

2023 CPR International Mediation Competition Problem

Round 1 – “Outside Launch”¹

CONFIDENTIAL INFORMATION FOR BEGLAM INC. (“BeGlam”)

GENERAL INFORMATION:

In the days ahead of the mediation session, both parties started to heat up the tone of their positions with a rapid exchange of notifications. Rumors of BeGlam launching its own platform outside the WeSell partnership gained traction. Gossip tech magazines stated the platform would start in Brazil since it is the second most promising market for social media. AliSell-a, on the other hand, sought an emergency injunction against the launch of the BeGlam platform, alleging that it was a severe breach of contract.

CONFIDENTIAL INFORMATION:

The idea to spread rumors regarding BeGlam’s platform launch was a way to get AliSell-a to concede to new terms of the WeSell partnership, but the bluff is not paying off. The idea came from an advisory firm contracted by BeGlam, called McNerys Consultants. They also advised for BeGlam’s updates to diminish WeSell reach, stating “let WeSell dry, and then we sell with our platform”.

However, the reaction of AliSell-a was belligerent, and the threat of a public judicial dispute could expose private corporate information, and also harm your reputation on the market, which has already been damaged in the last months.

BeGlam’s Board is now pressuring its R&D sector of the Company to develop its own platform. Nonetheless, initial tests showed that BeGlam’s platform has a less efficient UX, and it would bring approx 40% less revenue than the WeSell 2023 forecast. Additionally, the Company is in a turbulent financial state, which pressures you to create more and improved sources of revenue.

In a Board of Directors Meeting 24 hours prior to the first mediation session, K. Karmash and the Board stated the following:

1. If there is going to be a possibility of an agreement to be made, AliSell-a must not judicialize any disputes with BeGlam, at least until the end of the mediations;

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2. AliSell-a must agree that there will be at least a conversation about a new revenue solution. You need a concession regarding the % sharing of revenue. We leave it up to you to make any agreements that allow for this renegotiation; and
3. The WeSell partnership must be preserved.

The Parties must strategize how to achieve these vital agreements, whereas the Board is awaiting a position on the points of the mediation session to structure the Company's strategy.

Also, bear in mind that if the mediation is going to be successful, concessions must be made.