

Geoffrey Moore

AUTHOR, SPEAKER, ADVISOR

Crossing the Chasm

What's New? What's Not?

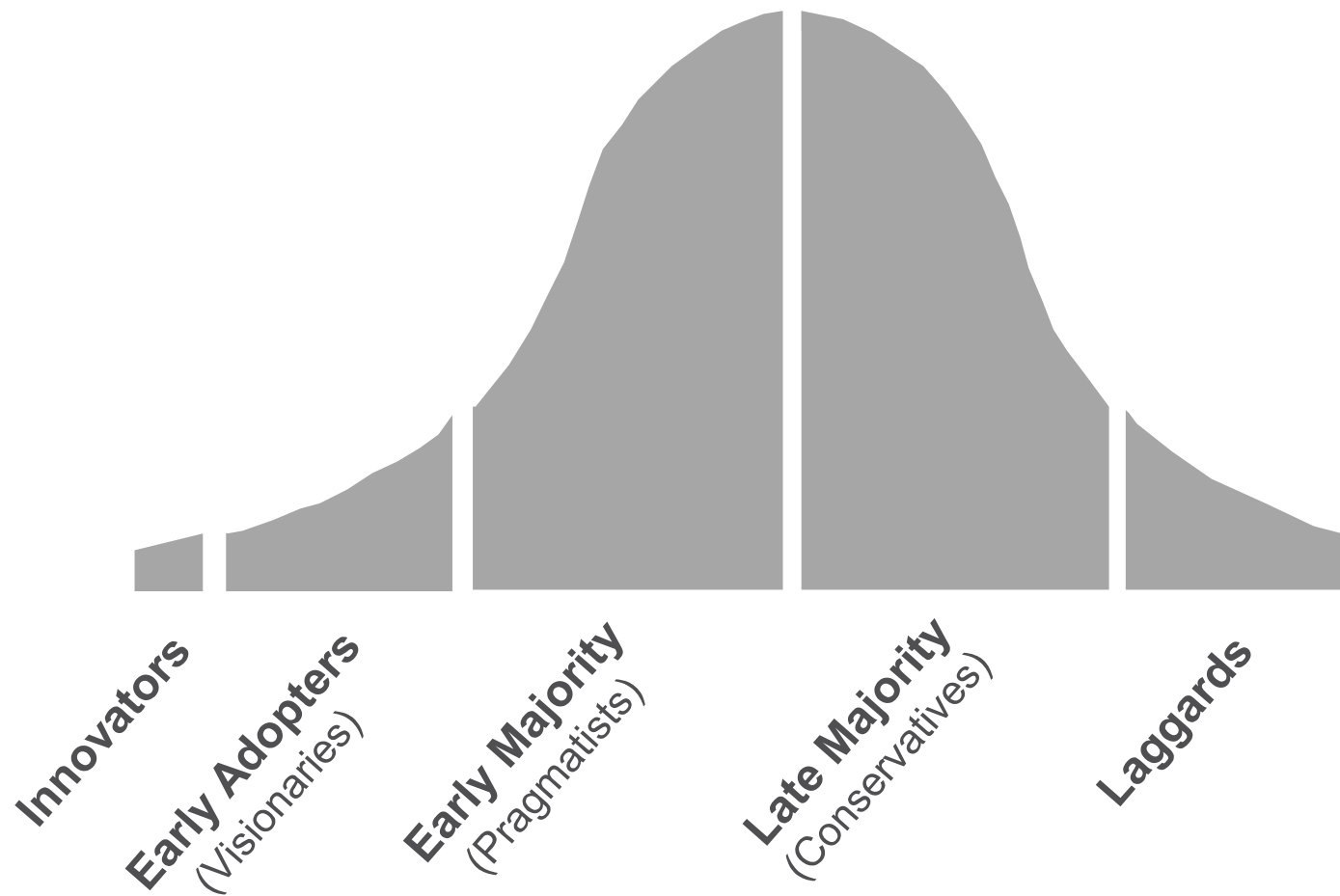
Disruptive Innovation

What Makes High-Tech Marketing Different?

- **High Risk**
 - Unproven products and promises
 - Incompatible and incomplete infrastructure
 - Social resistance to change
- **Low Data**
 - No product history
 - No company track record
 - No best practices

The Technology Adoption Life Cycle

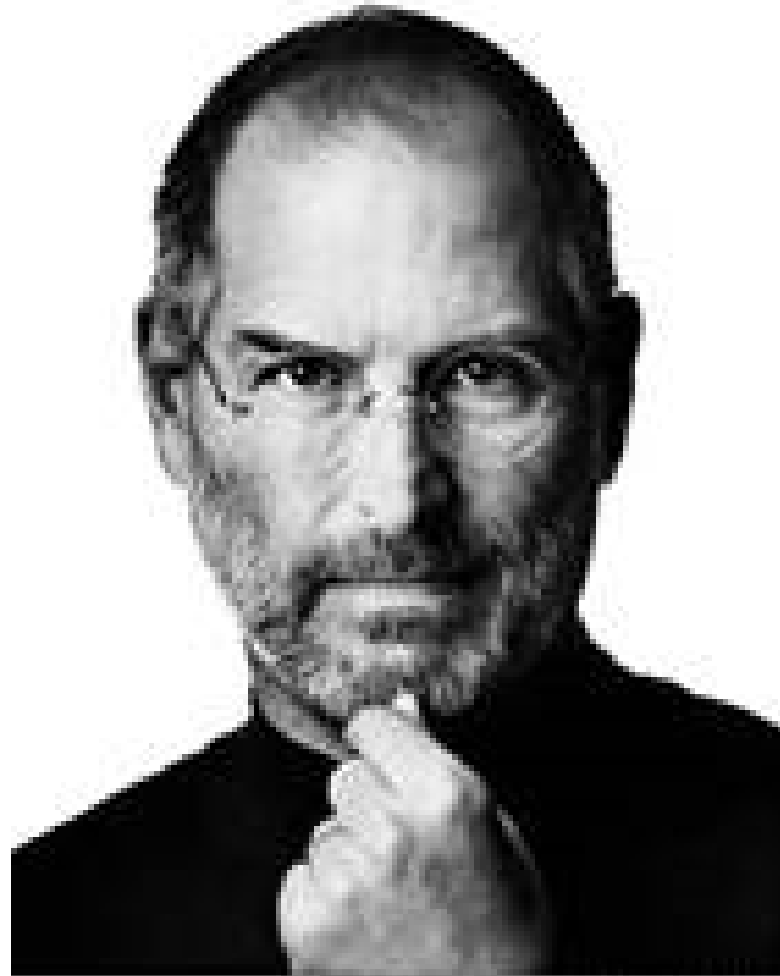
The Challenge Facing Every Disruptive Innovation



Innovators - Technology Enthusiasts



Early Adopters - The Visionaries



Early Majority - Pragmatists



Late Majority - Conservatives

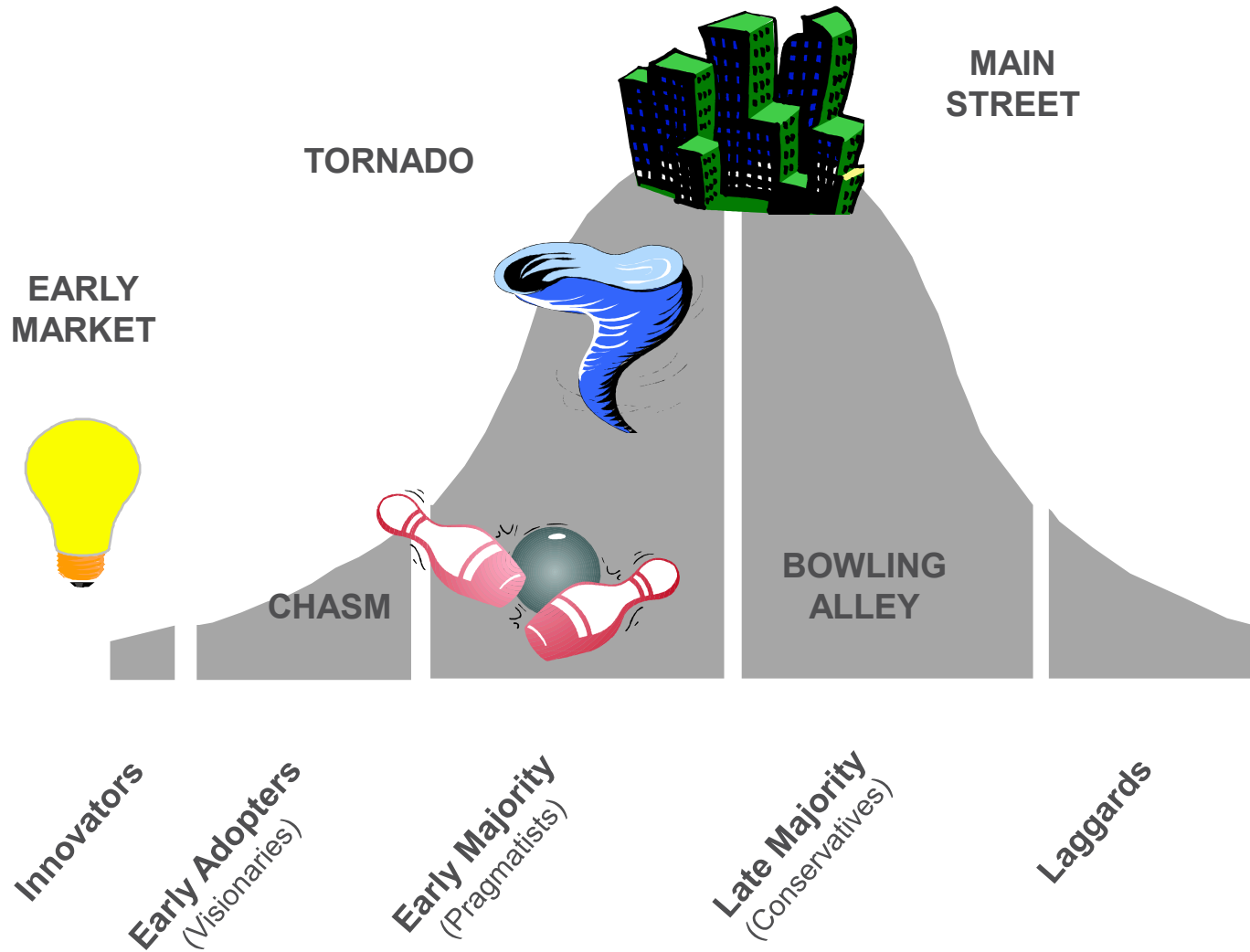


Laggards - Skeptics



How High-Tech Markets Develop

The Technology Adoption Life Cycle



Life-Cycle Metrics that Matter

Tracking Performance Relative to the Chasm

- **Early Market**
 - One or more flagship customers making big-bet commitments
- **In the Chasm**
 - Cannot support yet another big-bet commitment
 - Pragmatists still holding back from entering the market
- **Taking the Beachhead**
 - Nailed a high-pain segment-specific use case
 - Getting strong word-of-mouth support within target segment
- **In the Bowling Alley**
 - Additional use cases coming on board, viral in adjacent segments
- **Inside the Tornado**
 - Horizontal “killer app” -- hyper-growth in the category
- **On Main Street**
 - Hyper-growth subsides – pecking order established
 - Customers seek sustaining innovation going forward

Crossing the Chasm

Two Key Principles

- **Target a “beachhead” segment**
 - Highly focused approach to “rekindling the flame”
 - Niche market with an intractable problem, not solvable by conventional means
 - Process owner is under pressure to find a solution
 - Pragmatists are willing to consider disruptive approach
- **Commit to provide the “whole product”**
 - Bring all the ingredients with you
 - Complete solution to the intractable problem
 - Typically involves products and services from partners and allies
 - Lead vendor takes responsibility for ensuring customer success

Crossing the Chasm

What's New? *End User IT!*

- **Digital Services**
 - Light to deploy, focus on user experience
 - *The Lean Start-Up*
 - Minimum viable product, rapid agile learning
 - In consumer use cases, leap to the tornado
- **Critical Success Factors: The Four Gears**
 - *Acquire*
 - *Engage*
 - *Convert*
 - *Enlist*

This model is affecting
B2B offers as well

Tipping Point for B2C Markets

The Four Gears Model

Power Gear
+ = Virality
o = Retention
- = Churn



Performance Gear



Performance Gear

Power Gear

TORNADO TIME!!!

Four-Gears Metrics that Matter

Tracking Performance Relative to the Tornado

- **Acquire**
 - Rate of gaining new users
- **Engage**
 - Average length, depth, and frequency of user engagement
- **Convert**
 - Percentage of total users that participate in business model
- **Enlist**
 - + **Virality** (New customers coming from existing customers – high NPS)
 - **Churn** (Existing customer defecting – “de-enlisting” –low NPS)

Slowest Gear Theory

- **Thesis**
 - Prior to the tornado
 - At any given point in time
 - One of the four gears is slowing the other three down
- **Actions Required**
 - Identify the slowest gear
 - Focus everyone on speeding it up
 - Maintain attention on the other three gears
 - Repeat every quarter until
 - The tornado happens
 - Or you run out of gas

Crossing the Chasm

What's Not New? *Enterprise IT!*

- **Taking the Enterprise Digital**
 - Heavy to deploy, focus on end-to-end systems
 - *Crossing the Chasm*
 - Minimum viable whole product (add partners and allies)
 - Bowling alley strategy
- **Critical Success Factors**
 - *Pre-chasm*
 - Breakthrough projects with top-tier customers
 - *Post-chasm*
 - High value use cases with compelling reasons to buy

From Gain to Pain!

Target Market Initiative Framework

A Checklist for Crossing the Chasm Planning



The New Examples

- **Salesforce** Target Market
- **VMware** Target Market
- **Aruba** Whole Product
- **Lithium** Whole Product
- **Rocket Fuel** Partners & Allies
- **Infusionsoft** Partners & Allies
- **Mozilla** Partners & Allies
- **Box** Positioning
- **Workday** Positioning

New Examples from the Room

Key Takeaways

Thank You

gmoore@geoffreyamoore.com

twitter.com/geoffreyamoore

<http://linkd.in/YnBwig>