

The idea that suddenly an asset can become a liability due to a change of evolutionary stage in the industry is not one that fits well with double entry book-keeping. In other words $\text{Assets} = \text{Equity} + \text{Liability}$ doesn't work quite so well when Assets become Liabilities due to outside forces. It's not that these things can't be accounted for, it's simply that we generally don't. This is one of the dangers of looking at a company financials. We can often make statements on the market evolving and impacting revenue but less frequently consider the debt that a change in evolution can cause. This also is not something that should surprise us. Unless there are genuine constraints then with enough competitive pressure, all the technical/operational obstacles to evolution (the four factors of technology, suitability, attitude and concept) will be overcome and such changes will happen. It's never a question of if but when.

However, it's not just accounting methods that tend to be inadequate when it comes to evolution. As we've discussed at length, it's also development methods and even purchasing techniques. In figure 249 below, I've provided a map of a system which starting from user needs is disaggregated into components through a chain of needs. This has in turn be broken into small contracts with appropriate methods applied. However, the method of purchasing is also context specific. In the uncharted space where items have high potential value combined with lots of uncertainty then a venture capital or time & material type approach is needed for investment. As the same act evolves and we start to develop an understanding of it with introduction of concepts like MVP (minimal viable product) then a more outcome based