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Geoffrey Moore's blockbuster business book of the '90s, "Crossing the Chasm," forever memorialized the concept of the diffusion of innovation. (It was actually much earlier work by others, but since Moore monetized it, he gets the credit.) Simply stated, the idea is that every new product or service moves methodically through its market in predictable, measurable stages.

Those stages take different amounts of time for different products, but the relationship between the stages is relatively constant. The concept is most easily identified in technology products because their stages usually move quickly, making measurement easier. The "stages" are the same for everything new under the sun. All products are used first by a small group of Innovators, followed by a somewhat larger group called Early Adopters. If a product is to be successful, it must then "cross the chasm" and attract a much larger group called the Early Majority. The time it takes a product to move through these first three stages is almost always proportional (about 80:20) to the time it takes to move through the final two states — the Late Majority and the Laggards.

I've watched this concept play out in uncanny precision as our profession has adopted technology. From service bureau tax preparation to in-house tax compliance software and mini-computers to microcomputers in the '70s to fax machines, laser printers, cell phones, e-filing, e-mail, etc. — all crossed the chasm. Some took a dozen or more years; others only a few. But in every case, the time it took to reach 50 percent penetration (the top of the bell curve illustration) proved to be about four times as long as that needed to reach virtually complete market acceptance. The process often mirrors the economic impact. In-house tax compliance replaced service bureau systems in about six years, with the last half of the firms finally adopting in the last

two. Other adaptations take much longer. It took cell phones nearly 20 years,

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(the Late Majority and the Laggards) will move to “paperless” during the next couple of years.

Let's think about what this means. First, if you're among those yet to adopt, it's time to do so. Late Majority firms don't yet get the full advantages that their Early Majority counterparts have been enjoying. And Laggards seldom profit at all. So if you do find yourself in these groups, I encourage you to move quickly. Vendors will be very busy serving many, many firms as they struggle to keep up. (Hint: Our Document Management Product Selector tool at www.CPATechAdvisor.com/dms-survey can accelerate your search.) Also, if you find yourself still pushing paper in a world that's rapidly becoming digital, I challenge you to some serious self-examination.

Were you the last to add a fax machine? How about e-mail? Were you a hold out? Internet in your office? E-filing? These are not “age” questions, but rather “attitude” ones.

As accountants, we're conservative by nature and skeptical by training. But we're also able to quickly recognize a potential profit. And sometimes the conservative skepticism in us keeps us from handsome profits. Technology adaptation is one of those times. Partners in the upper quartile firms in the United States work 3 percent fewer hours and make 63 percent more money, and there is an almost direct correlation between technology adaptation and the probability of a firm being in that upper quartile. If you missed the last five years of increased productivity because of inertia or fear or even lack of understanding, fear not. Another wave is coming, and you have another chance to grab the brass ring of productivity.

Those Innovators and Early Adopters are already on to other things; they're

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Technology

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