



The *NEW* State of the Biometrics Market

presented by



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Chicago

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Acuity Market Intelligence is an emerging technology strategy and research consultancy with a *proven record of accurately anticipating biometric and associated identification solutions market trends.*

Markets	Identification Solutions, Biometrics, Authentication
Services	Market Research, Analysis & Strategic Planning Opportunity Assessment & Analysis Technology Adoption & Deployment Evaluations
Clients	Vendors, Solution Providers, Integrators, Investors, End Users



Premise

The market for biometric is in a strange state and will most likely not follow the typical path of disruptive technology adoption.

Biometrics is *no longer* behaving like a “typical” emerging technology market

Today's Discussion

Market Landscape

Market Dynamics
Atypical Adoption

Technology Adoption Lifecycle Redux

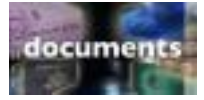
Classic TAL Model
Historical Adoption Rates
Adoption

Perspective

The Future: Personal Identity Ownership
Market Growth
Market Evolution

Moving Forward

Strategic Opportunity
The Bottom Line



Market Landscape

Market Dynamics

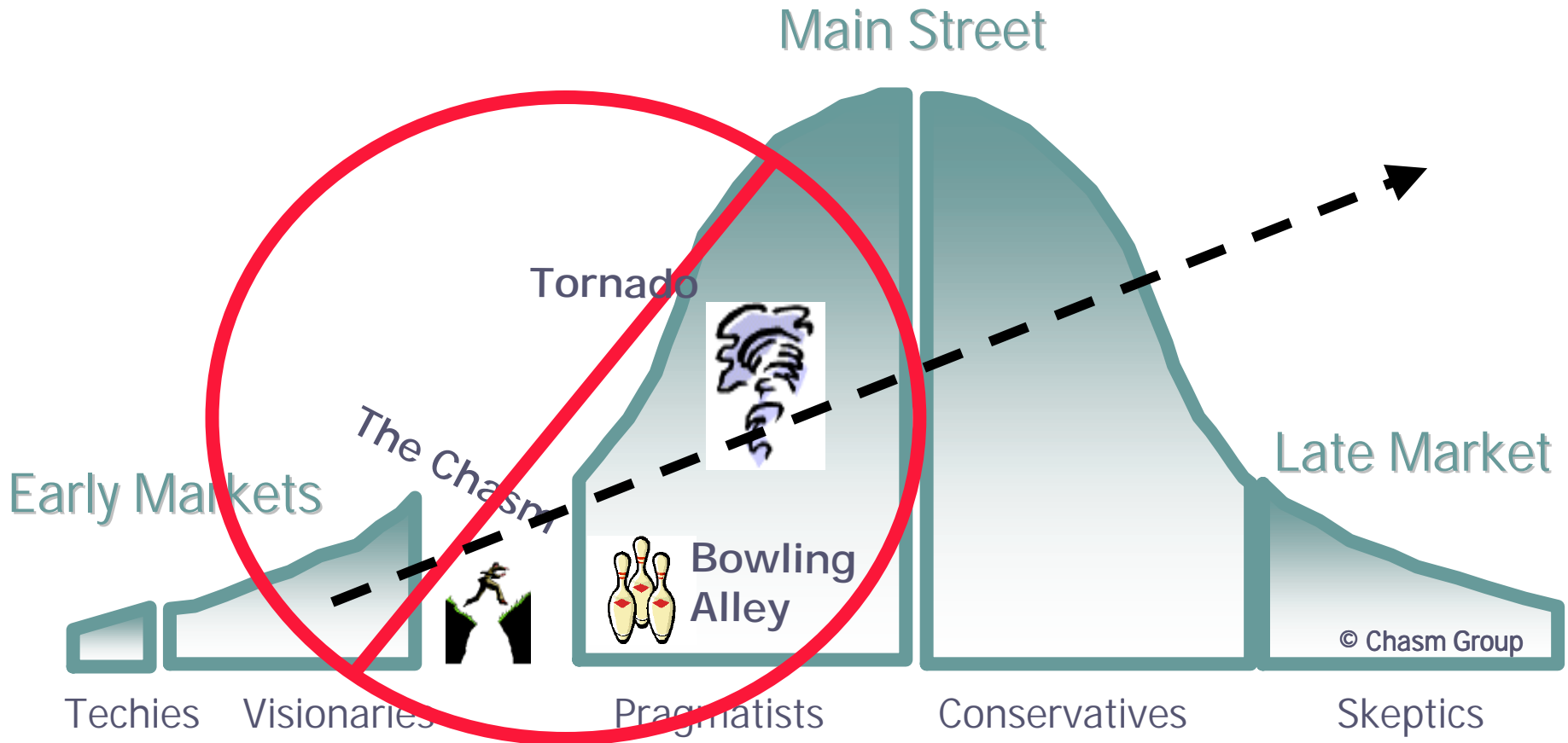
- ☞ Post 9/11 security concerns created an expectation of rapid market acceleration that never materialized
- ☞ Government sector driving requirements for large scale identification solution infrastructure
 - ☐ Slow progress, on-going delays, programs unrealized:
 - TWIC, Registered Traveler, REAL ID, US-VISIT
 - ☐ Enrollment and issuance services deployed independently of authentication capability
- ☞ Industry has not taken market development initiative *crucial for emerging technology markets*
 - ☐ Defining marketplace
 - ☐ Positioning as key *identification solutions enabler* delivering reliable, trusted, privacy enhancing authentication of individuals.
- ☞ Industry lacks thought leaderships and vision for both technology and solution development.

Atypical Market Development

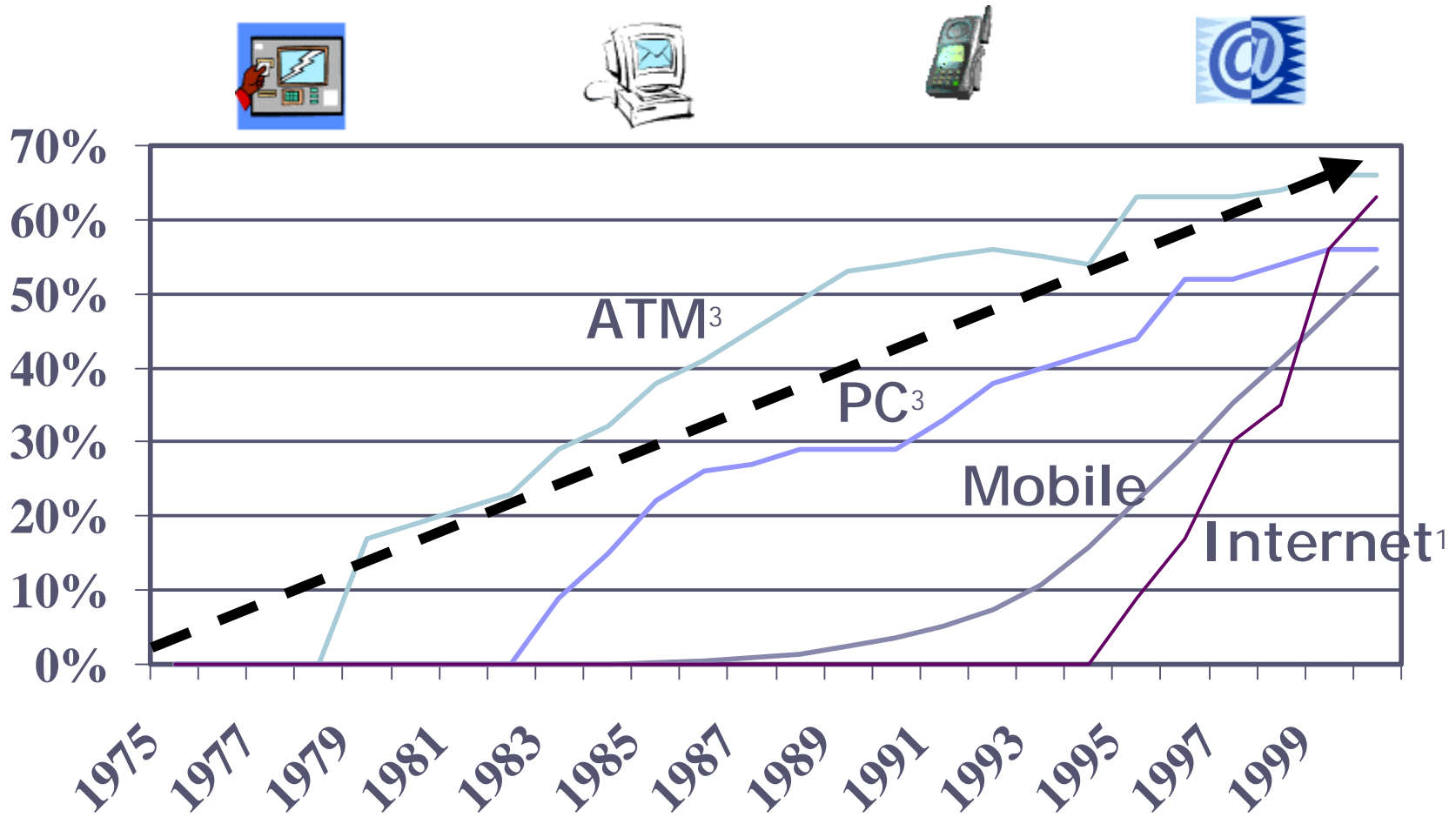
- ☞ Biometrics market not following typical path of disruptive technology adoption
 - ☐ Biometrics have been considered a disruptive innovation on the verge of breakthrough for an extended period of time
 - ☐ Breakthrough has not happened for several reasons.
 - Industry focus on incremental technology performance improvements while technology has not delivered on its promise in terms of capabilities
 - Solutions context has not been developed to leverage the capabilities that have been available
- ☞ Created new/atypical market development environment
 - ☐ *“Market Making” window passed; Market has been externally defined*
 - ☐ Biometrics as a class of disruptive or discontinuous technology has not moved completely through its revolutionary market development cycle and yet is now undergoing significant evolutionary or continuous innovation

Technology Adoption Lifecycle Redux

Classic Technology Adoption Lifecycle

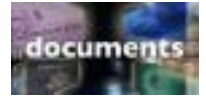


Historical Adoption Rates



Adoption

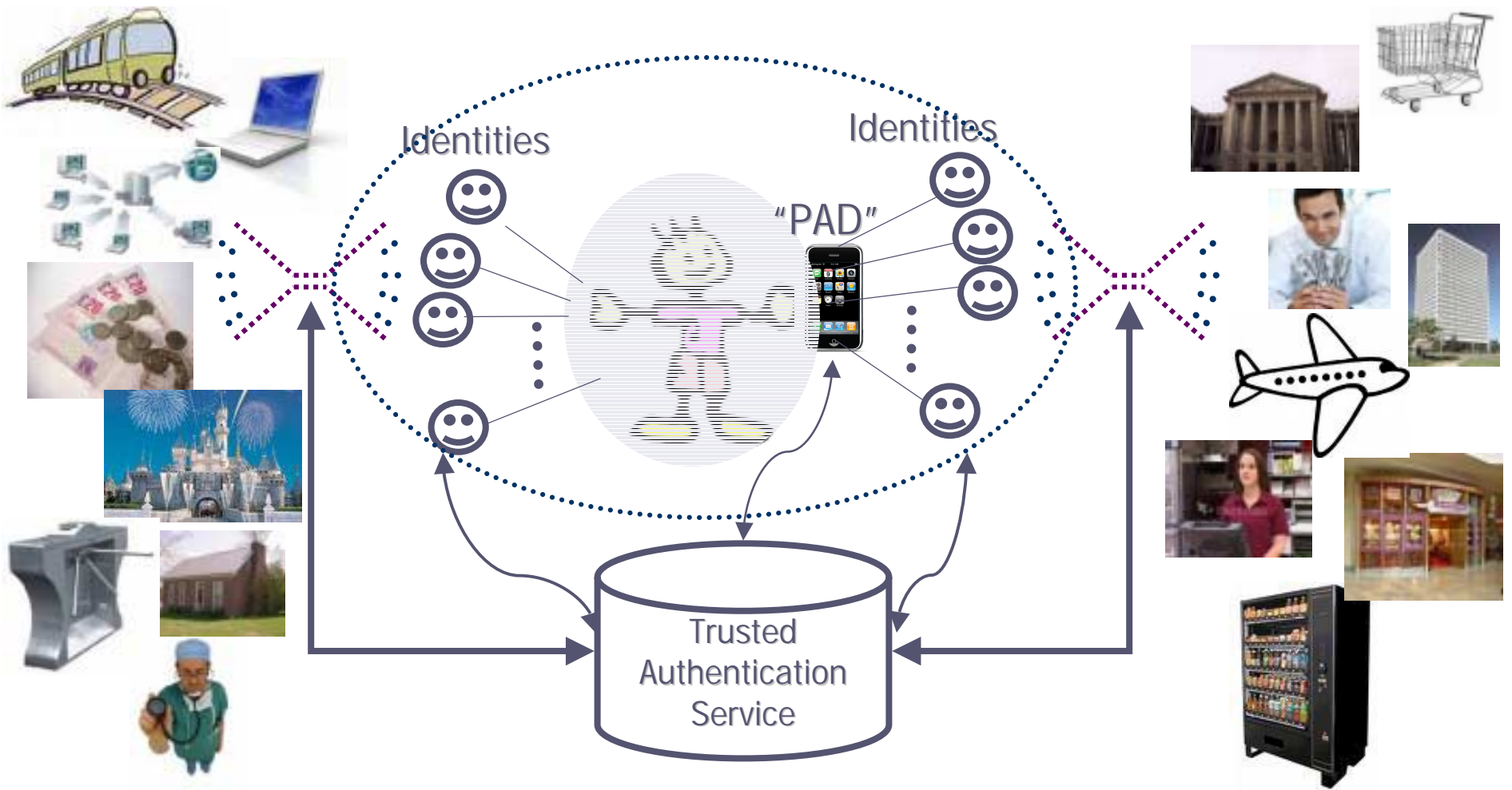
- ☞ Clear momentum BUT market growth will be linear not the exponential growth most readily associated with disruptive innovation
- ☞ Steady and Sustained Adoption Through 2020
 - ☐ NO Explosive Growth – No “Tornado”
 - ☐ Biometrics adoption will mimic the growth curve of ATMS, which achieved nearly 70% adoption through linear growth over 20 years NOT typical “hockey stick” growth curve of innovations such as mobile phones or the Internet
- ☞ System Integrators **WAIT** for Demand Creation
- ☞ Biometric Selection Criteria
 - ☐ No One Is Looking for Biometrics Per Se
 - ☐ Requires **Solutions** to “**Business Killers**”



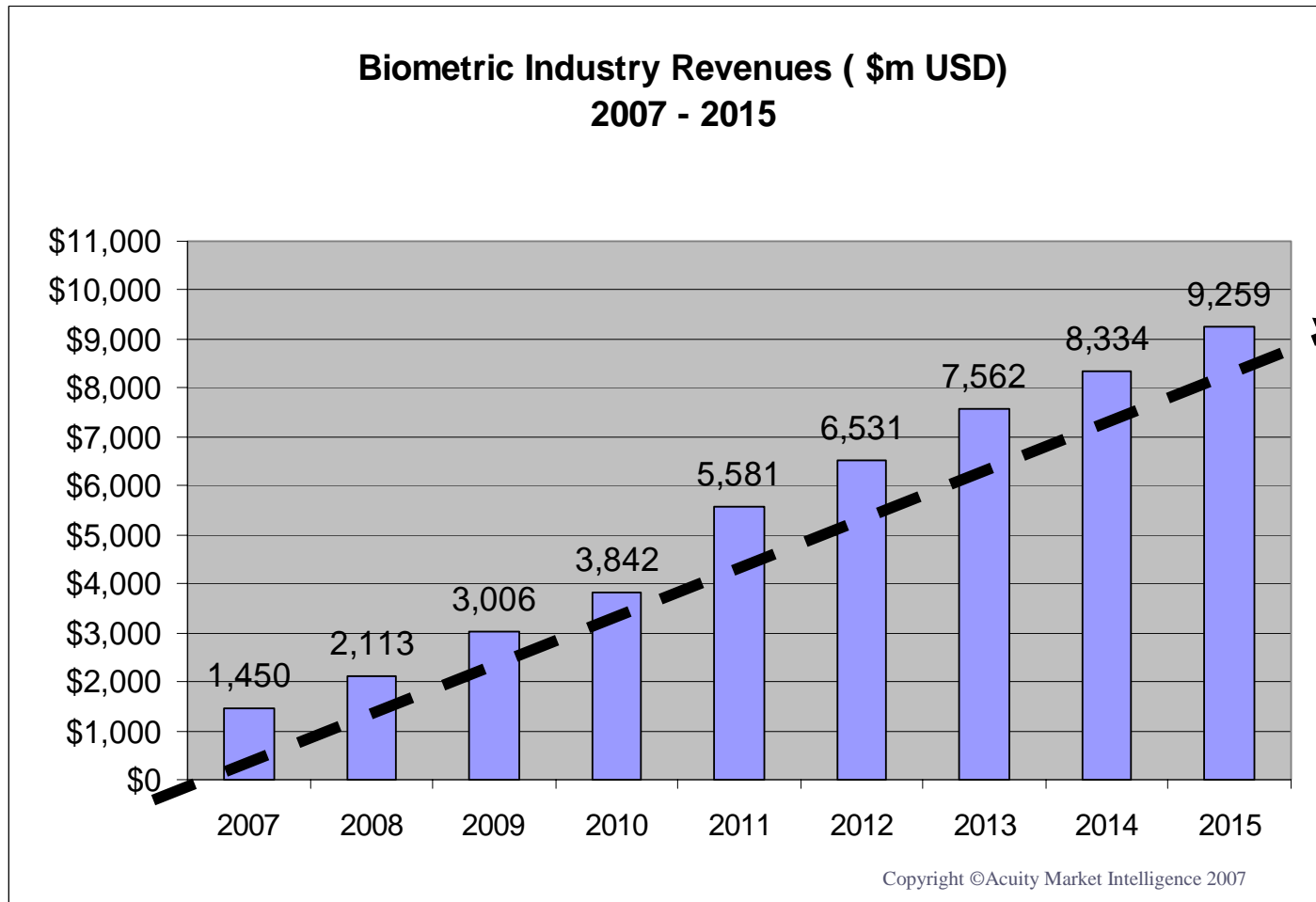
Perspective

The Future: Personal Identity Ownership

Evolution toward transactions (info & \$\$) inevitable but path unclear



Biometric Market Growth



Market Evolution

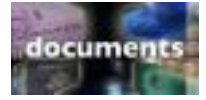
Today



2020

Limited Deployment
Expensive
Awkward
Bulky Capture Devices
Mediocre User Experience
Algorithm Dependency
Limited Distance
Proactive Subject Positioning
“High End” Applications
Minimal Solutions Capability

Ubiquitous
Low Cost/High Performance
Flexible Form Factors
Embedded Capture Devices
Algorithm Agnostic
Broad Distance Range
Personal Device Integration
Passive Subject Acquiring
Solutions Portfolio
Consumer Control
Citizen vs Consumer Use



Moving Forward

Strategic Opportunity

- ☛ Deliver on the promise of biometrics by providing working solutions to real problems - *Biometrics that actually work*
 - ☐ Industry has legacy of undelivered promises, claiming “revolution” or “paradigm shift” is risky.
 - ☐ Rather than taking the mantle of champion of disruptive innovation, focus on providing the evolution that *delivers on the promise of biometrics* rather than introducing another revolutionary leap from a tenuous technology platform that many believe is unproven.
- ☛ Simultaneously manage progress towards expansion into large looming opportunities while rigorously, systematically addressing immediate market needs
 - ☐ Establish the near-term market penetration platform from which large-scale market development efforts can be launched
 - ☐ Focus on Phased Implementation for Near, Medium and Long range
- ☛ **Evolution NOT Revolution**

The Bottom Line

- ☛ **The Fantasy:** The longed for single, monumental event that will propel biometrics to “Tornado” status is a pipedream
- ☛ **The Reality:** All constituents must make the transition from *survival-mode* based operations to long-term strategic thinking that addresses fundamental issues associated with the development of identity-centric IT
- ☛ **The Challenge:** Develop a strategic framework to assess and prioritize short-term opportunities/requirements within the context of building a highly leveragable strategy that focuses on the long-term capabilities/demands of biometrically enabled IT. ***This requires vision, commitment, and strategic flexibility.***



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Questions?

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