



Interactive Workshop: Developing a Targeted Biometrics Market Strategy

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ACUITY

MARKET INTELLIGENCE

bridges the gap between information and insight

Acuity Market Intelligence cuts through the clutter of information overload to provide *technology-neutral* and *vendor-independent* insight, analysis and solutions assessments for emerging technology markets.

Markets Biometrics, ID Management, Authentication

Clients Vendors, Integrators, End Users

Services Executive Briefings, Consulting, Segment Tracking, Reports, Research, Workshops

Expertise

Identify, Prioritize & Size Lucrative Markets

Define & Analyze Targeted Vertical Solutions

Create & Evaluate Market Development & Adoption Strategies

Develop Sustainable Market Dominance Strategies & Programs

Evaluate Deployment Plans based on Generating *Real* ROI

Select Clients

- ✓ Authentec
- ✓ Ball Aerospace
- ✓ Biocom
- ✓ Booz Allen Hamilton
- ✓ CIA
- ✓ CIC
- ✓ Datastrip
- ✓ DOD
- ✓ Digital Persona
- ✓ Digimarc
- ✓ ETRI
- ✓ IBM Global Services
- ✓ Identix
- ✓ Imagis Technologies
- ✓ Morpheus Technologies
- ✓ NIST
- ✓ Northrop Grumman, TASC
- ✓ On Guard Plus
- ✓ PingID
- ✓ SAFLINK Corporation
- ✓ SAGEM/SFIM, Inc.
- ✓ SoftPro
- ✓ Texas Instruments
- ✓ Ultra-Scan

Audience & Objectives

Target Audience – Biometrics and ancillary industry executives, sales, marketing and business development professionals responsible for creating and executing strategies to achieve sustainable market dominance.

Participants Objectives:

- Learn fundamental tools and techniques of Acuity Market Intelligence's proprietary MDM© process for identifying, prioritizing and dominating market opportunities.
- Apply MDM© tools and techniques in a real-world market scenario through a interactive group exercise.

Workshop Program

- ☛ **Part I: Lecture** – Introduction and Definition of Acuity's MDM[©] Market Development Model (~45 minutes)
- ☛ **Part II: Group Exercise** – Case Study Evaluation and Development of “Pitch” Presentations (~40 minutes)
- ☛ **Part III: Group Presentation** - Presentation and Group Analysis of Presentations (~75 minutes)

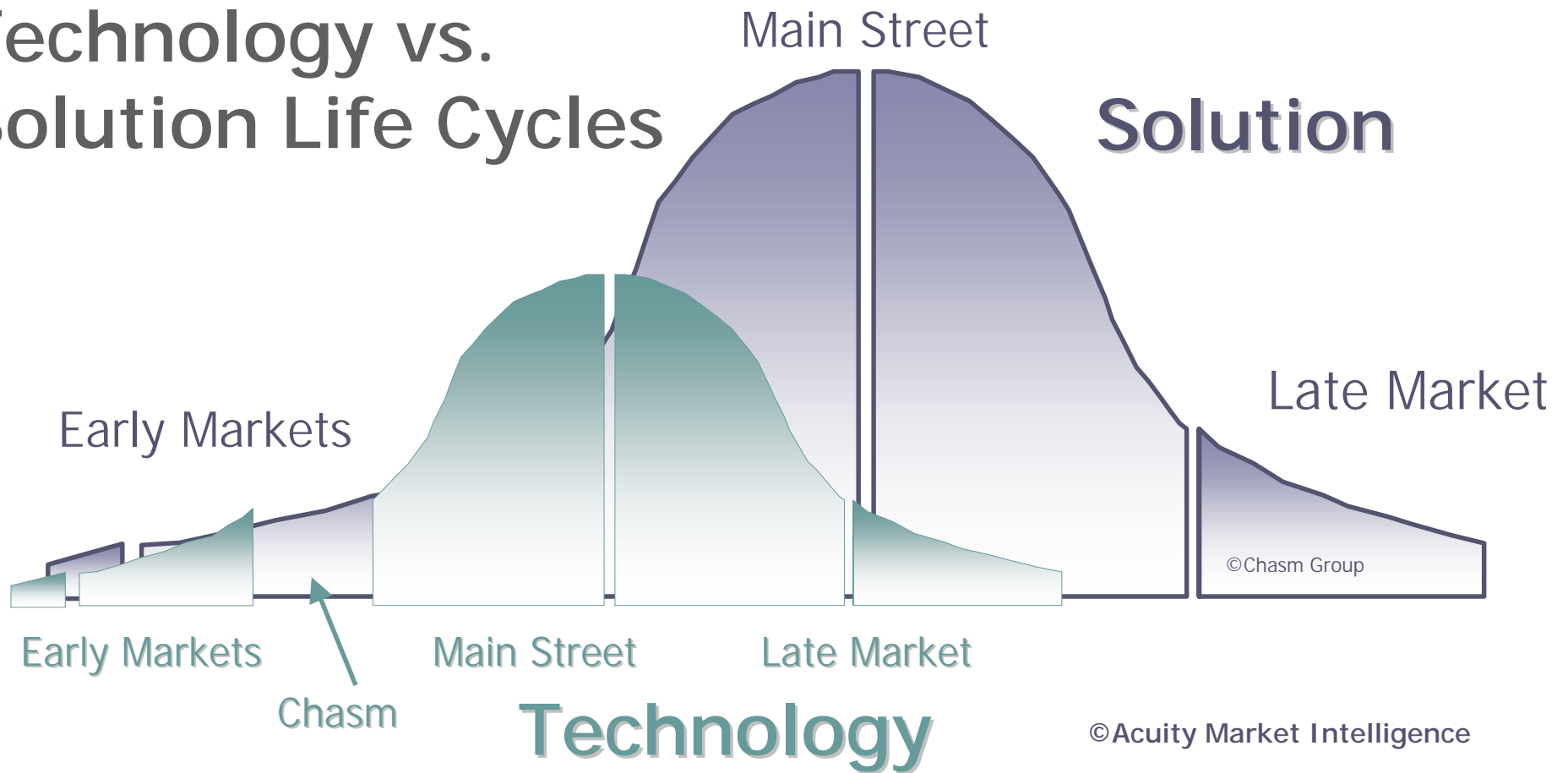
Part I: Lecture Agenda

- Define the TAL/SAL Framework
- Introduce the MDM© Model
- Define Model Phases
- Define Phase Processes and Tools

TAL/SAL Framework

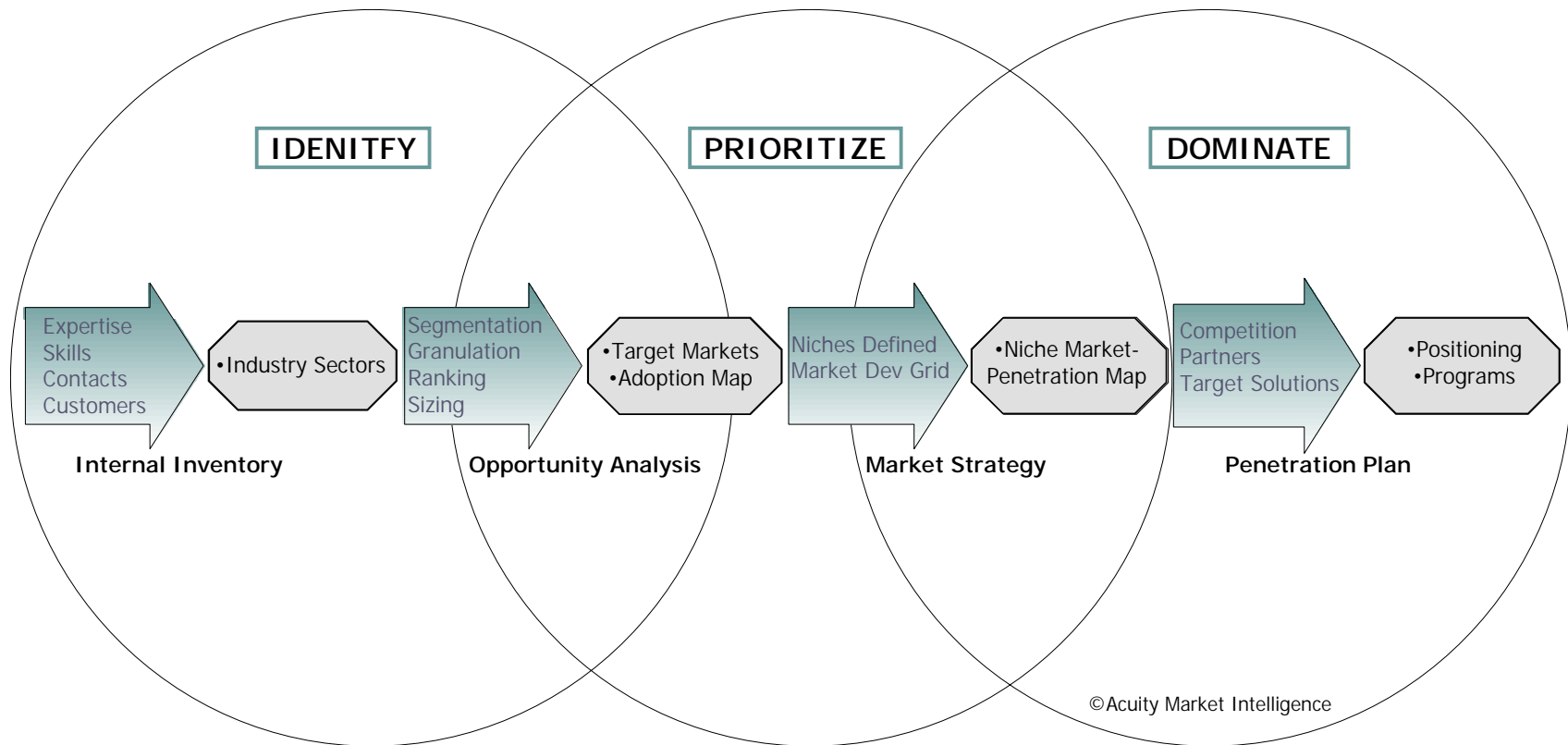
For enabling technologies like biometrics, the **Solution Adoption Lifecycle** hits the Tornado as the **Technology Adoption Lifecycle** peaks in the Mainstream

Technology vs. Solution Life Cycles



Acuity's MDM©

Market Development Methodology



MDM Phases

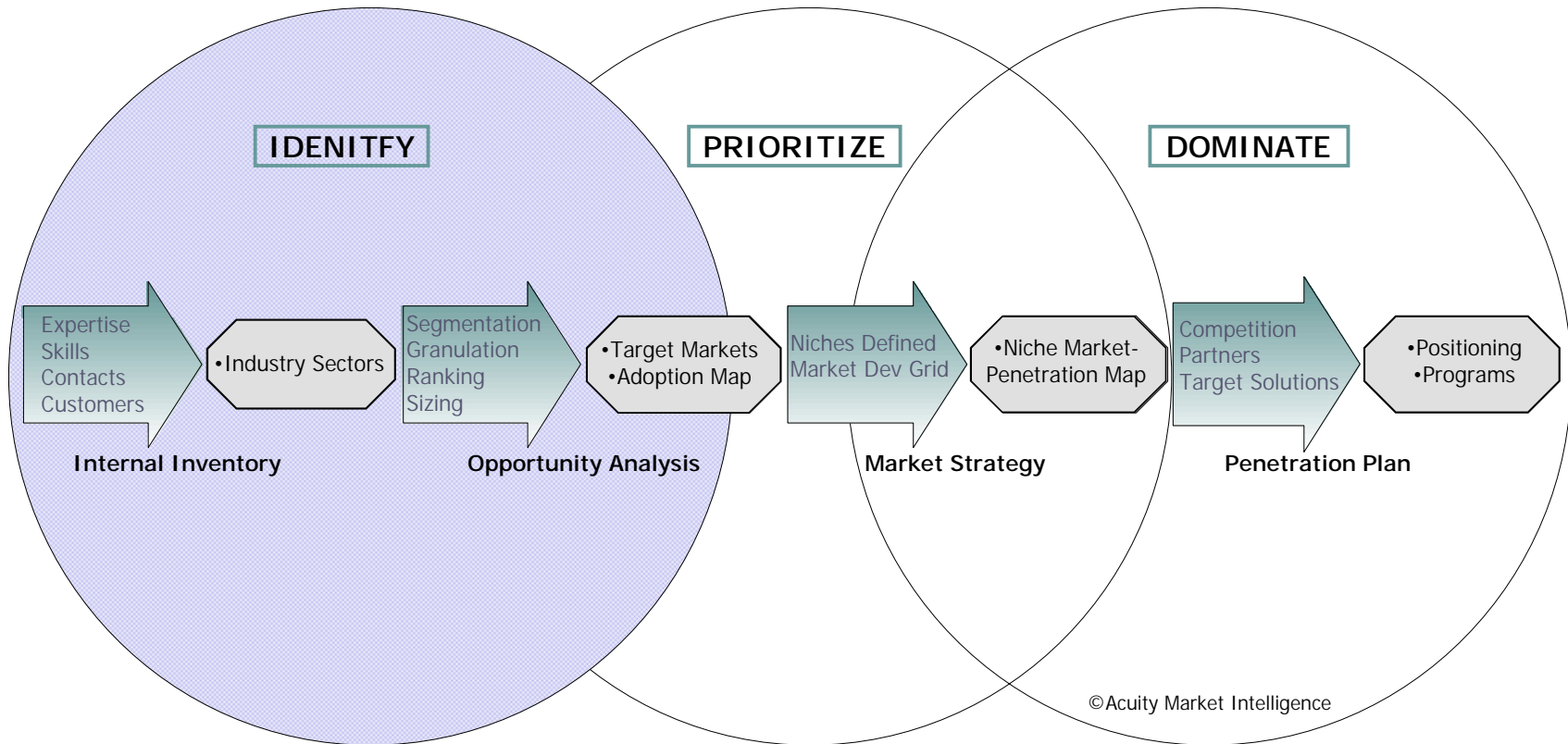
- ☞ Phase I - Identify
 - Internal Inventory
 - Opportunity Analysis

- ☞ Phase II – Prioritize
 - Opportunity Analysis
 - Market Strategy

- ☞ Phase III – Dominate
 - Market Strategy
 - Penetration Plan

Acuity's MDM[©]

Phase I: Identify



Phase I – Identify Internal Inventory

☞ Evaluation

- Skills, Expertise
- Industry Knowledge
- Industry Contacts
- Strategic Relationships
- Established & Under Development
 - Technology
 - Products
 - Services
- Established Customer Base

☞ Recommend Independent Facilitation

Phase I – Identify

Opportunity Analysis

- ☞ Segment Industry Sectors by Applications
- ☞ Create Two Factor Opportunity Grids
 - initial ranking of sectors
 - markets with most extreme points of pain
 - driven by range of factors
 - business process issues
 - government and industry regulations
 - failures to adequately serve customers
- ☞ Iterative Process
 - granulate into vertical markets
 - additional two factor grids

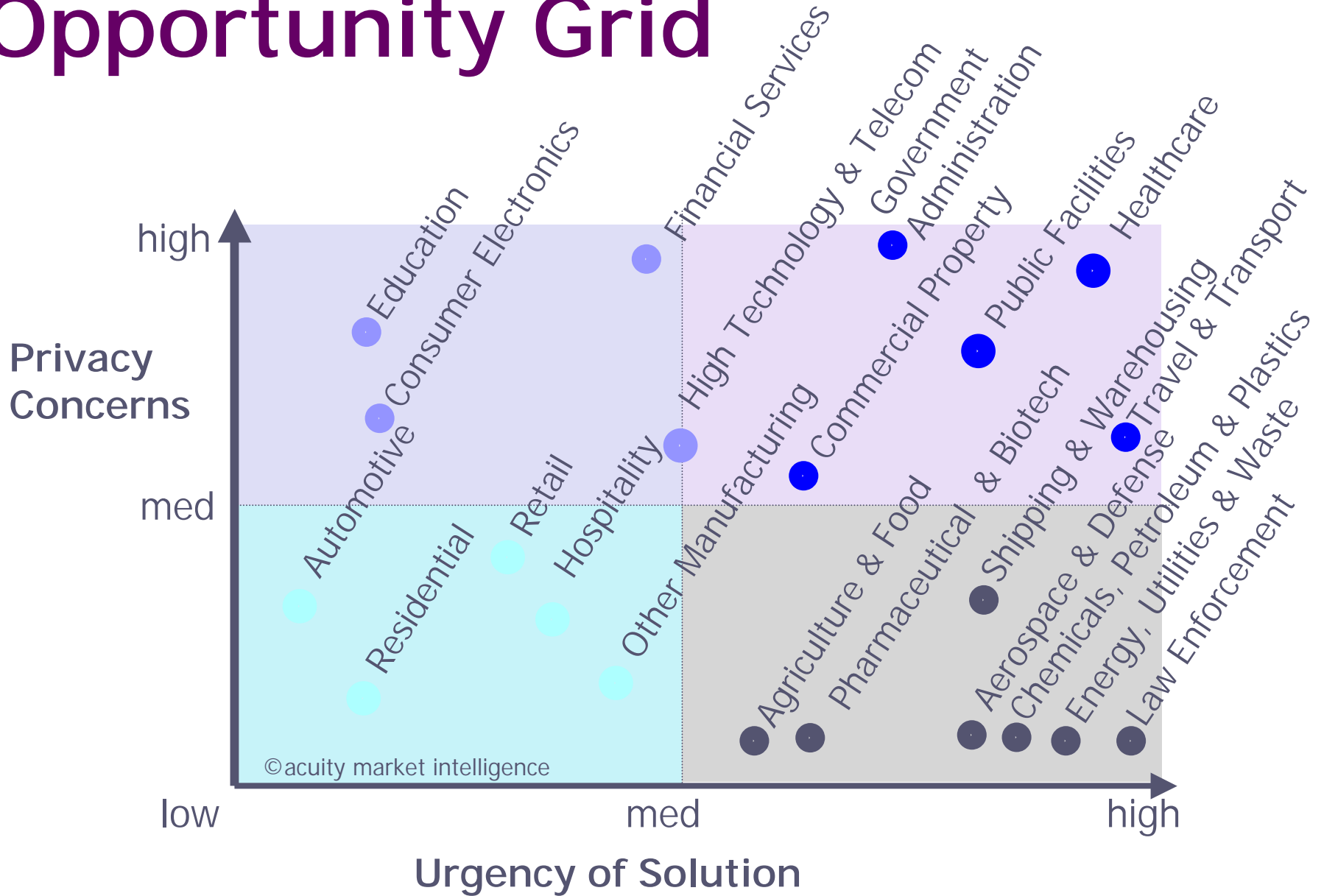
Industry Sector Segmentation

Urgency of Solution	
●	Very High
■	High
◆	Medium
▲	Low

	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	Other Technology & Telecom	Commercial Manufacturing	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



Sector Granulation: Level I

Travel & Transportation

Urgency of Solution	
●	Very High
●	High
●	Medium
●	Low

	Air	Rail	Ship	Truck	Bus	Auto	Travel Services
Physical Access employee, crew, suppliers	●	●	●	●	●	●	●
Logical Access Secure Data personal, corporate, public	●	●	●	●	●	●	●
Financial Transactions purchase tickets	●	●	●	●	●	●	●
Identity Confirmation passport, trusted traveler	●	●	●	●	●	●	●
Time & Attendance	●	●	●	●	●	●	●
Surveillance public, private	●	●	●	●	●	●	●

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Sector Granulation: Level II

Travel & Transportation: Air

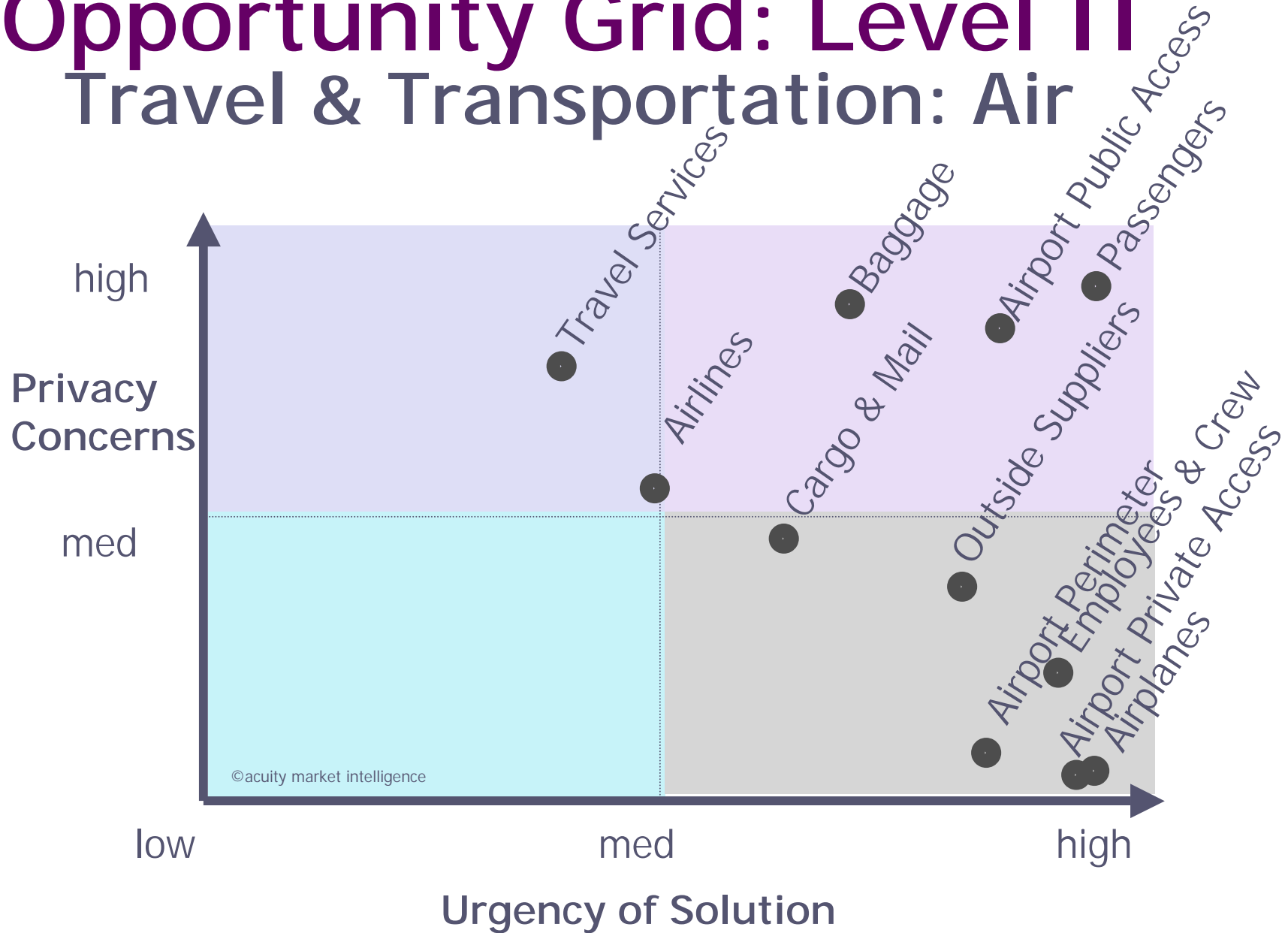
Urgency of Solution
● Very High
● High
● Medium
● Low

	Airport Perimeter	Airport Public Access	Airport Private Access	Airplanes	Passengers	Airport Employees	Crew	Outside Suppliers	Baggage	Cargo & Mail	Airline Employees	Travel Services
Physical Access employee, crew, suppliers	●	●	●	●		●	●	●	●	●	●	-
Logical Access Secure Data personal, corporate, public	-	-	-	-	●	●	●	●	-	-	●	●
Financial Transactions reservations, ticketing	-	-	-	-	●	-	-	●	-	●	●	●
Identity Confirmation passport, trusted traveler	-	-	-	-	●	●	●	●	-	-	●	●
Time & Attendance	-	-	-	-	-	●	-	-	-	-	●	●
Surveillance public, private	●	●	●	●	●	●	●	●	●	●	●	●

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Opportunity Grid: Level II

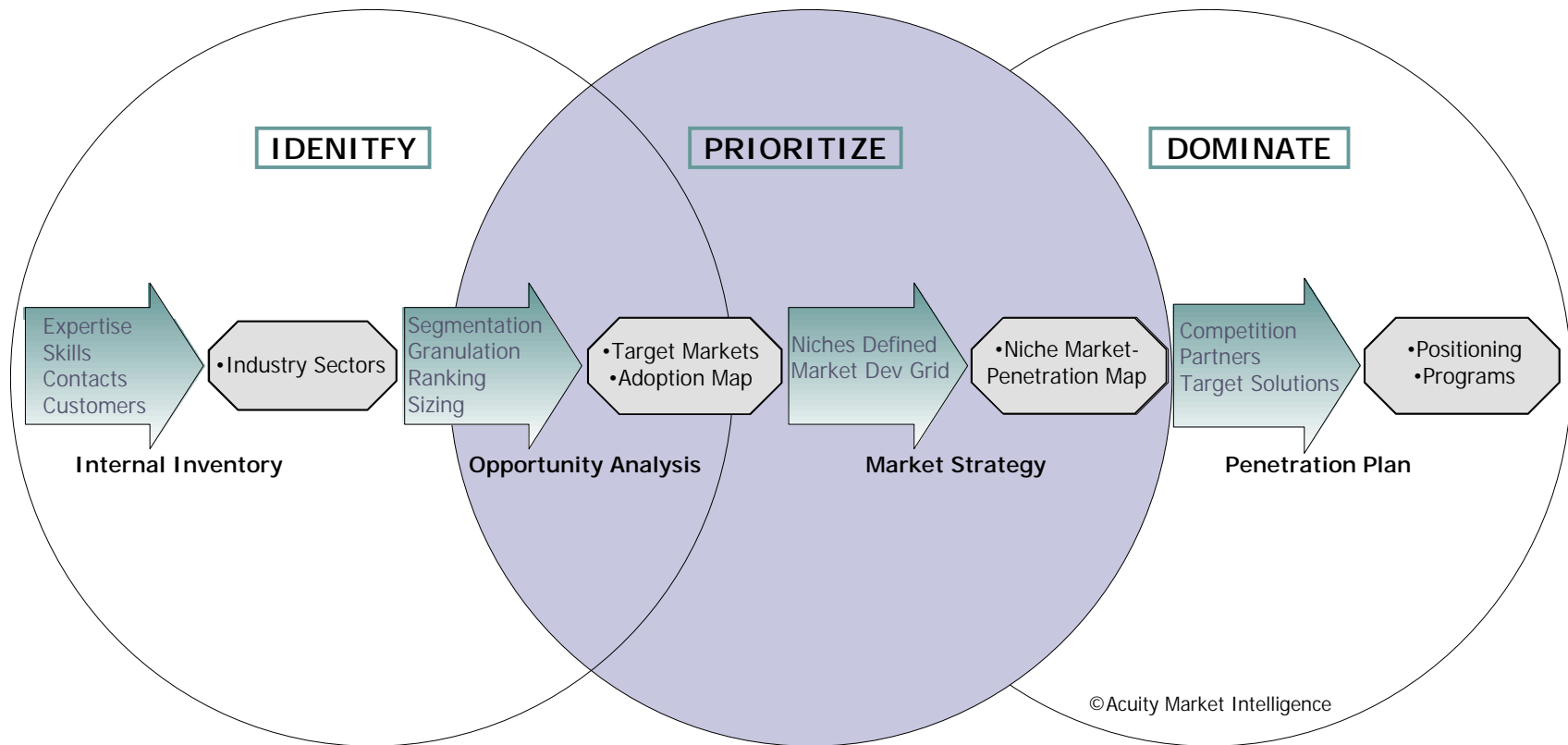
Travel & Transportation: Air



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Acuity's MDM©

Phase II: Prioritize



Phase II – Prioritize

Opportunity Analysis

- ☞ Top Down Target Market Sizing
 - based on replacing or augmenting existing business processes and technologies
- ☞ Adoption Maps
 - evolution of the application solutions

Target Segment Sizing

Airport Private Access

U.S. DOT Data

Airport Type	Number of Airports	Estimated Ave. # Secured Access Points per Airport	Total # of Secured Access Points	Gross Biometric Revenue @ \$1500 per Secured Access Point
Large hub	31	1000	31,000	\$46,500,000
Medium Hub	35	500	17,500	\$26,250,000
Small Hub	71	100	7,100	\$10,650,000
Non Hub	282	50	14,100	\$21,150,000
TOTAL	419		69,700	\$104,550,000

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Target Segment Sizing

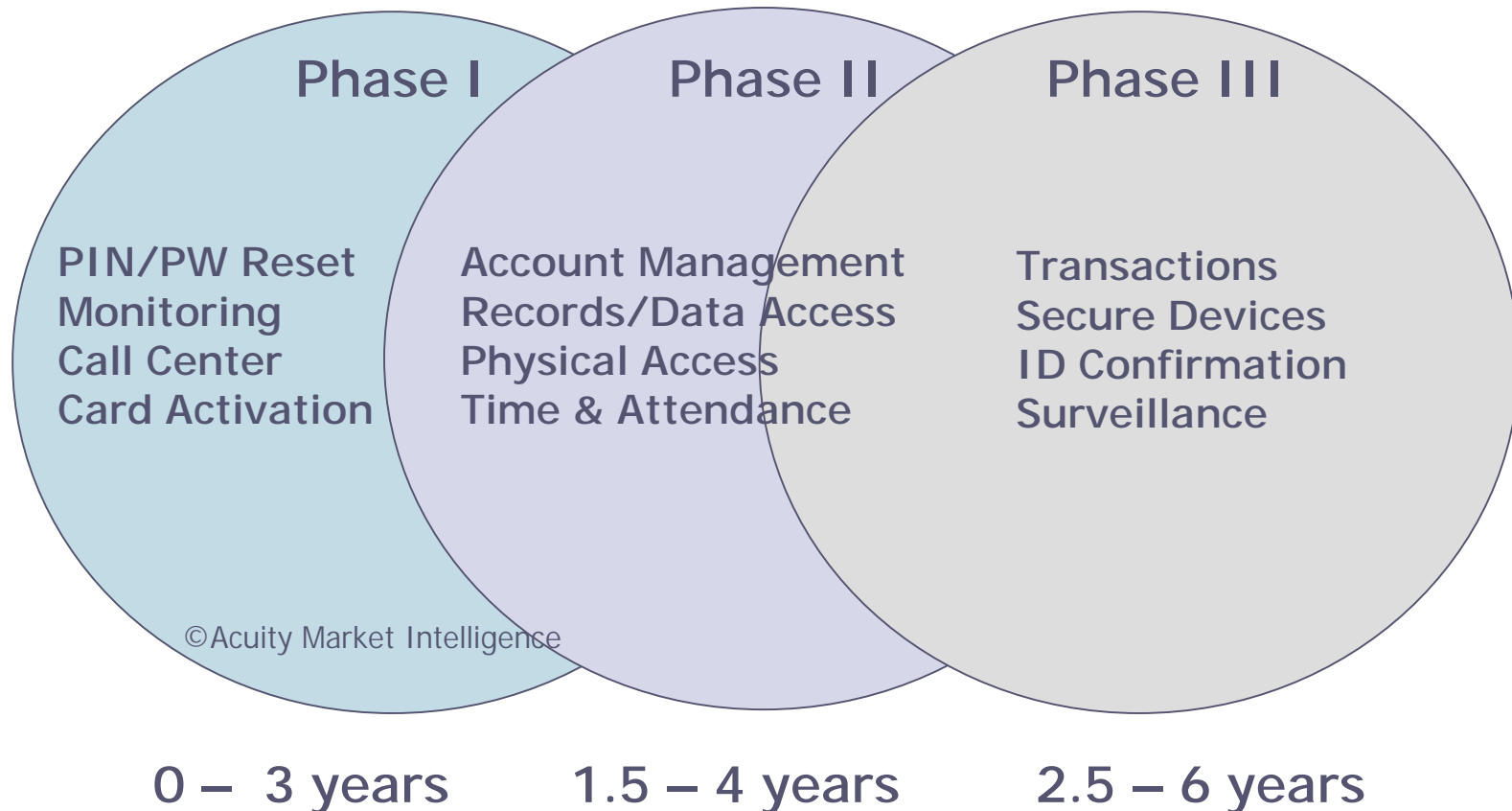
Transaction-Based Revenues

US Consumer Payment Mechanisms - Transactions in Billions						
	2001	%	2005	%	2010	%
Cash	51	34	55	34.2	62	34
Checks	64	42	60	37.3	49	27
Cards	32.5	22	41	25.5	59.5	33
Electronic	2.5	2	5	3	10.5	6
Total	150	100	161	100	181	100

US Biometric Payment Market - Revenue on Transactions		
	2005	2010
Authenticated Transactions (excludes cash)	106,000,000,000	119,000,000,000
Market Penetration	10%	30%
Biometric Transaction Base	10,600,000,000	35,700,000,000
.025 \$ per transaction	\$265,000,000	\$1,785,000,000
US as Percent of World	44%	35%
BASP Revenue	\$602,000,000	\$2,550,000,000

Adoption Map

Voice Biometrics Applications



Phase II – Prioritize

Market Strategy

- ☞ **Granulate Lucrative Targets into Niches**
 - based on size and adoption maps
 - end-user centric market definitions
- ☞ **Identify Highest Priority Niches**
 - end-user centric prioritization
 - series of two factor grids
- ☞ **Evaluate Competitive Landscape**
 - broad based definition of “competition” - any available alternative

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
- with 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

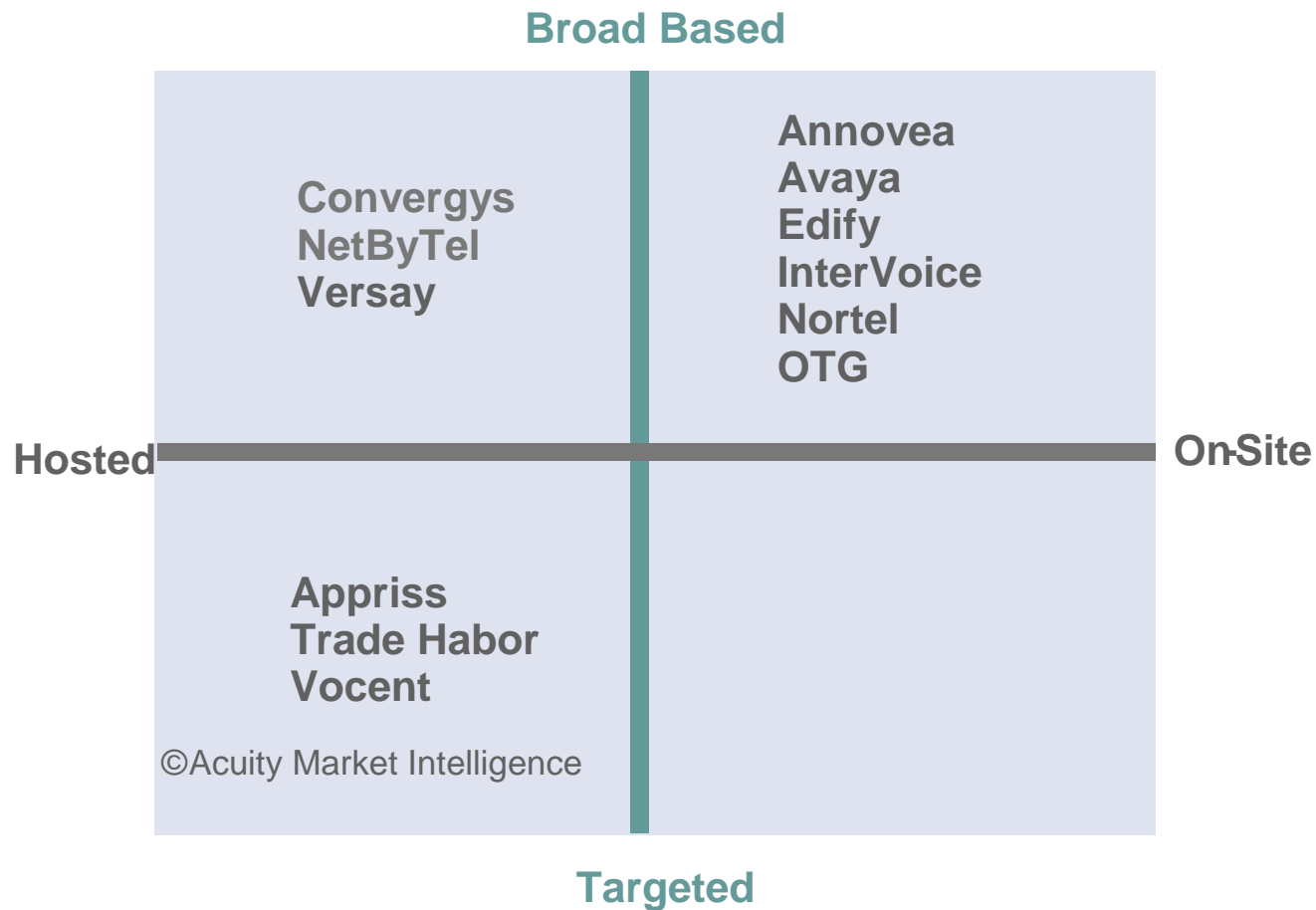
Chashm Group ©

Prioritizing Niches

- ☞ Opportunities 2-3 Times Current Organization or Business Unit Revenues
- ☞ Limit Market Definition to One That Can be Dominated
 - achieve 30 to 60 percent market share within 12 to 18 months
 - no other established market players
- ☞ Solve High Priority Problem
- ☞ Use Two Factor Grids

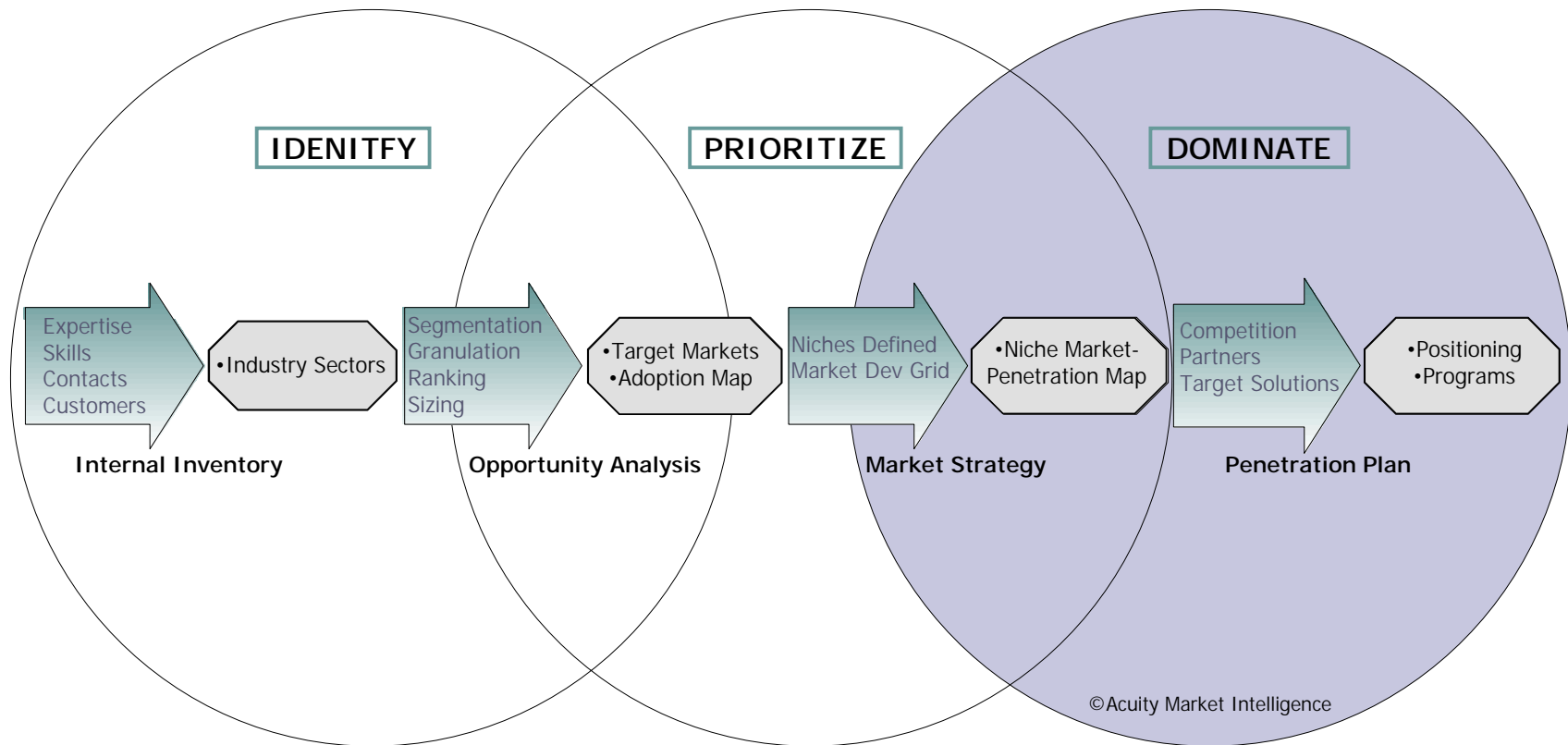
Competitive Landscape

Voice Biometrics Solutions Providers



Acuity's MDM©

Phase III: Dominate

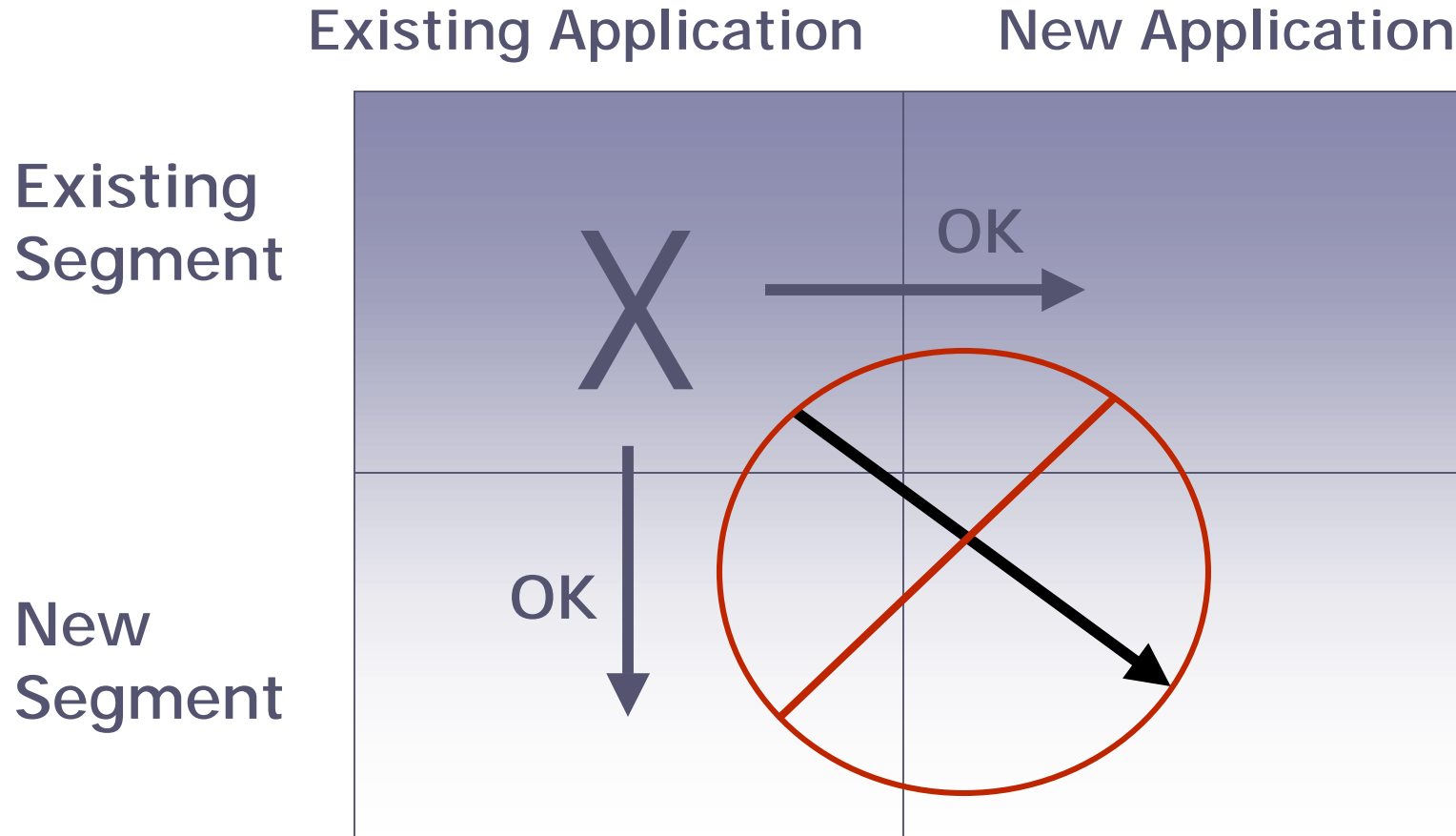


Phase III – Dominate

Market Strategy

- Market Development Grid Identifies Leverage Points Across Niches
- Construct Market Penetration Map
 - progresses from initial niche outward in a triangular network or *bowling alley* (Chasm Group)
 - *bowling alley* configuration maximizes cross-niche leverage points

Market Development Grid

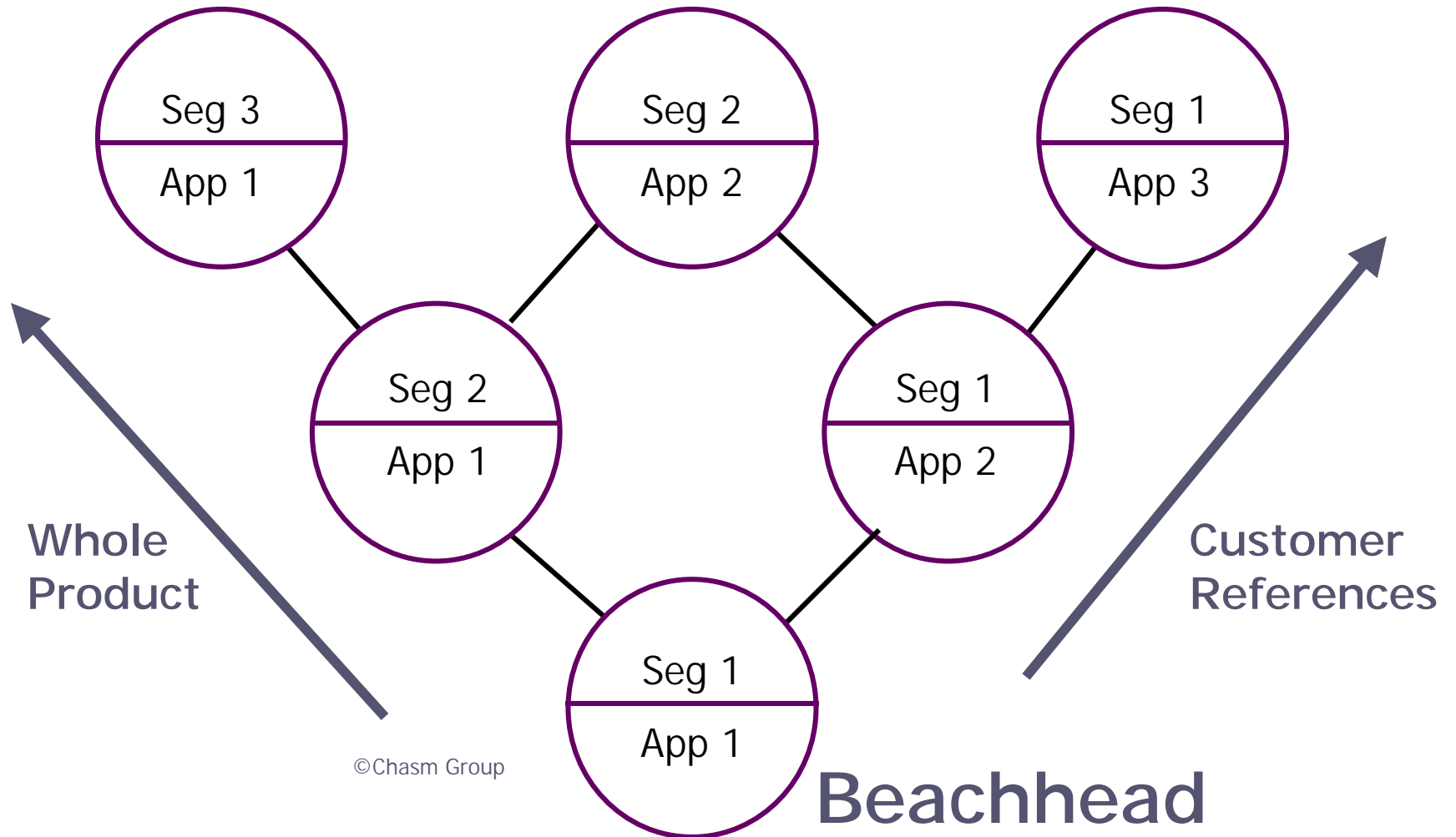


Define The Bowling Alley

- ☛ Beachhead* is the Key
- ☛ Displace Status Quo With New Technology
- ☛ Customer Application Defines Market
- ☛ Must Have *Whole Products** for Each Niche
- ☛ Restrained Competition Due to Whole Product Barriers
- ☛ Healthy Price Margins
- ☛ Value Added Distribution
- ☛ Build Foundation for Market Momentum

*Chasm Group

Bowling Alley



Phase III – Dominate

Penetration Plan

- ☛ *Whole Product Solutions* (Chasm Group)
 - defined through strategic partnering
 - transform adversaries into allies
- ☛ Positioning and *Highly Targeted* Marketing, PR and Sales Programs for Each Niche in Sequence
- ☛ Apply the “Elevator Test”

Whole Product Solutions

“We do not have, nor are we willing to adopt, any discipline that would ever require us to stop pursuing any sale at any time for any reason”



Create a marketplace where our product is the only reasonable buying proposition

A GAP exists between the marketing promise made to customers – VALUE PROPOSITION - and the ability of the shipped product to fulfill that promise. To overcome this GAP, products must be augmented by services and ancillary products to become a WHOLE PRODUCTS

Whole Product Solutions

Gap Between Value Proposition and Delivered Product

- ☞ Complete Set of Products & Services Needed For Customer to Achieve Results
 - Generic - “In The Box” or Defined in Purchase Agreement
 - Expected – Minimum Configuration to Achieve Buying Objective
 - Augmented – Maximum Chance of Meeting Buying Objective
 - Potential – Incorporates Ancillary Products & Enhancements
- ☞ Resource Intensive, MUST be Strategic & Limit to few Niches
- ☞ Leverage Partners and Allies But Don't Rely on Them
- ☞ Example: Datastrip – Liberian Registry Seafarer ID

Marketing & Sales Programs

- ☞ Identify Target Prospects
- ☞ Identify Industry Influencers
- ☞ Develop Positioning & Key Messages
- ☞ Define Tactics Along Acquisition Path
 - awareness - first contact
 - interest - build relationships
 - desire (preference) – trusted resource
 - action – reason to buy
- ☞ Create Sales & Marketing Tools
- ☞ Allocate Marketing Resources Judiciously
 - INVEST: relationships, targeted info. & analysis, targeted events, establishing expertise
 - AVOID: advertising, expensive collateral, trade shows

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 provides** (key problem-solving capability)
- ☛ **Unlike** (the product alternative) **We have assembled** (key whole product features for your specific application)

©Chasm Group

Part II: Group Exercise

- ☞ Review Case Studies
 - Vendors, Integrators, Investors
- ☞ Select Strategic Move
 - Sale
 - Partnership
 - Investment
- ☞ Use Slide Templates to Create Elevator Pitch
 - End-user
 - Strategic Partner
 - Investor

Part III: Present & Critique



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