

production per unit for a standard phone is vastly less today than the cost of production of the first ever phones. As a result, the transitional domain (i.e. the time of products) between the extremes of the uncharted and the industrialised, also tends to be associated with the most profitable in an industry. This wealth generation is due to a combination of high unit value, increasing volume and declining production costs. As a rule of thumb: -

The *uncharted* domain is associated with high production costs, high levels of uncertainty but potentially very high future opportunity. Being first is not always the best option due to the burden and risks of research and development.

The *transitional* domain is associated with reducing uncertainty, declining production costs, increasing volumes and highest profitability. However, whilst the environment has become more predictable, the future opportunity is also in decline as the act is becoming more widespread, well understood and well defined. So at the same time we reach the zenith of wealth creation the future is looking decidedly less rosy for the industry itself.

The *industrialised* domain is associated with high certainty, high levels of predictability, high volumes, low production costs and low unit margin. The activity is not seen as a differential but an expected norm, it has become commonplace. Those activities that have evolved to this state (e.g. nuts and bolts) are seen as having a minimal differential effect. They are not associated with high future opportunity except in early stage replacement of any existing product industry. Their future