Crossing the Chasm

Part 2: How to Actually Do It
Agenda

• **Crossing the Chasm . . .**
  - How Do You Do It?
  - The Nine Point Checklist

• **. . . Inside the Belly of a Whale**
  - Another dimension to the challenge
  - The Three Horizons
Crossing the Chasm . . .

The Nine-Point Checklist
The Nine-Point Checklist
Building a Chasm-Crossing Plan (B2B)

1. Target Customer
2. Compelling Reason to Buy
3. Whole Product
4. Partners & Allies
5. Distribution
6. Pricing
7. Competition
8. Positioning
9. Next Target Customer

DEMAND

SUPPLY

GO-TO-MARKET

STRATEGIC FOCUS
Target Customer
Who Owns the Problem You Are Solving?

Economic Buyers
- Financial Executive
- General Manager

Technical Buyers
- Systems Owner
- Process Owner
- Technology Expert
- Lead End Users

End Users

Primary Sponsor
Secondary Sponsor
Compelling Reason to Buy
What is Driving the Adoption At This Time?

Go ahead of the herd for competitive advantage

Go ahead of the herd to fix a broken business process

Go with the herd to get on the new infrastructure

Go after the herd to get better values
The whole product is the minimum set of products and services needed to fulfill the target customer's compelling reason to buy.
Partners & Allies
Who Helps Complete the Whole Product?

Assemble an all-star team for a unique project

Construct a persistent value chain for a niche market

Enable maximum distribution with least possible friction

Streamline value chains to preserve margins
Distribution Channels

- Evangelists
- Higher Volume
- Direct Sales
- VARs
- Distributors
- Higher Value Added
- Service Technicians

Marketing Complexity

Solution Complexity
**Pricing**

**What is the Appropriate Strategy?**

- **Value-based pricing for a bespoke project**
- **Value-based pricing for cost and risk avoidance**
- **Competition-based pricing vs. market leader**
- **Competition-based pricing vs. low-cost commodity supplier**
Competition & Positioning
Solutions Live at the Intersection of Product Leadership and Customer Intimacy

Old Paradigm

Low

High

Customer Intimacy

New Paradigm

Product Leadership

Low

High

Legacy Offerings

Technology

Whole Product

Next-Generation Offerings

YOU
Next Target Customer

Leverage is the key

Whole Product Leverage:
- Same application
- New segments

Word-of-Mouth Leverage:
- Same segment
- New applications
The Nine-Point Checklist

Recap

1. Target Customer
2. Compelling Reason to Buy
3. Whole Product
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- Pragmatists in Pain
- End-to-end Solution
- Value through Focus
- Product Leadership + Customer Intimacy
. . . Inside the Belly of a Whale

The Three Horizons
Managing a Portfolio

- **Current Operations**: Generate today’s results
  - Horizon 1: 0 to 12 months

- **Next-Gen Pipeline**: Generate tomorrow’s results
  - Horizon 2: 12 to 36 months

- **Growth Options**: Exploration of future opportunities
  - Horizon 3: 36 to 72 months
The Horizon 2 Challenge
Adolescents Alienate Everyone

• Horizon 2 lacks the novelty and charm of Horizon 3
  • Missing the “wow” factor
  • Actual offering is incomplete and buggy
  • Strategy calls for a restricted market for foreseeable future
  • Does not come close to matching “the dream”

• Horizon 2 doesn’t meet the metrics for Horizon 1
  • No material contribution to revenues
  • Heavy cost burden (and looking to get heavier)
  • Competes for scarce high-quality resources
  • Makes high demands on management attention

Result: Established enterprises kill new-category investments in Horizon 2

Question: How do we stop?
## Answer: Manage Each Horizon Differently

<table>
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<tr>
<th>TIMEFRAME</th>
<th>HORIZON 1 (0-12 mos)</th>
<th>HORIZON 2 (12–36 mos)</th>
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<td>Become a Going Concern</td>
<td>Enter a Category</td>
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<td><strong>Desired Power Base</strong></td>
<td>Offer &amp; Program Power</td>
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<td>Market Adoption “TIME EX”</td>
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<td>Target Accts vs Plan Sales Velocity Deal Size Segment Share Time to Tipping Point</td>
<td>Name-brand customers Deal Size Name-brand partners PR Buzz Lighthouse Successes</td>
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Recap

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Thank You

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