx seem to have ended as suddenly as they began -- consistent with Blinkx wanting extra traffic and ad revenue when ad prices are high, but concluding that continuing this practice at length risks excessive scrutiny from both consumers and advertisers.

Meanwhile, examining Blinkx.com, I'm struck by the lack of useful content. I used the Google search site:blinkx.com to find the parts of the Blinkx site that, according to Google, are most popular. I was directed to tv.blinkx.com, where the page title says users can "Watch full episodes of TV shows online." I clicked "60 Minutes" and received a page correctly profiling the excellence of that show ("the granddaddy of news magazines"). But when I clicked to watch one of the listed episodes, I found nothing of the kind: Requesting "The Death and Life of Asheboro, Stealing History, The Face of the Franchise," I was told to "click here to watch on cbs.com" -- but the link actually took me to a 1:33 minute home video of a dog lying on the floor, "Husky Says No to Kennel", syndicated from YouTube, entirely unrelated to the top-quality 60 Minutes content I had requested. (Screen-capture video.) It was a poor experience -- not the kind of content likely to cause users to favor Blinkx's service. I tried several other shows supposedly available -- The Colbert Report, The Daily Show with Jon Stewart, Family Guy, and more -- and never received any of the listed content.

In parallel, the Blinkx site simultaneously perpetrated a remarkable scheme against advertisers: On the video index page for each TV show, video advertising was triggered to play *as I exited each page* by clicking to view the supposed video content. Because the supposed content opened in a new tab, the prior tab remained active and could still host a video player with advertising. Of course the prior tab was necessarily out of visibility: Blinkx's code had just commanded the opening of a new tab showing the new destination. But the video still played, and video advertisers were still billed. Screen-capture video.

Industry sources confirm concerns about Blinkx ad visibility. For example, a December 15, 2013 Ad Week piece reported Vindico analysis finding just 23% of Blinkx videos viewable (defined as just 50% of pixels visible for just one second). By Vindico's analysis, an advertiser buying video ads from Blinkx suffers three ads entirely invisible for every ad visible even by that low standard -- a remarkably poor rate of visibility. In contrast, mainstream video sites like CBS and MSN enjoyed viewability rates two to four times higher.

Putting the Pieces Together

Comparing Blinkx's revenues to competitors, I am struck by Blinkx's apparent outsized success. See the table at right, finding Blinkx producing roughly twice as much revenue per employee as online video/display ad networks and advertising technology companies which have recently made public offerings. Looking at Blinkx's sites and services, one doesn't get the sense that Blinkx's service is twice as good, or its employees twice as productive, as the other companies listed. So why does Blinkx earn twice as much revenue per employee? One natural hypothesis is that Blinkx is in a significantly different business. While other services make significant payments to publishers for use of their video content, my browsing of Blinkx.com revealed no distinctive content obviously licensed from high-quality high-cost publishers. I would not be surprised to see outsized short-term profits in adware, forced-visit traffic, and other black-hat practices of the sort used by some of the companies Blinkx has acquired. But neither are these practices likely to be sustainable in the long run.

	Q3 '13 Headcount	'13 Revenue ($mm)	revenue / headcount ($k)
Tremor	287	$148	$517
YuMe	357*	$157	$440
RocketFuel	552	$240	$434
Criteo	452	$240	$532
Blinkx	265**	$246***	**$927**

* Q3 '13 headcount not available. 357 is 2012 year-end. S&M spend up ~50% in 2013. Adjusted revenue/headcount is $293k
** Q3 '13 headcount not available. 265 is 2012 year-end. S&M spend up ~15% in 2013. Adjusted revenue/headcount is $803k.
*** 2013 revenue estimate based on Bloomberg consensus estimates

Reviewing Blinkx's statements to investors, I was struck by the opacity. How exactly does Blinkx make money? How much comes from the legacy Zango and AdOn businesses that consumers and advertisers pointedly disfavor? Why are so many of Blinkx's metrics out of line with competitors? The investor statements raise many questions but offer few answers. I submit that Blinkx is carefully withholding this information because the company has much to hide. If I traded in the companies I write about (I don't!), I'd be short Blinkx.

This article draws in part on research I prepared for a client that sought to know more about Blinkx's historic and current practices. At my request, the client agreed to let me include portions of that research in this publicly-available posting. My work for that client yielded a portion of the research presented in this article, though I also conducted significant additional research and drew on prior work dating back to 2004. My agreement with the client did not oblige me to circulate my findings as an article or in any other way; to my knowledge, the client's primary interest was in learning more about Blinkx 's business, not in assuring that I tell others. By agreement with the client, I am not permitted to reveal its name, but I can indicate that the client is two US investment firms and that I performed the research during December 2013 to January 2014. The client tells me that it did not change its position on Blinkx after reading my article. (Disclosure updated and expanded on February 4-5, 2014.)

I thank Eric Howes, Principal Lab Researcher at ThreatTrack Security, and Matthew Mesa, Threat Researcher at ThreatTrack Security, for insight on current Blinkx installations.

Peter Cohan Contributor

I write about tech stocks and the startup economy.

TECH 2/03/2014 @ 8:50AM | 9,180 views

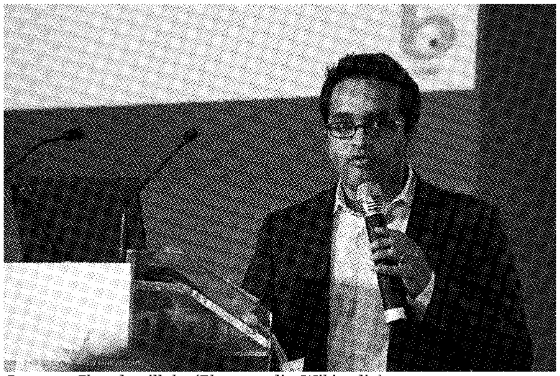
Harvard Prof's Blog Post Slashes Blinkx Stock Price 21%

Can one person move a stock? The answer depends on the person, the message, and the stock. In the case of Blinkx, a British online video and advertising company, the answer is **Yes.**

For Blinkx, a professor published an analysis that raised serious questions about the company's revenue reporting and business model. And Blinkx's response — based largely on an attack on the professor's professionalism — did not counter the effect of his message. On January 30, the blog was published and Blinkx's stock fell 31% while recovering about 9% of its value in February 3 trading in London.

The professor is Harvard Business School Associate Professor, Benjamin Edelman, whom I have interviewed regarding Groupon, Facebook and Google. Interestingly, none of those columns seem to have had a negative effect on those companies' stock prices.

But Edelman's January 30 blog, *The Darker Side of Blinkx*, appears to have slammed Blinkx's stock price. In that post, Edelman argued that Blinkx acquired two companies — Zango and AdOn – that generate adware revenues by doing things like "defrauding advertisers" in a variety of ways such as billing them for "tainted traffic."



Suranga Chandratillake (Photo credit: Wikipedia)

Edelman's blog provides a detailed argument about how "ex-Zango adware is still sneaking onto users' computers and still defrauding advertisers. I show the ex-AdOn traffic broker is still sending invisible, popup, and other tainted traffic. I show Blinkx' namesake site, Blinkx.com, leading users through a maze of low-content pages, while charging advertisers for video ads systematically not visible to users."

Edelman — a graduate of Harvard's law school and its economics PhD program — also claimed in the blog that a client who he refused to name, paid him to do the analysis.

Blinkx issued a statement on January 30. First it attacked Edelman. The statement noted, "As a matter of course, the Company does not normally comment on such matters. However, blinkx has noted a recent blog post by a Consultant paid by unnamed third parties, in which he discloses, 'I prepared a portion of this article at the request of a client that prefers not to be listed by name.' blinkx strongly refutes the assertions made and conclusions drawn in the blog post."

The statement went on to say that everything in its recent financial statements and forecast is fine. "The Company confirms there has been no material change to the operational and financial performance or outlook for the business, and that Fiscal Q3 trading was in line with management expectations," noted the statement.

I asked Blinkx to comment on the following questions:

- What are Blinkx's revenues by product line?
- What percentage of Blinkx's revenues come from its legacy Zango and AdOn businesses?

- Why are Blinkx's revenues per employee so much higher than those of competitors such as Tremor, YuMe, and RocketFuel?
- Since Blinkx CEO, Suranga Chandratillake, worked at Autonomy, is there any chance that Blinkx shares the accounting challenges that led to HP's $8.8 billion write-down after its $11 billion purchase of Autonomy?

Blinkx did not respond to my request on the record. However, on February 3, a source close to Blinkx who did not want to go on the record so as not to "embroil himself personally" did respond to the questions.

The source said that Blinkx's revenue accounting is accurate — split as reported between ad hoc (premium) and conventional (commodity). In a February 3 response to Blinkx, Edelman said that "investors should be asking about *non-adware* versus *adware*."

The Blinkx source said that the company did not buy revenues when it made those acquisitions – just people and technology.
Edelman noted that Zango's ex-chief technology officer, Ken Smith, disputed Blinkx's claim, writing: "Blinkx acquired fully 100% of Zango's assets."

And Blinkx's anonymous source said that it has filters to keep those legacy ads from appearing.

Edelman disputes that: "Certainly it's clear that Blinkx adware is still operating. I showed a screenshot and packet log of the adware running (cheating Walmart). And I showed a screen-capture video of the adware still getting installed (through quite a sneaky method – pretending to be part of Chrome). This is not consistent with Blinkx shutting down the legacy Zango business."

The Blinkx source said he would send me a paragraph explaining the filters and I will post it as soon as I get it from him.

He said that Blinkx earns higher revenues per employee — $927 compared to $440 for YuMe, according to Edelman — for three reasons:

- Blinkx spun out of Autonomy in 2007 as a "dividend in specie to Autonomy shareholders" so it did not need to make investments to build its technology – he estimated the value of Blinkx's intellectual property at $50 million;

- These competitors had to hire developers and marketers to build the business and Blinkx's has a direct sales business and does not have to hire more bodies as they do; and
- Blinkx's has been around for longer and unlike these Silicon Valley competitors is run for profit and has a four year head start.

Edelamn does not buy this explanation. He notes, "Blinkx is in a materially different business than them. Specifically, Blinkx's adware businessserves popups that cover others' sites, for which Blinkx need not license content or do much work. The others have to create genuine content or pay publishers to use publishers' content. To my eye, this is a more plausible explanation than Blinkx being twice as effective as its competitors at generating revenue."

Finally the Blinkx source told me that Autonomy's accounting issue with HP is a completely separate from Blinkx. He noted that HP sold its remaining Blinkx shares in the third quarter of 2013.

Before I heard from Blinkx, Edelman offered a challenge to its January 30 statement. In a February 2 interview, Edelman argued that Blinkx is still not being upfront about how it generates revenue; that Blinkx's adware violates FTC standards; that he did not do anything wrong; and that there may be a fundamental similarity between Autonomy's accounting issues and Blinkx's reporting.

Edelman thinks that Blinkx does not acknowledge its adware revenues. He told me, "I don't think we really know how Blinkx makes most of its money. We know the businesses Blinkx likes to talk about. But then my article points out that Blinkx is in the adware business too. You'd never know that from Blinkx's web site or statements to investors."

Edelman is concerned about Blinkx's financial disclosure. He said, "It seems to me that this omission in Blinkx's financial statements is one key problem – failure to accurately characterize what Blinkx actually does, or how much of the business comes from the various components."

He argues that Blinkx's adware installation violates FTC standards. He noted, "The adware installation I demonstrated falls short of FTC's *unfair and deceptive* standards for bundled advertising software – standards the FTC first articulated in a settlement with Zango, which Blinkx later acquired!"

Edelman defended his conduct. "My client requested that I research what Blinkx does and how. I insisted on the right to tell others, on my web site and otherwise. The client agreed to that. I was not obliged to do so. There's nothing improper about this, and it's entirely consistent with work I've done for many companies. Information is fundamentally non-rivalrous – I can tell other people what I've learned and the client still has the benefit of those learnings," argued Edelman.

Edelman believes that Blinkx is attacking him and his client instead of commenting on the substance of his allegations. According to Edelman "What's most notable, in my view, is that Blinkx tries to make this research about me personally and about my client, rather than discussing the serious allegations and compelling proof. I'd rather focus on substance. Tellingly, Blinkx has not denied the allegations in specificity."

Edelman believes that Blinkx's stock fell because his argument persuaded investors. Said Edelman, "I gather Blinkx's stock dropped because investors saw my evidence and shared my concern that Blinkx's business is less robust and less secure than they had previously thought."

Edelman thinks that Autonomy and Blinkx share a failure to be completely forthright about their businesses. Explained Edelman, "I'm not an expert on the prior Autonomy practices that led to HP's litigation. But there is a fundamental similarity – being less than forthright about what a company does, how, and with what financial results."

And he believes that Blinkx's stock should move on what he sees as shaky merits. "Nonetheless, I think Blinkx deserves to rise or fall on its own merits, not the prior businesses of some managers or even its founder. Problem is, Blinkx's merits are themselves looking pretty shaky," concluded Edelman.

What happened here? I would guess that Edelman's client is a hedge fund that got together with some others to short Blinkx stock before he posted his blog. Statistics from British financial regulators suggest that "several hedge funds had built sizable [short] minority stakes in Blinkx" before January 30, according to the *New York Times*.

I'd guess that Blinkx's share price was overwhelmed by the power of those short sellers. And if Edelman is right that there is nothing improper in what he did — I would like him to at least disclose whether his client is a hedge fund — those hedge funds may have identified a way to beat the market: Hire Edelman to research nefarious online marketing practices of relatively-thinly-traded public companies and short their shares before Edelman publishes his findings.

Meanwhile, Blinkx's off-the-record responses to Edelman's substantive questions about its business model and reporting strike me as somewhat vague. Will British regulators investigate further?

Subject: Re: Hot potato
Date: Wednesday, February 5, 2014 8:04:18 AM Eastern Standard Time
From: Aisner, Jim
To: Cunningham, Jean
CC: Kenny, Brian

I'm wondering if the best way to keep this story from happening is for Ben to go off the record with the reporter to set him straight. This is where off the record can help. Unfortunately we are now in a he said she said situation. What do you both think ?

Sent from my iPhone

On Feb 4, 2014, at 8:48 PM, "Cunningham, Jean" <jcunningham@hbs.edu> wrote:

Ben says the reporter is misinformed, and -- this he considered off the record -- that the company had no interest or holdings, or no anticipation of interest or holdings. He said it's Blinkx that is stirring up these rumors.

From: <Aisner>, Jim Aisner <jaisner@hbs.edu>
Date: Tuesday, February 4, 2014 8:42 PM
To: Brian Kenny <bkenny@hbs.edu>, Jean Cunningham <jcunningham@hbs.edu>
Subject: RE: Hot potato

According to the reporter, John Hechinger, the sponsoring company had a vested interest in seeing the stock price go down so that it could benefit from shorting the stock. I don't know if that's true or not, but I do I worry about even the perception of a conflict of interest here. I think that's where Ben and HBS could run into trouble when this article appears. On the other hand, Ben does have the reputation of slaying dragons and standing up for good things like privacy against big, bad companies, so that may be in his favor....He wears a white hat, so why should this case be any different. That's my best-case scenario. BTW, I have in my emails file the HBS document of several years ago on Conflict of Interest (COI)....According to the original email that went with it, it is a public document, so I emailed the COI paper to John Hechinger so that he could see our detailed policy for himself.....Is that the most recent version??

From: Kenny, Brian
Sent: Tuesday, February 04, 2014 8:12 PM
To: Cunningham, Jean
Cc: Aisner, Jim
Subject: Re: Hot potato

Thanks for the context. I think your suggestion to direct him back to Ben to give him a chance to respond to what certainly sounds like an accusatory line of questions. But I think we should also respond in a school voice to the question of whether or not his disclosure satisfies our policy (to which I think the answer is yes). That at least gives him some air cover. Let's talk tomorrow.

Brian
****
Brian Kenny
Chief Marketing and Communications Officer
Harvard Business School

617-495-6336

From: <Cunningham>, Jean Cunningham <jcunningham@hbs.edu>
Date: Tuesday, February 4, 2014 6:14 PM
To: Brian Kenny <bkenny@hbs.edu>
Cc: "Aisner, Jim" <jaisner@hbs.edu>
Subject: Re: Hot potato

I just had a quick conversation with Ben. A few takeaways, off the record, and perhaps we should put heads together tomorrow on the right way to respond to the reporter:
Of all the HBS faculty members, Ben is someone I know to have read (and dissected) the COI policy -- he was one of 2 faculty members to show up for the small group discussions with substantive questions. He reads *everything* carefully. And with his background, he is deliberate and incredibly thoughtful about how he expresses himself.
He put a lot of thought into the disclosure statement at the bottom. With hindsight, he might wish to have phrased it slightly differently. But he believes it conveys everything that should be conveyed: he received compensation for a portion of his work. The angle the Bloomberg reporter is pushing is what he thinks Blinkx has suggested to the reporter. Unfortunately, it's not true (e.g., the company didn't stand to benefit from having the results published) (though we can't say that quite so definitively, going back to the confidentiality agreement). And interestingly, it was Ben that pushed the company to allow him to publish his findings, not vice versa -- this is Ben in missionary mode, wanting to disseminate the results of his work as broadly as possible.
My vote would be to point the reporter back to Ben -- Ben said he has spoken with him already, though not on this particular angle of the story. On the questions of disclosure, we can go down that path if we need to (e.g., the "reasonable reader" test mapped against confidentiality agreements)... but I'd prefer not to if this is a myth that Ben is in other ways able to dispel.
Does that make sense?

From: <Kenny>, Brian Kenny <bkenny@hbs.edu>
Date: Tuesday, February 4, 2014 3:46 PM
To: Jean Cunningham <jcunningham@hbs.edu>
Subject: Fwd: Hot potato

Hi Jean. Not sure if you saw the original article by Ben Edelman that prompted this inquiry from Bloomberg. If not, Jim's note below provides some context. I think we should prepare a response for this but I don't know if Ben's disclosure satisfies the school's requirements. I've asked Jim to stall the writer as long as possible.

I'm heading for Penn Station right now to catch my train home so I will be a little hard to get for a while.

Brian

Sent from my iPad

Begin forwarded message:

> **From:** "Aisner, Jim" <jaisner@hbs.edu>
> **Date:** February 4, 2014 at 2:05:45 PM EST
> **To:** "Kenny, Brian" <bkenny@hbs.edu>
> **Subject: Hot potato**

This just in from Bloomberg….have you seen the article that talks about Edelman's on a company, resulting in a large drop in its stock price/value? Apparently, and I may not have this exactly right, sponsored by a financial firm that would profit if the stock went down (shorting the stock). Bloomberg has the situation in its sites….Probably needs to be discussed with Jean, no?????

From: John Hechinger (BLOOMBERG/ NEWSROOM:)
[mailto:jhechinger@bloomberg.net]
Sent: Tuesday, February 04, 2014 1:48 PM
To: Aisner, Jim
Subject: RE: bloomerg

Thanks, this is helpful. My main questions are: What is Harvard Business School's policy about a professors publishing a report financed by an investment company that has a stake in its outcome? What is your view of Professor Edelman's disclosure of his consulting agreement in his blog post? Was it adequate to satisfy HBS's conflict-of-interest policy? If so, why? And, if not, why not? Should he have noted that the consulting agreement was with an investment firm that may have a stake in the outcome of his research? If no, why not? And, if so, why?

I hope that helps.

Thanks,
John

----- Original Message -----
From: jaisner@hbs.edu
To: John Hechinger (BLOOMBERG/ NEWSROOM:)
At: Feb 4 2014 13:33:37

> Greetings, John. Here is the conflict of interest document I have "in stock," so to speak…My understanding is that it's a public document. I or one of my colleagues will check to make sure it is the most up to date version. Could you send me a few sample questions on this? That will help me go after someone, although I can't guarantee I will be able to….Thanks.

Conflict of Interest (COI) Policy

Introduction

The mission of Harvard Business School is to educate leaders who make a difference in the
world. Faculty members accomplish this mission by creating managerially-relevant knowledge,
teaching the art and science of general management, and communicating important ideas to
people around the world.
HBS faculty members share a *primary interest* in advancing the

School's mission and core values, which include assurance of personal and institutional integrity; independent, objective, and ethical scholarship; accountability for actions and conduct; and preservation of the School's standing as an institution worthy of public trust. Arguably, the School's greatest asset is its reputation for scholarly integrity in the creation and dissemination of knowledge, a reputation that benefits all members of the Harvard community.

In its efforts to create and disseminate managerially-relevant knowledge, the School encourages faculty members to engage with outside organizations through a variety of activities ranging from research and teaching to consulting and other advisory work. Such interactions promote intellectual exchange, enhance professional development, and further our mission of societal service. Contact with outside organizations is particularly important for HBS faculty because it provides opportunities for collaboration on case studies and other forms of field research, provides access to new and unique types of data, and serves as a proving ground for new theories, frameworks and ideas. Indeed, contact with outside organizations—including companies, government agencies, regulatory agencies, and non-profit organizations—is a critical part of the School's commitment to being at the forefront of management practice.

Although valuable from a scholarly perspective, a faculty member's relationship with outside organizations creates opportunities for personal gain, financial or otherwise. At times, these *secondary interests* may conflict with the faculty member's primary interest in and obligations to the School and its mission. Such conflicts can damage scholarly credibility and reduce impact particularly if not managed carefully or eliminated. For this reason, the School has established several policies, including this policy on Conflicts of Interest, to ensure that faculty members do not engage in activities or behaviors that compromise the School's reputation for scholarly integrity or erode the public's trust in the institution.[1]

[1] In addition to this COI policy, faculty members must abide by the HBS policies on Outside Activities and on Faculty Involvement in Student Ventures as well as Harvard University's Policy on Individual Financial Conflicts of Interest (amended and approved on 5/23/2012). These policies describe the range and extent of permitted activities.

Faculty members who are contemplating or are receiving external funding from

government agencies such as the
National Science Foundation (NSF) or other entities should consult with the Dean's Office regarding the possibility of additional COI reporting or disclosure requirements.

Policy on Conflicts of Interest

This policy specifically addresses the potential for conflicts of interest—real and perceived— between a faculty member's primary interest in and obligations to the School and any secondary interests stemming from personal or financial involvement with outside organizations, or other personal endeavors. A conflict of interest is defined as:

a set of circumstances that reasonable observers would believe creates an undue risk that an individual's judgment or actions regarding a primary interest of the School will be inappropriately influenced by a secondary interest, financial or otherwise.

Because conflicts of interest can harm both individual and institutional reputations, the School has adopted a two-part policy to govern potential conflicts of interest. The first part of the policy is preventative. The educational and research activities of the School should be motivated by an objective concern for the advancement of knowledge. Accordingly, faculty members should not permit outside activities and/or financial holdings to compromise their independence, objectivity, or judgment. They should also refrain from actions that could discredit their scholarly or other University-related work, and should avoid activities where the prospect of personal gain could inappropriately influence their actions or judgment.

The second part of the policy is a requirement to disclose outside

activities and financial
holdings as a way to promote transparency and, as a result, to enhance the public's trust in the
independent and objective nature of our scholarship. Public disclosure of relevant outside
activities and financial interests helps consumers of the relevant work (i.e., readers and listeners)
to identify potential conflicts and interpret work products with appropriate care. In the end,
greater transparency should enhance the credibility and impact of our scholarly work.

Consistent with University policies, HBS requires *disclosure* of all potential conflicts through
public and/or private mechanisms as described below. Although disclosure does not resolve a
potential conflict of interest, it is a critical step in limiting the impact of such a conflict. A more
complete response may require management or elimination of a potential conflict (see the section
below on ***Policy Implementation and Oversight***). For this reason, faculty members should
inform relevant organizations of the School's disclosure policy and consider whether a particular
engagement has the potential to create a conflict of interest before agreeing to participate in an
outside activity or to acquire a material financial holding in a company.

Public Disclosure Requirements

As of July 1, 2012, faculty members are required to disclose publicly all paid and unpaid outside
activities, sources of external funding, and material financial holdings that are directly related to
a work product that is available to the public. For purposes of clarity, the following definitions
apply:

? *outside activities* refers to activities such as speaking engagements, teaching, consulting,
or other advisory work done outside of Harvard University. It also includes executive
teaching assignments done through HBS for incremental compensation;

Policy
page
3
? *sources of external funding* includes but is not limited to sponsored research or the
reimbursement of travel or other research-related expenses;
? *material financial holdings* include direct ownership of stock, debt obligations, derivative
instruments, or other financial instruments (including intellectual property, patents,
copyrights, and licenses) with a market value greater than $10,000. When market values
are not readily determined, investments totaling more than $10,000 are considered
material;
? *work product* includes but is not limited to written documents (including HBS cases,
teaching notes, and subject notes), electronic publications and communications (e.g.,
blogs but not email correspondence), oral communications (in person or by video), and
Harvard classes;
? *directly related* means the work product mentions or refers to a person, organization, or
company from which a faculty member has derived income for services or had a
significant *pro bono* involvement in the prior three years, or had a material financial
holding in the prior year.[2] To the extent a work product refers to a subject, competing
firm or organization, or an industry that is related to an outside activity or a material
financial holding, faculty members face a judgment call on the question of "relatedness."
To facilitate this determination, a "related" person, organization, or company is defined as
one whose policies, stated objectives, or financial interests are, or could reasonably be,
affected by the work product. In these instances, faculty members should disclose the
related activity or financial holding particularly if the work product is intended to inform
or shape public policy. If in doubt, faculty members should seek advice from the Dean's
Office to resolve questions of relatedness.[3]
? *available to the public* means all teaching and speaking engagements (inside or outside of
Harvard University) and all work products—including working papers, case drafts, and
seminars—available to other people whether inside or outside of Harvard University.

Although the exact placement and wording of the disclosure is left to the faculty member's
discretion, the disclosure statement should be readily observable and should include the
organization's name (the ultimate beneficiary in the case of an intermediary such as a consulting
firm), the nature of the activity, and the dates of service in the case of relevant outside activities,
and a statement regarding the entity's name and the existence of a material financial holding in
the case of financial holdings. If a signed confidentiality agreement precludes certain
disclosures, the faculty member must acknowledge the existence of the agreement and provide as
much information as permissible under the agreement.
The public disclosure requirement applies to all faculty members, including retired or emeritus
faculty members and people with fractional appointments, as well as any co-authors or

2 The 3-year and 1-year horizons shall be determined based on when the work product becomes available to the
public, and shall remain on the work product forever.

3 To guide disclosure decisions, faculty members are encouraged to apply the "reasonable reader/listener" test as
paraphrased from the International Committee of Medical Journal Editors: report other relationships or activities
that a reasonable reader could perceive to have influenced, or that give the appearance of potentially influencing, the
submitted work.

collaborators even if they are not employed by HBS in which case the HBS faculty member
should take reasonable steps to ensure compliance on joint work. Should a faculty member's
spouse, partner, or dependent child have a related activity or a material financial holding (either
individually or collectively), this fact should also be disclosed by the faculty member. Visiting
professors and visiting scholars with appointments lasting six months or more, and all people
with teaching appointments, must also comply with this policy.
Faculty members are also required to disclose publicly all outside

activities and material
financial holdings that pertain to University-related activities such as teaching, mentoring,
advising, or serving on committees. These disclosures should be done orally or, to the extent
possible, in writing before engaging in the relevant activity.

Comprehensive Internal Reporting (Confidential)

In addition to the public disclosure requirements, and consistent with current policy, faculty
members must file and update comprehensive reports with the Dean's Office in which they
disclose all outside activities, including those subject to confidentiality agreements, as well as all
related and material financial holdings (i.e., financial holdings related to specific work products
or University activities) and external funding sources. These reports will be updated annually
and at the commencement of a new outside activity, the acquisition of a material financial
holding, or the receipt of a new external funding source; will be reviewed by the Dean's Office
and, if required, by Harvard University officials; and will be kept confidential.

Policy Implementation and Oversight

The Dean's Office is responsible for implementing, monitoring, and enforcing this policy. As
part of this obligation, the Dean's Office will review all faculty members on a periodic basis to
ensure compliance with the public disclosure and internal reporting requirements, and to ensure
specific conflicts have been identified, managed, and/or eliminated. In disputed cases, the Dean
bears ultimate responsibility for determining if a conflict exists, if a management plan is
sufficient to address an existing or potential conflict, and if a faculty member should terminate a
conflicted activity.

The Dean may appoint or designate a Conflicts of Interest Officer (COIO) to assist with
implementation, to advise faculty on specific interpretation and implementation issues, and to
monitor compliance. The Dean's Office and the COIO are available to advise faculty on the
management of existing or potential conflicts as well as the

process for complying with this
policy. The Dean will also appoint a COI Committee to provide advice on general policy and implementation issues. This committee will review the COI Policy annually and bring it to the Faculty for review and re-approval within three years.

Reviewed by the HBS faculty on 30 May 2012 and approved by Harvard University Conflict of Interest Standing Committee on 16 July 2012

From: John Hechinger (BLOOMBERG/ NEWSROOM:) [mailto:jhechinger@bloomberg.net]
Sent: Tuesday, February 04, 2014 12:29 PM
To: Aisner, Jim
Subject: bloomerg

Hi Jim,

Were you ever able to get a copy of the HBS conflict-of-interest policy? Also, I realize I may owe you a link to blog I was asking about: http://www.benedelman.org/. It would be great if someone there could let me know HBS's thoughts.

Thanks,
John

John Hechinger
Reporter-at-Large
Bloomberg News
100 Summer Street
Suite 2810
Boston, MA 02110
(617) 210 4614
jhechinger@bloomberg.net

Ben Edelman, Harvard Business School Professor, Goes to War Over $4 Worth of Chinese Food

Ben Edelman (left) and Ran Duan (right)

By Hilary Sargent
Boston.com Staff | 12.09.14 | 3:28 PM

Ben Edelman is an associate professor at Harvard Business School, where he teaches in the Negotiation, Organizations & Markets unit.

Ran Duan manages The Baldwin Bar, located inside the Woburn location of Sichuan Garden, a Chinese restaurant founded by his parents.

RELATED LINKS

- **Ben Edelman: 'I Am Sorry'**
- **Sichuan Garden 'Overwhelmed' by Outpouring of Support**
- **Who Is Ben Edelman, Sheriff of the (Chinese Food) Internet?**
- **Nothing Does More for a Small Business Than Being Attacked by a Harvard Business School Professor**
- **Harvard Business School Students: Ben Edelman Is Not Us**

Last week, Edelman ordered what he thought was $53.35 worth of Chinese food from Sichuan Garden's Brookline Village location.

Edelman soon came to the horrifying realization that he had been overcharged. By a total of $4.

If you've ever wondered what happens when a Harvard Business School professor thinks a family-run Chinese restaurant screwed him out of $4, you're about to find out.

(Hint: It involves invocation of the Massachusetts Consumer Protection Statute and multiple threats of legal action.)

From: Ben Edelman [[redacted]]
Sent: Friday, December 05, 2014 2:47 PM
To: Sichuan Garden [[redacted]]
Subject: Re: pricing accuracy question

I submitted the message below through your web site at http://sichuangardenrestaurant.com/contact but have not received a reply. Please advise:

Hi,

I ordered takeout from you this evening. Below are my notes on what I ordered, then the price quoted on your web site http://sichuangardenrestaurant.com/cuisine , then the price on the receipt. Could you clarify the differences? It seems like an increase of $1 on each and every item.

Shredded Chicken with Spicy Garlic Sauce 10.50 11.50

Sautéed Prawns with Roasted Chilli & Peanut 13.95 14.95

Stir Fried Chicken with Spicy Capsicum 12.95 13.95

Braised Fish Filets & Napa Cabbage with Roasted Chilli 15.95 16.95

Phone number on the order: [redacted] Receipt specifies 6:45pm #51.

From: Ran Duan [[redacted]]
Sent: Friday, December 05, 2014 3:04 PM
To: Ben Edelman [[redacted]]
Subject: Re: pricing accuracy question

Hey Ben,

I apologize about the confusing. Our websites prices has been out of date for quite some time. I will make sure to update it, if you would like I can email you a updated menu

Sent from my iPhone

From: Ben Edelman [[redacted]]
Sent: Friday, December 05, 2014 3:18 PM
To: Ran Duan [[redacted]]
Subject: Re: pricing accuracy question

Thanks for the reply and for explaining what went wrong. We enjoyed the food, but we don't need to trouble you for an updated menu.

Under Massachusetts law it turns out to be a serious violation to advertise one price and charge a different price. I urge you to cease this practice immediately. If you don't know how to update your web site, you could remove the web site altogether until you are able to correct the error.

In the interim, I suggest that Sichuan Garden refund me three times the amount of the overcharge. The tripling reflects the approach provided under the Massachusetts consumer protection statute, MGL 93a, wherein consumers broadly receive triple damages for certain intentional violations.

Please refund the $12 to my credit card. Or you could mail a check for $12 to my home:

Ben Edelman
[redacted]

From: Ran Duan [[redacted]]
Sent: Friday, December 05, 2014 5:27 PM
To: Ben Edelman [[redacted]]
Subject: Re: pricing accuracy question

Thank you for understand, this situation.

We are a mom and pop restaurant and we pride our selves on hard work and authentic Sichuan cuisine

I will honor the website price and honor you the $3.00

I will honor the website price and honor you the $3.00

Let me know if that works for you

From: **Ben Edelman [[redacted]]**
Sent: **Saturday, December 06, 2014 9:33 AM**
To: **Ran Duan [[redacted]]**
Subject: **Re: pricing accuracy question**

Your restaurant overcharged me $4, not $3.

It strikes me that merely providing a refund to a single customer would be an exceptionally light sanction for the violation that has occurred. To wit, your restaurant overcharged all customers who viewed the web site and placed a telephone order – the standard and typical way to order takeout. You did so knowingly, knowing that your web site was out of date and that consumers would see it and rely on it. You allowed the problem to continue, in your own words, "for quite some time." You don't seem to recognize that this is a legal matter and calls for a more thoughtful and far-reaching resolution. Nor do you recognize the principle, well established in applicable laws, that when a business intentionally overcharges a customer, the business should suffer a penalty larger than the amount of the overcharge – a principle exactly intended to punish and deter violations.

I have already referred this matter to applicable authorities in order to attempt to compel your restaurant to identify all consumers affected and to provide refunds to all of them, or in any event to assure that an appropriate sanction is applied as provided by law. I'm most familiar with the applicable Boston authorities, and less so with the Brookline counterparts, but at least in Boston this is taken seriously, and

I understand that fines are common for price advertising violations.

I will accept whatever refund you elect to provide, be it $4 or $12, but I accept that refund without prejudice to my rights as provided by law.

From: **Ran Duan [[redacted]]**
Sent: **Saturday, December 06, 2014 12:20 PM**
To: **Ben Edelman [[redacted]]**
Subject: **Re: pricing accuracy question**

Thank you for notifying the authorities, I will wait for the notice of authorities, and have them advise us on how to handle and resolve this situation best,

Once again I apologize about the confusion, we did not over charge you . We charges you standard fee which every customer is charged. I understand how frustrating it must be to go to sichuangardenrestaurant.com the website of our Woburn location. And then see a outdated menu. It was our error on not only making it clear on updated prices. I have contacted the company that designed our website and we will make sure to have a updated price within the next few days.

like I said I will honor the websites price which is a $4 difference , you seek out $12 which is fine. I have no problem paying that penalty and giving you proper compensation. once the authorizes notify me on how to hand this situation best. I will provide all fines. I just want to make sure we go through the proper channels now since this is active case.

I will keep you updated on this situation and our websites status so you know know we are doing our best to resolve this situation and to make sure this doesn't happen again.

Thank you

From: Ran Duan [[redacted]]
Sent: Saturday, December 06, 2014 1:14 PM
To: Ben Edelman [[redacted]]
Subject: Re: pricing accuracy question

So I just got off the phone with the website design company, they took off our current menu to update. I figured i would reach out and show you the steps we are doing to resolve this

I also reach out to a professional on legal advise, They advised me based on the disclaimer on the website on price variants on locations which has been there since the conception of our website . we are covered and protected and should not comply to your request.

From: Ben Edelman [[redacted]]
Sent: Saturday, December 06, 2014 3:55 PM
To: Ran Duan [[redacted]]
Subject: Re: pricing accuracy question

Are you represented by an attorney in connection with this matter W? If so, as an attorney, I am bound by Massachusetts attorney ethics rules to communicate only with that attorney and not with you. In that case, please provide me with the name, address, and email of the attorney, and I will proceed accordingly.

I dispute that there is any disclaimer a company may lawfully put on a web site that allows the company to knowingly and for an extended period advertise prices lower than the prices it actually charges.

From: Ran Duan [[redacted]]
Sent: Saturday, December 06, 2014 4:36 PM
To: Ben Edelman [[redacted]]
Subject: Re: pricing accuracy question

Our website states that "price subject to change based on location" highlighted in a read box . You went to our Woburn restaurants website a completely different location different menus, diffent management. different owner structures. That I have no control. The Brookline location has its own website sichuangardenbrookline.com granted it has been down for quite some time. I do not manage or control that location or policy's

Our restaurant prides it self on quality food and we work hard to deliver that standard. We are a mom a pop restaurant, we work hard to make a honest living and we do not rip people off. We do not have a proper budget for media, website updates / all the bells that most chain and high end restaurants have.

I have told you exactly how I am going to resolve this situation and have already acted by fixing our website and by honoring the website prices, unfortunately that wasn't good enough and you notified the authorities so this is out of my hands now. I can only wait for them to see how we can get this resolved.

Like I said, I apologize for the confusion, you seem like a smart man, But is this really worth your time?

If you choose to take any legal actions please feel free to mail all documents to our Woburn location at 2 Alfred st Woburn ma 01801, I will then hire the right legal team to handle and resolve this situation

---

From: Ben Edelman [[redacted]]
Sent: Sunday, December 07, 2014 2:23 PM
To: Ran Duan [[redacted]]
Subject: Re: pricing accuracy question

I disagree that the menu I reviewed in any way indicated it was for Woburn only. I kept a screenshot. It just doesn't say that. Quite the contrary, the page plainly gives both the Woburn and Brookline locations and addresses, right on the bottom of the page -- information that's still there even with your "currently updating" revision. The fact is, I was looking at the right page -- a page that purported to be a menu and price list for your location.

Consistent with my claim that I was looking at the right page, you might reread our full email discussion. Your initial messages in this thread exactly admitted that the website was incorrect and, of course, that I was looking at the right page. Friday: "<u>Our websites prices</u> has been out of date for quite some time." "I will honor <u>the website price</u>." Saturday: "So I just got off the phone with <u>the website</u> design company, they took off <u>our current menu</u> to update." "...the disclaimer on <u>the web site</u>..." None of these statements gave any suggestion that there are multiple web sites or that I was not looking at the right site or right page. You came up with that theory later.

Notwithstanding the disclaimer "Menu and Prices may vary by location," you'll find that restaurants can't advertise one price and systematically -- by your own admission "for some time" -- charge higher prices. "May vary" might excuse certain small changes or deviations, with the web site updated as soon as possible. Increasing the price of each and every item, and not updating the site for a long period -- that just won't fly. I count myself fortunate to live in a state that deems that practice unlawful.

You're right that I have better things to do. If you had responded appropriately to my initial message -- providing the refund I requested with a genuine and forthright apology -- that could have been the end of it. I would have counted on your honesty to correct the web site and to notify other affected customers. Instead, you're making up excuses such as the remarkable but plainly false suggestion that I was on the wrong web site. The more you try to claim your restaurant was not at fault, the more determined I am to seek a greater sanction against you.

I still think the right resolution on your part is to a refund to me in more than the amount by which I was overcharged. On reflection, I suggest making my order half-price -- that's appropriate thanks for my bringing this matter to your attention, since it seems you wouldn't have recognized the urgency of correcting the web site had I not pushed you to do so. When appropriate authorities ask you about this, I'm sure they'll be pleased to see that you have provided generous more-than-refunds to all customers who flagged the problem.

From: Ran Duan [redacted]
Date: December 7, 2014 at 2:48:34 PM EST
To: Ben Edelman [redacted]
Subject: Re: pricing accuracy question

Once again thank you for bringing it to my attention, I will wait for proper authorities to direct me on how to resolve this situation, Once they direct me on how to resolve this situation with you, we will be able to honor the price that they advise me on, I will make a note that you seek out 50% off you total meal bill. I have no issues with honoring 50% off your total bill if the authorities see fit. I hope you understand I want to go through the proper channels so we can resolve this properly.

I will keep you updated as soon as they contact me

Surprised yet? We were, too.

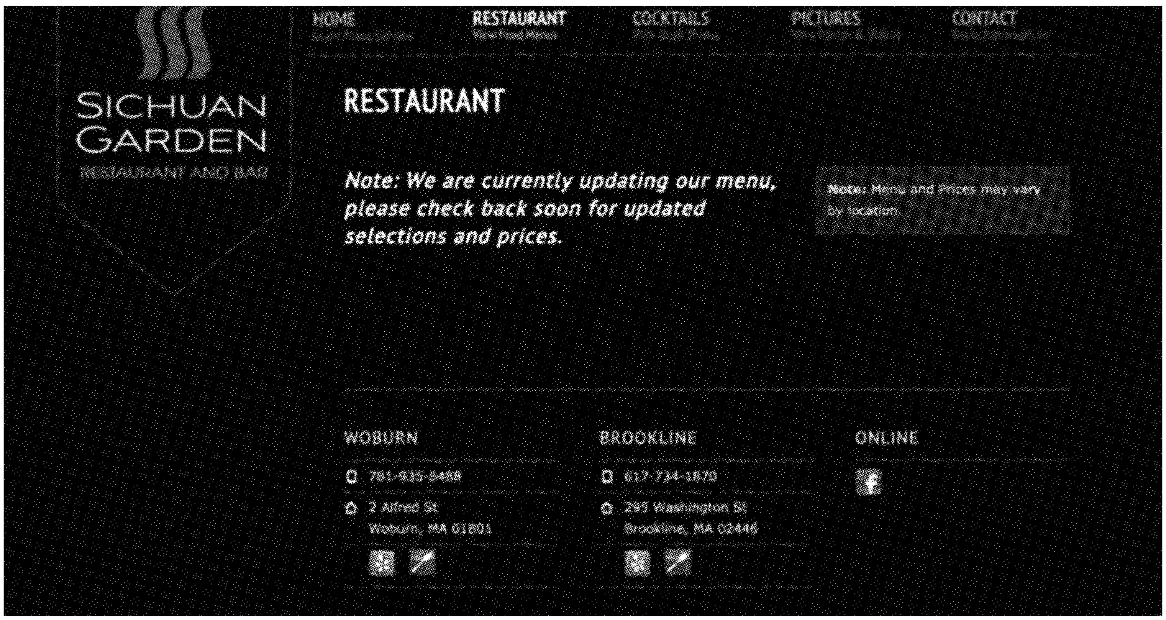
In addition to teaching at HBS, Edelman also operates a consulting practice where he advises clients like Microsoft, the NFL, the New York Times, and Universal Music on "preventing and detecting online fraud (especially advertising fraud)." (That's from Edelman's own website, which it seems safe to presume is always kept up to date.)

He graduated summa cum laude from Harvard College. He has a Ph.D. in economics from Harvard University, and a law degree from Harvard Law School.

Ran Duan moved to the U.S. from China when he was 3-years-old. His father had hoped to support the family with a career as an opera singer, but when that didn't pan out, Duan says "like all Chinese families we decided to open up a restaurant."

Sichuan Garden opened its doors in Brookline in the early 1990s. A second location followed in Woburn.

Despite the restaurant's successful expansion, Duan admittted that Sichuan does not have the budget for teams devoted to public relations or a website that is updated as regularly as it should be.



Screenshot of Sichuan Garden's website as of December 9.

"I personally respond to every complaint and try to handle every situation personally," said Duan, who was profiled by Boston Magazine in June and featured in GQ Magazine last month as "America's Most Imaginative Bartender."

The exchange with Edelman stood out to Duan. "I have worked so hard to make my family proud and to elevate our business. It just broke my heart."

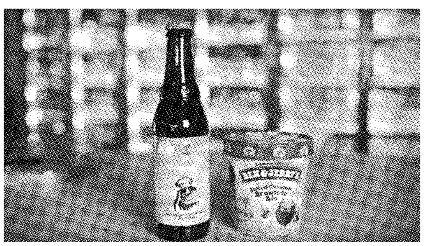
Edelman told Boston.com that investigating pricing discrepancies by neighborhood restaurants isn't something he does every day.

"I mostly look for malfeasance by larger companies," he said. "It certainly seems like a situation that could call for legal redress. But this is a small business in the town where I reside."

As for the troves of angry customers likely looking for recourse? Edelman pointed Boston.com to Massachusetts General Law, Section XV, Chapter 93A, Section 9. (Translation: If you didn't pass the Massachusetts bar, but still feel as though you must do SOMETHING, then just gather all the receipts you've saved, along with all screenshots you took and saved of the website menu in case that dinner order ever ended up in court, find a lawyer whose fees aren't likely to exceed the few dollars you're seeking, and ... voila?)

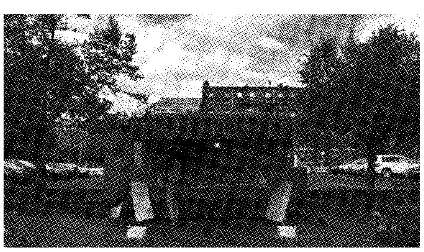
As for Edelman, he alerted town officials in Brookline about the matter, but told Boston.com he doesn't expect them to take action. He plans to "take a few days" before deciding whether to pursue any further legal action against the restaurant.

Oh and the food? Edelman admitted: "It was delicious."



Ben & Jerry's now has beer, ice cream, AND beer-flavored ice cream 10.22.15 | 12:37 PM

Getting ready for Halloween with Tito's 10.22.15 | 12:19 PM



11 restaurants to try near BU 10.22.15 | 11:28 AM

From an alumnus, 12/10/04 at 1:01am:
I'm sure the coverage today on boston.com has already triggered quite a bit of activity at HBS:
http://www.boston.com/food-dining/restaurants/2014/12/09/harvard-business-school-professor-goes-war-over-worth-chinese-food/KfMaEhab6uUY1COCnTbrXP/story.html

If it isn't obvious, this type of behavior is truly embarrassing for me, as an alumnus and as someone who is proud of Harvard Business School.

I'm sure this is being handled appropriately, but I wanted to make sure to note that this type of behavior is damaging nationally. Worse, the faculty member in question is now on the record defending his actions, rather than apologizing.
http://www.businessinsider.com/ben-edelman-defends-his-decision-to-fight-restaurant-overcharge-2014-12

It likely goes without saying, but as a faculty member, Ben Edelman represents both the school, and to an extent, the alumni who attended the school. Not only do I lack confidence that he will represent us collectively well in the future, his lack of judgement, both in the heat of the moment as well as in follow on communication indicates that he is likely unsuitable for a leadership position. This behavior is bullying, masked in a thin guise of pseudo-legal rhetoric. I shudder to think at his behavior under the secure protection of tenure.

I know these issues are tough to deal with, and I trust you'll forward this communication to the appropriate committee or review board.

Adjunct faculty member, University of Toronto, 12/10/14, 9:14am
I am sure you have received quite a few emails with regards to the recent media interest in Ben Edelman's recent discussion with a local restaurant around a $4 overcharge. Not withstanding the inherent discriminatory undertones that arise from the unequal nature of the exchange in terms of written English, the significant abuse of knowledge combined with an utter lack of civility and compassion for the less fortunate leaves a particularly bitter taste in my mouth.

For reference: http://time.com/3627282/harvard-professor-chinese-takeout-ben-edelman/

As a junior faculty at another institution, I feel such behaviour would not be deemed appropriate by my senior faculty and supervisors. I understand in my work that there is a level of decorum and that I have a responsibility to represent my faculty and university at the very highest level in all my interactions both personally and professionally. In particular, our privilege at being faculty instills upon us a sense of civic responsibility and consciousness in dealing with our community, particularly with those less fortunate than ourselves.

I am certain that a school such as HBS shares the same view of its faculty members and am writing to you to urge sanction and discipline on the part of Professor Edelman. His documented behaviour is unbecoming and falls well below the level I would expect of a fellow academic, and for that, there should be consequences commensurate to the deed.

I would love a reply to learn a bit more about your discipline process and measures that you will be taking, but do not expect one as I imagine you are busy and bound by internal confidences. That said, I will close by saying my view of HBS has been severely tarnished based on Professor Edelman's actions; this change is by no means irrevocable, but would only be re-mediated by seeing your school do the right thing in this situation.

In any event, please accept my most sincere professional regards.

HBS Students Are Fighting Against the Negative Stereotypes Reinforced by a Professor

And they're doing it $4 at a time.

(http://bostinno.streetwise.co/author/laurlandry/) Laura Landry
(http://bostinno.streetwise.co/author/laurlandry/)
12/10/14 @9:34am in Education
(http://bostinno.streetwise.co/community/edu/)

Harvard Business School's reputation took a hit Tuesday after Boston.com (http://www.boston.com/food-dining/restaurants/2014/12/09/harvard-business-school-professor-goes-war-over-worth-chinese-food/KfMaEhab6uUY1COCnTbrXP/story.html) published an article about a professor who engaged in a long-winded war with a family-owned Chinese restaurant over a mere $4.

This tweet by Jeffrey Toobin, who's a staff writer at *The New Yorker (http://www.newyorker.com/contributors/jeffrey-toobin)* and the senior legal analyst for CNN (http://www.cnn.com/), says it all:

Jeffrey Toobin
@JeffreyToobin

Follow

Here's why people hate (a) @Harvard and (b) lawyers.
ow.ly/FDfTS
4:48 PM - 9 Dec 2014

Boston.com

Ben Edelman, Harvard Business School Professor, Goes to War Over $4 Worth of Chinese Food
Ben Edelman, Harvard Business School Professor, Goes to War Over $4 Worth of Chinese Food

View on web

173 109

But Harvard students don't want the world to hate Harvard, which is why MBA candidate Jon Staff launched a fundraiser to help fight hunger (https://fundrazr.com/campaigns/budBf/sh/c4IWI4).

"Negative stereotypes of Harvard and HBS were reinforced by an article in Boston.com today that revealed an HBS professor's disrespectful treatment of a local business owner over a discrepency of $4 for Chinese [food]," reads the fundraiser. "In accordance with our community values, we are calling on Harvard students to flip the script by donating $4 to provide food for those in need."

The HBS professor in question is Ben Edelman, who, in addition to teaching at the School, runs a consulting business focused on "preventing and detecting online fraud (especially advertising fraud)," per his website (http://www.benedelman.org/bio/). His client list includes the NFL, the *Washington Post*, Universal Music Group and the City of Los Angeles.

> ***(Update: Edelman has issued an apology, which can be found here (http://bostinno.streetwise.co/2014/12/10/apology-to-sichuan-garden-from-harvard-business-school-professor-ben-edelman/).)***

The debacle started after Edelman realized Sichuan Garden's (http://www.sichuangardenbrookline.com/) Brookline location charged him $4 more than expected based on the restaurant's website prices. Ran Duan, who manages The Baldwin Bar in Sichuan Garden, which is owned by his parents, responded to Edelman via email, saying the website prices had been out of date, but would be updated as soon as possible.

The conversation went from there, with Edelman referencing the Massachusetts Consumer Protection Statute and threatening legal action. Duan remained calm, eventually responding:

> I have told you exactly how I am going to resolve this situation and have already acted by fixing our website and by honoring the website prices, unfortunately that wasn't good enough and you notified the authorities so this is out of my hands now. I can only wait for them to see how we can get this resolved.

The email correspondence (http://www.boston.com/food-dining/restaurants/2014/12/09/harvard-business-school-professor-goes-war-over-worth-chinese-food/KfMaEhab6uUY1COCnTbrXP/story.html) is lengthy, and clearly hit a nerve with the HBS community. Forty dollars were raised in the fundraiser's first five minutes. At the time of publication, $278 had been raised.

Proceeds will benefit The Greater Boston Food Bank (http://www.gbfb.org/), which will match all donations received before December 31.

Edelman could not be immediately reached for comment.

Image via Fundrazr.com (https://fundrazr.com/campaigns/budBf/sh/c4IWI4)

Read More:
Brookline (http://bostinno.streetwise.co/topic/brookline/), Fundraiser (http://bostinno.streetwise.co/topic/fundraiser/), Harvard (http://bostinno.streetwise.co/topic/harvard/), Harvard Business School (http://bostinno.streetwise.co/topic/harvard-business-school/), News (http://bostinno.streetwise.co/topic/news/)

Subject: Re: draft
Date: Wednesday, December 10, 2014 4:15:29 PM Eastern Standard Time
From: Kenny, Brian
To: Malhotra, Deepak
CC: Hall, Brian, Edelman, Benjamin, Cunningham, Jean

Good advice. Thanks for other information Ben. It's helpful to have that context. Let me know when this is posted and send a link. Boston.com has you as the lead article right now so if you send them the same message they will surely post it. You will likely be called for interviews but I would let the statement stand for itself for now.

Thanks, Brian
****
Brian C. Kenny
Chief Marketing and Communications Officer

Harvard Business School
Cotting House 103
Soldiers Field
Boston, MA 02163
T 1.617.495.6336
F 1.617.496.8180
E bkenny@hbs.edu

On Dec 10, 2014, at 4:12 PM, "Malhotra, Deepak" <dmalhotra@hbs.edu> wrote:

> One other thought... if your apology to Ran is genuine please make sure you make it sound that way as well on the phone to him. Be honest, but As always with genuine apologies, it is better not to hedge or put caveats etc. When he speaks to the media after you call him what will he say? Especially given he is unlikely to be positively biased, how will he remember and report what you did and did not today? Will he be able to say "ben called me and gave me a genuine apology and I accept"? could he be even more positive than that? Keep that in mind.
>
> Prof. Deepak Malhotra
> Harvard Business School
> www.DeepakMalhotra.com
> Twitter: www.Twitter.com/Prof_Malhotra
>
> -------- Original message --------
> From: "Hall, Brian" <bhall@hbs.edu>
> Date:12/10/2014 4:07 PM (GMT-05:00)
> To: "Edelman, Benjamin" <bedelman@hbs.edu>, "Kenny, Brian" <bkenny@hbs.edu>
> Cc: "Malhotra, Deepak" <dmalhotra@hbs.edu>, "Cunningham, Jean" <jcunningham@hbs.edu>
> Subject: Re: draft

Ben,
Thanks. Very helpful. I think you should go ahead and send it and also email Ran (and call him if you can reach him).
With regard to the apology to the community, that is of course your choice. And it sounds like the Dean's office prefers that, if you write something, it should come from you directly rather than via Nitin. Which I get, this is not his apology but yours. But if it were me, I would definitely do it. Lot of people here in the HBS community are angry and mad and feel that they have been injured in some way (even the time alone spent on it is a lot) and so I think that a simple apology would go a long way and is the right thing to do.
Either way, I think the public apology to Ran is great.
Happy to talk.
Best,
Brian

Brian J. Hall
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Fax: (617) 495-7670
Email: bhall@hbs.edu
NOM website:
http://www.hbs.edu/faculty/units/nom

Assistant: Elizabeth Sweeny
Email: esweeny@hbs.edu
Office: (617) 495-6039

From: <Edelman>, Ben Edelman <bedelman@hbs.edu>
Date: Wednesday, December 10, 2014 at 3:54 PM
To: Brian Kenny <bkenny@hbs.edu>
Cc: Brian Hall <bhall@hbs.edu>, Deepak Malhotra <dmalhotra@hbs.edu>, Jean Cunningham <jcunningham@hbs.edu>
Subject: RE: draft

Brian,

Here's the (proposed) final text:

> Having reflected on my interaction with Ran Duan, including what I said and how I said it, it's clear that I was very much out of line. I aspire to act with great respect and humility in dealing with others, no matter what the situation. Clearly I failed to do so. I am sorry, and I intend to do better in the future.
>
> I have reached out to Ran and will apologize to him personally as well.

Happy to distribute in the way you now propose. It will take me a moment to get it onto my web site – but soon, maybe ~15 minutes.

I haven't yet sent this to the Boston.com reporter or anyone else. I also have a request from the Harbus but will hold off replying to them until this is ready.

I've had quite a few such discussions over the years. Found most Marriott UK hotels overcharging most US customers by 6% two years ago (nonconsensual currency conversion fee without customer opt-in as required by card network rules). Last month I found Lyft charging a "Massport fee" (by all indications retained by Lyft, not paid to Massport) for all pickups from Logan, as well as overstating toll fees. Usually I'm looking at big companies and manage to get in touch with their general counsels. Certainly there are instances as to smaller companies or sole proprietors – I remember a California taxi charging an unlawful credit card surcharge a decade ago. (That one I referred directly to the regional taxi commissioner, no correspondence with the driver or company.) Then there are the various adware companies I put out of business, ad fraud perpetrators, two people in jail at this moment and one released some years ago, etc. I don't think it's out of the question that someone would find and surface such an email thread. That said, this one was unusual in that my tone got out of line (for which I have little explanation) and we were unable to reach a resolution (whereas in general I think I manage to help the company come around to fixing things appropriately).

Ben

From: Kenny, Brian
Sent: Wednesday, December 10, 2014 3:51 PM
To: Hall, Brian
Cc: Edelman, Benjamin; Malhotra, Deepak; Cunningham, Jean
Subject: Re: draft

Thanks for providing more context. I spoke with Jean and we agree that rather than having Nitin send this out, it may be better to use less formal channels. AOM can make staff aware of it. MBA can, in whatever way they deem appropriate (assuming they feel it's appropriate) let students know. Ben you may consider reaching out in whatever way you feel is appropriate to your faculty colleagues. So informal channels of communication all around.

Ben please let me know when you've posted this and send a link.

THanks, Brian
****
Brian C. Kenny
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F 1.617.496.8180

E bkenny@hbs.edu

On Dec 10, 2014, at 3:34 PM, "Hall, Brian" <bhall@hbs.edu> wrote:

Hi Ben,
Deepak just left. I like your rewrite and I suggest going with it with one exception: I would add "very" to sorry. Assuming you are very sorry, it sets a really humble tone and that is what is most missing in your email exchange with Ran.
With regards to the suggestion by Brian Kenny, this has totally blown up in the Dean's office to the point where folks are so angry that it would be almost bizarre for the dean not to make a statement to the community about it. So it is so much better if the Dean can simply point to your public apology, noting that you asked him to share it. Unfortunately, and not your intention, but everyone in the HBS community will have received messages about this from others. I can forward to you some of the ones sent to me. So silence to the community isn't really an option. It would be ignoring the elephant in the room that says "What are you going to do about the fact that HBS looks like an abusive institution?" So I agree with Brian that having you do a handoff to Nitin addresses it. When someone is sorry and they take full responsibility, that is what everyone is looking for in such a case. Since you are sorry, then it can only help both you and HBS (and the larger community of people who are angry with you).
Sorry for being so blunt but just trying to give the advice that I think is most helpful.
Best,
Brian
PS Call if you like.

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NOM website:
http://www.hbs.edu/faculty/units/nom

Assistant: Elizabeth Sweeny
Email: esweeny@hbs.edu
Office: (617) 495-6039

From: <Edelman>, Ben Edelman <bedelman@hbs.edu>
Date: Wednesday, December 10, 2014 at 3:25 PM
To: Deepak Malhotra <dmalhotra@hbs.edu>, Brian Hall <bhall@hbs.edu>
Subject: RE: draft

Got your resend. Thanks. My prior draft:

> Having reflected on my interaction with Ran Duan, including what I said and how I said it, it's clear that I was very much out of line. I aspire to act with great respect

and humility in dealing with others, no matter what the situation. Clearly, I did not do so, and I am sorry for that.

I have reached out to Ran and will apologize to him personally as well.

Your proposal:

Having reflected on my interaction with Ran Duan, including what I said and how I said it, it's clear that I was very much out of line. I aspire to act with great respect and humility in dealing with others, no matter what the situation. Clearly, as my behavior showed, I failed to do so. I am sorry, and I intend to do better in the future.

I have reached out to Ran and will apologize to him personally as well.

My revision:

Having reflected on my interaction with Ran Duan, including what I said and how I said it, it's clear that I was very much out of line. I aspire to act with great respect and humility in dealing with others, no matter what the situation. Clearly I failed to do so. I am sorry, and I intend to do better in the future.

I have reached out to Ran and will apologize to him personally as well.

(Rationale: "As my behavior showed" doesn't add anything.)

Brian Kenny suggested that I ask the dean to send it to the whole community. That seemed a bit much to me – I was thinking I'd post to my web site and email to the reporter who wrote the piece on Boston.com. Views?

From: Hall, Brian
Sent: Wednesday, December 10, 2014 1:21 PM
To: Malhotra, Deepak; Edelman, Benjamin
Subject: Re: draft

I like it but it needs to be followed, in my view, by the I am sorry or I am deeply sorry or something that you(Ben) are comfortable with. This is important. The Dean's office and admissions office and alumni office and the faculty are all being inundated with angry emails about the arrogance and the bullying tone of the exchange. This is a good time to muster all the humility and "I am sorry" that you have. Sorry for being so strong on this but this is an email that will be read by many many people and be with you for a long time.

Brian J. Hall
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Assistant: Elizabeth Sweeny
Email: esweeny@hbs.edu
Office: (617) 495-6039

From: <Malhotra>, Deepak Malhotra <dmalhotra@hbs.edu>
Date: Wednesday, December 10, 2014 at 1:15 PM
To: Brian Hall <bhall@hbs.edu>, Ben Edelman <bedelman@hbs.edu>
Subject: RE: draft

Yes... also, the words "I am sorry" has to be in it.

Prof. Deepak Malhotra
Harvard Business School
www.DeepakMalhotra.com
Twitter: www.Twitter.com/Prof_Malhotra

-------- Original message --------
From: "Hall, Brian" <bhall@hbs.edu>
Date:12/10/2014 1:13 PM (GMT-05:00)
To: "Edelman, Benjamin" <bedelman@hbs.edu>
Cc: "Malhotra, Deepak" <dmalhotra@hbs.edu>
Subject: Re: draft

I don't like it. It isn't strong enough. The second part needs to be a clearer apology. I like Deepak's much much better and this is important. For you and for the school and for the world. If the wordiness is too much OK, but then I think you need to add something like. "And I failed miserably at doing this and I am deeply sorry for that.' or something to that effect. Others (Deepak and I and anyone else you want to bring in) will be MUCH BETTER at understanding how this will be read by the world, so I hope you won't press send without checking in.

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From: <Edelman>, Ben Edelman <bedelman@hbs.edu>
Date: Wednesday, December 10, 2014 at 1:02 PM
To: Brian Hall <bhall@hbs.edu>
Cc: Deepak Malhotra <dmalhotra@hbs.edu>
Subject: RE: draft

> the part about attacking publicly sounds to us like it is a bit of a hedge.....where no hedge is appropriate

OK. Agreed. Your new second sentence doesn't quite work for me – too many clauses and too wordy. Pls speak up asap if you object to the revision below.

I'll be checking with Brian Kenny re proposed method for release.

Having reflected on my interaction with Ran Duan, including what I said and how I said it, it's clear that I was very much out of line. I aspire to act with great respect and humility in dealing with others, no matter what the situation.

I have reached out to Ran and will apologize to him personally as well.

To: restaurant
Subj: Ben Edelman apology

Hi Ran,

I want to call and personally apologize for how I approached my interaction with you. Can we set up a time to talk? What number should I call?

Thanks,

Ben Edelman

Subject: FW: Edelman Classroom Screen size - Your help request INC0027993 has new comments.
Date: Wednesday, January 21, 2015 7:27:09 PM Eastern Standard Time
From: Gallagher, Stephen
To: Crispi, Angela, O'Brien, Andrew
CC: Cunningham, Jean, Porciello, Valerie, Dewey, Brit

Angela and Andy,
You may recall that we delayed the Aldrich projection upgrades to high definition for more than one year based on concerns raised by Ben Edelman. We then worked with Ops to determine that it would take $1.9m to upgrade all of the screens and associated millwork to modestly increase the screen size.

We recently informed Ben that we were now proceeding with our original plan after piloting the new technology in Aldrich 209 and having received the green light from the new Academic Technology Steering Committee. As you can see from the request below, Ben is now requesting that we work with Ops to increase the screens in one room just for him. He has also thoroughly detailed his rationale.

My inclination is to simply say no to Prof. Edelman, but I want to put it before you first.

-Steve

Additional comments

Kate,

I'm considering submitting a request for increase in screen size for a single classroom, where I'd teach my EC course in future years.

Could you give me a sense of the increased screen sizes that were determined to be feasible (albeit costly) in the proposal previously prepared? What size projection surfaces would have resulted from that proposal? Ideally I'd like to compare those sizes to what is currently in place (4:3) and what we'll have with the impending move to 16:10 with reduced screen height. This will let me assess the benefits of the proposal. If the proposal got as far as sketches or measurements, confirming that the larger screens would fill the front-of-room space to the utmost, I'd like to review those also.

Then there's the question of downsides of the proposal. Clearly cost is one important downside, but if we're changing only a single room, where we know the larger screens will be used intensively (by me; and maybe eventually by others who care about screen size and would request that room for their own EC courses), the cost is less onerous. Stephen Gallagher told me that the anticipated cost, for all of Aldrich, was $1.9 million. I believe that would have covered 16 classrooms. Since these are mostly costs for equipment (new screens) and cabinetry, rather than control systems, I'd expect costs to be proportional to the number of rooms modified. Does $120k (roughly $1.9m divided by 16) seem about right for cost for one room?

A second possible concern is inconsistency across rooms. In general it's very handy that rooms are largely identical. Would larger screens, in a single room, cause an important inconsistency harmful to instructors, students, or Media Services? My instinct is no – that faculty would prepare content in the same format (16:10), that control systems would be identical, that no one would be affected adversely. If I'm missing some adverse effects, I'd want to know about those problems before submitting this request.

Finally, what would be the timing for considering this request? $120k is still significant, so it might need to be included in a budget for the upcoming fiscal year.

Incidentally it strikes me that there are several ways to proceed within the general framework of enlarging and widening screens. Broadly, the center screen could be widened, the side screens could be widened, or both. My instinct is to focus on the side screens, where I've felt most squeezed. Perhaps the center screen could remain as is, avoiding the cost of replacing it and its cabinet. That said, if we are to keep the same projector mounts in the same places (avoiding cost in moving projector mounts and redoing ceiling panels), the centerlines of the screens probably have to stay as is, which may add some constraints. Lots of subtlety here. If you've thought about these issues and the various alternatives, I'd like to understand the details.

Thanks,

Ben

From: Edelman, Benjamin
Sent: Thursday, December 11, 2014 10:40 AM
To: 'HBS Information Technology'
Subject: RE: INC0027993 - RE: Classroom Projector Upgrades: Timeline Change

Fair enough. Thanks for these details, which are useful. I'm glad to hear the proposed plan enjoys such a broad consensus – if that's truly the case, I can't and won't stand in the way.

From: HBS Information Technology [mailto:hbs@service-now.com]
Sent: Thursday, December 11, 2014 9:44 AM
To: Edelman, Benjamin
Subject: INC0027993 - RE: Classroom Projector Upgrades: Timeline Change

Hello Professor,

I recognize that the loss of screen real estate is a concern of yours and I won't begin to assume that the benefits will win you over, but moving to widescreen offers higher-quality image projection (images will be brighter, crisper and in true HD resolution) and will also bring HBS up to date with current industry standards.

Currently "overthrowing" the center screen to re-create the 4:3 image does draw questions from users on the dimness and blurriness in projection quality. Alternatively being able to use the projectors at their native resolution has been a noticeable enhancement in a number of classrooms where it has been in place for some time, including the pilot being run in Aldrich 209 this term. We have received only positive feedback in these areas.

Your concerns have been taken very seriously throughout the decision process, and as you know the widescreen rollout project was paused to try and address them. While replacing the 4:3 screens with 16:10 might be "ideal", ultimately the proposal HBS IT and HBS Operations put together to refit the front of the classrooms was too costly and did not receive approval from the Dean's office.

At this month's Academic Technology Steering Committee (which was held in Aldrich 209 to draw additional feedback) the team agreed to move forward with the conversion this summer. That meeting included IT/DRFD/MBA/Doctoral senior leadership, as well as a number of faculty members: Rawi Abdelal, Lynda Applegate, Willis Emmons and Felix Oberholzer. We will continue to be transparent and communicative with the community about the upcoming change, and will also offer training, how-to guides and hands-on support to convert 4:3 slides to widescreen format.

I do hope that you will find some benefit with the updated image quality despite the compromise in screen real estate.

Kate

Ref:MSG0110855

2014-12-11 10:42:55 EST - Benjamin Edelman Additional comments
reply from: bedelman@hbs.edu

Fair enough. Thanks for these details, which are useful. I'm glad to hear the proposed plan enjoys such a broad consensus – if that's truly the case, I can't and won't stand in the way.

From: HBS Information Technology [mailto:hbs@service-now.com]
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Kate

Subject: FW: Classroom A/V upgrade request
Date: Thursday, February 12, 2015 1:11:17 PM Eastern Standard Time
From: Gallagher, Stephen
To: Crispi, Angela

Here is my last message to Ben.

From: Gallagher, Stephen
Sent: Thursday, February 12, 2015 10:12 AM
To: 'Edelman, Benjamin'
Subject: RE: Classroom A/V upgrade request

Ben,
I will further discuss this when I next meet with Angela Crispi; however, I don't want to give you a false sense of optimism. Note that both Felix and Rawi are on the Academic Steering Committee that approved moving forward. Your concerns were also discussed at that time.

Also, Office 2013 is planned to be deployed to faculty and staff this summer. The new default for PowerPoint is the wide aspect ratio.

-Steve

Subject: FW: Aldrich/Hawes Screens Update
Date: Monday, February 17, 2014 4:55:03 PM Eastern Standard Time
From: Gallagher, Stephen
To: Crispi, Angela
CC: Porciello, Valerie, Melnick, Richard, O'Brien, Andrew

FYI...

From: <Gallagher>, Stephen Gallagher <sgallagher@hbs.edu>
Date: Monday, February 17, 2014 3:52 PM
To: "Moon, Youngme" <ymoon@hbs.edu>
Subject: FW: Aldrich Screens Update

Youngme,
I share with you the below exchange between myself and Ben Edelman. You may recall that not long after I started last summer, Ben expressed concern regarding the transition to new higher resolution projectors and the migration to the standard HD aspect ratio of 16:10 in all of the classrooms. This transition resulted in the existing screens not dropping as low; however, the pixel density and brightness (i.e. visual clarity) were substantially enhanced. At the end of the day, I believe the viewing experience in the classrooms is substantially improved when these enhancements are fully implemented. We have only received positive feedback from those who have noticed the changes in the existing upgraded classrooms.

Ben did not agree that the loss of screen real estate was acceptable. Given his concerns, we agreed to "dumb-down" the projectors for one year (which was still an enhancement over the old projectors) and explore installing incrementally wider screens. As described below, this resulted in a $1.9m capital request that was formulated by Ops and IT. Concurrent to this process, we have initiated a program to provide assistance to faculty and staff who (optionally) want to migrate 4:3 slides and content to 16:10. As I also describe below, Ex Ed opted to retain the new aspect ratio and fully HD projectors, and we've received no negative feedback.

I think (and hope) that Ben appreciates that we put some effort into addressing his request that we widen the existing screens. Since that is now unlikely, I just want to give you a heads-up on the status. The email thread below provides more details.

-Steve

From: <Gallagher>, Stephen Gallagher <sgallagher@hbs.edu>
Date: Monday, February 17, 2014 3:32 PM
To: "Edelman, Benjamin" <bedelman@hbs.edu>
Subject: Re: Aldrich Screens Update

Hi Ben,
I understand your concerns; however, we do need to conclude our migration off of a legacy aspect ratio. Note that Office 2013 defaults to the new ratio, and I am eager to roll our Office 2013 as soon as HBS application compatibility issues have been addressed. Executive Education also opted out of the interim solution we left in Aldrich during this year, and we've only received positive feedback given the higher quality of the projectors that allows for clearer views from the sky deck. For your info, the state of the screens across campus is listed below.

Ops and IT really did do some real prep work to pull together the capital request. As you can imagine, the wood work was indeed a substantial cost. There really is not a good way for us to create a reasonable automated way for us to create a toggle option between the ratios and drop heights given the optics and software controlling the projectors.

I wish I had a better response for you.

-Steve

The rooms with 16:10
McCollum: 101, 102, 201, 202
Hawes: 301, 302, 303
Cumncock: 220, 230, 102, 103
Tata: 100, 200
Williams Room: A, B, C
Burden
Batten Hall: Lobby, classroom 122
The Taj Lands End classroom

Rooms with 16:9
Batten Hall – All Hives (LCD displays)
Ald 112
Shanghai Center

Rooms still on 4:3
Hawes 1st, 2nd floor
Aldrich ground, 1st, 2nd floor
Spangler Auditorium
Baker Lib: 102, 103

Steve Gallagher| Chief Information Officer | Harvard BusinessSchool |617-495-6014

From: <Edelman>, Benjamin <bedelman@hbs.edu>
Date: Friday, February 14, 2014 6:09 PM
To: Stephen Gallagher <sgallagher@hbs.edu>
Subject: RE: Aldrich Screens Update

Thanks for the update. That is quite an extreme cost. I wouldn't expect much interest at that price.

I remain on the fence about the net benefit of moving from 4:3 to 16:9. Some aspects of device compatibility are certainly easier with 16:9 throughout. It doesn't always make much difference, though – I've always found it easy to teach from a 16:9 laptop, on our 4:3 projectors, with a 16:9 confidence monitor. I don't feel the increased resolution is particularly useful for anything I do in the classroom, and from what I know of others' teaching styles, I can't think of others who would really benefit from that either. But reduced screen space is a clear detriment for the way I use the classroom, and for some of the detailed slides I know some instructors feel they need to use.

I've seen rooms configured with variable screen drop height – one setting for users who need one amount of drop, another for users who need something else. From there, it's all projector optics and software – broadly, letting 4:3 users (and anyone who cares most about square feet) have what is in place this year; letting 16:9 users have what was planned for this year. It seems like the projectors can handle this change in software alone, without moving the projector mount or manually adjusting the lens. I expect there would be a fair amount of complexity in control systems and UI, and I don't know all the details well enough to be sure this would ultimately work out. But it is remarkable to spend so much on projectors and end up with fewer square feet than we had beforehand.

From: Gallagher, Stephen
Sent: Friday, February 14, 2014 5:45 PM
To: Edelman, Benjamin
Subject: Aldrich Screens Update

Hi Ben,
I just want to give you an update on the status of the request to upgrade the Aldrich screens to be wider – maximizing all possible space between the screens and on the edges of the classrooms. The project costs include the associated millwork required above the screens to accommodate the new rollers, etc. Operations did receive a budgetary estimate for this portion of the work. In all, the entire capital request totals $1.9m. Andy O'Brien's team was very supportive in pulling together the facilities related cost estimates.

The request has been put forward to Rick Melnick, Angela Crispi, and Nitin. Needless to say it is competing with many other capital requests. At this time, it does not appear the $1.9m will be approved.

The budget discussions do continue, and I'll let you know if anything changes.

-Steve

Subject: RE: plans for classroom projector changes - seeking your feedback
Date: Tuesday, February 17, 2015 6:40:07 PM Eastern Standard Time
From: Crispi, Angela
To: Edelman, Benjamin

Dear Ben,

Thanks very much for your email. I've hesitated for a bit in replying because I wasn't quite sure how to frame my response, to be honest. I want to be nothing less than respectful of you and of the concerns you have raised. But I also need to be clear that we won't be moving forward with this. You have articulated your case clearly (and repeatedly), but a decision has been made and is final. There's no additional action that can be made at this point; no tailoring of a single classroom that makes sense from a School-wide perspective. While everyone at HBS tries their hardest when issues are raised to find a creative solution or provide an accommodation (and the same has been true here), in this situation it is neither feasible nor desirable over the long term. And while we realize the changeover to the new equipment will necessitate some additional work for faculty and faculty assistants, from the beginning the plan has been to provide ample lead time for the switch to minimize the inconvenience. Should there be issues for your faculty assistant in particular, you might suggest that she talk with Imelda Dundas about how to manage them.

Sensitive as you are to workload, Ben, I hope you understand the time your continued focus on this issue is consuming organizationally. Perhaps everyone's effort to be polite has led you to believe there remains an opening. There is not, and thus I ask and urge that you put this matter to rest.

If you still wish to talk I would be happy to do so. I wanted to be clear, though, from the start, where I stand, balancing as I must a range of factors and considerations.

Best,
Angela

From: Edelman, Benjamin
Sent: Thursday, February 12, 2015 10:36 AM
To: Crispi, Angela
Subject: plans for classroom projector changes - seeking your feedback

Angela,

Stephen Gallagher and I have recently been discussing certain planned changes to MBA classrooms, including the reduction of projection display surface. I'm trying to find an alternative that avoids the significant pedagogical and administrative harms of their current plan. (Among other issues, the current plan would reduce display surface by 1/6 and would cause a large amount of work for faculty and FAs in reworking content.)

Stephen mentioned your involvement in these discussions. That makes sense given the size of the change and the implications.

Could we discuss briefly by phone? I think a few minutes would suffice and would make a big difference as I assess what (if anything) is possible at this point.

Thanks,

Ben

Subject: FW: purchased upgrades
Date: Friday, July 27, 2012 7:04:27 PM Eastern Daylight Time
From: Melnick, Richard
To: Cunningham, Jean

I had a very honest call with Ben today. He seemed shocked (and disturbed) at the idea that his travel was taking so much time on both sides of the river. He said he would stop doing these trips that save so many out of pocket $. Hopefully you won't hear about this while I'm gone.

Glad to discuss more when I'm back.

Rick

From: Melnick, Richard
Sent: Friday, July 27, 2012 2:04 PM
To: Edelman, Benjamin
Subject: FW: purchased upgrades

I appreciate your willingness to do your travel differently going forward. You have saved the university $ on a cash basis, but as I mentioned, there has been a lot of offsetting admin. cost. In my office and across the river. If you do end up needing additional funding for your research, I would expect your research director will be understanding and will want to encourage your efforts.

Hope your summer is going well. Congratulations on your promotion to Associate Professor.

Regards,

Rick

From: Melnick, Richard
Sent: Friday, July 27, 2012 2:01 PM
To: Edelman, Benjamin
Cc: Luca, Michael; Melnick, Richard
Subject: RE: purchased upgrades

Thanks for the call.

Mike—you should submit an expense report that includes the amount you paid to Ben.

Ben-this amount will be reported to our payroll manager who will be required to include it as income to you by the University (this will not be grossed up).

When the reimbursement is sent in, please include documentation that shows the savings to the university from using these upgrades vs. buying the alternate ticket.

Thanks
Rick

From: Edelman, Benjamin
Sent: Monday, July 23, 2012 11:09 AM
To: Melnick, Richard
Cc: Luca, Michael
Subject: purchased upgrades

Rick,

Mike Luca recently purchased a pair of upgrades from me – letting him get to Australia in business class for about a third of what an ordinary business class ticket would have cost. (He prefers to save his limited research budget for other expenses.)

I was planning to invoice Mike and suggest that he pay me by personal check, then submit my invoice for reimbursement by HBS. But I remembered our prior emails on this subject (below) and your preference for a different approach. What do you suggest here?

Thanks,

Ben Edelman

From: Melnick, Richard
Sent: Saturday, July 03, 2010 1:25 PM
To: Edelman, Benjamin
Cc: Mitropoulos, Margaret
Subject: RE: deepak's expense report

Good to know. Happy 4th!
Rick

Richard P. Melnick
Chief Financial Officer
Harvard Business School
Soldiers Field
Boston, MA 02163
Phone: (617) 495-6214
Fax: (617) 496-3799
Email: rmelnick@hbs.edu

From: Edelman, Benjamin
Sent: Friday, July 02, 2010 5:24 PM
To: Melnick, Richard
Cc: Mitropoulos, Margaret
Subject: RE: deepak's expense report

Rick,

Thanks for the note. I absolutely intended to report this as income, and it's of little tax consequence whether the university reports it on my W2 versus me reporting it as miscellaneous income. So this is just fine by me and not at all unexpected.

Thanks,

Ben

From: Melnick, Richard
Sent: Friday, July 02, 2010 5:04 PM
To: Edelman, Benjamin
Cc: Mitropoulos, Margaret
Subject: deepak's expense report

I'm writing about Deepak's expense report that includes his purchase of upgrades from you. When we reimburse him for the $1,068 of upgrades, the university will require us to report that amount as income to you. This is considered a 3rd party pay and this is required for people on the payroll.

Just wanted you to be aware of this. I'm out next week but will be back the following week if you have any questions.

Rick

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