



ACUITY
MARKET INTELLIGENCE

Accelerating Biometrics Market Development Workshop Session Two

Process & Tools: *Practical Applications*

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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 & Market Penetration Planning

Accelerating Market Development Process & Tools

- Review of Session One
- Internal Inventory
- Vertical Segmentation
- Identifying & Prioritizing Targets
- Sizing Targets
- Defining & Selecting Niches
- Whole Product Solutions
- Strategic Alliances
- The Elevator Test
- GO TO Market

Review of Session One

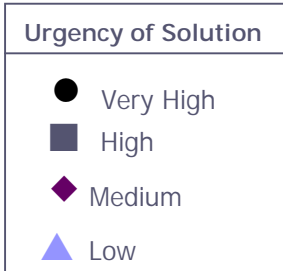
- ☞ Technology Adoption Lifecycle
- ☞ Market Development Model
- ☞ Market Phase Strategies
 - Early Market – Finance Your Core Technology With Specials
 - Chasm - Choose a Beachhead 2 - 3x Annual Revenue
 - Bowling Alley – Leverage Niche Market Whole Products
 - Tornado – Forget The Customer and JUST SHIP IT to establish Dominance
- ☞ Niche Marketing in the Bowling Alley
- ☞ Leveraging Economies of Knowledge©

Internal Inventory

Identify Specific Leverage Points

- ☞ Skills, Expertise
- ☞ Industry Knowledge
- ☞ Industry Contacts
- ☞ Strategic Relationships
- ☞ Targeted Technology
- ☞ Established Customers

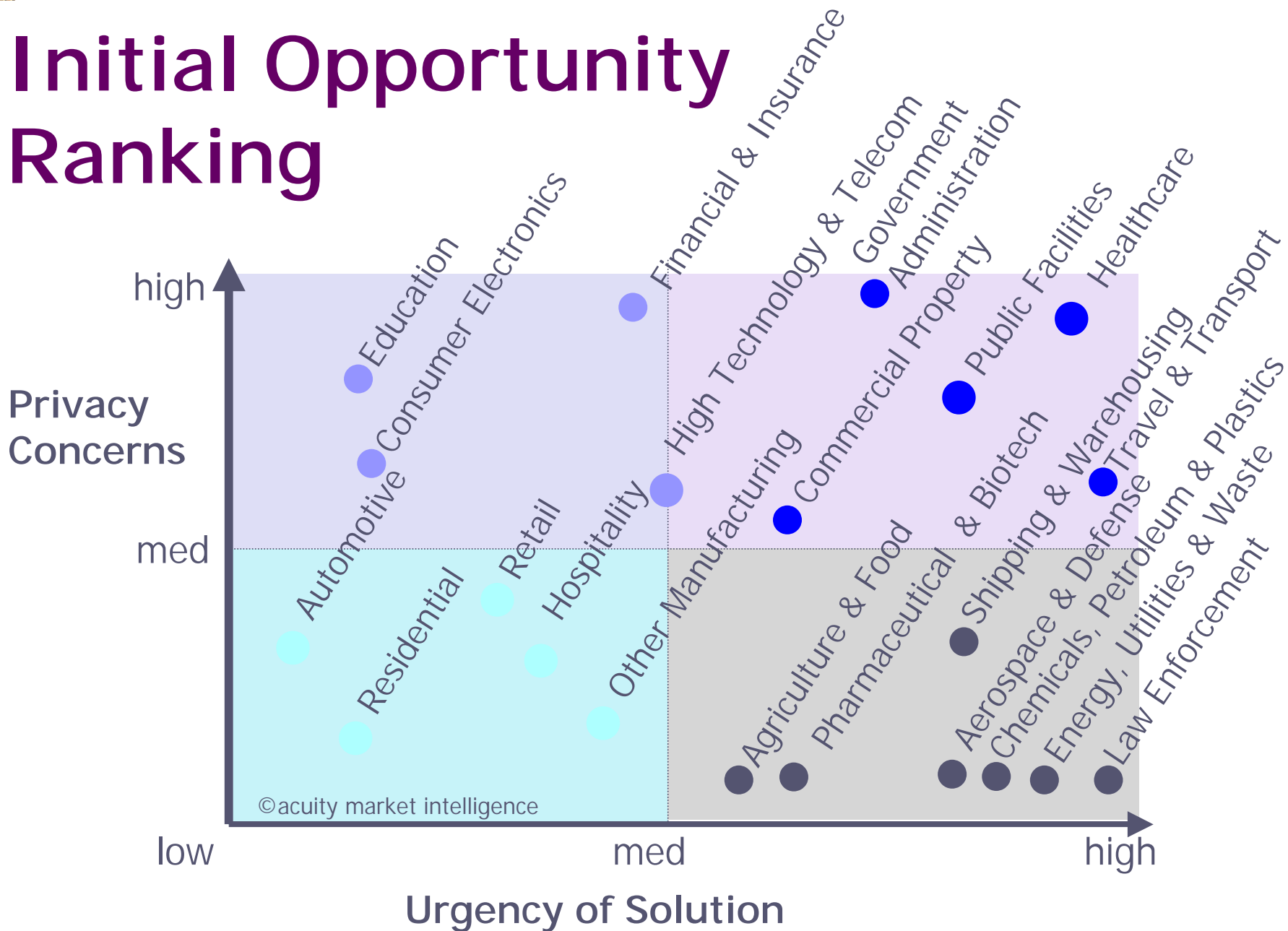
Vertical Segmentation



	Government Administration	Law Enforcement	Aerospace & Defense	Financial & Insurance	Healthcare	Hospitality	Public Facilities	Travel & Transportation	Shipping & Warehousing	Energy, Utilities & Waste	Chemicals, Petroleum & Waste	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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Initial Opportunity Ranking



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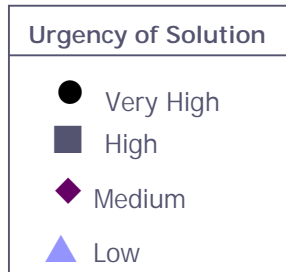
Markets Are Self Selecting

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.

Industry Sectors: Travel & Transportation



Physical Access
employee, crew, suppliers

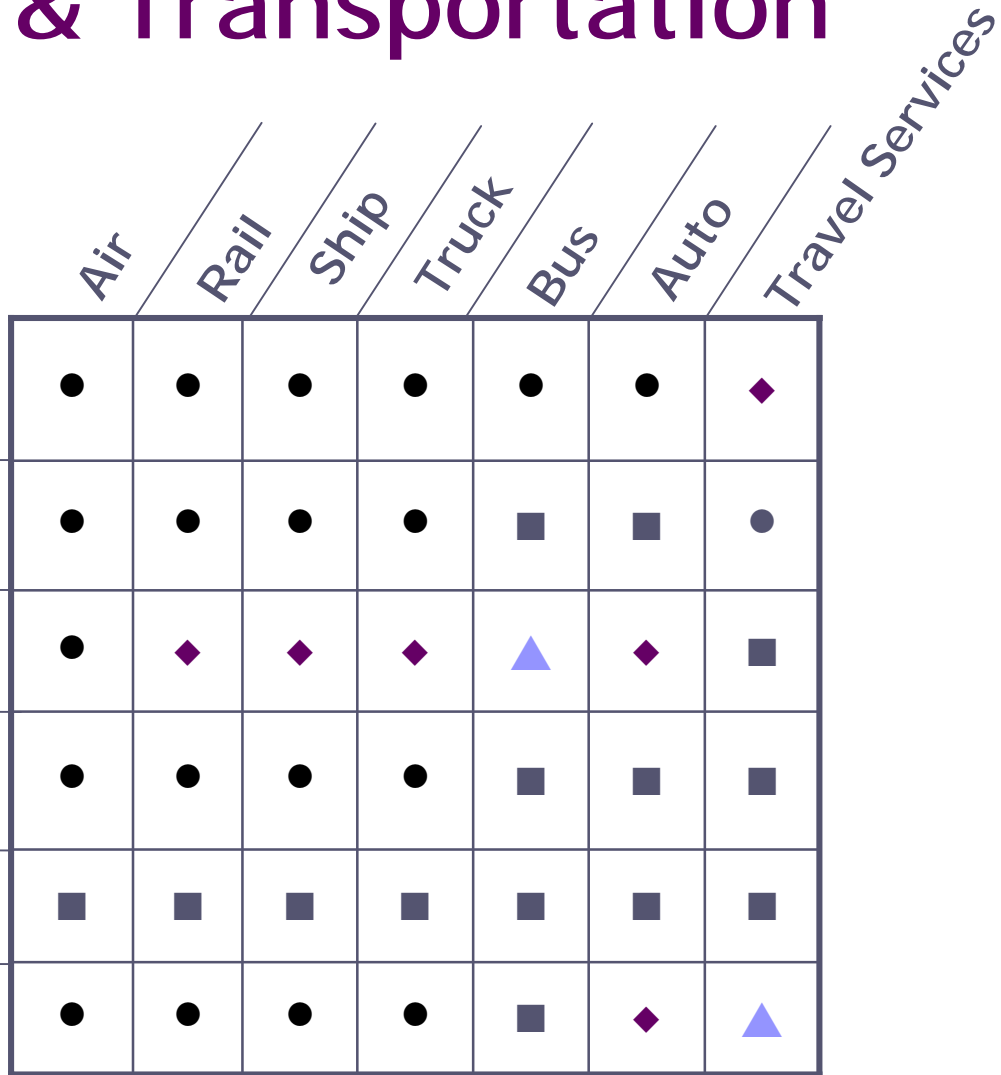
Logical Access
Secure Data
personal, corporate, public

Financial Transactions
purchase tickets

Identity Confirmation
passport, trusted traveler

Time & Attendance

Surveillance
public, private



Market Segments: Air Travel & Transportation

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

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

	Airport Perimeter	Airport Public Access	Airport Private Access	Airplanes	Passengers	Airport Employees	Crew	Outside Suppliers	Baggage	Cargo & Mail	Airline Employees	Travel Services
Physical Access	●	◆	●	●	-	●	●	●	●	●	●	-
Logical Access	-	-	-	-	◆	●	●	■	-	-	●	■
Financial Transactions	-	-	-	-	■	-	-	◆	-	◆	■	■
Identity Confirmation	-	-	-	-	●	●	●	●	-	-	●	■
Time & Attendance	-	-	-	-	-	■	-	-	-	-	■	◆
Surveillance	●	●	●	●	●	●	●	●	●	●	●	▲

Industry Sectors: Financial Services

Market Sector Matrix

by mode of interaction

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

		Banks	Savings & Loans	Credit Unions	Brokerages	Credit Card Cos.	Transaction Processing	Insurance	Retail
Branch/Office	Customer	■	■	■	◆	-	-	■	
	Employee	●	●	●	●	●	●	●	●
ATM/Kiosk	Customer	■	■	■	◆	▲	-	-	◆
	Employee	-	-	-	-	-	-	-	-
POS Terminal	Customer	-	-	-	-	●	●	-	●
	Employee	-	-	-	-	-	-	-	-
Electronic/ Online	Customer	●	●	●	●	●	●	◆	●
	Employee	●	●	●	●	●	●	●	●
Phone	Customer	■	■	■	■	■	◆	■	◆
	Employee	◆	◆	◆	◆	■	▲	▲	▲

Market Segments: Financial Services

Application Matrix

Generalized Across Market Sectors by Interaction Mode and End-User: Banks, Savings & Loans, Credit Unions, Brokerages, Credit Card Companies, Insurance, Transaction Processing, Retail

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

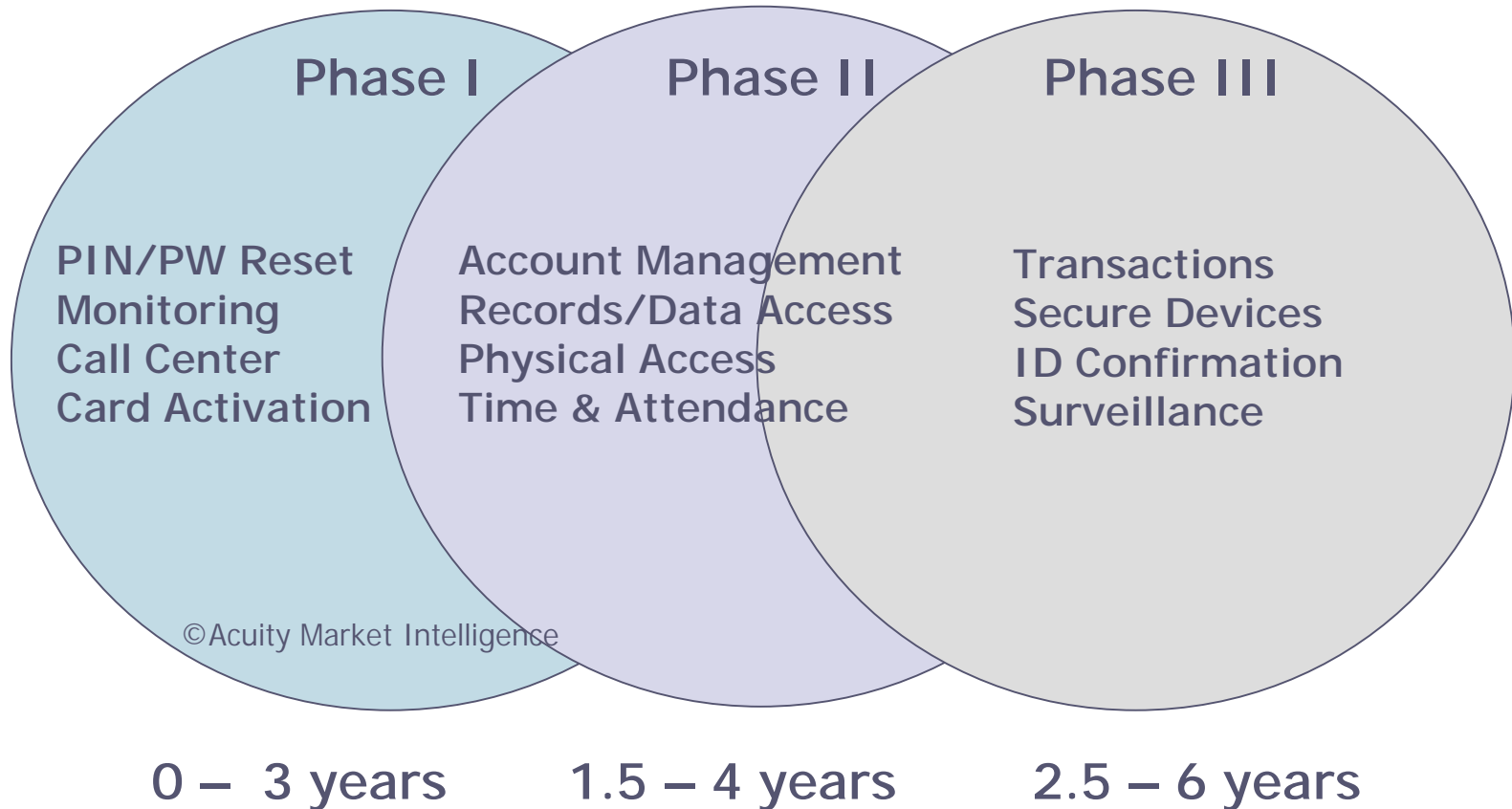
	Branch/Office		ATM/Kiosk		POS Terminal		Electronic/Online		Phone	
	C*	E**	C	E	C	E	C	E	C	E
Physical Access	◆	■	-	-	-	-	-	-	-	-
Logical Access										
Secure Data personal, corporate, public	■	●	■	-	-	-	●	●	■	◆
Financial Transactions POS, ATM, e-commerce	■	●	■	-	●	-	●	●	■	◆
Identity Confirmation background check	-	●	-	-	●	-	-	-	-	-
Time & Attendance	-	◆	-	-	-	-	-	-	-	-
Surveillance public & private	■	◆	■	-	-	-	-	-	-	-

*C = Customer, **E = Employee

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Prioritizing Opportunities

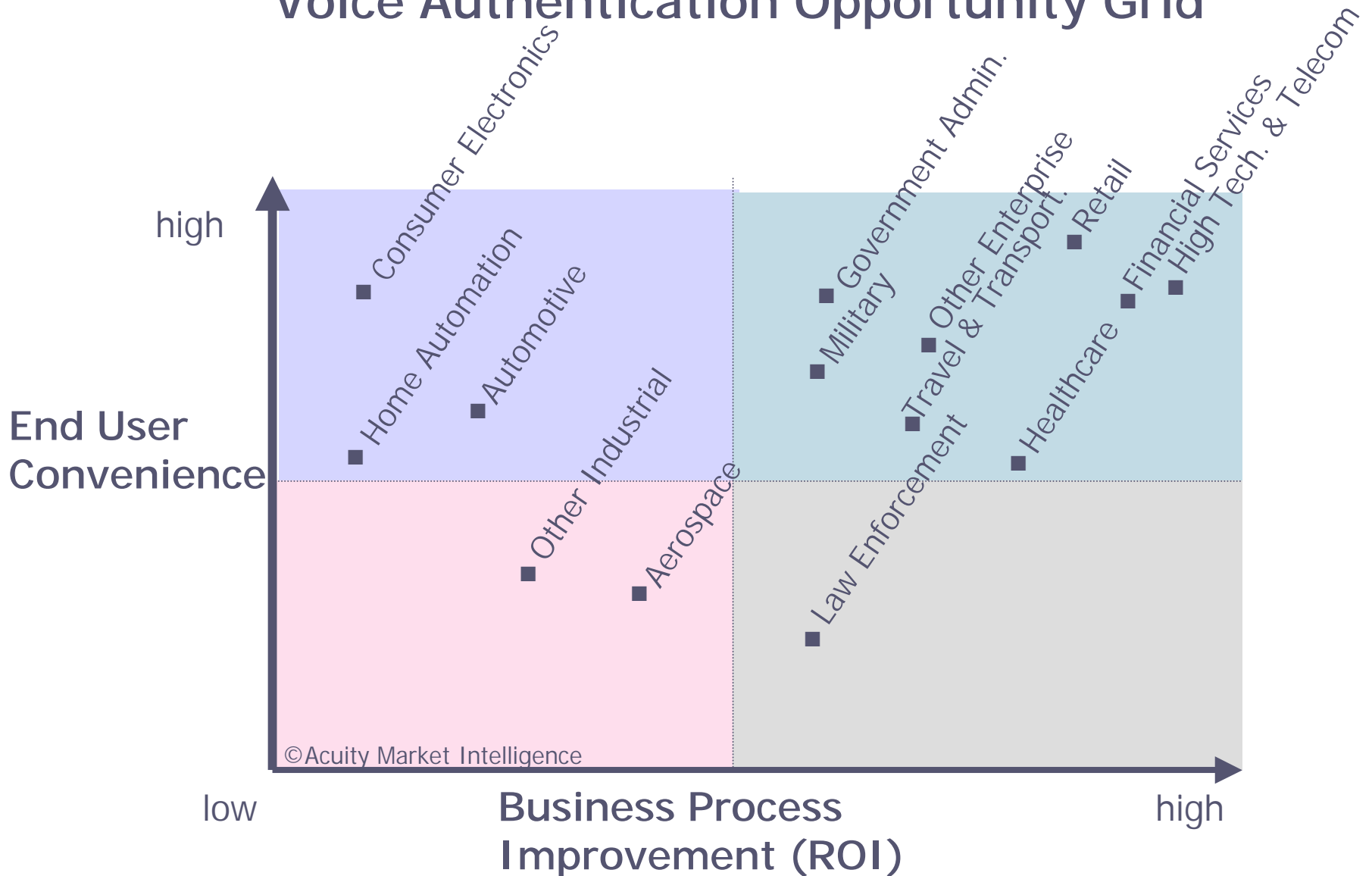
Voice Authentication Application Timeframe



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Prioritizing Opportunities

Voice Authentication Opportunity Grid



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Target Segment Sizing

Airport Private Access Example U.S. DOT Data

Airport Type	Number of Airports	Estimated Ave. # Secured Access	Total # of Secured Access Points	Gross Biometric Revenue @ \$1500 per Secured Access
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 (Volume)

US Consumer Payment Mechanisms - Volume in \$Trillions						
	2000	%	2005	%	2010	%
Cash	1	19	1.45	21.5	1.5	17.7
Checks	2.41	46	2	29.8	1.74	20.5
Cards	1.6	30.6	2.54	37.6	3.92	46.4
Electronic	0.22	4.2	0.74	11.1	1.3	15.4
Total	5.23	100	6.73	100	8.46	100

US Biometric Payment Market - Revenue on Volume		
	2005	2010
Authenticated Transaction Volume (excludes cash)	\$5,280,000,000,000	\$6,960,000,000,000
Market Penetration	10%	30%
Biometric Transaction Base	\$528,000,000,000	\$2,088,000,000,000
.05% fee on volume	\$264,000,000	\$1,044,000,000
US as Percent of World	44%	35%
BASP Revenue	\$600,000,000	\$2,982,000,000

Target Segment Sizing

Transaction-Based Revenues (Transactions)

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

Selecting Niches

- ☞ Don't Be Fooled by 911 Market Hype
- ☞ Maximize Internal Leverage Points
- ☞ Look To Low or No Hype Opportunities
- ☞ Minimize Competition
- ☞ Consider The Entire Bowling Alley to Create Market Development Map
- ☞ Evaluate Quantifiable Data
- ☞ Don't Rely on Broad Based Market Projections
- ☞ Sub-segment Large Targets
- ☞ **PICK TARGET MARKETS WITH MONEY**

Towards 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 your 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 so MUST be Strategic and Limit to 1 or 2 Niches

Leverage Partners and Allies But Don't Rely on Them

Pragmatists DEMAND Whole Products

Strategic Alliances

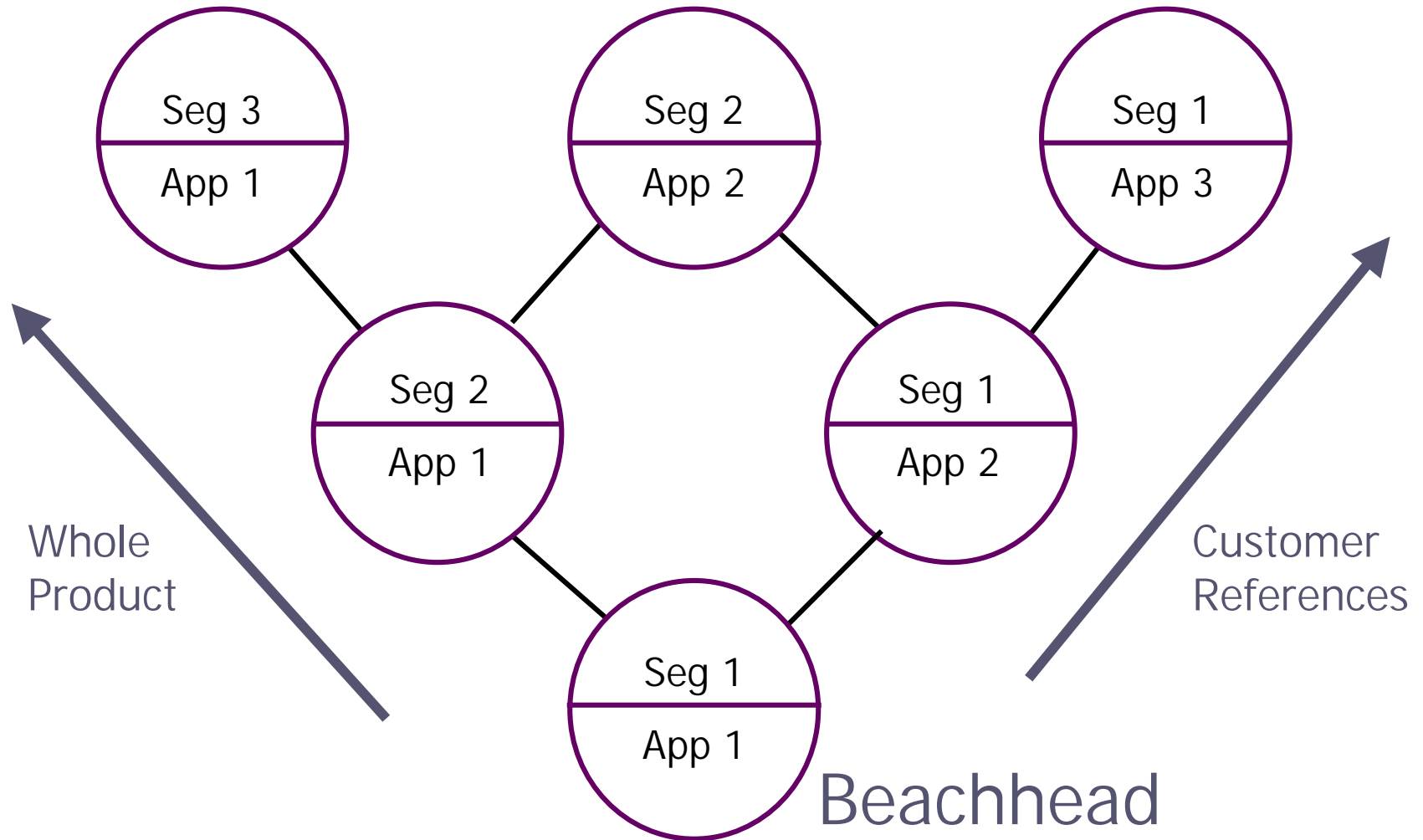
Assemble The Attack Force

- ☞ All Other Industry Players Should BE Considered Allies Until PROVEN OTHERWISE!!!!
- ☞ Good Relationships
 - Alignment of Purpose and Priorities
 - Clear Agreements, Communication, Trust, Accountability
- ☞ Types of Relationships
 - Co-Marketing, ISV, Sales Channel, VAR, OEM, System Integrator, Joint Venture

Define The Bowling Alley

- ☞ Beachhead is Key
- ☞ Displace Status Quo With New Technology
- ☞ Customer Application Defines Market
- ☞ Must Have *Whole Product* for Each Target Segment
- ☞ Restrained Competition Due to Whole Product Barriers
- ☞ Healthy Price Margins
- ☞ Value Added Distribution
- ☞ Goal: Keep Moving Toward Tornado – Build Momentum

Set Up The Pins



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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)

Go TO Market Plan

- ☞ 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
 - AVOID: Trade Shows, Advertising, Expensive Collateral
 - INVEST: Relationships, Targeted Info. & Analysis, Targeted Events, Establishing Expertise

Case Study: Biometrica

- ☞ Solutions Provider Targeted Casinos
- ☞ Facial Recognition Surveillance Application
- ☞ Evolved Business Model
- ☞ Established Trusted Partner Status
- ☞ Leveraged Economies of Knowledge
- ☞ Bowling Alley: Introduced New Apps
 - Database Management
 - Networks
 - Digital Cameras and Video
- ☞ Dominated Market 100+ Installations
- ☞ Recently (re)Acquired by Viisage

Exploit The Opportunity

- ☛ Goal is not to develop “best possible solution” but rather to develop “best solution possible”
- ☛ Divide and Conquer - Segment, Target, Dominate
- ☛ 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
- ☛ As niche markets penetrated, solution perceived to be less of a niche product, momentum builds towards the Tornado.

Exploit The Opportunity

- ✔ 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
- ✔ Define the Whole Product
- ✔ Pass the Elevator Test
- ✔ Multiple Small Scale Successes Builds Credibility and Momentum
- ✔ Be a Market Leader when the Tornado hits



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