

**DIGITAL MARKETS INITIATIVE**

# ANNUAL REPORT

**2019**



**WARRINGTON**  
COLLEGE of BUSINESS



[warrington.ufl.edu/dmi](http://warrington.ufl.edu/dmi)



# THE DMI TEAM



## MARK JAMISON

### *Director*

Dr. Mark Jamison is the director and Gunter Professor of the Public Utility Research Center (PURC) and of the Digital Markets Initiative. Dr. Jamison's research focuses on the nexus between business strategy and government policies, primarily for network and information industries. Current research projects include studies of effects of how innovation increases network value, online entrepreneurship, market power, and antitrust in the online ecosystems. Dr. Jamison is a visiting scholar at the American Enterprise Institute and blogs on technology issues, including net neutrality, universal service, privacy, innovation, competition, and regulatory institutions. Dr. Jamison served on the US Presidential Transition Team in 2015-2016, focusing on the Federal Communications Commission.



## PETER WANG

### *Post-doctoral Associate*

Peter Wang is a postdoctoral research fellow at the Digital Markets Initiative. Peter earned his Ph.D. in Economics from Boston University in 2017. He was a Visiting Assistant Professor of Economics at Wesleyan University before joining DMI. His research interest lies at the intersection of the Digital Economy and the Economics of Inequality. Currently he is researching on factors contributing to the vast rise in mobile broadband subscribers across the world in the past decade, and how this impacts all aspects of the global economy.



## KYUNG SUN (MELISSA) RHEE

### *Information Systems and Operations Management Faculty*

The Department of Information Systems and Operations Management received funding to hire Kyung Sun (Melissa) Rhee, who is receiving her Ph.D. in Information Systems & Operations Management from the University of Washington. Her research interests include sharing economy, social media, and the economics of information systems. She currently has three working papers: "Technology Restriction and Demand Shifts in Transportation Dynamics: Empirical Study" (with Yong Tan, Jinyang Zheng and Youwei Wang), "Social hiring: The Right LinkedIn Connection that Helps You Land a Job" (with Yong Tan and Elina Hwang), and "Recommend Pick-Up Location: The Cure for Driver Retention in On-Demand Ride-Sharing Services?" (with Yong Tan, Jinyang Zheng and Fei Ren).



## PALVESHEY TARIQ

### *Graduate Assistant*

DMI financially supports Palveshey Tariq, a new doctoral student in Information Systems and Operations Management, for two years. Ms. Tariq completed a master's degree in finance at Harvard University before joining UF. She is a bright and capable scholar, and is quite entrepreneurial. She co-founded the Florida Blockchain Think Tank and is a frequent speaker at blockchain events. She will assist in research on rivalry in digital markets and develop her own research projects.

# FROM THE DIRECTOR

Thank you for your interest in the University of Florida **Digital Markets Initiative (DMI)**. Housed in the Warrington College of Business within the Public Utilities Research Center (PURC), DMI examines the business and regulatory implications of the growth of digital markets. We do so through **rigorous and relevant research**, public engagement, and student mentorship. We are just getting started, but we already have laid a firm foundation from which we will accomplish our goal of transforming how researchers, policy makers, and practitioners consider the business, regulatory, and antitrust implications of the **new economy**.

We launched less than six months ago and the productivity of my colleagues has been remarkable. We have held our **first on-campus symposium**, funded a new post doc researcher and new graduate student, and made presentations on **Capitol Hill**, at research conferences, and at community events. We funded a new professor in **Information Systems and Operations Management**. And if the hiring is successful, in the fall of 2020 we will fund a new professor in Accounting to research fintech issues. We have funded new research on new business models for digital media. We describe these in more detail in the following pages.

In the remaining pages, we describe our ambitious plans. With the adding of our second tenure-track faculty position, we will seek funding for a third faculty position for our Finance department. Our researchers will complete papers and projects on business models, the effects of digital platforms on broadband development and entrepreneurship, new standards for antitrust in digital markets, privacy, and business adaptation. We will launch our policy maker symposium in Washington, D.C., form student study groups, launch our campus speaker series, and more. Our program will remain rigorous and balanced so that it creates an impactful body of knowledge, **develops careful and thoughtful researchers**, and fosters the growth of business and government professionals that will provide leadership in business development and public policy. It will also feed a pipeline of students prepared to staff positions in the field, at every level.

UF has received a generous gift to get DMI underway, but is **seeking additional partners** to build it out. Digital markets are evolving rapidly under great scrutiny in the political arena, which creates a need for research-based recommendations to inform decision-making by business and government leaders. Regulatory and antitrust practices are increasingly politicized, which emphasizes the need for new academically sound and fact-based practices that can invigorate those who are engaged in the practice of regulation and antitrust, and who care about quality decision-making. Current “best practices” are at best untested for this rapidly changing environment. At worst they are confidently embraced, yet fatally flawed. Thus there is some urgency to get this initiative fully underway to address pressing concerns.

**I INVITE YOU TO STUDY THIS REPORT TO LEARN HOW YOU MIGHT ENGAGE IN OUR WORK.**



**MARK JAMISON**  
Director

# RESEARCH SPOTLIGHT

*DMI awarded its first research grant this fall*

## **CUSTOMIZING THE DIGITAL MARKET: A CONSUMER PERSPECTIVE OF AI, PERSONALIZATION, AND PRIVACY**

*By Dr. Sylvia Chan-Olmsted*



### **THE PROJECT GOALS ARE TO EXPLORE:**

- 1.** Key factors that affect how different consumer segments balance between personalization and privacy in various digital product/service acquisition and usage settings.
- 2.** Factors that play a role in the interaction between different consumer segments and digital service/products providers when cognitive technologies are utilized.

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**WHAT'S NEXT:** DMI's Competitive Research Award Program will continue to encourage and sustain active research programs related to deepening our understanding of digital markets and the associated public policies, with priority given to interdisciplinary research.

# RESEARCH SPOTLIGHT

*DMI is excited for its first working paper,*

## **APPLYING ANTITRUST IN DIGITAL MARKETS: FOUNDATIONS AND APPROACHES**

*By Mark Jamison*

His paper analyzes the conflicts that arise when trying to apply traditional antitrust principles in the context of digital markets. Antitrust has both political and economic foundations. The political approach emphasizes populist themes that ultimately harm economic development, while economic approaches focus on characterizations of and remedies for market power. Digitization of



markets thwarts current antitrust tools by adding complexity and rapid change. A number of authors suggest populist approaches for antitrust in digital markets, but these lack rigor and fail to address central challenges. This paper suggests that antitrust should return to its earliest roots and directly address features in the economy that create market power.

Additionally, DMI is funding research on how products contribute value to the digital ecosystem, and how this affects entrepreneurship. The case in point for the first step in the research is the extent to which the iPhone and its rivals affected the value of mobile broadband and its adoption by low-income countries and households. As a second step, the research will examine how the spread of the smart phone and platforms such as Facebook and Amazon affected entrepreneurship, especially among low-income groups, women, and minorities.

**ACCESS PAPER ONLINE AT: [warrington.ufl.edu/digital-markets-initiative/research](http://warrington.ufl.edu/digital-markets-initiative/research)**



# EVENTS AND PRESENTATIONS

*The Fall 2019 workshop*

## TECHNOLOGY'S INTERSECTION WITH BUSINESS & LAW



***The Fall 2019 workshop Technology's Intersection with Business and Law addressed major challenges for creating relevant research in digital markets and regulation: Businesses and markets are interdisciplinary, but academia is not.***

# 28

RESEARCHERS

# 13

UNIVERSITIES

Researchers examined how to overcome this problem in a daylong session co-hosted by DMI with the University of Florida's Levin College of Law. Representing disciplines as wide ranging as law, engineering, strategy, economics, management, information systems, and finance, the faculty explored ways to increase the quantity and quality of interdisciplinary research on topics such as privacy, the political drivers of antitrust and regulation, the challenges from China, enabling and financing innovation, mergers and acquisitions, and policy spillovers from Europe and China. Insights included the importance of cross-disciplinary meetings for innovative work, organized discussions of work in progress, cross-disciplinary symposia, and publishing interdisciplinary research in law journals and in engineering journals as these are the least resistant to cross-disciplinary work.

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**WHAT'S NEXT:** The Spring symposium will be held in Washington, D.C., to engage lawmaker staff and regulatory professionals with scholars to discuss what happens in antitrust and regulation should President Trump win re-election, or a Democratic challenger win. The issues examined will include impacts on consumers, business development, technology development, and trade.

# EVENTS AND PRESENTATIONS

## **SPEAKING ENGAGEMENTS ON BEHALF OF DMI INCLUDE:**

### ***APPLYING ANTITRUST IN BIG TECH***

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Two fundamental challenges in applying antitrust in Big Tech are: (1) the rise of the neo-Brandeisians; and (2) the contradiction between current antitrust practices that assume static markets, and the dynamism of digital markets. DMI director Mark Jamison addressed both of these challenges in his comments at the event *Is Big Business Bad? The Law and Economics of Innovation, Entrepreneurship and Antitrust*, co-sponsored by the International Center for Law & Economics and the Charles Koch Institute. Dr. Jamison described the contradictions inherent in the neo-Brandeisian school of thought. He also proposed a test for market power that does not depend upon static assumptions, namely examining whether business decision making in an industry reflects a belief that competition is robust or that there is market power.

### ***BLOCKCHAIN BUSINESS***

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How can Florida entrepreneurs strategically position themselves in blockchain businesses? That is the question DMI director Mark Jamison answered in his keynote address at “Demystifying Blockchain,” a video conference hosted by the University of South Florida in November 2019. Dr. Jamison explained the comparative advantages that Florida entrepreneurs have relative to California startups, namely Floridians’ expertise in tourism, finance, real estate, agriculture, and Latin America. He suggested that the California entrepreneurs have the advantage in technology. Universities can help by hosting an ecosystem that enables entrepreneurs and scholars to learn from each other and expand opportunities.

### ***DIGITAL CURRENCY***

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What are digital currencies and are they for you? Those are the questions DMI director, Mark Jamison, addressed in a lecture at the Oak Hammocks in October 2019. The audience of about 70 retirees affiliated with the University of Florida learned the history of cryptocurrencies, how they work, and the realities of using them. The audience questioned why cryptocurrencies have value, how the security of blockchain works, and how they are taxed.



# GET INVOLVED

*Our aspiration is to be the leader in transforming how scholars and practitioners understand digital markets. We are establishing a core group of scholars at the university that are dedicated to rigorous research, networking with other leading scholars around the world, developing students who will be tomorrow's leaders, and engaging professional in business and government. To the extent possible, scholars and professionals in the field will fully understand present and future challenges and will use that knowledge to inform practitioners as they make the decisions that will shape digital markets to come.*

***We are seeking additional partners to further our efforts and invite you to get involved. We look forward to hearing from you!***

## Contact

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***Examine the business and regulatory implications of the growth of digital markets through...***

RIGOROUS & RELEVANT RESEARCH,  
PUBLIC ENGAGEMENT,  
& STUDENT MENTORSHIP



The background of the entire image is a blue-tinted photograph of a university campus. In the foreground, two students with backpacks are walking away from the camera on a paved path. To the left, there is a large, ornate metal sculpture of a crocodile standing on a globe. The path is lined with trees and lampposts, creating a serene academic atmosphere.

**UF**

# **PUBLIC UTILITY RESEARCH CENTER**

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