

# Crossing the Chasm

## Part 2: How to Actually Do It



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**NDIA 2009 Robotics Conference**

# 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

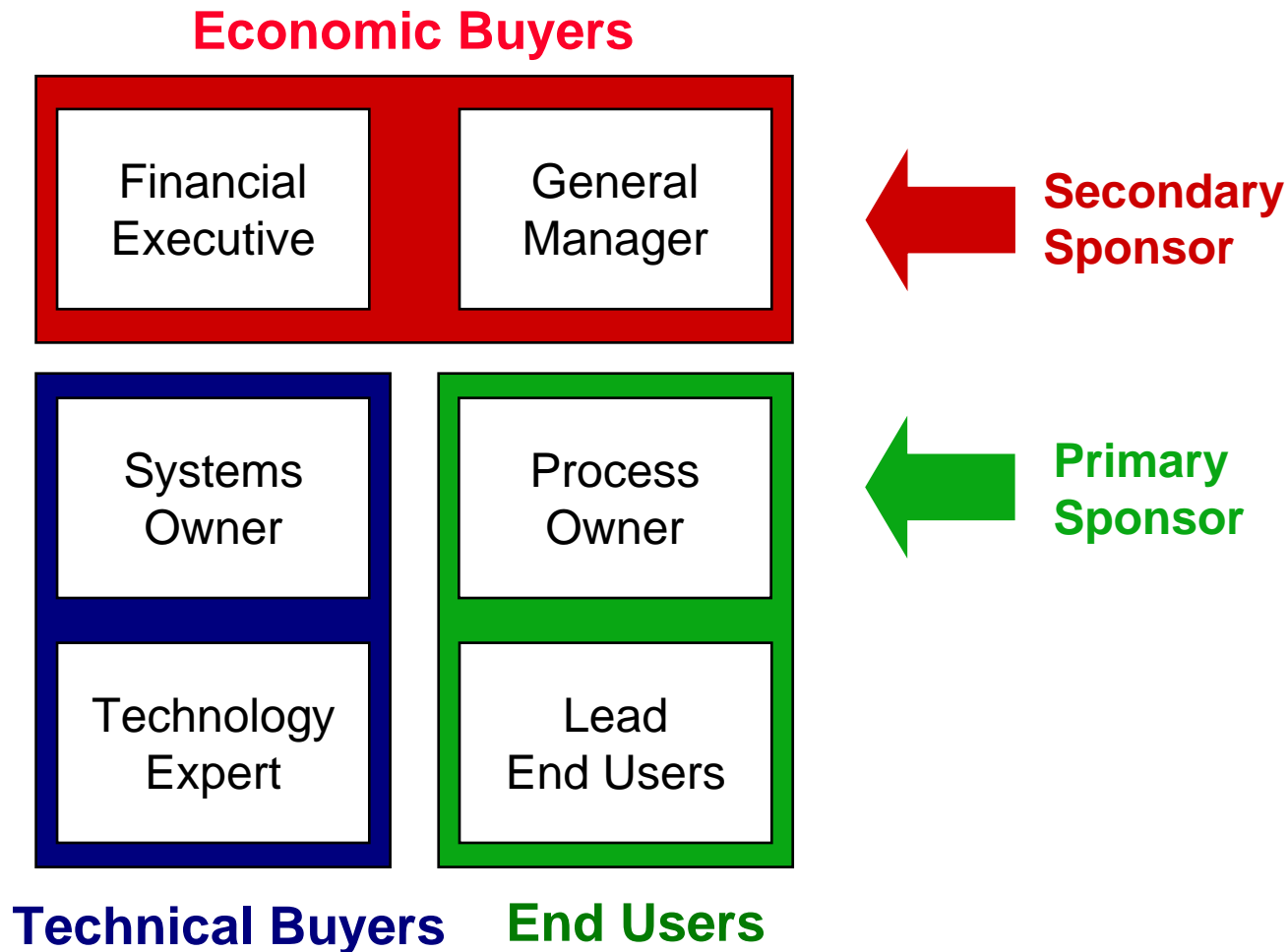
# The Nine-Point Checklist

## Building a Chasm-Crossing Plan (B2B)

- |                             |   |                    |
|-----------------------------|---|--------------------|
| 1. Target Customer          | } | DEMAND             |
| 2. Compelling Reason to Buy |   |                    |
| 3. Whole Product            | } | SUPPLY             |
| 4. Partners & Allies        |   |                    |
| 5. Distribution             | } | GO-TO-MARKET       |
| 6. Pricing                  |   |                    |
| 7. Competition              | } | STRATEGIC<br>FOCUS |
| 8. Positioning              |   |                    |
| 9. Next Target Customer     |   |                    |

# Target Customer

## Who Owns the Problem You Are Solving?



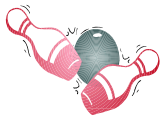
# Compelling Reason to Buy

## What is Driving the Adoption At This Time?



**Early  
Market**

**Go *ahead* of the herd for competitive advantage**



**Bowling  
Alley**

**Go *ahead* of the herd to fix a broken business process**



**Tornado**

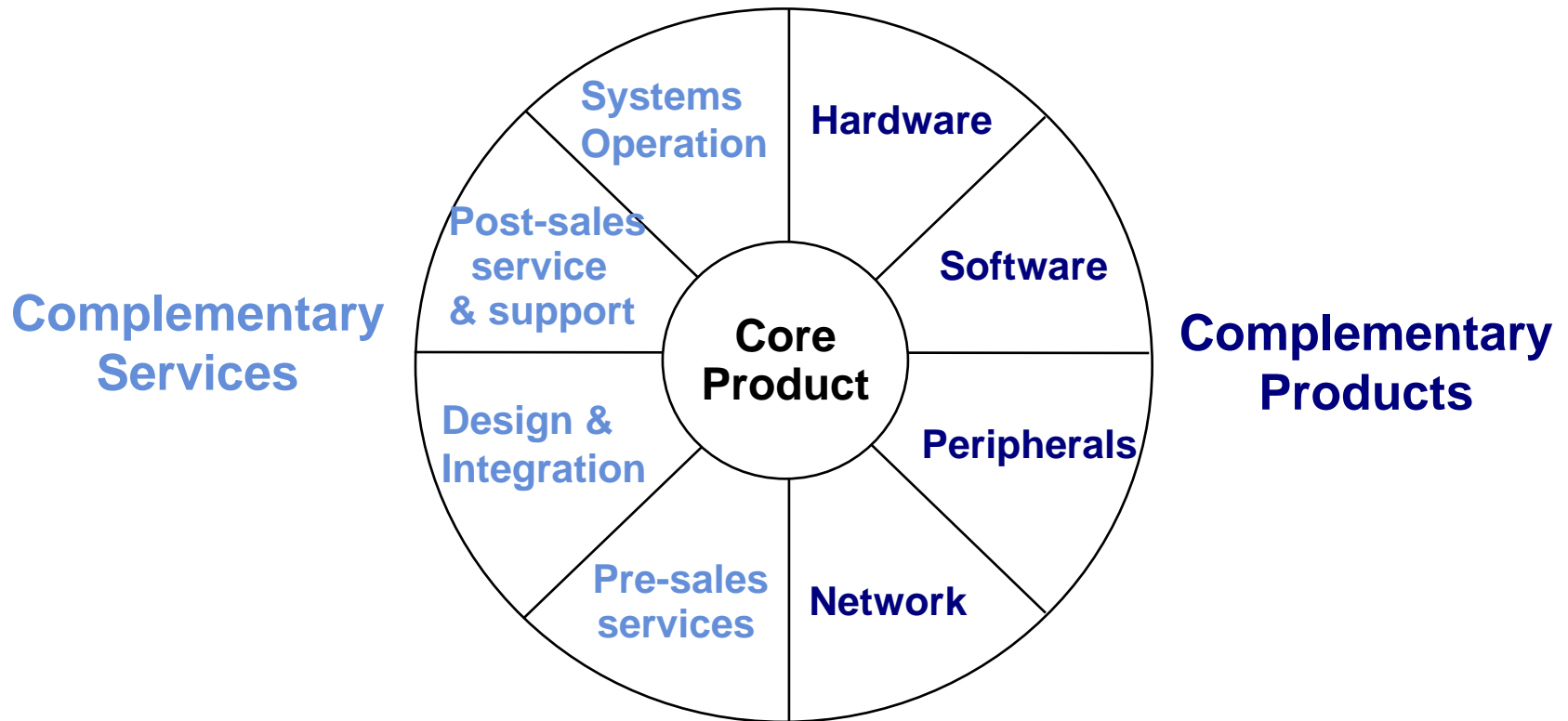
**Go *with* the herd to get on the new infrastructure**



**Main Street**

**Go *after* the herd to get better values**

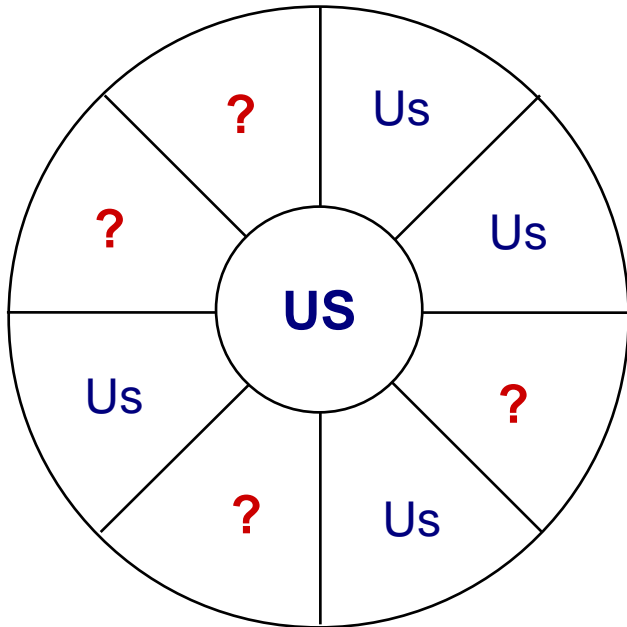
# Whole Product



**The whole product is the minimum set of products and services needed to fulfill the target customer's compelling reason to buy**

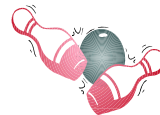
# Partners & Allies

## Who Helps Complete the Whole Product?



Early Market

Assemble an all-star team for a unique project



Bowling Alley

Construct a persistent value chain for a niche market



Tornado

Enable maximum distribution with least possible friction



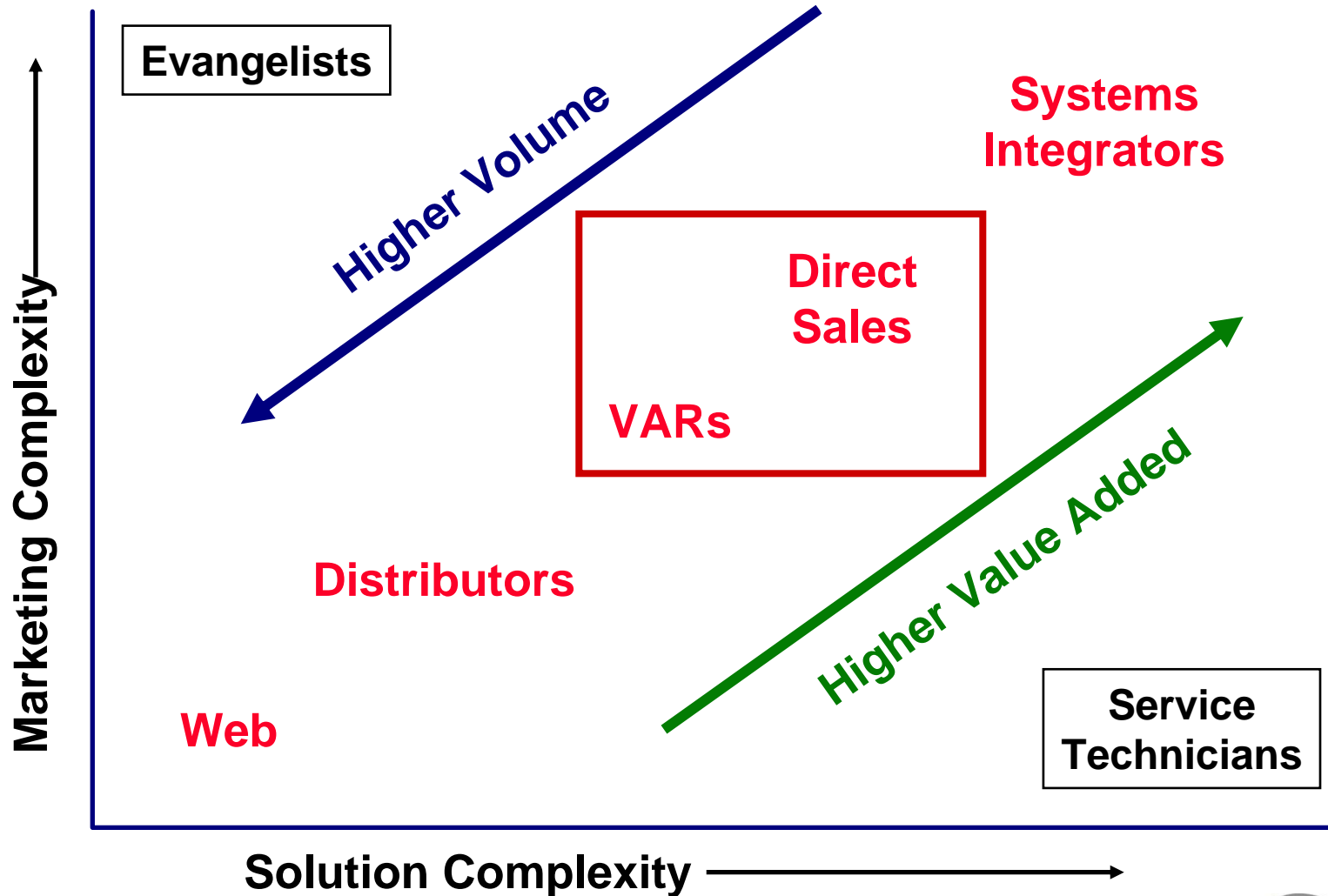
Main Street

Streamline value chains to preserve margins





# Distribution Channels



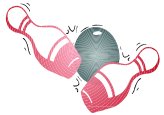
# Pricing

## What is the Appropriate Strategy?



**Early  
Market**

**Value-based pricing for a bespoke project**



**Bowling  
Alley**

**Value-based pricing for cost and risk avoidance**



**Tornado**

**Competition-based pricing vs. market leader**

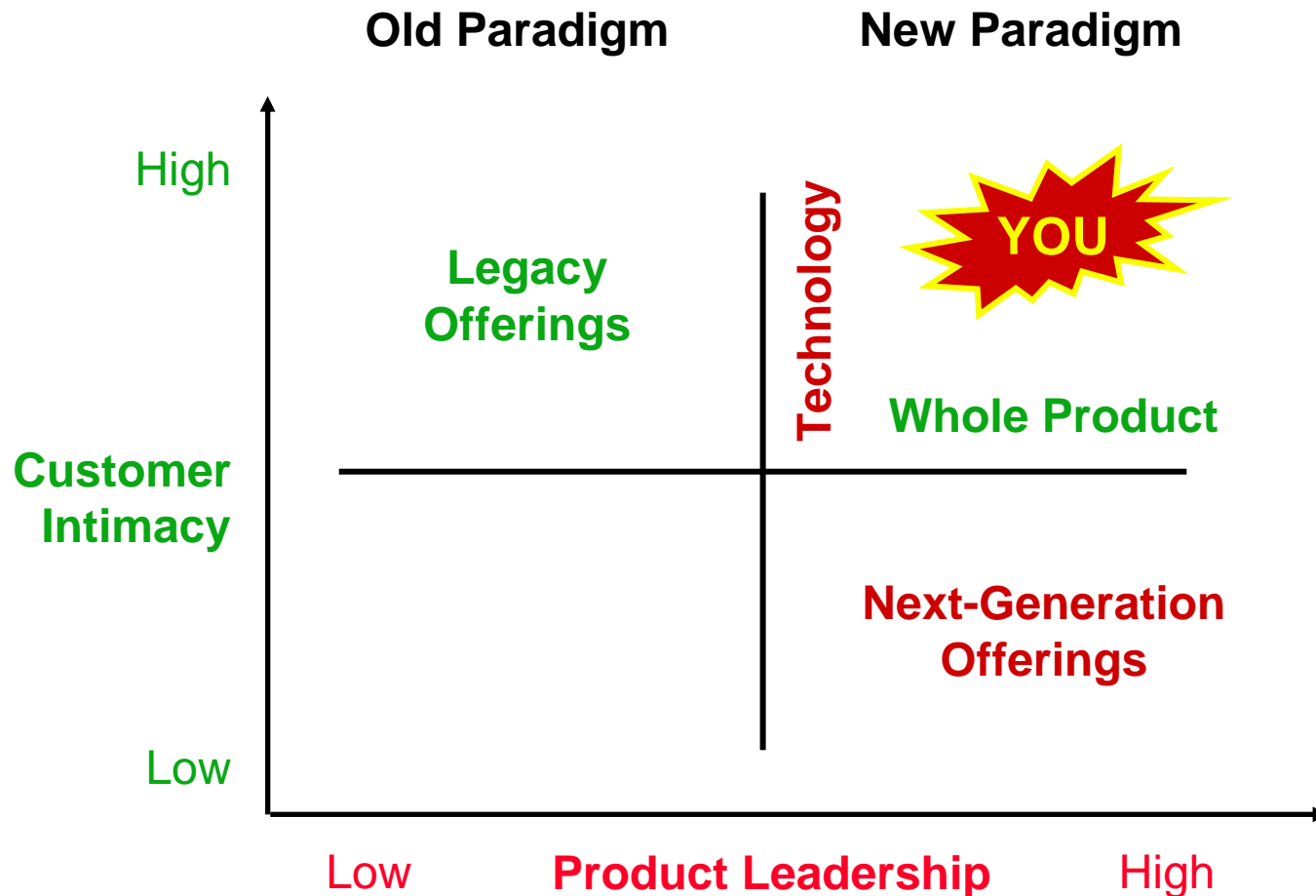


**Main Street**

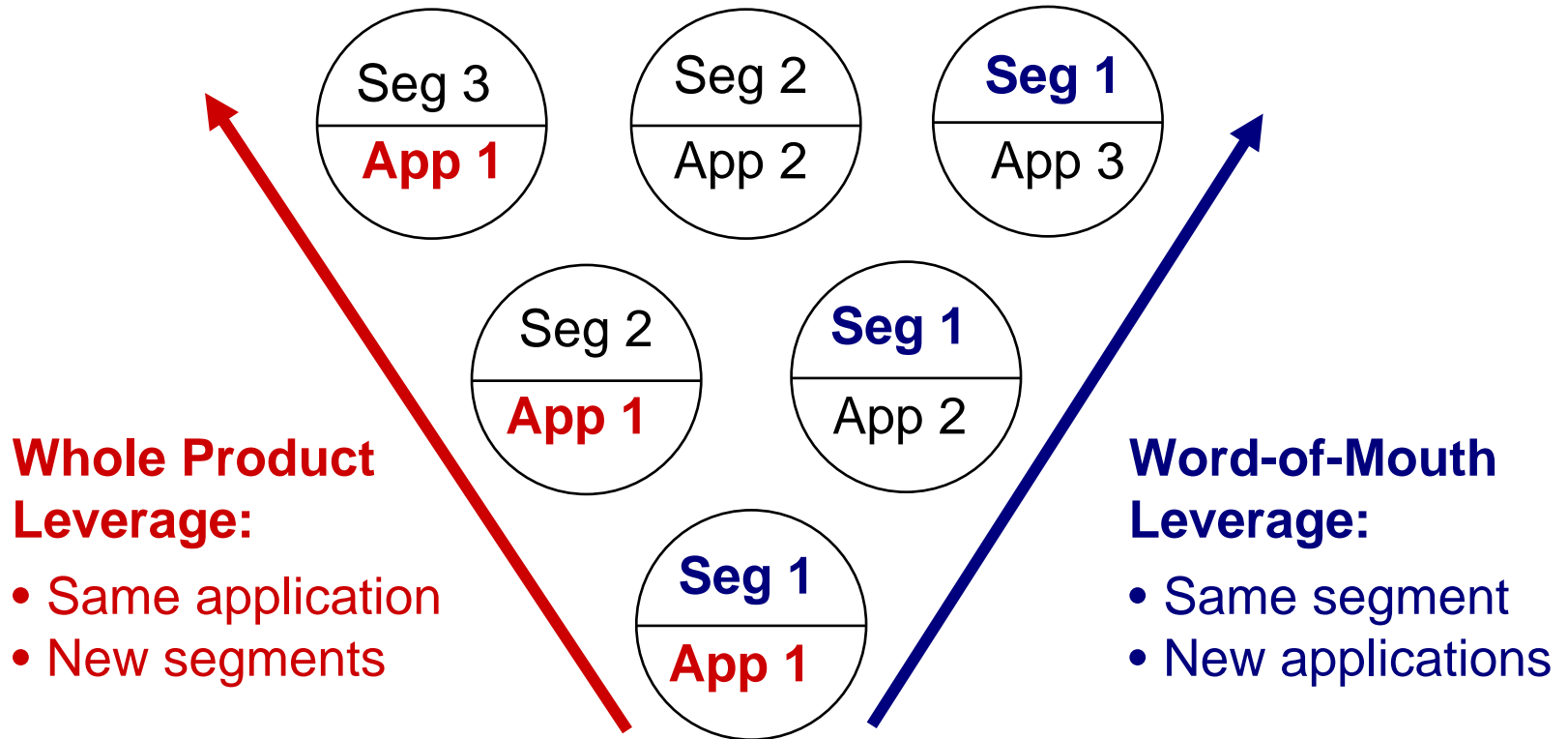
**Competition-based pricing vs. low-cost commodity supplier**

# Competition & Positioning

Solutions Live at the Intersection of **Product Leadership** and **Customer Intimacy**



# Next Target Customer



**Leverage is the key**

# The Nine-Point Checklist

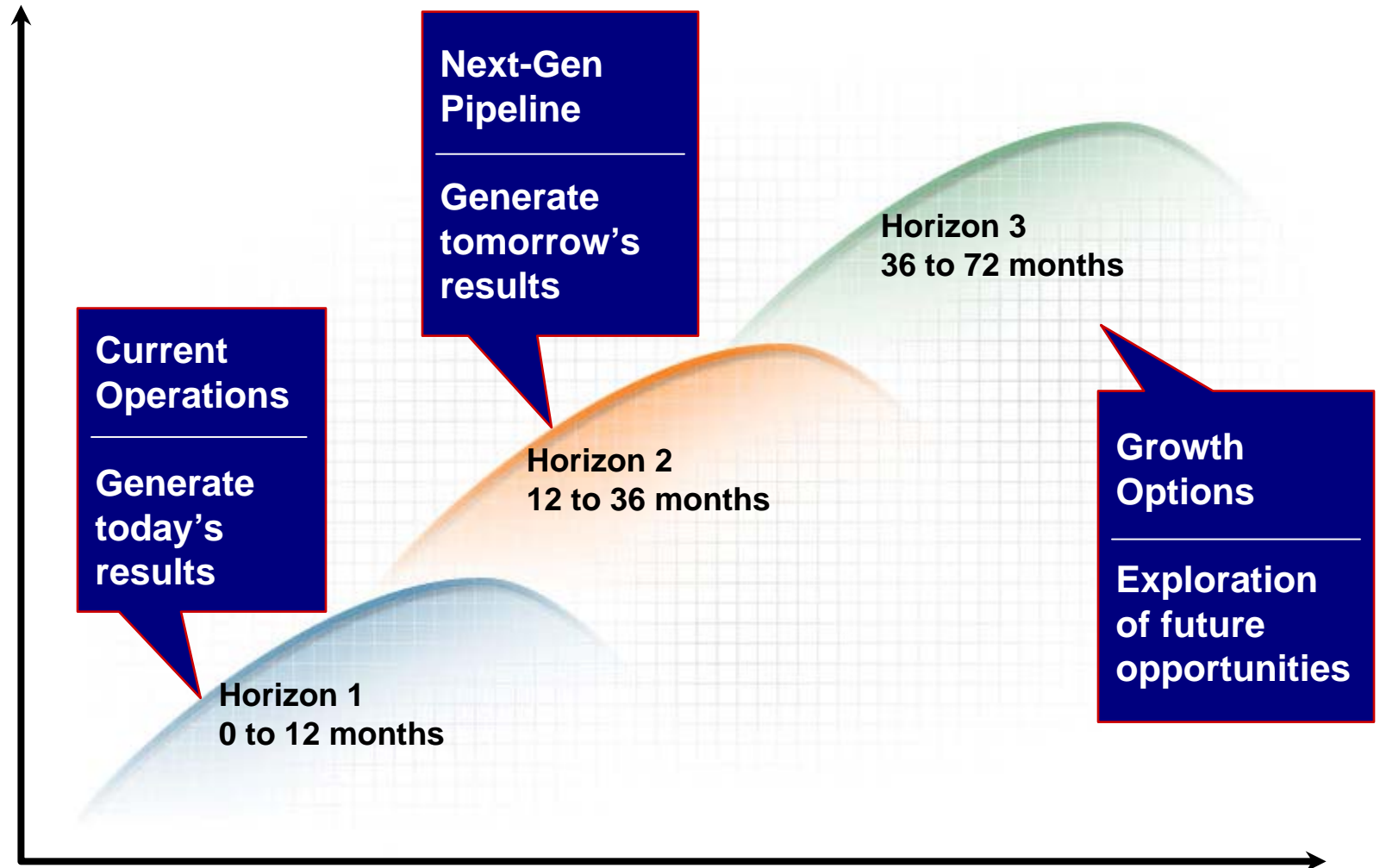
## Recap

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**
- } **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



# 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

TIMEFRAME	HORIZON 1 (0-12 mos)	HORIZON 2 (12–36 mos)	HORIZON 3 (36-72 mos)
<b>Driving Goal</b>	<b>Run the Business</b>	<b>Become a Going Concern</b>	<b>Enter a Category</b>
<b>Desired Power Base</b>	<b>Offer &amp; Program Power</b>	<b>Market Power</b>	<b>Category Power</b>
<b>Resource Management Focus</b>	<b>P&amp;L OP EX</b>	<b>Market Adoption “TIME EX”</b>	<b>Balance Sheet CAP EX</b>
<b>Key Performance Indicators</b>	<b>Revenue vs Plan Sales Volume Contribution Margin Market Share Wallet Share</b>	<b>Target Accts vs Plan Sales Velocity Deal Size Segment Share Time to Tipping Point</b>	<b>Name-brand customers Deal Size Name-brand partners PR Buzz Lighthouse Successes</b>

# Recap

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- **. . . Inside the Belly of a Whale**
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# Thank You

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