



Crossing the chasm and beyond

An Agilesphere white paper

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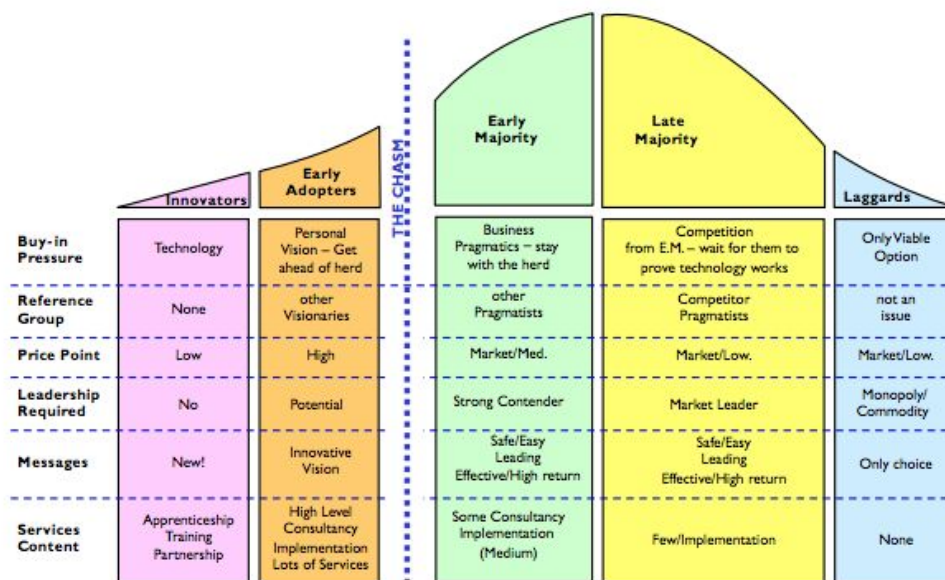
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Author: Jeremy Renwick, jeremy.renwick@agilesphere.co.uk

The technology adoption lifecycle summarises how communities respond to discontinuous technology innovation, i.e. new products that require the end user and the marketplace to dramatically change adoption their past behaviour to achieve the promise of equally dramatic new benefits.

Past examples of this lifecycle are fax machines, personal computers, spreadsheets and electronic mail.

The original work from as early as the 1950s has been extended by Geoffrey Moore in his books *Crossing the Chasm* and *Inside the Tornado* to include his observation of a large gap between the take up of new technology by technology enthusiasts and the majority market.



This gap exists because of the fundamental and opposite values of the two types of communities:

Visionaries (Early Market)

Intuitive

Support Revolution

Contrarian

Break away from the pack

Follow their own dictates

Take Risks

Motivated by future opportunities

Pragmatists (Majority Market)

Analytic

Support Evolution

Conformist

Stay with the herd

Consult with their colleagues

Manage risks

Motivated by present problems

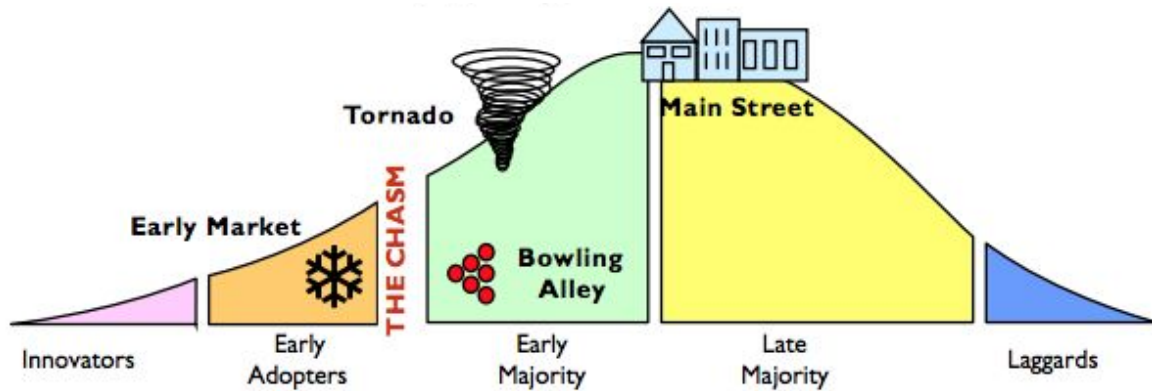
Strategy for innovation

The Chasm Model has a number of key implications for consideration when developing strategy for for innovation. It should be obvious that the majority of the profit and revenue is made by the market innovation leader in the majority market.

What is less obvious, but crucially important, is that market leader in the majority market will probably be one of the market leaders when the market takes off.

The only cost effective way for vendors that are not leading in a majority market (assuming the leader does not make major mistakes) to attain market leadership is to either introduce or ride on the back of a discontinuous innovation i.e. work in a different market.

Moore has developed the concepts in Inside the Tornado to identify 6 parts of the lifecycle that need to be considered when developing strategy.



- **The Early Market**, a time of great excitement when customers are technology enthusiasts and visionaries looking to be first to get on board with the new paradigm
- **The Chasm**, a time of great despair, when the early market's interest wanes but the mainstream market is still not comfortable with the immaturity of the solutions available
- **The Bowling Alley**, a period of niche-based adoption in advance of the general marketplace, driven by compelling customer needs and the willingness of vendors to craft niche-specific whole products
- **The Tornado**, a period of mass market adoption when the general marketplace switches over to the new infrastructure paradigm
- **Main Street**, a period of aftermarket development, when the base infrastructure has been deployed and the goal now is to flesh out its potential
- **End of Life**, which can come all too soon in high tech because of the semiconductor engine driving price/performance to unheard of levels, enabling wholly new paradigms to come to market and supplant the leaders who themselves had only just arrived

Business strategy

The following table summarises the changes in focus an organisation must make in marketing strategy depending on the stage of the TAL of the market that its technology is part of.

	Chasm and Bowling Alley	Tornado	Main Street
Target Customer	<i>VERTICAL NICHE ECONOMIC BUYER</i>	Mass Market Technical Buyer	<i>MASS CUSTOMISATION END USER</i>
Compelling Reason to Buy	<i>ROI</i>	Infrastructure	<i>PREFERENCE</i>
Whole Product	<i>COMPLETE</i>	<i>STANDARD</i>	<i>COMMODITY + 1</i>
Partners and Allies	<i>RECRUIT</i>	<i>INSTITUTIONALISE</i>	Eliminate
Distribution	Value-Added	<i>HIGH VOLUME</i>	Low-cost
	vs. Status Quo	<i>VS MARKET LEADER</i>	<i>VS LOW COST CLONE</i>
Competition	Status Quo	<i>MARKET LEADER</i>	Low-cost Clone
Positioning	Product Leadership & Customer Intimacy	Product Leadership & Operational Excellence	<i>OPERATIONAL EXCELLENCE OR CUSTOMER INTIMACY</i>
Next Target	<i>ADJACENT BOWLING PIN</i>	More new customers	More sales from installed base

The focus for marketing strategy changes through the TAL - N.B. capital/italics denote priorities.