



Crossing the Chasm with e-Learning

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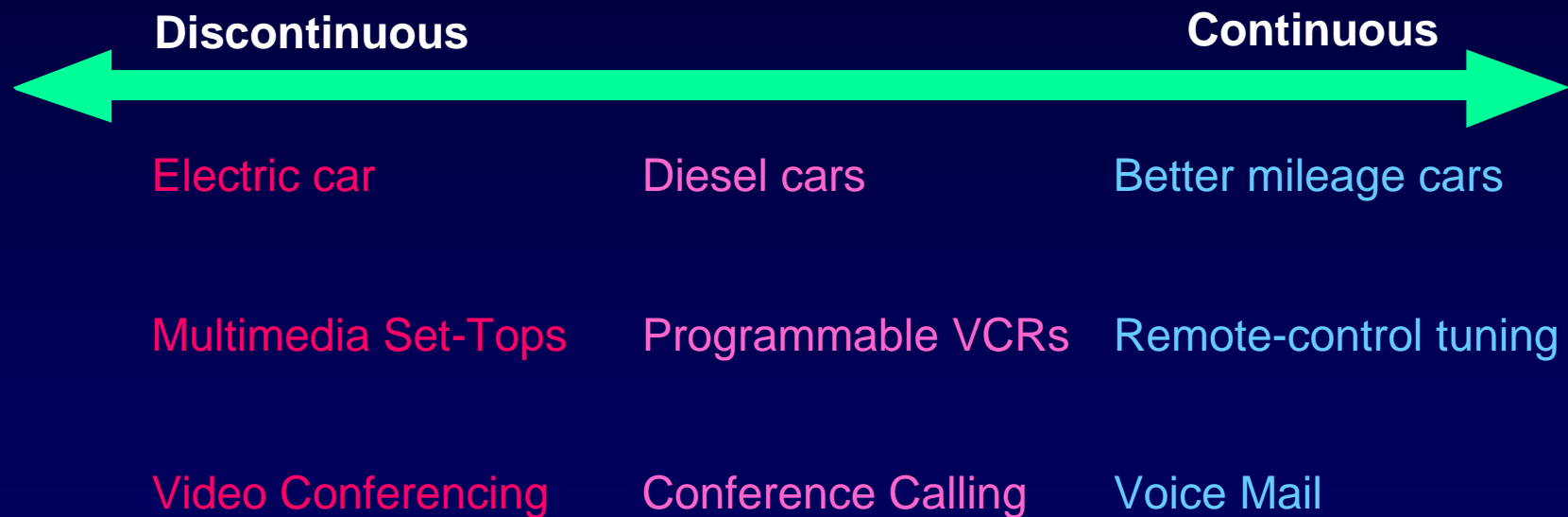
Agenda

- **The Impact of Discontinuity**
- **e-Learning Adoption**
- **e-Learning Market Development**
- **Exercise: e-Learning Life Cycle Placement**

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Introductory Concept: Discontinuous vs. Continuous Innovations



High Tech Marketing Specializes in Discontinuous Innovations

Why Discontinuity is Important

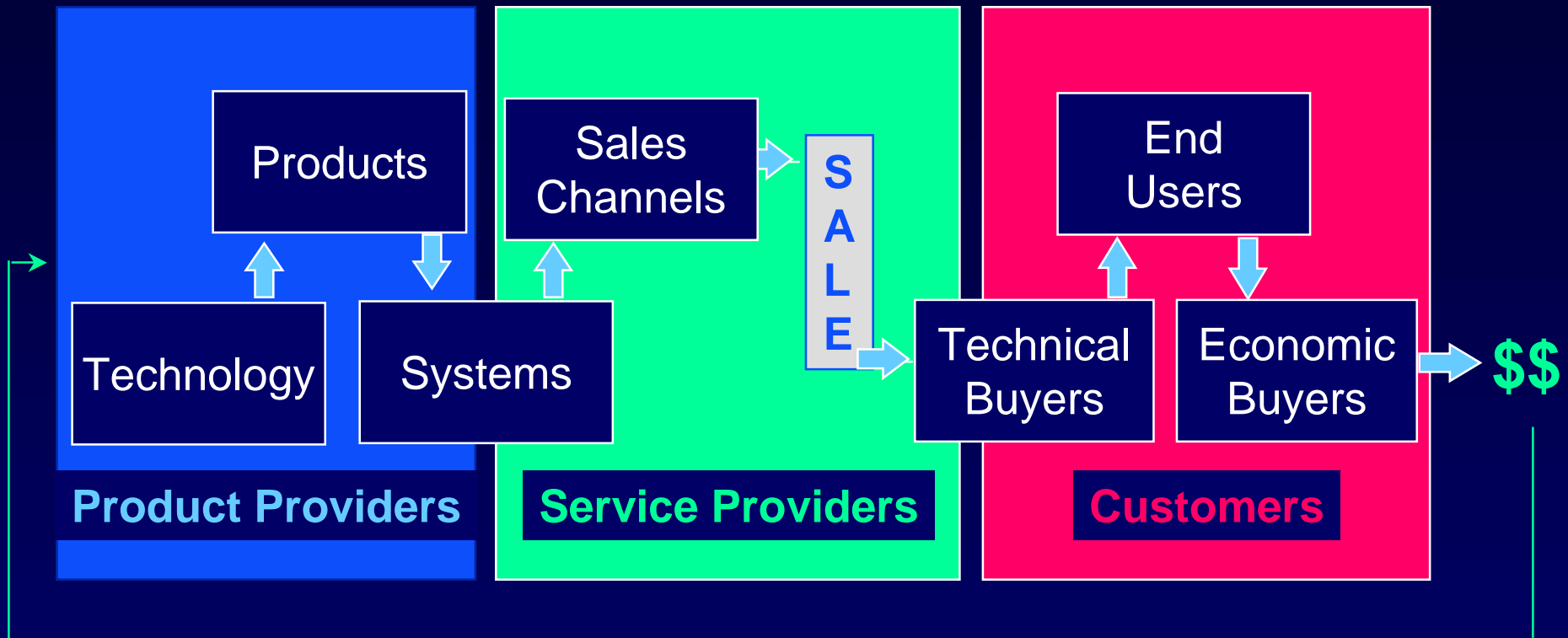
- **To Customers**

- Promises *breakthrough benefits*
- Disrupts current systems
- Threatens status quo

- **To Market-makers**

- Promises *new wealth*
- Disrupts existing value chains
- Threatens status quo

The High-Tech Value Chain

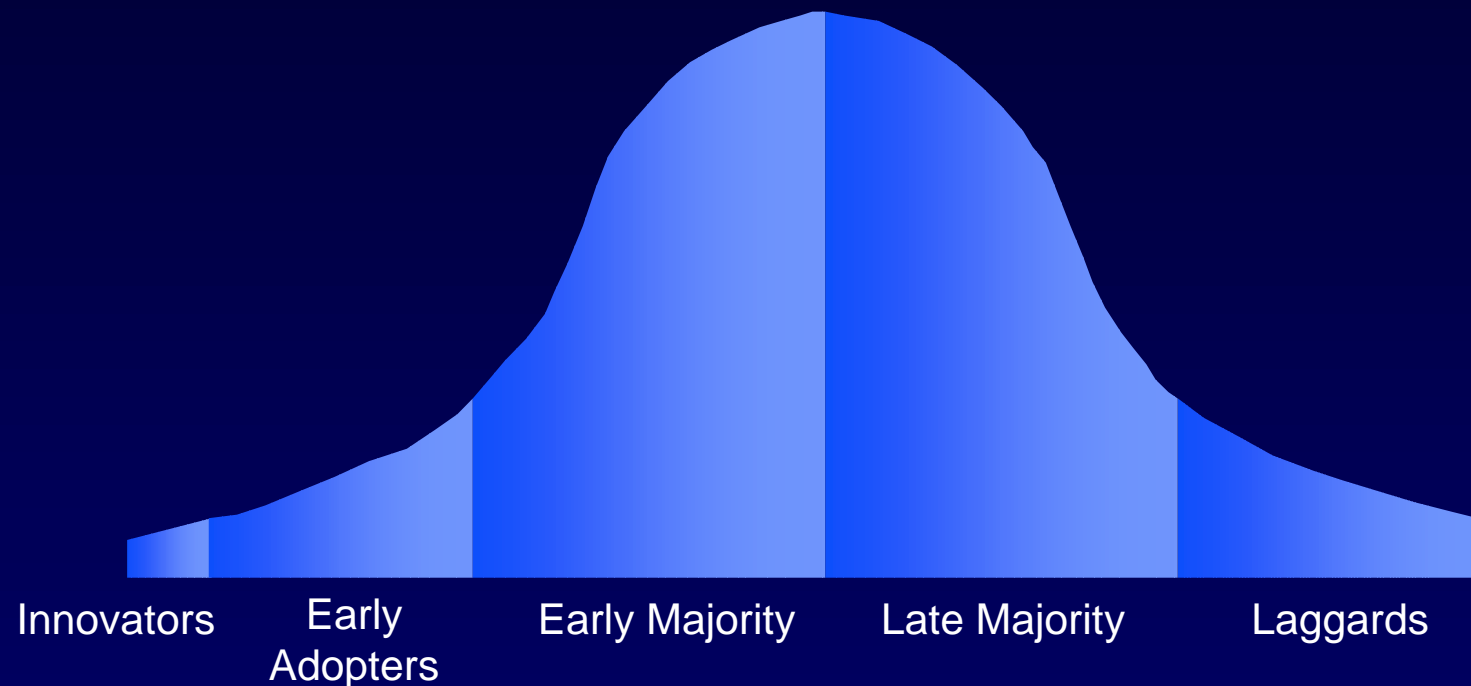


**Discontinuous innovations must create *new* value chains to survive.
Continuous innovations leverage *existing* value chains.**

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Getting e-Learning Adopted Internally



The Technology Adoption Life Cycle models market acceptance of discontinuous innovations.

Innovators - Technology Enthusiasts

- **Primary Motivation:**
 - Learn about new technologies for their own sake
- **Key Characteristics:**
 - Strong aptitude for technical information
 - Like to alpha test new products
 - Can ignore the missing elements
 - Do whatever they can to help
- **Challenges:**
 - Want unrestricted access to top technical people
 - Want no-profit pricing (preferably free)

Implication: Earliest entre into the corporation

Early Adopters - The Visionaries

- **Primary Motivation:**

- Gain dramatic competitive advantage via *revolutionary* breakthrough

- **Key Characteristics:**

- Great imaginations for strategic applications
- Attracted by high-risk, high-reward propositions
- Will commit to supply the missing elements
- Perceive order-of-magnitude gains — so not price-sensitive

- **Challenges:**

- Want rapid time-to-market
- Demand high degree of customization and support

**Implication: Find an executive looking
for competitive advantage**

Early Majority - Pragmatists

- **Primary Motivation:**
 - Gain sustainable productivity improvements via *evolutionary* change
- **Key Characteristics:**
 - Astute managers of mission-critical applications
 - Understand real-world issues and trade-offs
 - Focus on proven applications
 - Like to go with the market leader
- **Challenges:**
 - Insist on good references from trusted colleagues
 - Want to see the solution in production at the reference site

Implication: Find a broken departmental process

Late Majority - Conservatives

- **Primary Motivation:**
 - Just stay even with the competition.
- **Key Characteristics:**
 - Better with people than technology
 - Risk averse
 - Price-sensitive
 - Highly reliant on a single, trusted advisor
- **Challenges:**
 - Need completely pre-assembled solutions
 - Would benefit from value-added services but do not want to pay for them

Implication: Create customized offers for current customers; create “safe” offers for the masses

Laggards - Skeptics

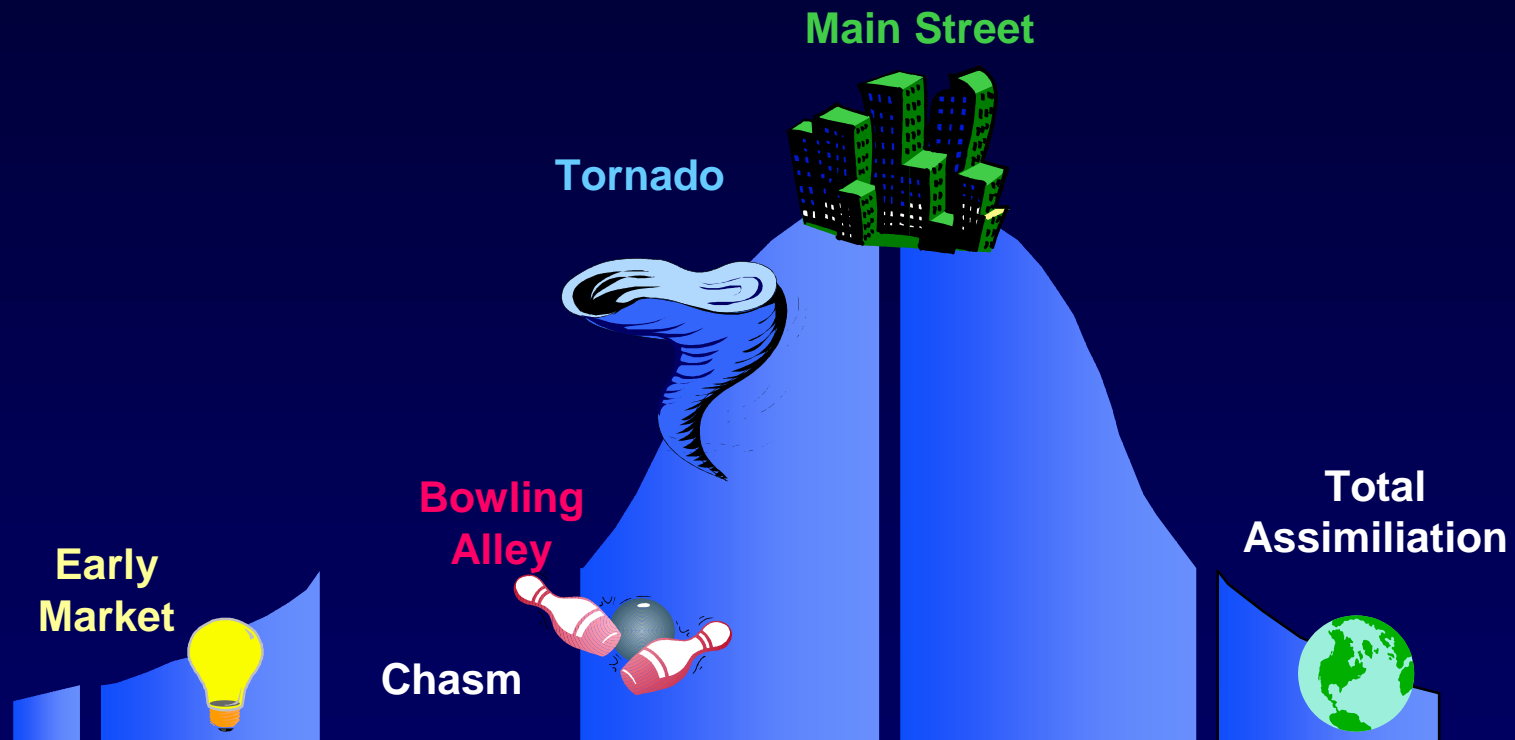
- **Primary Motivation:**
 - Maintain status quo.
- **Key Characteristics:**
 - Good at debunking marketing hype
 - Disbelieve productivity-improvement arguments
 - Like taking a contrarian position
 - Seek to block purchases of new technology
- **Challenges:**
 - Not a customer
 - Can be formidable opposition to early adoption

Implication: Time to move on

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Market Development

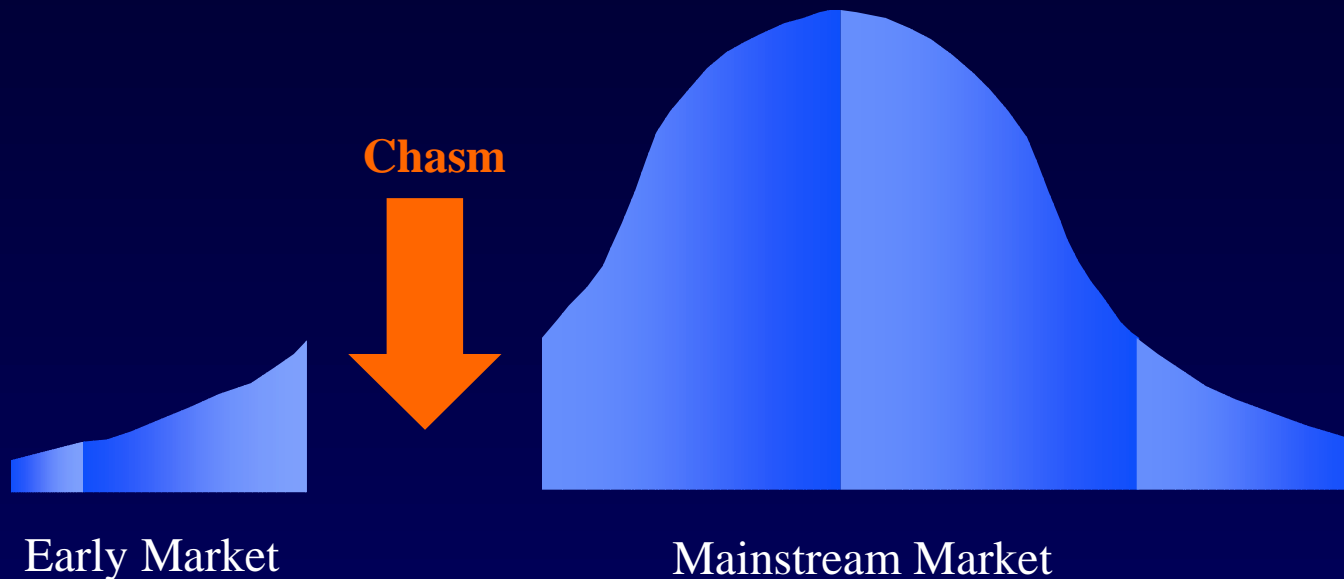


Early Market



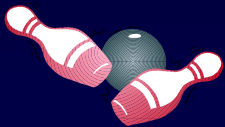
- **Visionary LOB executives going ahead of the herd**
 - Driven by competitive advantage
 - Will help pay for new paradigm
 - Demand “whatever it takes” commitment
 - Rely on their own judgment
- **Deal-driven marketing prevails**
 - Breakthrough technology gets center stage
 - Senior service partner leads behind the scenes
 - Think project not product
- **Examples:**
 - Collaborative commerce, telepresence

In the Chasm



- **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:**
 - Horizontal exchanges

The Bowling Alley



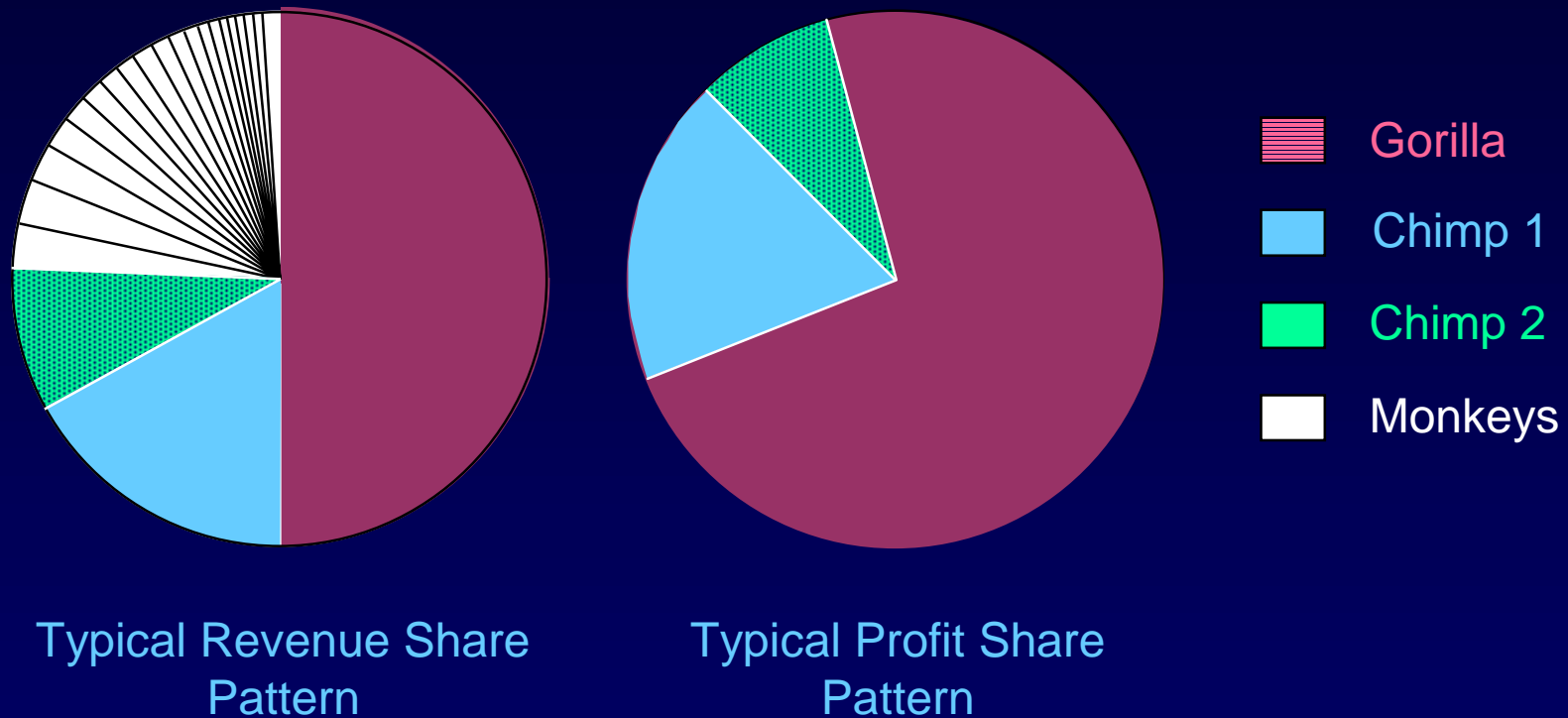
- **Niche segments adopting before standard infrastructure deploys**
 - Driven by problems unique to their segment
 - Lack infrastructure to support the new paradigm
 - Must have complete whole products
 - Use customer references to determine viability
- **Market based on displacing status quo with new technology**
 - Value-added distribution channel
 - Healthy price margins
 - Restricted competition due to whole product barriers
 - Positioning based on product leadership and customer intimacy
- **Examples:**
 - Vertical portals, ASPs

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:**
 - e-Commerce applications, CRM, ISPs

The Impact of the Tornado



The shareholder value of the Gorilla company after the tornado is typically an order of magnitude greater than its nearest competitor—or more.

On Main Street

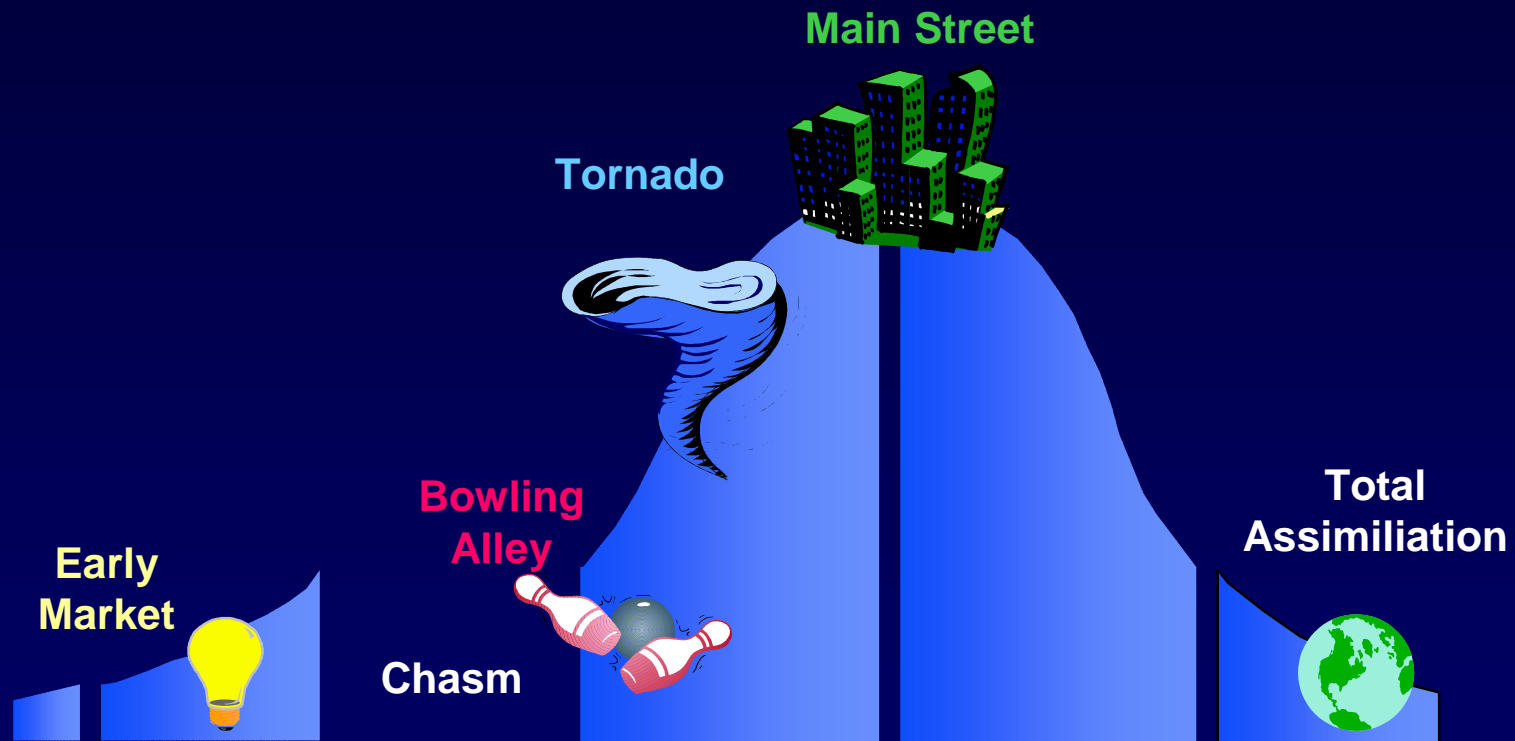


- **Mass market stabilizes—infrastructure is broadly deployed**
 - Backlog of new customers has been drawn down.
 - Bulk of future business to come from your installed base.
 - Commodity prices continue to decline
 - Niche offerings earn premium margins.
- **Marketing strategy based on profitability:**
 - 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:**
 - Web browsing, mobile phones, PCs, ERP

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Where Are e-Learning Categories?



Thank You

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