In his classic book entitled "Crossing the Chasm" - a textbook in business schools and the bible for tech companies - Geoffrey Moore explains how all new innovations propagate according to a bell curve where most fall into a main chasm between the early market and the mainstream market.   Companies who make this hazardous jump are those who cleverly adjust their product and sometimes tweak their business model in order to satisfy the needs of the early majority which are different than the early adopters. For example, databases, open source, and artificial intelligence not only survived by crossing the chasm but thrived. On the other hand, technologies like Augmented Reality (AR), Virtual Reality (VR), and the Meta Universe (MU) have not yet made this jump.
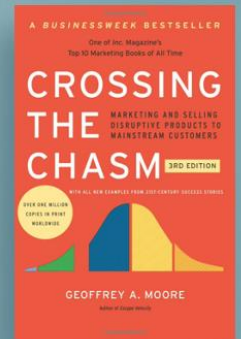
What about Web3?

Web3 faces not just technical hurdles but financial, social, and legal obstacles. To start with, Web3 development is complex and is more capital intensive than Web2 because it requires a lot of thinking, design, and testing upfront, which causes more risks to founders and investors. A Web3 application is a protocol, it must completely work from the get-go - there is no trial launch, no iteration, no Minimum Viable Product (MVP), and no crowd testing like Web2 applications. As an analogy, developing a Web3 application is like building a nuclear plant – you can't launch a half-built nuclear plant - it's all or nothing.
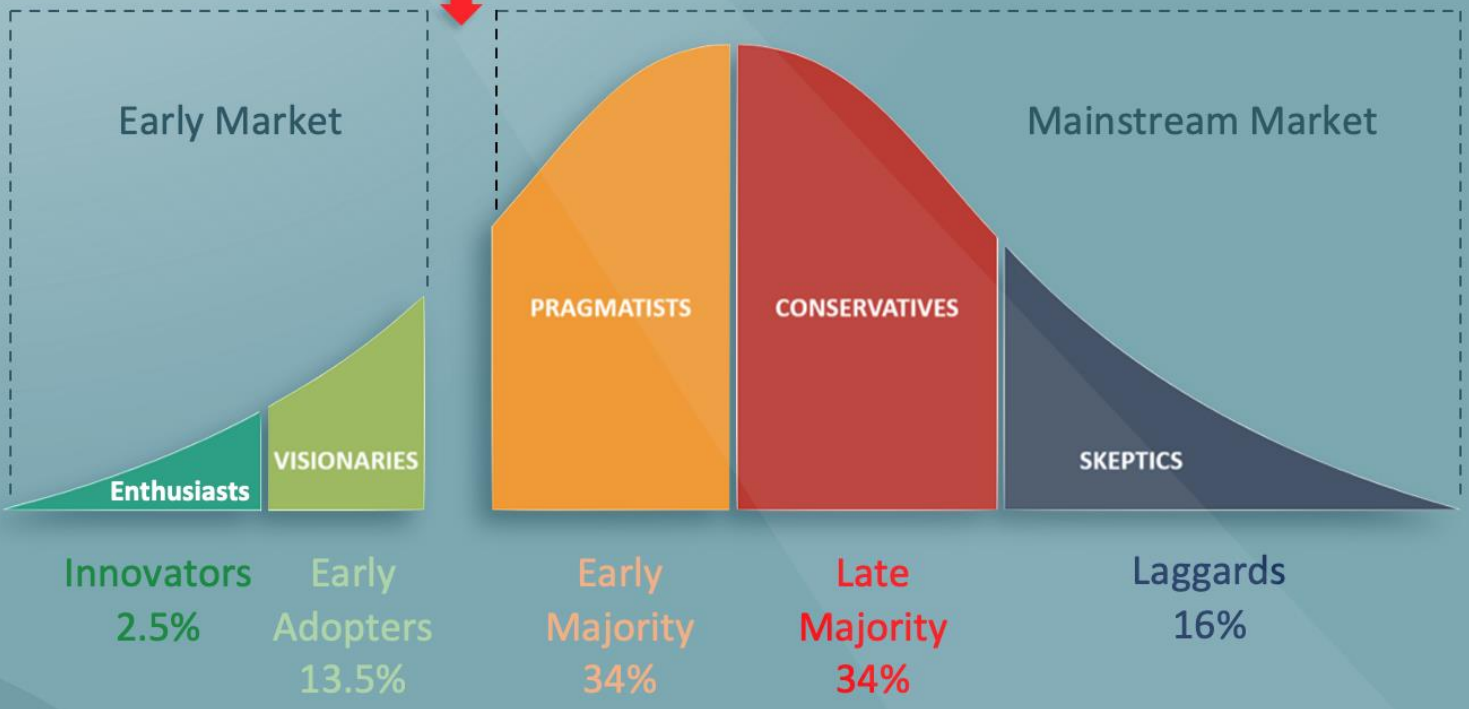
In addition to its technical complexity, Web3 was initially hampered by high costs and lack of scalability, efficiency, and standards. Even though most of these problems are now solved, the main obstacles to adoption are ironically not necessarily technical. Web2 companies like Facebook, LinkedIn, Twitter, and Google are hindered by Web2 technologies and strapped by their advertising model. They inherently need to control the Personal Information and the content of their users. Web3 threatens their very existence by stripping this control out of their hands. The current Facebook's valuation crash is the proof in the pudding.

Hence, Web2 companies are resisting, lobbying against, and sabotaging Web3. However, this effort will be a losing battle because the tide is leaning towards empowering users. This is reminiscent of IBM resisting the PC revolution, and we all know how things turned out for them. The other choice is to switch from Web2 to Web3, but switching is a monumental task, which leaves some of the Web2 leaders vulnerable to being dethroned by innovative and agile Web3 startups - and that's where the big new opportunities lie.

Investments in Web3 is revealing - according to CoinTelegraph market research, despite a slowdown in VC funding due to economic uncertainties, Web3 received $14.66 billion in Q1 2022, and then held steady at $16.67 in Q2 2022 - a sign that Web3 is crossing the chasm.

Web3 is Crossing the Chasm