Axiom 7

Virtual communities create increasing rates of return (or positive feedback loops) in three ways:

1) when a business incurs large up-front expenditures to develop a new product or service and the incremental cost of producing each incremental unit of the product or service is minimal; 2) as businesses move up the learning curve, or experience curve...businesses typically achieve a certain percentage reduction in the cost of making and delivering that product or service to the customer; 3) the last kind of increasing returns leverages network effects: the more units of product or service that are deployed, the more valuable each unit becomes. (Hagel and Armstrong, 44)

Positive feedback makes the strong get stronger and the weak get weaker, leading to extreme outcomes. (Shapiro and Varian, 175)
In the industrial economy success was self-limiting; it obeyed the law of decreasing returns. In the network economy, success is self-reinforcing; it obeys the law of increasing returns (Kelly, 25).

View this online at: https://nautilus.org/global-problem-solving/axiom-7/

Nautilus Institute
2342 Shattuck Ave. #300, Berkeley, CA 94704 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org