



# eLearning, The Life Cycle, and Competitive Advantage

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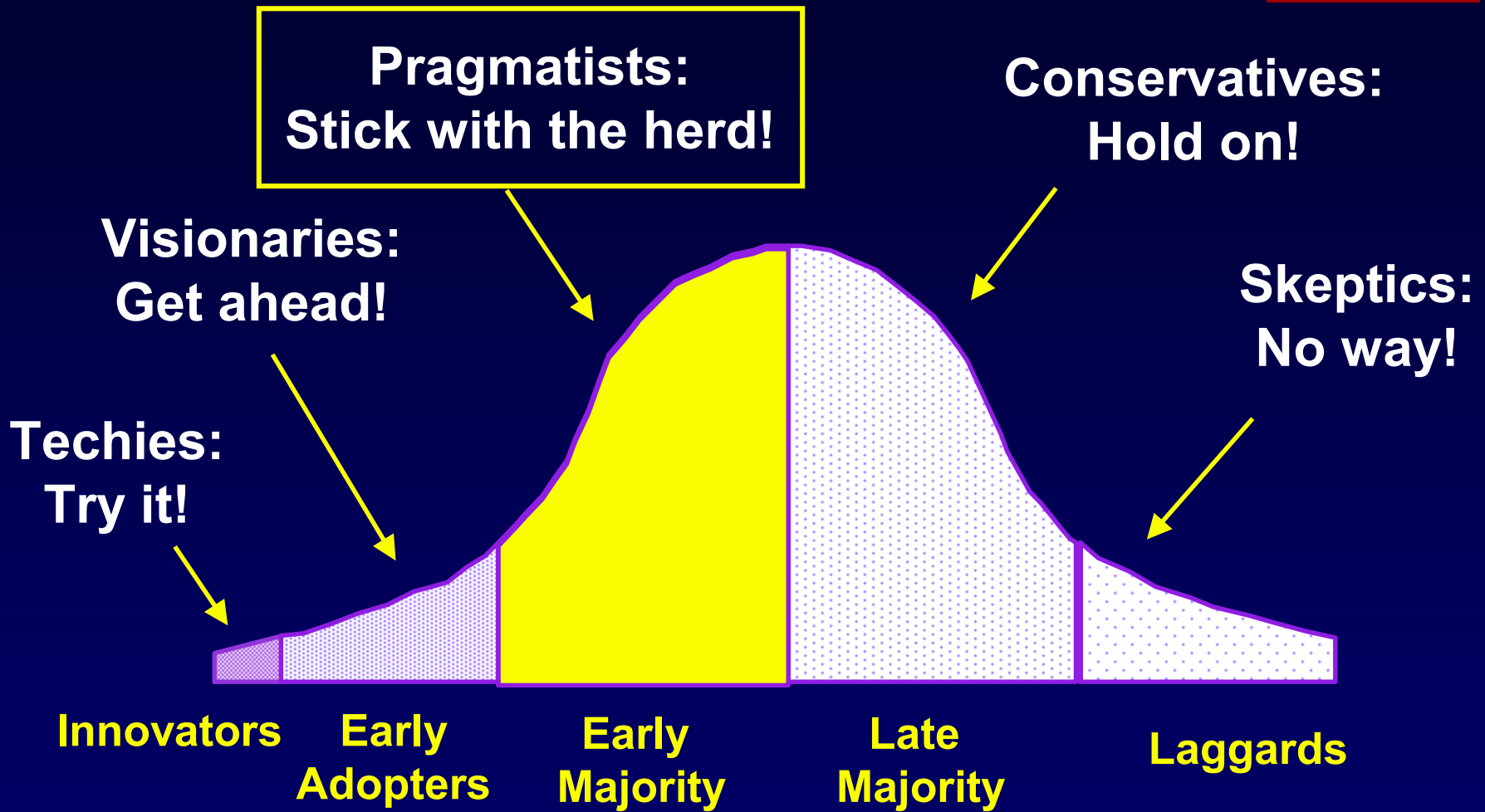
# Agenda

- **Introduction to the Technology Adoption Life Cycle**
- **eLearning Categories – Review and a Look Forward**
- **eLearning and Competitive Advantage**
- **Discussion**

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# Technology Adoption Life Cycle



**Pragmatists cast the deciding vote**

# How Technology Markets Develop



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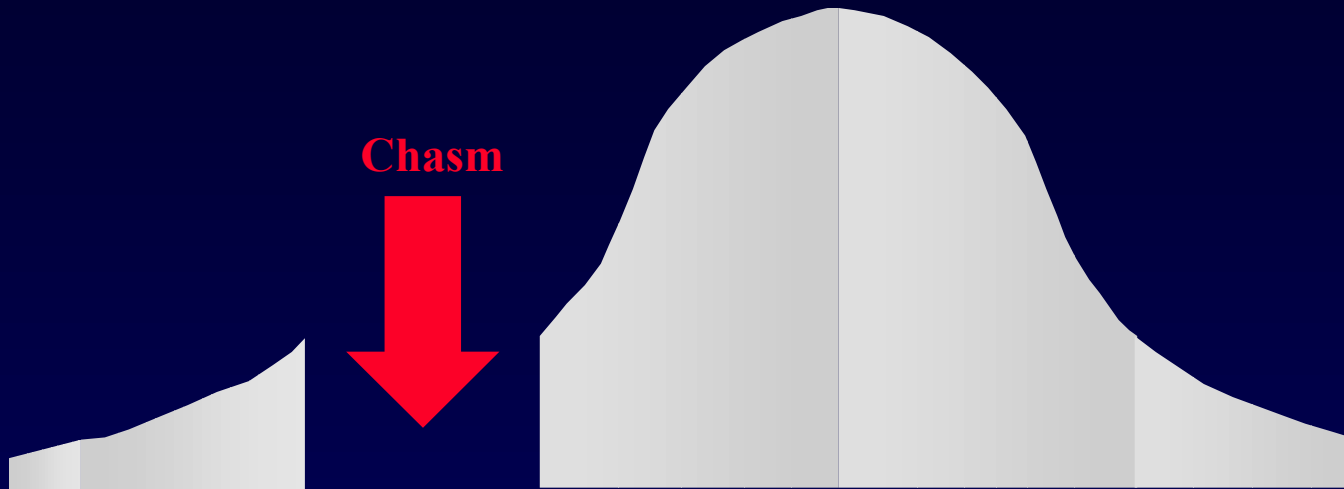
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# Early Market



- **Visionary LOB executives going ahead of the herd**
  - Driven by competitive advantage
  - Will help pay for new paradigm
  - Demand “whatever it takes” commitment
  - Rely on their own judgment
- **Deal-driven marketing prevails**
  - Breakthrough technology gets center stage
  - Senior service partner leads behind the scenes
  - Think project not product
- **Examples from April 2000 eLearningForum:**
  - Mobile learning appliances, knowledge communities, web-based authoring tools, collaborative learning, ASP/LSP

# In the Chasm



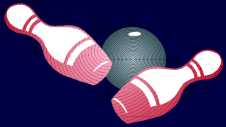
Early Market

Mainstream Market

- **No longer can stay in Early Market**
  - Cannot take on any more "specials"
  - Must develop repeatable business
- **Mainstream market not yet ready to adopt**
  - Nothing yet "in production"
  - No Pragmatist references
- **Examples from April 2000 eLearningForum:**
  - Learning management systems, portals, content creation (soft skills)

# The Bowling Alley

- **Niche segments adopting before standard infrastructure deploys**
  - Driven by problems unique to their segment
  - Lack infrastructure to support the new paradigm
  - Must have complete whole products
  - Use customer references to determine viability
- **Market based on displacing status quo with new technology**
  - Value-added distribution channel
  - Healthy price margins
  - Restricted competition due to whole product barriers
  - Positioning based on product leadership and customer intimacy
- **Examples from April 2000 eLearningForum:**
  - Web-based presentations, assessment/certification, training management systems, content creation (IT), virtual classrooms



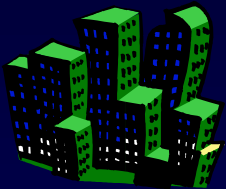
# Inside the Tornado



- Transformation from niche to mass market.
  - Pragmatists shifting to new infrastructure.
  - Massive sales opportunity from influx of new customers
  - Sets boundaries of installed base for life of paradigm
- Fundamental strategy: *Just ship!*
  - Simplify and standardize whole product
  - Enable high-volume, distribution channels
  - Drive price points down to gain additional market share
  - Compete fiercely (market share is a zero sum game)
  - Ignore customer—positioning based on product leadership and operational excellence
- Examples from April 2000 eLearningForum:
  - None at this time

# On Main Street

- **Mass market stabilizes—infrastructure is broadly deployed**
  - Backlog of new customers has been drawn down.
  - Bulk of future business to come from your installed base.
  - Commodity prices continue to decline
  - Niche offerings earn premium margins.
- **Marketing strategy based on profitability:**
  - Mass-customization tactics serve niches cost-effectively
  - "Whole product + 1" offerings
  - Low-cost channel strategy continues
  - Abandon market-share battles
  - Positioning based on operational excellence and customer intimacy
- **Examples from April 2000 eLearningForum:**
  - Authoring tools

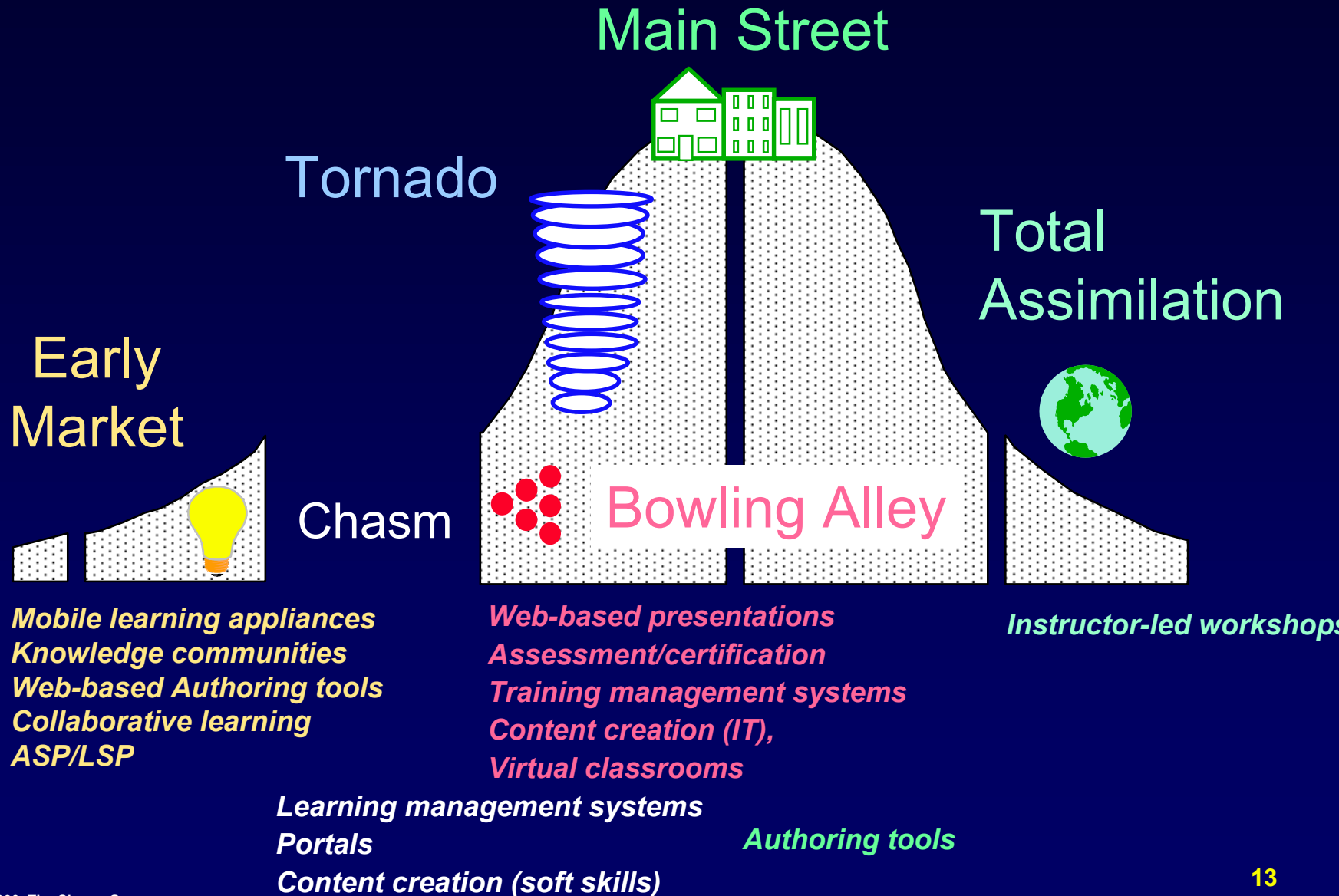


# Total Assimilation

- Offering being replaced by new paradigm
- Move from product to service
- Examples from April 2000 eLearningForum:
  - Instructor-led workshops



# Has Anything Changed?

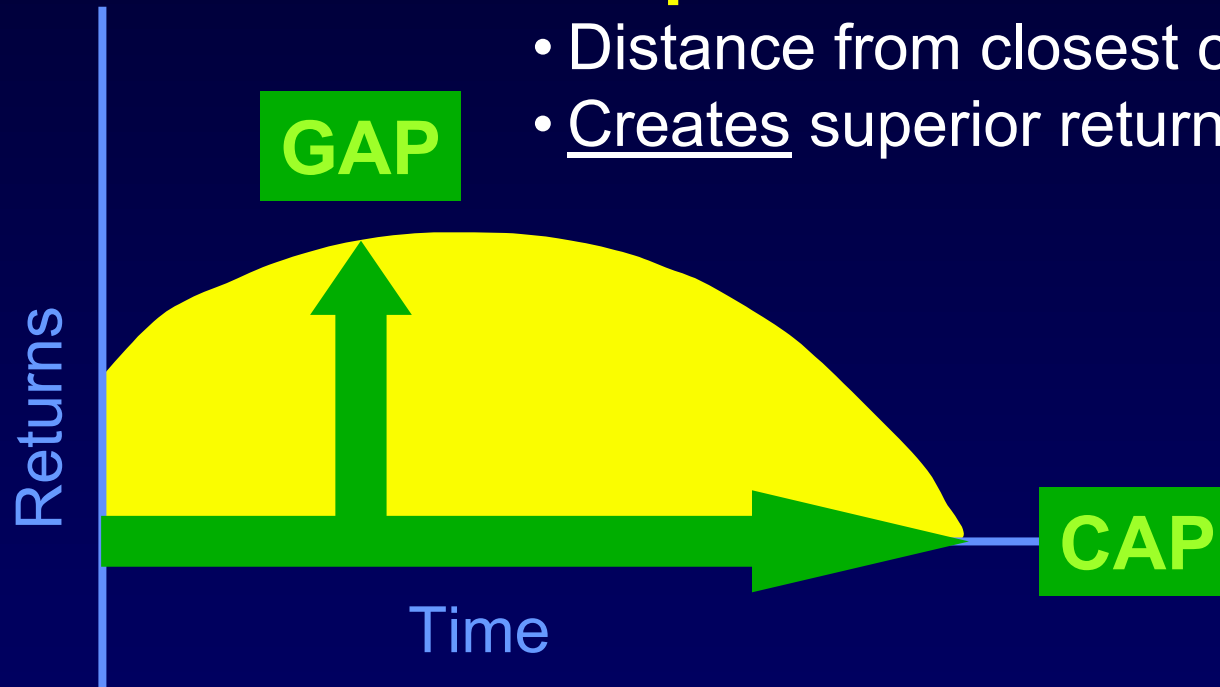


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## Competitive Advantage Gap

- Distance from closest competitor
- Creates superior returns



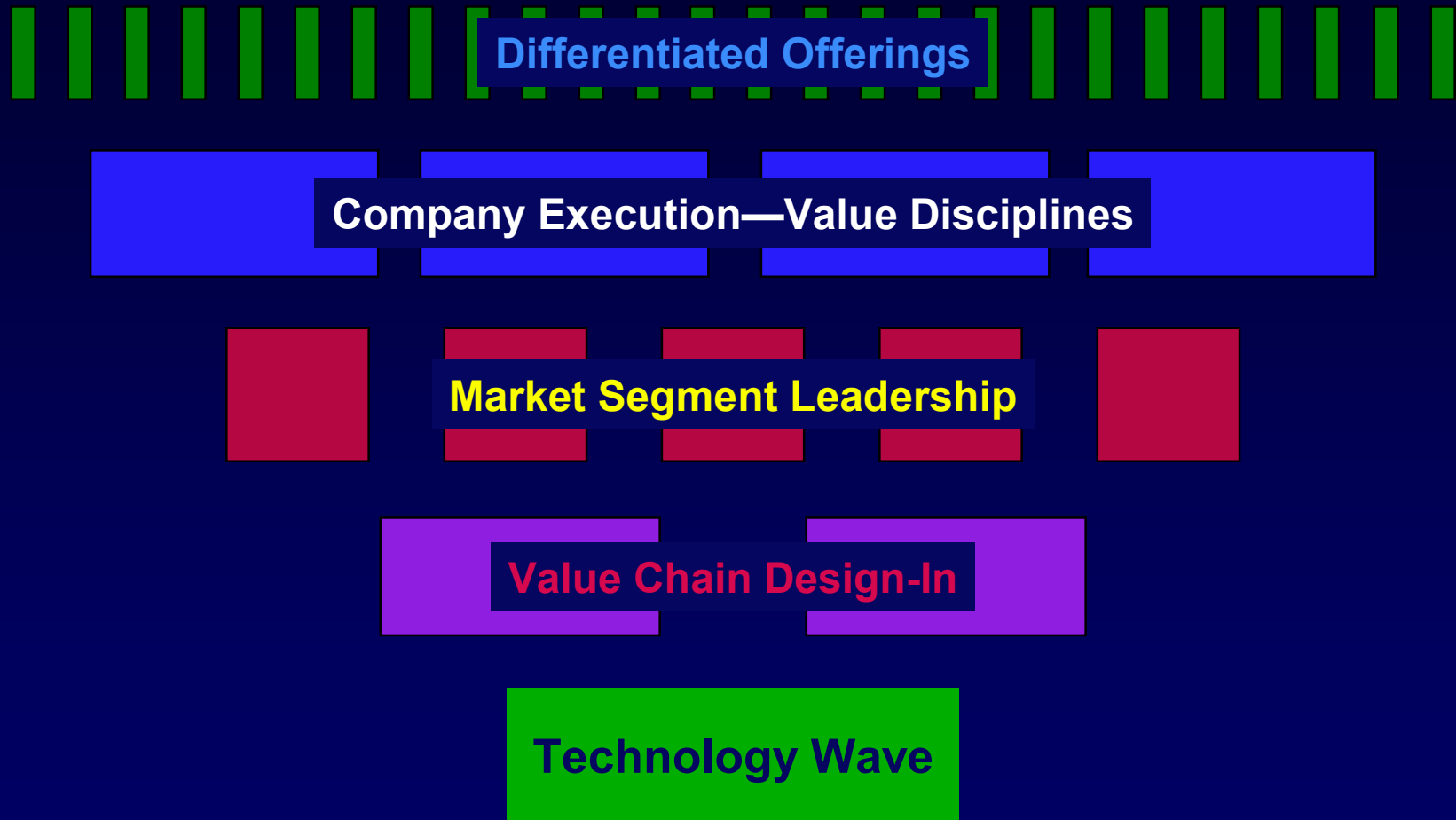
## Competitive Advantage Period

- Barriers to competitor entry, customer exit
- Sustains superior returns

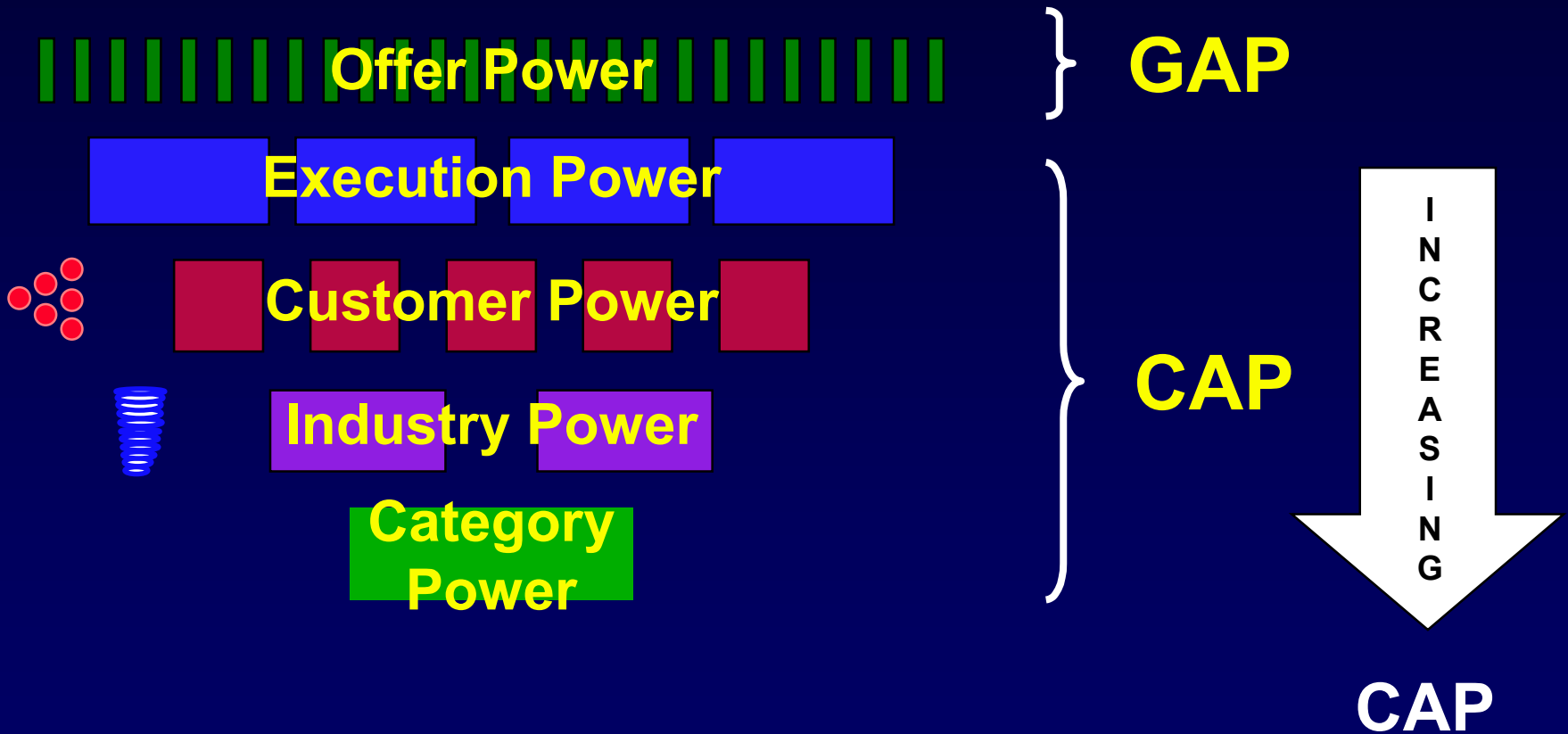
# GAP versus CAP

- **Examples of GAP**
  - New product introduction
  - Lower priced offering
  - Superior customer service
- **Examples of CAP**
  - Blocking patent
  - Market share leadership
  - Brand affiliation

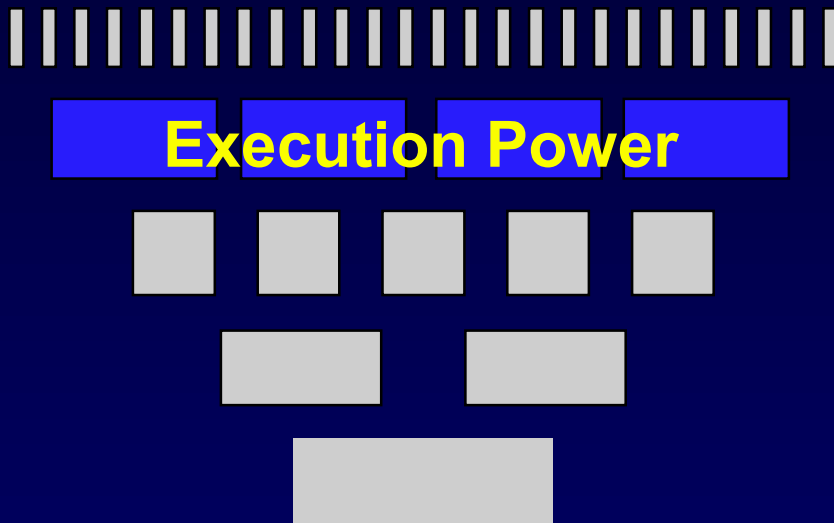
# Competitive Advantage Hierarchy



# Beyond Differentiated Offers

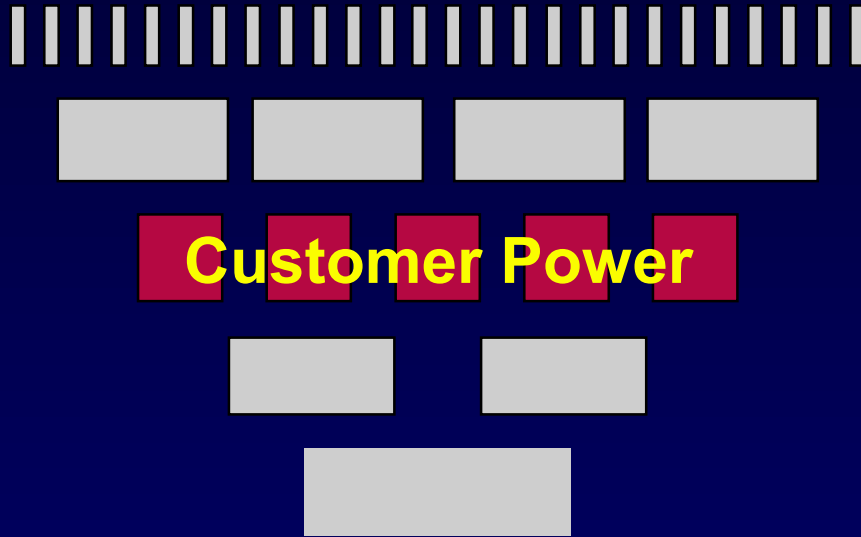


# Value Discipline Examples



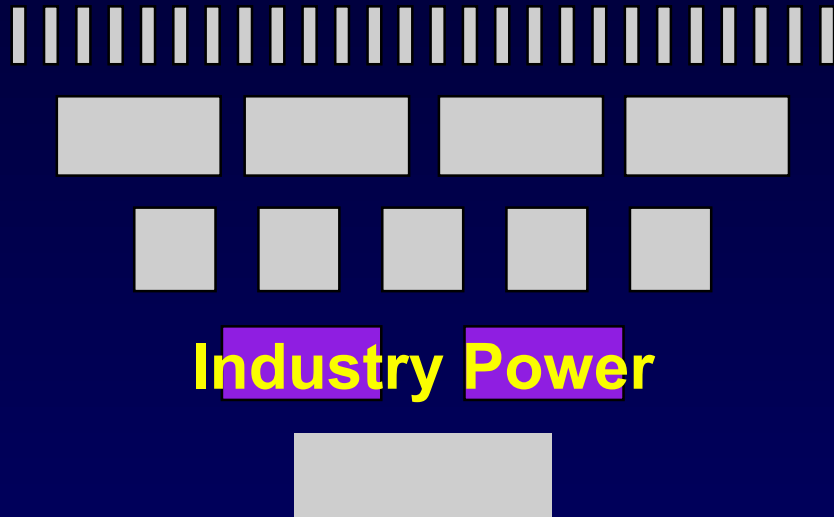
- **Early market**
  - Product leadership
  - Discontinuous innovation
- **Bowling alley**
  - Product leadership
  - Customer intimacy
- **Tornado**
  - Product leadership
  - Operational excellence
- **Main street**
  - Operational excellence
  - Customer intimacy

# Market Segment Leadership Examples



- Retail / hospitality
  - Payback Systems
- Design
  - Autodesk
- Public accounting
  - eMind

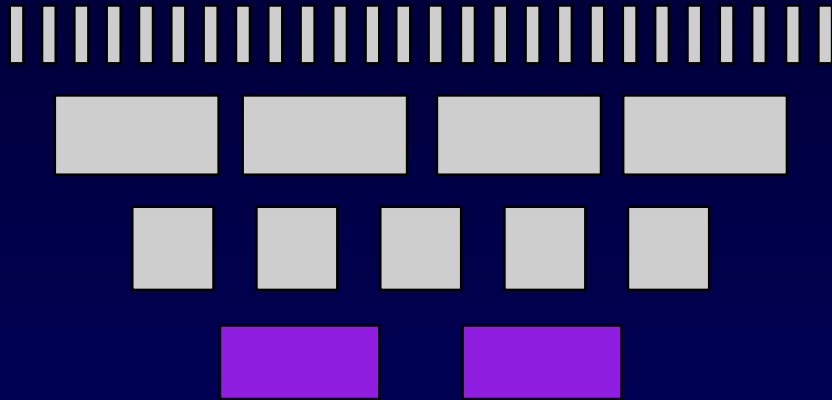
# Value Chain Design-In Examples



- **Learning Management**
  - Docent (\$810), Saba (\$955)
- **LSPs**
  - Digital Think (\$999)
- **Total Solution**
  - Smart Force (\$2421)
  - Learning Tree (\$913)

(Market cap as of 11/17/00 in 000's)

# Technology Wave Examples



**Category Power**

- Web
- Wireless
- Learning objects
- Peer-to-peer

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