



Accelerating Biometrics Market Development Workshop Session One

Concepts, Context & Strategy:
Identify, Prioritize, Dominate

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Accelerating Market Development Workshop

Session One Context, Concepts & Strategy: *Identify, Prioritize, Dominate*

- Market Development Model
- Market Phase Strategies
- Niche Markets and The Bowling Alley

Session Two Process & Tools: *Practical Applications*

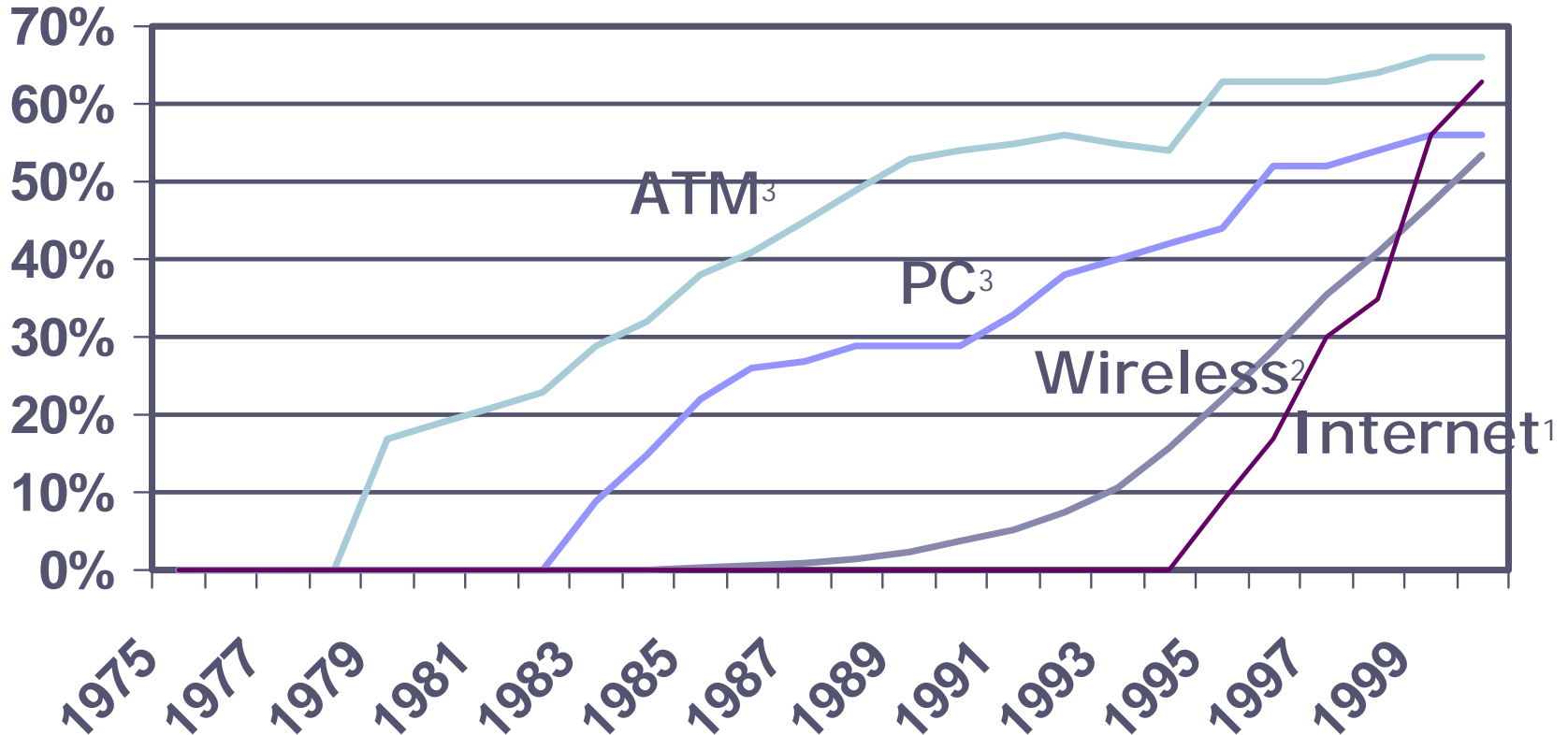
- Internal Inventory
- Targeting Opportunities & Sizing Niches
- Whole Product Solutions & GO TO Market Planning

Accelerating Market Development

Context, Concepts & Strategy

- ☛ Technology Adoption
- ☛ Crossing *The Chasm*
- ☛ Inside The Tornado
- ☛ Vertical Niche Segmentation
- ☛ Bowling Alley Strategy
- ☛ Solution Adoption
- ☛ Accelerated Market Development

Historical Adoption Rates*



1 US Adults online - Harris Interactive, 11/01

2 % Penetration - Frost & Sullivan 9/99

3 penetration of US households - 15K+ income Synergistics 10/0

*US DATA

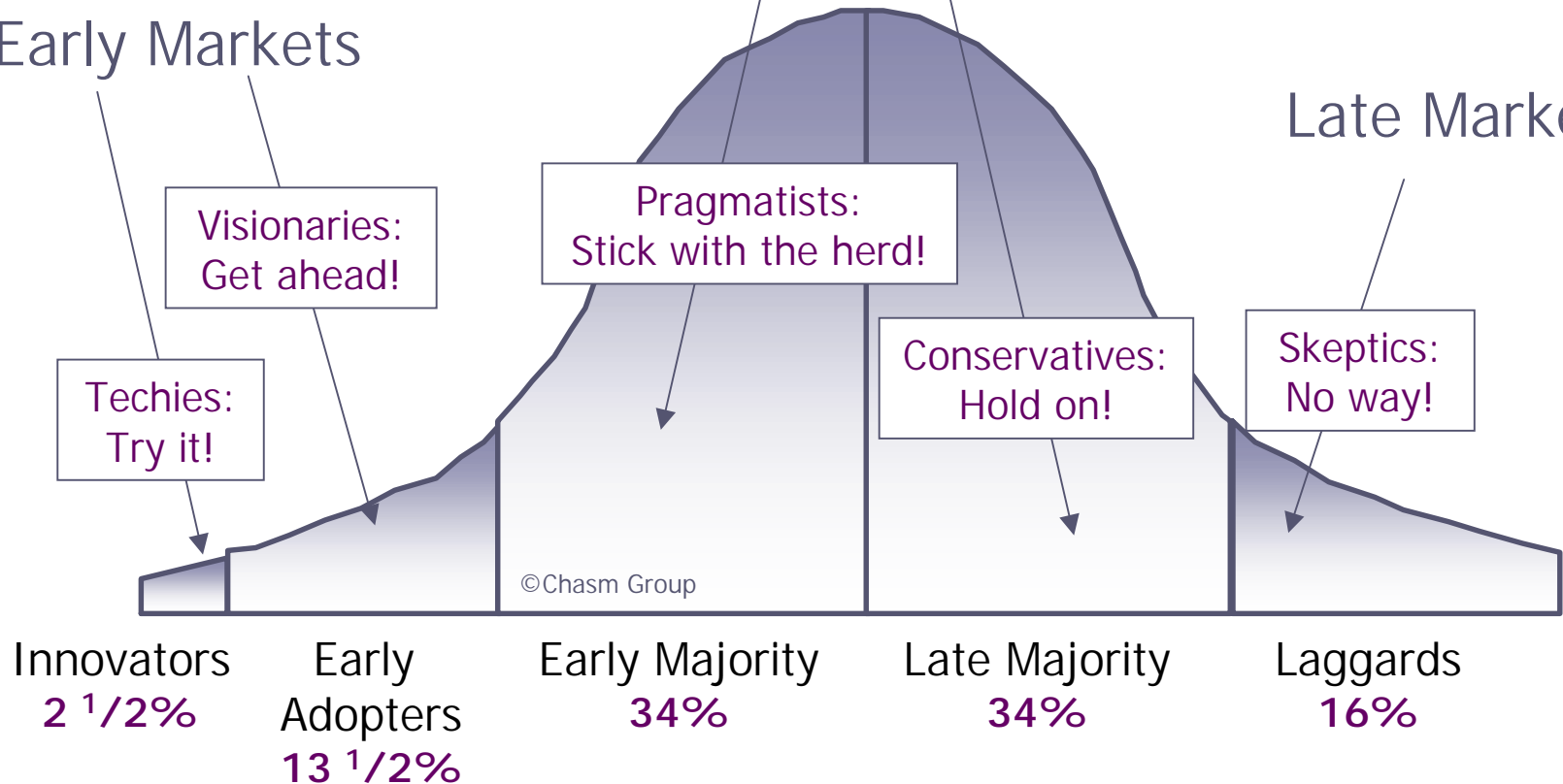
Technology Adoption Life Cycle

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

Mainstream Markets

Early Markets

Late Market



Adoption Groups

Motivation

Characteristics

Challenges

	Motivation	Characteristics	Challenges
Technology Enthusiasts	Enamored of Technology	Alpha Testers Ignore What's Missing	Access to Techies No-Profit Pricing
Visionaries	Competitive Advantage via Revolution	Strategic Imaginations High-risk/High Reward Not Price Sensitive	Rapid Time-To-Market Customization
Pragmatists	Productivity Improvement via Evolution	Understand Tradeoffs Proven Applications Market Leaders	Trusted References Production Solution
Conservatives	Avoid Competitive Disadvantage	Risk Averse Price Sensitive Prefer Single Advisor	Complete Solution
Skeptics	Maintain Status Quo	Debunk Market Hype Contrarian Block New Technology	Not A Customer Opposition to Early Adoption

Early Market Success

- Breakthrough technology product that enables a new and compelling application,
- Technology enthusiast who can evaluate and appreciate the superiority of the product over current alternatives and
- Well-healed visionary who can foresee an order-of-magnitude improvement from implementing the new applications

- Geoffrey Moore

Model Breaks Down at Key Transition Point

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

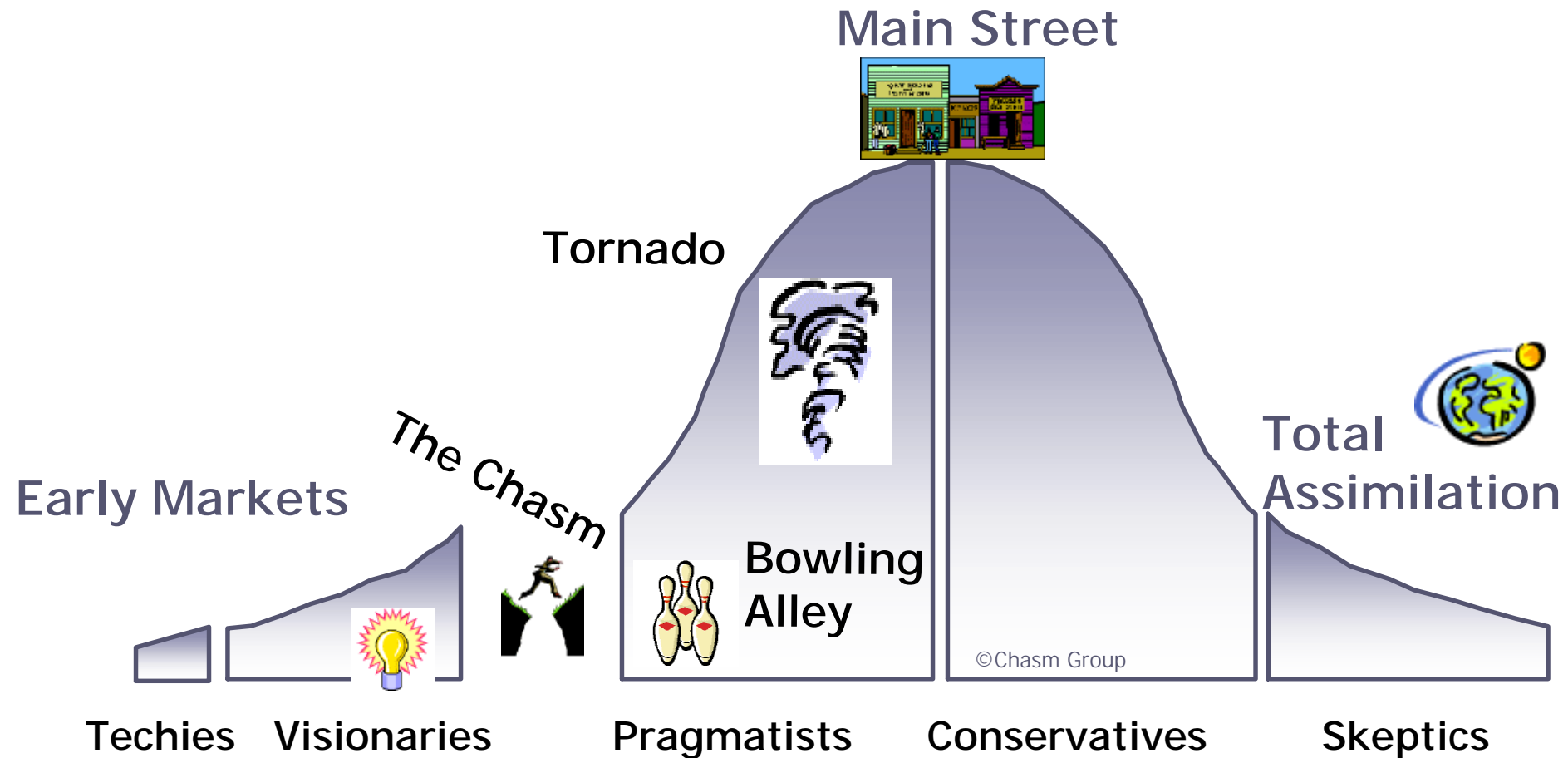
Pragmatists: stay with herd

- ☛ 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**

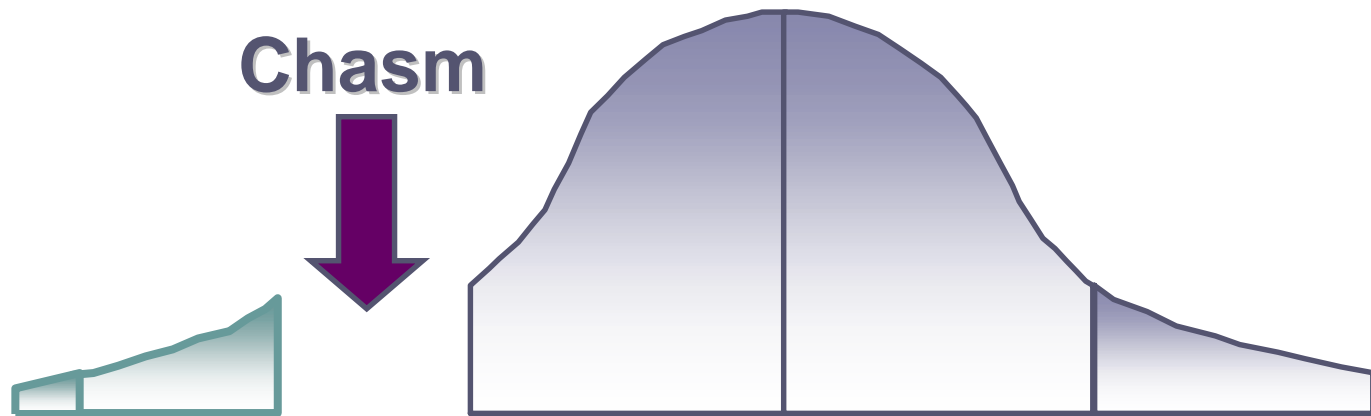
Basis for Sale Radically Different

Market Development Model

Transitions Are Not Smooth



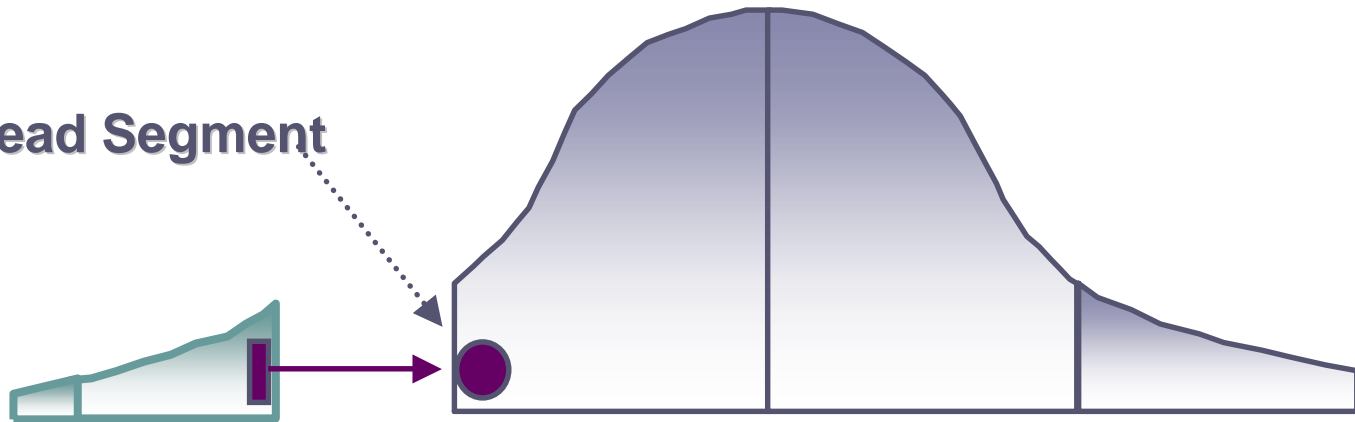
In The Chasm



- ❏ Visionaries Abandon Category
 - Too Late to Be First
 - Too Easy For Followers To Catch Up
- ❏ Pragmatist No Reason To Start
 - Too Early For Anything To Be In Production
 - NO Trusted References
- ❏ Growth Recedes
- ❏ Funding Needs In Wait and See Lull

Crossing The Chasm

Beachhead Segment

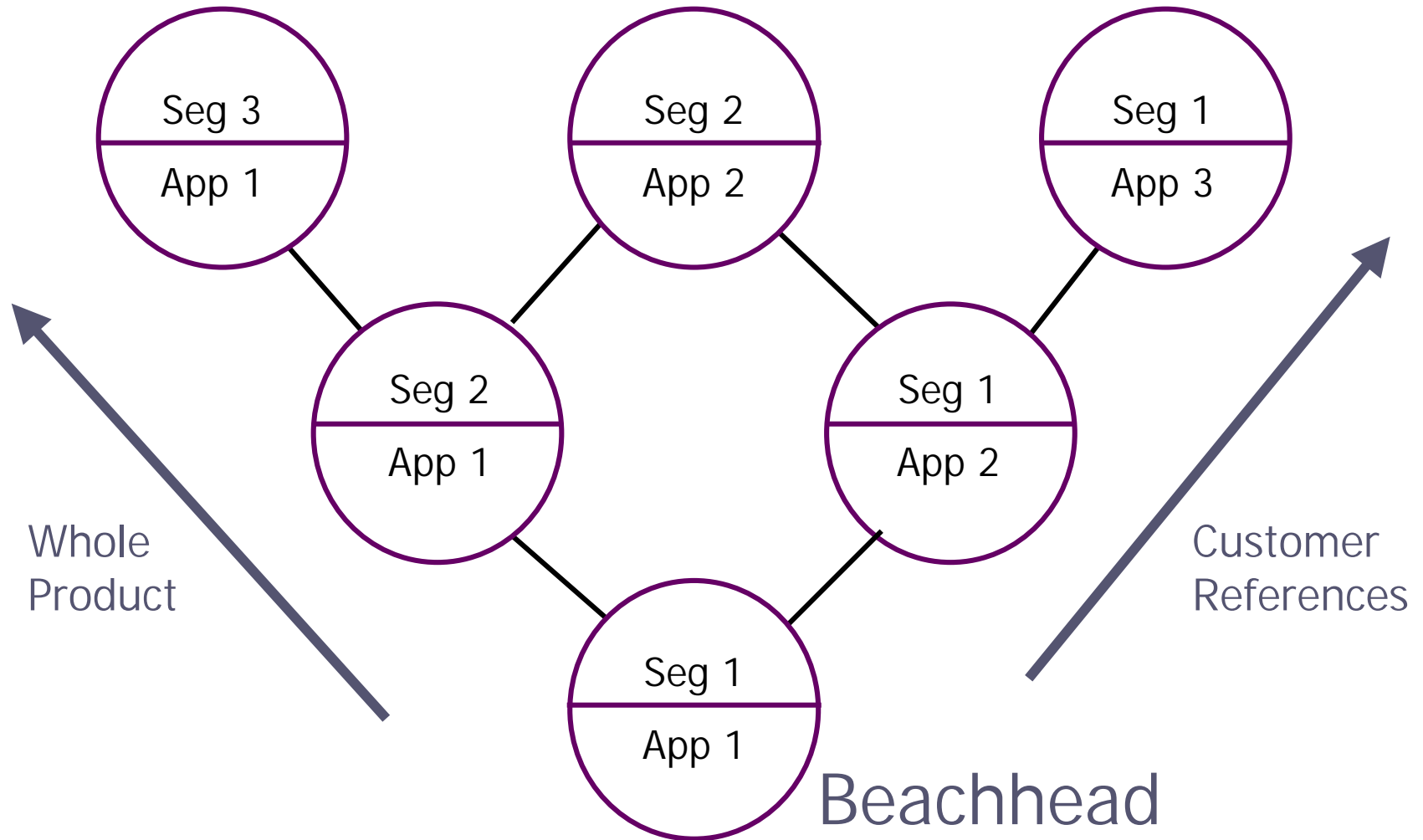


- ☞ 80% of many Solutions – 100% of None, Pragmatists Don't Buy 80%
- ☞ Pragmatists Adopt Because of Severe Pain, Broken Business Process
- ☞ Conventional Approach is Fatal
 - Commit to Most Common Enhancements
- ☞ Counterintuitive Approach Leads To Success
 - Focus on a Single Customer Segment, Build Whole Product Solution
- ☞ Shift From Technology/Product to Market/Solution
- ☞ Solve Niche Market Problem
 - Unique to Segment
 - Difficult to Solve
 - Significant Economic Impact

Enter The Bowling Alley

- ☛ Define The “Beachhead”
- ☛ Displace Status Quo With New Technology
- ☛ Customer Application Defines Market – *Not Your Product*
- ☛ Must Create *Whole Product* for Each Target Segment
- ☛ Productivity Improvement In Unique Business Process
- ☛ Leverage References & Partners Across Segments
- ☛ Restrained Competition Due to Whole Product Barriers
- ☛ Build Momentum Towards Tornado
- ☛ Focus All Resources To Achieve Market Dominance

Bowling Alley Strategy



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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 New Standards-Based Infrastructure
- 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 and “Just Ship It”
- Establish Market Share

Market Phase Strategies

- Early Market – Finance Your Core Technology With Specials
- Chasm - Choose a Beachhead That is 2 to 3x Annual Revenue
- Bowling Alley – Leverage Niche Market Whole Products
- Tornado – Forget The Customer and JUST SHIP IT to establish Dominance

Aside: Definitions

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

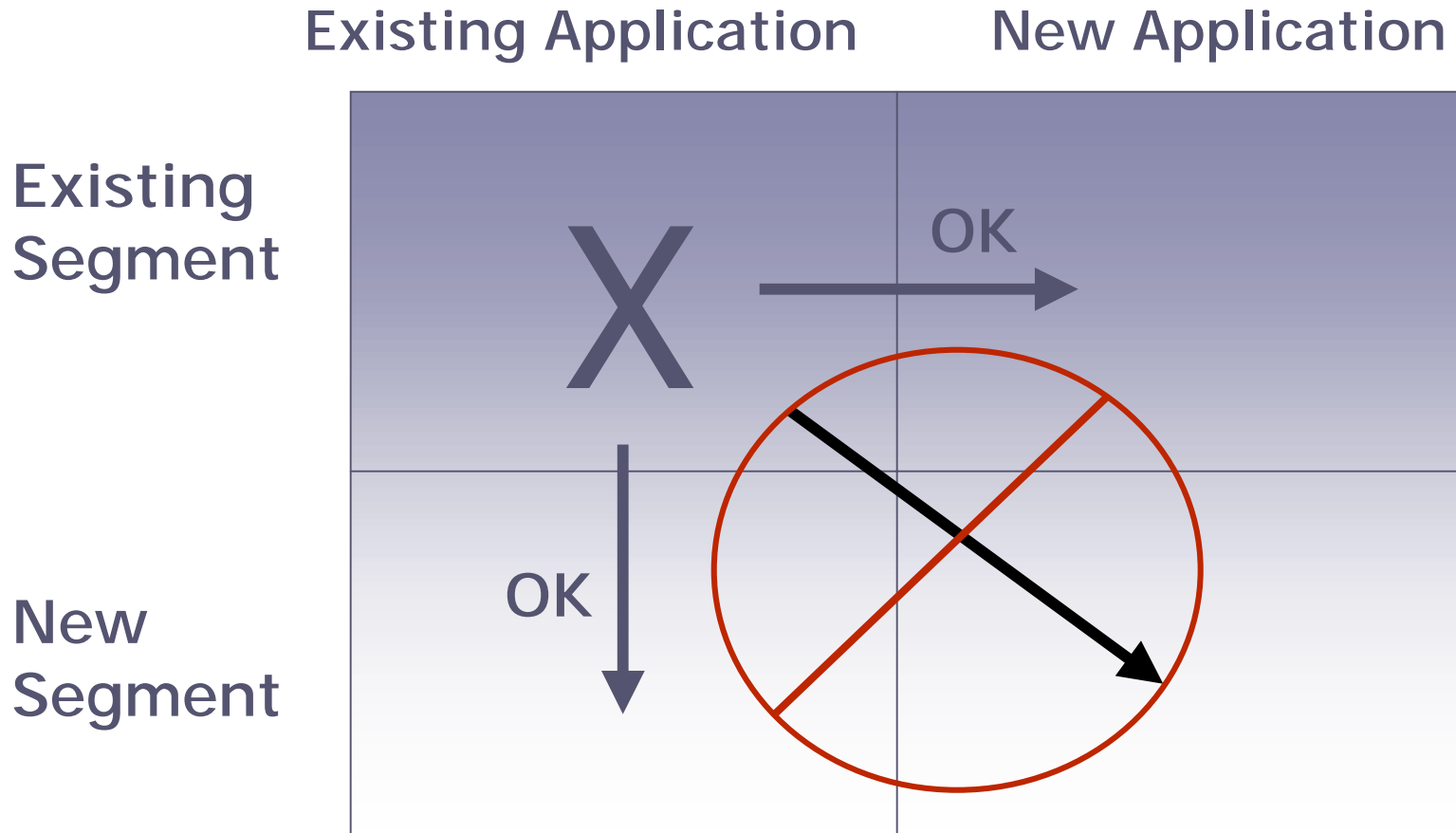
Market:

- 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

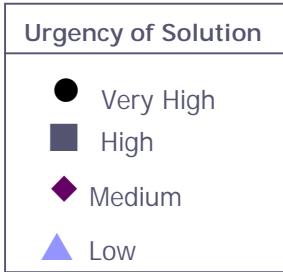
Two individuals/organizations buying the same product for the same reason that have no way to reference each other are not part of the same market.

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Niche Market Penetration



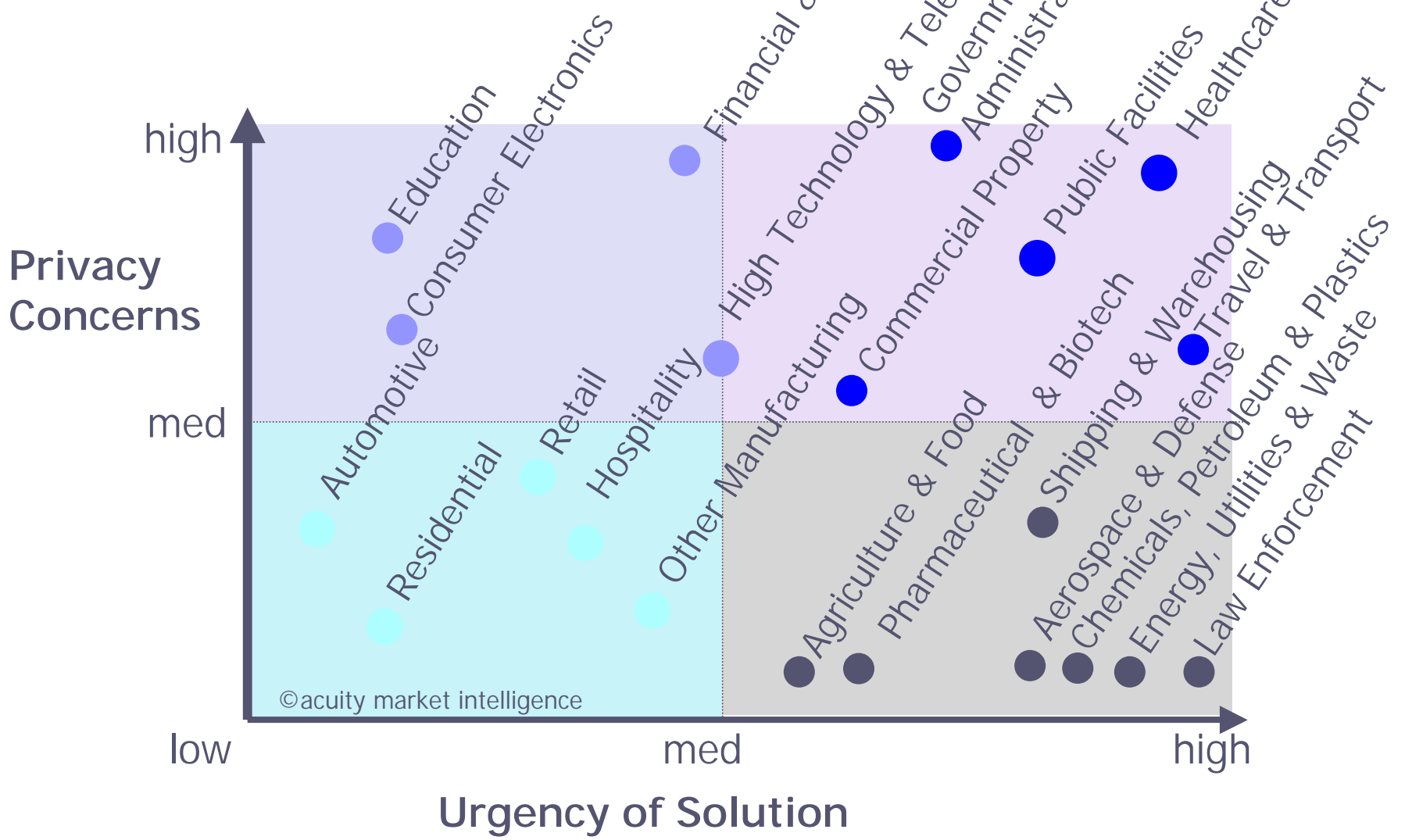
Market Segmentation



	Government Administration	Law Enforcement	Aerospace & Defense	Financial & Insurance	Healthcare	Hospitality	Public Facilities	Travel & Transportation	Shipping & Warehousing	Energy, Utilities & Waste	Chemicals, Petroleum & Plastics	Pharmaceutical & Biotech	Agriculture & Food	Education	High Technology & Telecom	Other Manufacturing	Commercial Property	Retail	Automotive	Consumer Electronics	Residential
Physical Access	●	●	●	●	■	■	●	●	●	●	●	●	■	■	■	■	◆	▲	▲	▲	
Logical Access																					
Secure Data personal, corporate, public	●	●	●	●	●	■	■	●	●	●	●	●	■	●	■	■	◆	◆	◆	◆	
Financial Transactions POS, ATM, e-commerce, gov't disbursements	■	◆	◆	■	●	◆	◆	■	■	■	●	■	■	◆	◆	■	●	■	▲	■	◆
Identity Confirmation																					
Voter, Benefits, DMV, Drivers License background check	●	●	●	■	■	■	■	●	■	■	■	■	■	◆	◆	◆	■	▲	▲	▲	-
Time & Attendance																					
	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	▲	◆	◆	▲	◆	▲	▲	-	
Surveillance																					
public & private	●	●	■	■	■	◆	●	●	■	●	●	●	●	■	◆	◆	■	■	▲	▲	▲

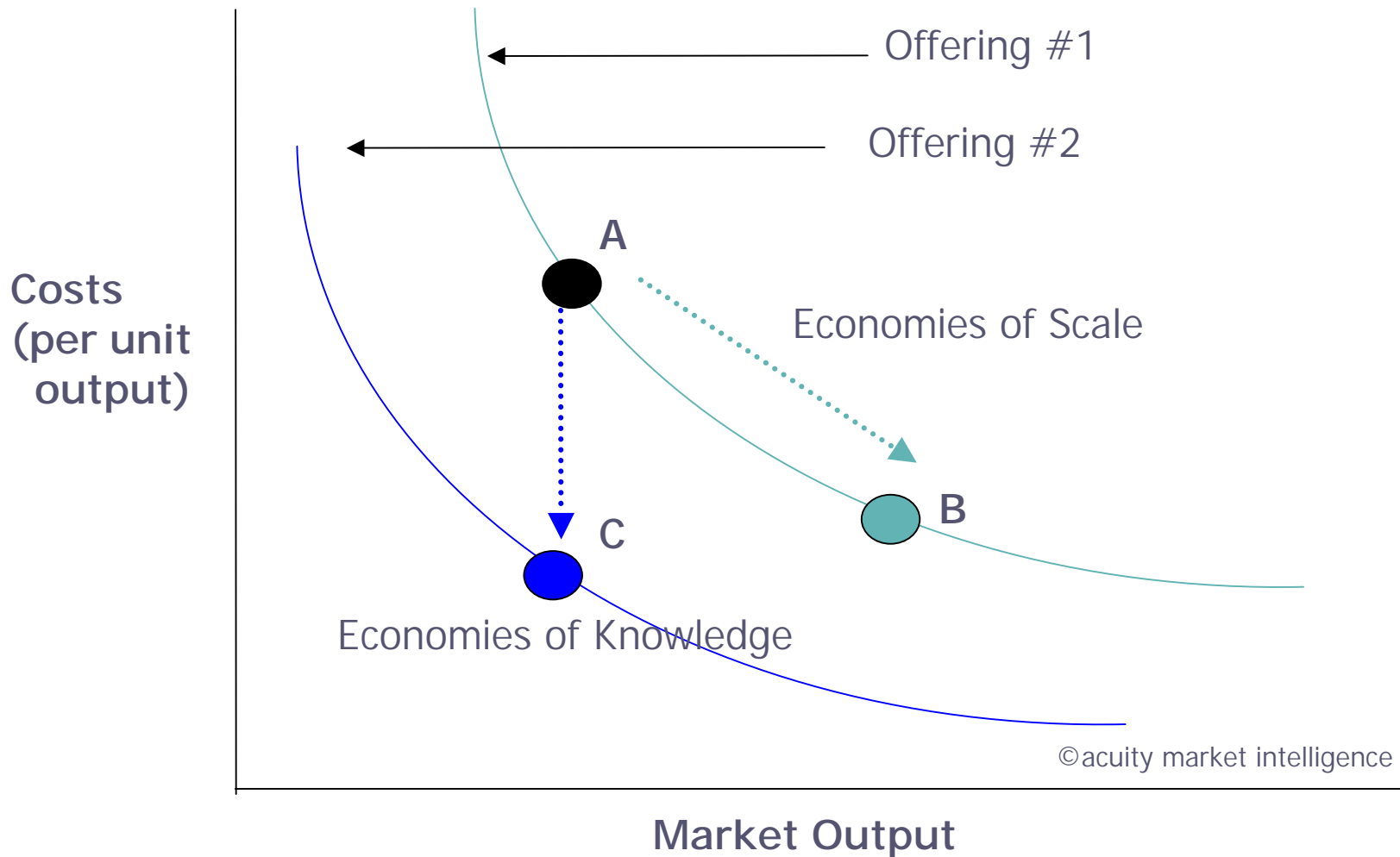
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Opportunity Grid



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Economies of Knowledge[©]

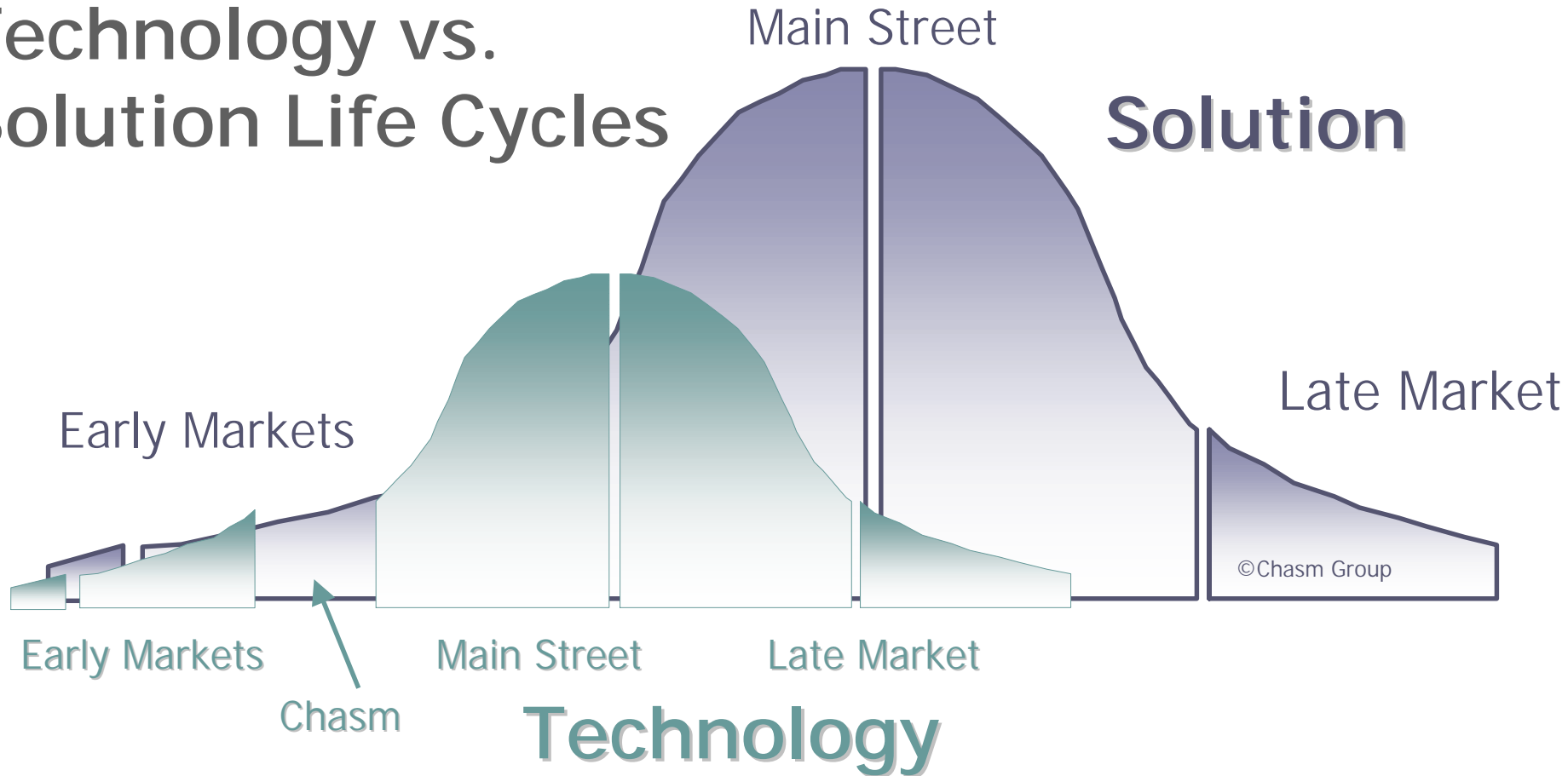


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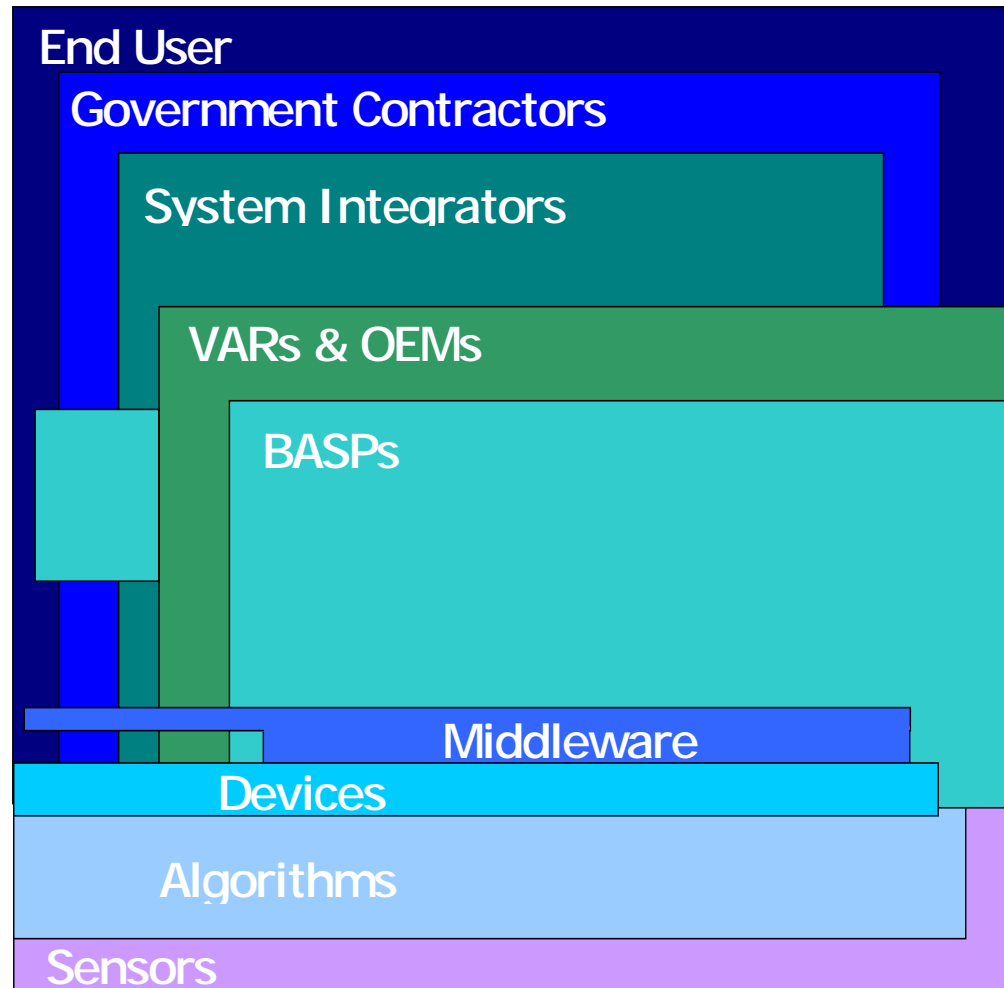
Solution Adoption Life Cycle

For enabling technologies like biometrics, the Solution Adoption Lifecycle hits the Tornado as the Technology Adoption Lifecycle peaks in the Main Street Markets.

Technology vs. Solution Life Cycles



Industry Market Map



Accelerated Market Development

- ☛ Chasm Crossing
- ☛ Vertical Niche Segmentation
- ☛ Bowling Alley Strategy
- ☛ Prove in Wide Range of Applications
- ☛ Adoption Across Multiple Industries
- ☛ Privacy & Security Issues Resolved
- ☛ Mass Consumer Acceptance

Next Steps? Session Two: Process & Tools



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