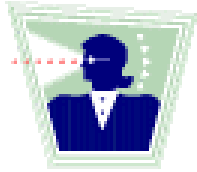


The Biometrics Industry: Leveraging the Technology Adoption Lifecycle

based on the work of Geoffrey A. Moore in his books
Crossing the Chasm and *Inside the Tornado*

Biometrics 2001
London, England
November 29 – 30, 2001

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ACUITY

MARKET INTELLIGENCE

market intelligence: the formulation of actionable insight through information acquisition and analysis.

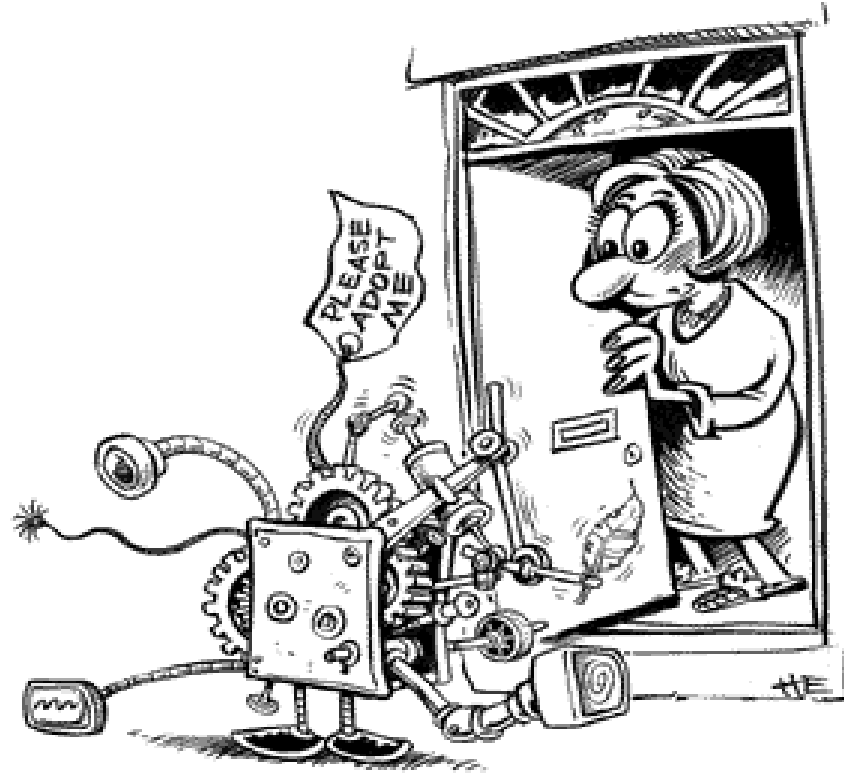
- ☞ Headquartered in Boulder, Colorado
- ☞ Leading Edge Technology Expertise
 - Wireless, Electronic Bill Presentation & Payment, Semiconductors, 3D Visualization, Email Marketing, Interactive Services, Online Advertising
- ☞ Emerging Market Analysis
 - Segmentation Models
 - Opportunity Sizing
 - Technology Evolution
 - Competitive Environment
 - Target Profiling
 - Strategy & Programs
 - Solution Effectiveness
 - Positioning
- ☞ Products & Services: Newsletter, Weekly Emails, Reports, Consulting



Leveraging the Technology Adoption Lifecycle

- ☛ The TAL Model
- ☛ Cracks in the Model
- ☛ The Chasm
- ☛ The Bowling Alley
- ☛ The Tornado
- ☛ Implications for Biometrics
- ☛ Opportunities
- ☛ Winners

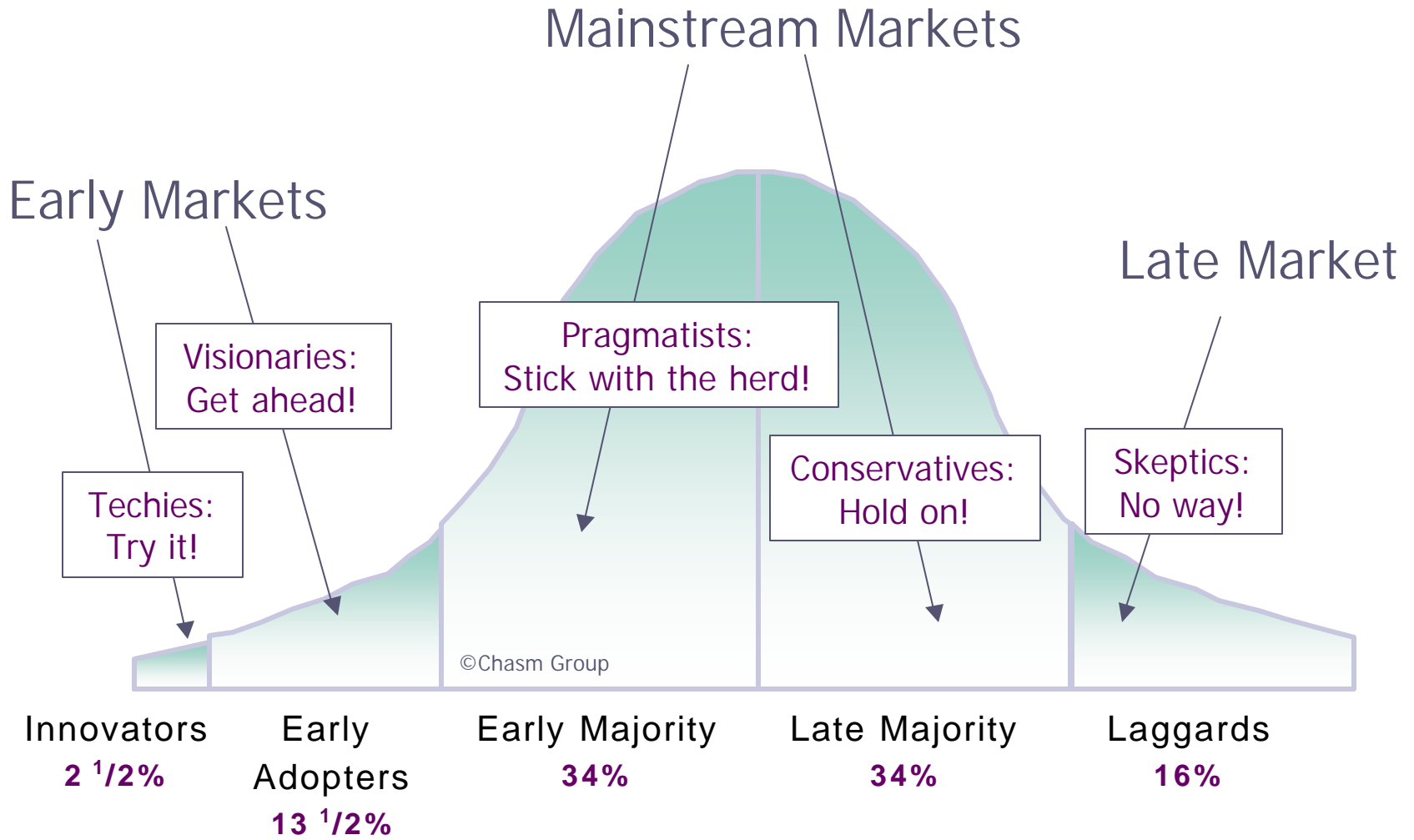
Technology Adoption



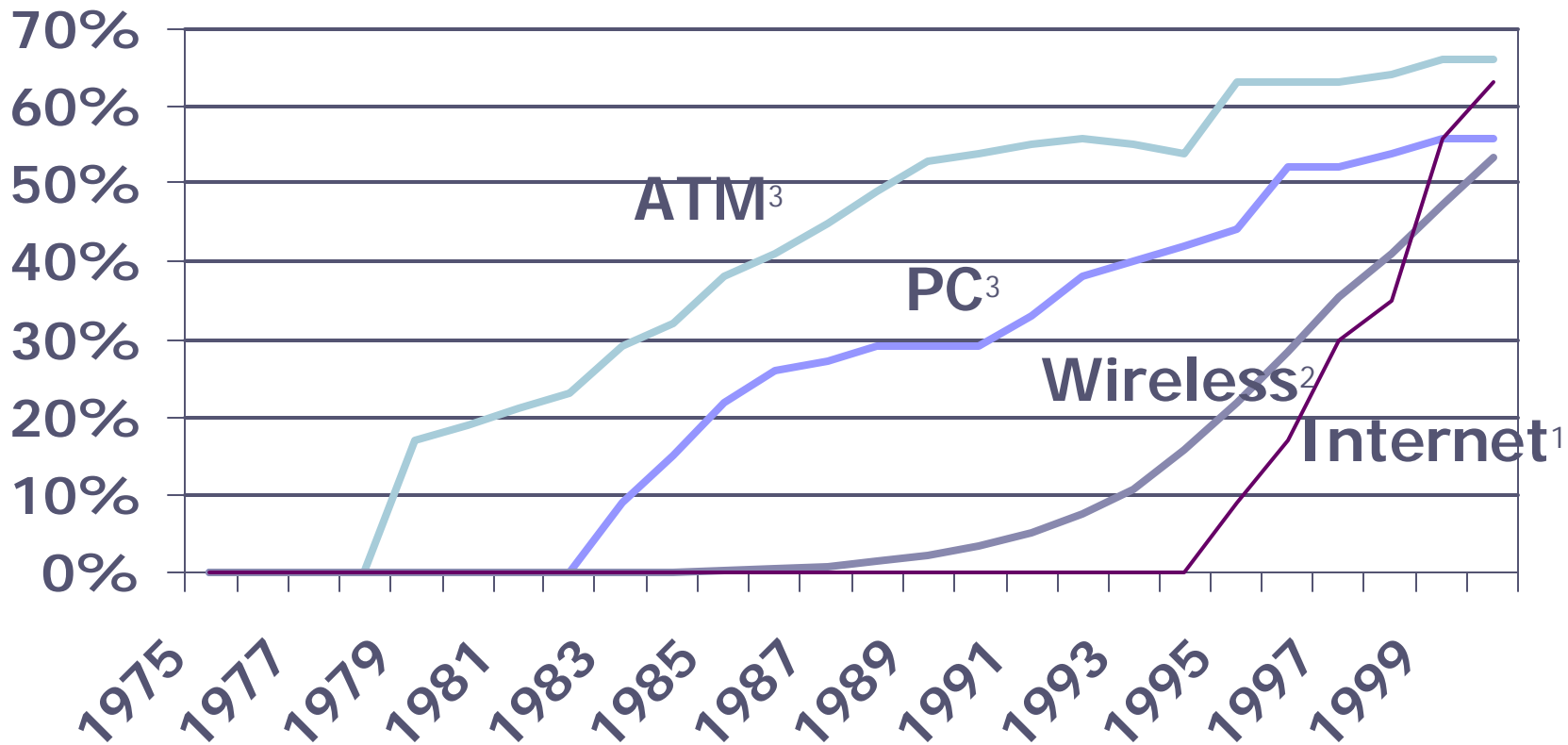
TECHNOLOGY ADOPTION LIFE CYCLE

Technology Adoption Life Cycle

Groups are distinguished from each other based on their characteristic response to discontinuous innovations created by new technology



Historical Adoption Rates*

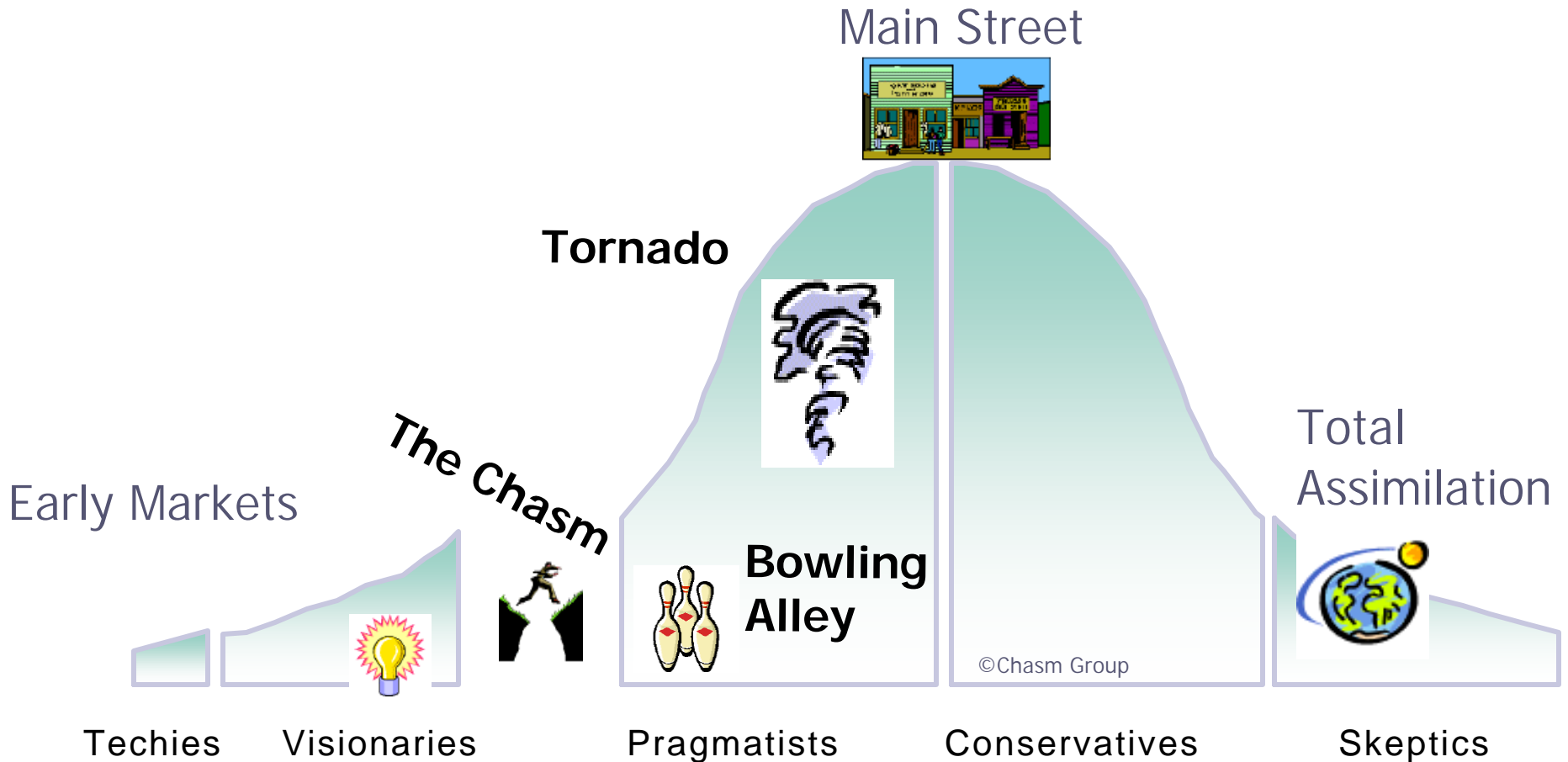


*US data

1 US Adults online - Harris Interactive, 11/01 2 % Penetration - Frost & Sullivan 9/99 3 penetration of US households - 15K+ income Synergistics 10/0

Market Development Model

Transitions are Not Smooth



Early Market Success

To get an early market started requires:

- 1) a breakthrough technology product that enables a new and compelling application,
- 2) a technology enthusiast who can evaluate and appreciate the superiority of the product over current alternatives and
- 3) a well-healed visionary who can foresee an order-of-magnitude improvement from implementing the new applications

- Geoffrey Moore



Why The Chasm is Created?

Basis for Sale Radically Different



Visionaries: break from pack

- ☞ Revolution
- ☞ Think Project, Not Product
- ☞ Buying Change Agent
- ☞ Driven by Competitive Edge
- ☞ Expect Radical Discontinuity
- ☞ Helps Pay for New Paradigm
- ☞ Prepared to Champion This Cause Against Entrenched Resistance
- ☞ Demand *Whatever It Takes* Commitment
- ☞ Rely on Their Own Judgement

Pragmatists: stay with herd



- ☞ Evolution
- ☞ Enhance Not Overthrow
- ☞ Buying Productivity Improvement for Existing Operations
- ☞ Whole Product Solution
- ☞ Does Not Want to Debug Product
- ☞ Works Properly and Integrates Easily With Existing Infrastructure
- ☞ On-going Relationship
- ☞ Buy From Market Leader
- ☞ **Must Have References**



In The Chasm

- ☞ Wait and See Lull
- ☞ Revenue Growth Ceases - Often Recedes
- ☞ Visionaries Represented Initial Cash Flows
- ☞ Funding Needs Increase
- ☞ Repeatable Business Model - *No More Specials*
- ☞ Credible Reference Accounts Needed!
- ☞ GOAL: GET OUT! – Minimize Time in The Chasm

Aside: Definitions

Marketing: Taking actions to create, grow, maintain or defend markets.

Market:



- a set of actual or potential customers
- for a given set of products or services
- who have a common set of needs or wants, and
- who reference each other when making buying decisions

Two individuals/organizations buying the same product for the same reason that have no way to reference each other are not part of the same market.



Crossing the Chasm

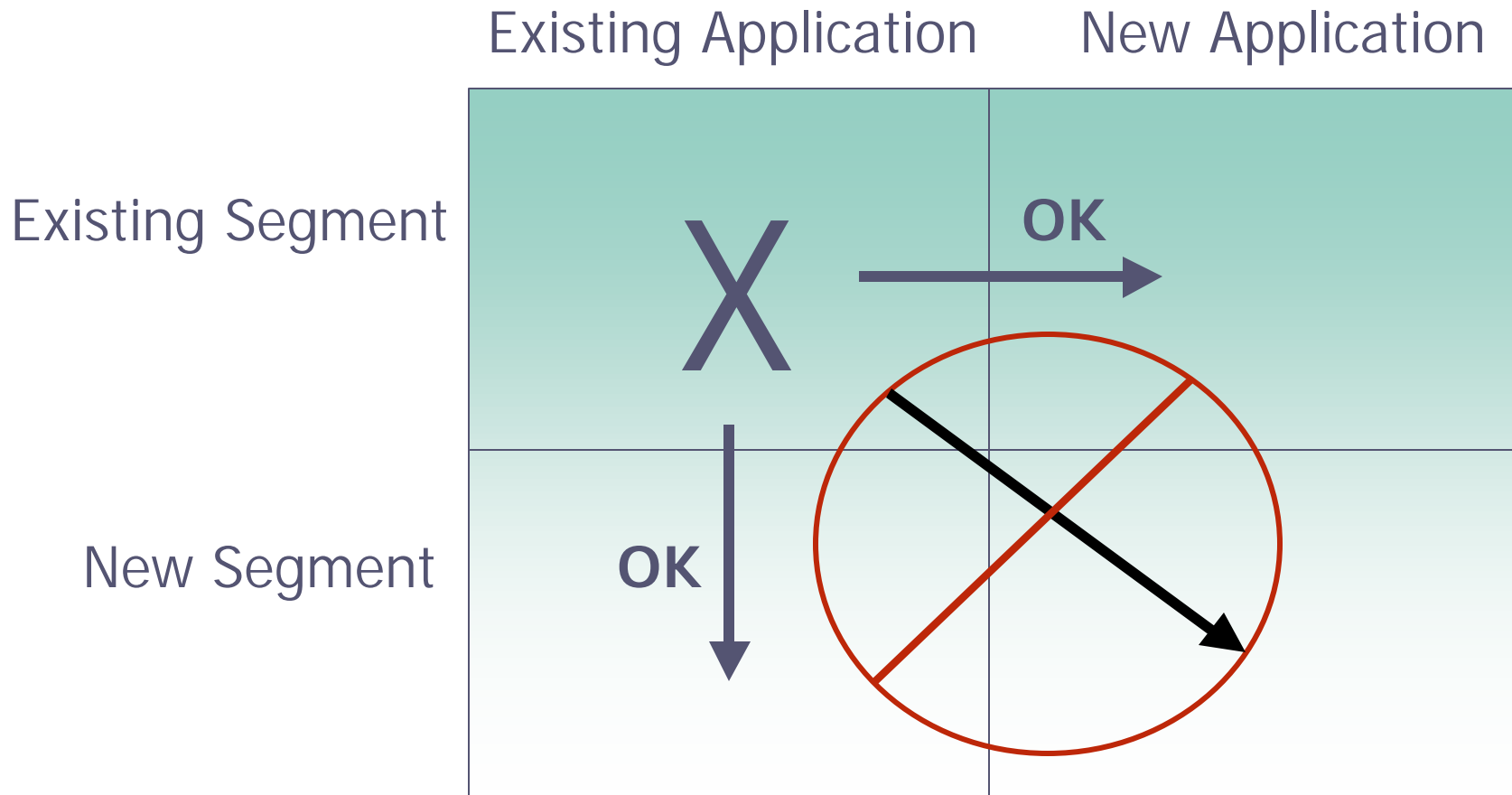
- ☞ **Niche Marketing** - Segment and Target
- ☞ Market Driven As Opposed to Sales Driven
- ☞ “Big Fish - Small Pond” – Size of Beachhead = Annual \$
- ☞ Solve Niche Market Problem
 - ◆ Unique to Segment
 - ◆ Difficult to Solve
 - ◆ Significant Economic Impact
- ☞ Develop Whole Product
- ☞ Define Your Competition – Market & Product Alternatives
- ☞ It's About Relationships (not Markets)
- ☞ GOAL: Secure Mainstream Beachhead - ***Normandy Beach***



Enter The Bowling Alley

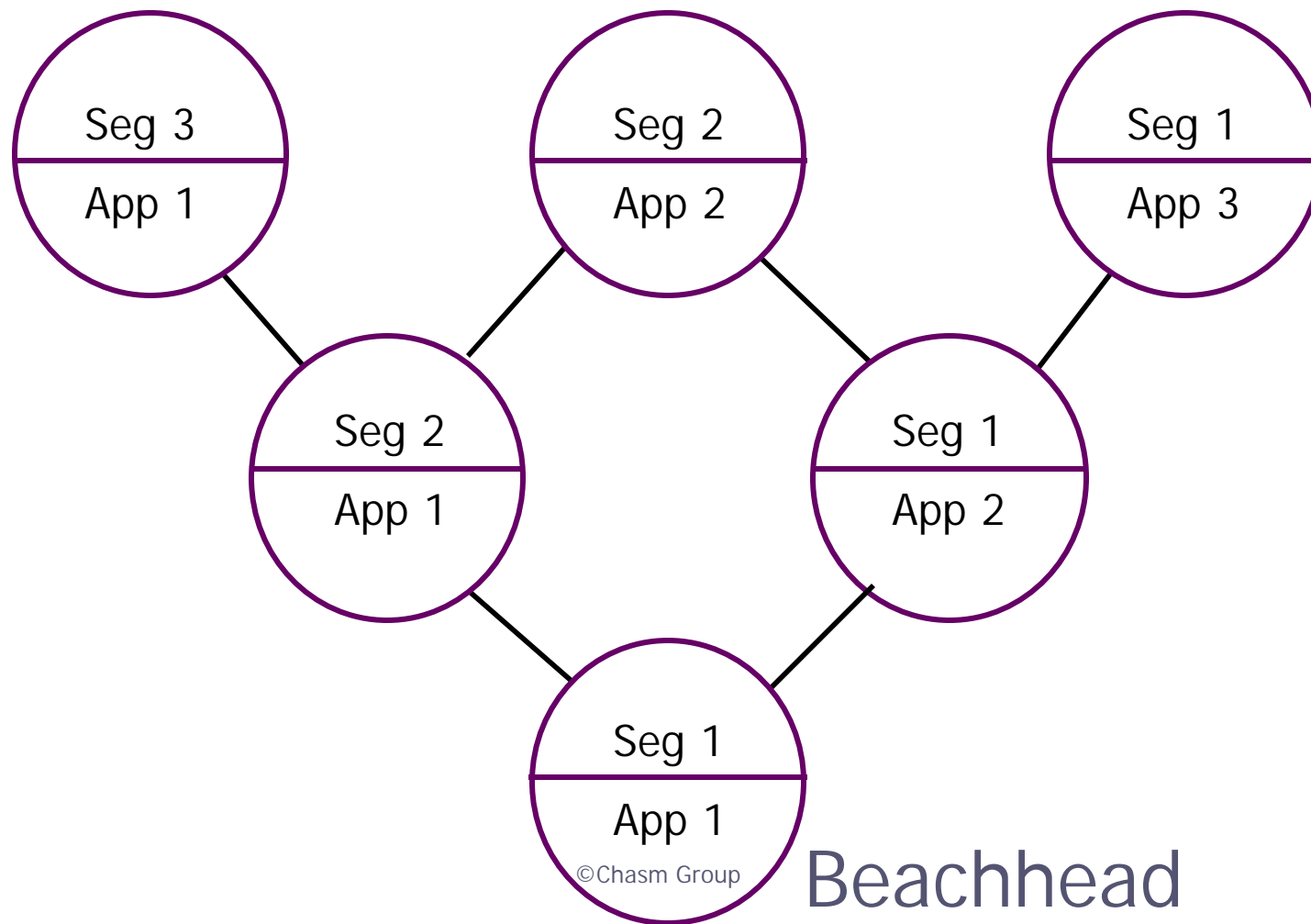
- Displace Status Quo With New Technology
- Customer Application Defines Market – ***Not Your Product***
- Must Have ***Whole Product*** for Each Target Segment
 - Generic, Expected, Augmented, Potential*
- Restrained Competition Due to Whole Product Barriers
- Healthy Price Margins
- Value Added Distribution
- Goal: Keep Moving Toward Tornado – Build Momentum

Aside: Niche Market Penetration





Bowling Alley Strategy



Beachhead



The Tornado

- ☛ Period of Hyper Growth
- ☛ Technology Solution Proven in Several Niches
- ☛ Enough “Pins” Knocked Down to Attract Mainstream
- ☛ Pragmatic Buyers Flock *En Masse* to Adopt Technology Standard
- ☛ Market Share Determined - Leadership Established
- ☛ Product Focus *Shifts From Problems of the End User to Infrastructure Buyer* That Implements Technology
- ☛ Set Technology Standard – Reap Financial Rewards
- ☛ Forget the Customer - “Just Ship It”
- ☛ GOAL: Establish Market Share – ***Be the Gorilla!***



Implications for Biometrics

- ☞ Where Are We Today? Entering the Chasm
- ☞ Don't Be Fooled by Post 911 Market Hype
- ☞ Based on Product Category - Not Just Your Product
- ☞ *Biometrics Market* Is a Misnomer - Product Category Versus Market Category
- ☞ Stay in Early Market until Core Technology Fully Developed
- ☞ Adopt Appropriate Marketing Strategy!
 - Early Market – Finance Your Core Technology With Specials
 - **Chasm - Choose a Beachhead Equal Your Annual Revenue**
 - Bowling Alley – Leverage Niche Market Whole Products
 - Tornado – Forget The Customer and JUST SHIP IT to establish Dominance



Exploit The Opportunity

- ☞ Goal is not to develop “best possible solution” but rather to develop “best solution possible”
- ☞ Develop Vertical Market - Horizontal Application Matrix
- ☞ Size and Rank Opportunities & *Pick on Someone Your Own Size*
- ☞ Refocus from selling products toward creating relationships
- ☞ Pragmatists will rally behind you and conspire to keep your competitors out
- ☞ LEVERAGE Word of Mouth
- ☞ As niche markets penetrated, solution perceived to be less of a niche product, momentum builds towards the Tornado.



The Winners

- ☞ Divide and Conquer - Segment, Target, Dominate
- ☞ Define the Whole Product
- ☞ Build an Organization that leverages Relationships
- ☞ Shift from Technology/Product to Market/Solution Focus
- ☞ Its Counterintuitive BUT RESIST Fall back to Sales Focus
- ☞ Compensate Sales Force to Pursue Niche Opportunities
- ☞ Pass the Elevator Test
 - **For** (target customers – beachhead segment only)
 - **Who are dissatisfied with** (the current market alternative)
 - **Our product is a** (new product category)
 - **That provided** (key problem-solving capability)
 - **Unlike** (the product alternative)
 - **We have assembled** (key whole product features for your specific application)
- ☞ Be Ready to Rock & Roll when the Tornado hits

Buy These Books



Crossing The Chasm

&

Inside The Tornado



by Geoffrey A. Moore

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