

## Leveraging Killer Apps

### Killer App: Traditional Definition

Traditionally, a killer app is a computer program so useful that it justifies the purchase of an entire system all by itself. A popular example is the electronic spreadsheet (like VisiCalc or Microsoft Excel) that enables accountants to perform a full week of number crunching in seconds.

### A New Definition

Larry Downes and Chunka Mui, authors of *Unleashing the Killer App*, employ a different definition. They argue that a killer app:

- Is offered by your company instead of an outside software publisher.
- Establishes an entirely new product category in your industry.
- Disrupts and displaces older offerings from you and your competitors.
- Generates several hundred percent ROI.

### The Creation Process

Downes & Mui go beyond the definition to guide the reader through a killer app creation process. A few of the process

guidelines will be discussed here:

- Outsourcing to the Customer
- Creating Communities of Value
- Replacing Rude Interfaces
- Giving Away Information

### Outsourcing to the Customer

Many US companies have outsourced manufacturing to China and tech support to India. Another party stands eager to receive outsourcing opportunities from your company: your customers.

Customers are the best customer service representatives when they are given the right tools. FedEx.com is a great example of customer outsourcing. When a package "absolutely, positively, has to get there overnight," visit FedEx.com to create & print your own shipping label. Drop the label on the standard FedEx envelope and your package is ready to go.

When you do this, you have essentially performed the functions of the clerk at the FedEx office, and you've paid FedEx for the opportunity. Even better: Customers enjoy paying FedEx for this service because it means

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Smart companies create killer apps to disrupt markets and generate outstanding ROI.

How can you create killer apps in *your* company?

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that the package gets sent quicker with fewer addressing errors. Customers will perform outsourced tasks when it means greater control and better service.

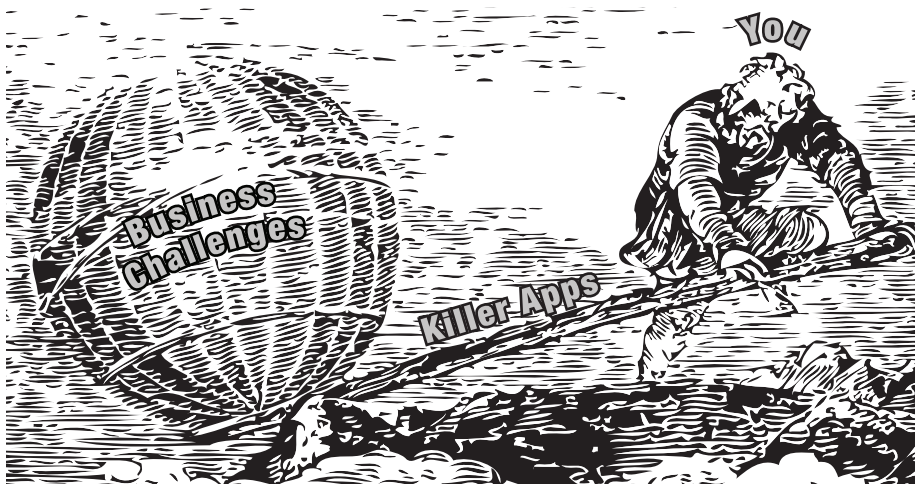
### Tools for the Customer

To outsource to the customer, build an interface into your information systems and grant access to your customers. FedEx already had the shipping system in place, complete with bar code readers and tracking software. After they added a customer-friendly Web interface (with proper security restrictions) they were ready to go.

How much time will your order entry department save if customers can enter their own orders through a Web-driven interface?

### Creating Communities of Value

Travel agents have watched their world change drastically in this era of easy access to flight information. If you can go online yourself to compare your own hotel rates and book your own travel directly with the airlines, why do you need a travel agent? You don't, unless the travel agent provides more valuable services. Travel agents that only focus on low-value mechanical tasks are no longer in business. The travel agents who excel today go beyond the mechanical tasks



that customers can easily do themselves over the Internet. Great travel agents create communities.

### Backroads Offers “Active Travel”

Downes and Mui are customers of the Backroads travel company. The Backroads community site, MyBackroads, is a password-protected area where travel enthusiasts can share experiences with like-minded adventurers. For those who just want to book a flight, a simple airline site will do. But for people who want to book “more rewarding alternatives to traditional vacations,” MyBackroads offers a personalized online experience and an opportunity to swap advice with others who have similar travel interests.

The value of the MyBackroads community lies in the network. Many people join because they want to meet people who are already there. Backroads provides a place for them to “meet” online, and the members add value through their presence and interaction. Customers will pay a premium for good communities.

### Replacing Rude Interfaces

A customer shopping in a department store experienced a particularly rude interaction with a clerk. After paying for the purchase, the customer said to the clerk, “A thank you would be nice.”

“It’s written on the receipt,” responded the clerk.

A machine could never be so cold. One solution to the customer service problem is to create better interview screening techniques, and better customer service training for employees. Another solution: Figure out how to supplement customer points of contact with computer interfaces, while still maintaining customer intimacy.

Grocery stores now provide self-service checkout lines to ease traffic congestion. Clerks are freed to provide higher value services to customer, such as assistance with product selection.

One personal experience: This author shops at one grocery store consistently because of one clerk, a woman who always offers good advice on what fish to buy that week. How many other customers return to this grocery store

because of this clerk’s advice? Could she offer this added value service if she was tied to a cash register?

### Capture & Recycle the Bits

Building a computer interface for customers enables companies to capture information as digital bits. The next step is to multiply the value of the information in new and creative ways.

For example, if you send flowers to a friend via 800flowers.com, the company retains information about your order. The system captures the information once, so that next year the system can dash you an email reminding you of your friend’s birthday. How friendly, and how profitable! The arrangement is good for the buyer who doesn’t want to forget the friend’s birthday. And it’s good for the florist who makes a sale that might have been missed. Everybody wins.

### Giving Away Information

Sharing information forms a bond. Withholding information tends to draw people apart. Once your company has gone through the effort and expense of creating new information, the marginal cost of giving it away over the Internet is zero. Then why not give it away? The New York Times recently halted all paid subscriptions to the online version of the paper. Reason? They had enough traffic to generate substantial revenue from advertising on the site. Increasing traffic by eliminating the subscription fee will serve to increase advertising revenue even further.

Contrast that against two services that provide information to the legal and journalism industries: Lexis/Nexis and Westlaw. Both companies are leaders in legal research. The problem? Each has spent so much time reacting to the moves of the other that they have failed to notice a third competitor overtaking them: Google.

Google’s mission is “to organize the world’s information and make it universally accessible and useful.” Google’s searches are free. Lexis/Nexis and Westlaw both require subscriptions because that’s how they’ve always done it. Subscriptions are firmly entrenched in their revenue models. Yet Google generates more revenue

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“The best way to predict the future is to invent it.”

– Alan Kay

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through advertising. Google gives away information, and they’ve grown to be the leader in search as a result.

Will Lexis/Nexis and Westlaw still exist in ten years?

### Conclusion

What does all of this mean? How can you create killer apps in your company?

The twelve-step process outlined by Downes and Mui is a good start. At the same time, we must remember that killer apps are about disruptive technology. If we could see the next killer app clearly, it wouldn’t be disruptive (by definition).

Since you can’t predict the next killer app, the authors recommend the next best thing: Create an environment that serves as fertile soil for killer apps. Rapidly prototype many new ideas at once. When one idea fails, learn from it, and apply what you’ve learned to your next project.

Designing a killer app involves predicting the future. In doing so, we might remember the words of computer industry pioneer Alan Kay: “The best way to predict the future is to invent it.”

### Suggested Reading

*Unleashing the Killer App – Digital Strategies for Market Dominance*, by Larry Downes and Chunka Mui.

### About the Author

Raymond T. Hightower is the president of Wisdom Consulting Group, a Chicago-based information technology firm. For more information, visit [www.wisdomgroup.com](http://www.wisdomgroup.com).