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Dave McClure • Mar. 03, 2012

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Frugality



How to Consume Less,

Save More, and Live Better

CHRIS FARRELL

ECONOMICS EDITOR OF *MARKETPLACE MONEY*

AS HEARD ON PUBLIC RADIO

A few weeks ago it was my pleasure to speak with the members of the Alaska Telephone Association about the issues surrounding broadband in their state and

nationwide.

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major generations alive in the United States today – the Greatest Generation of World War II fame; the Baby Boomers of the post-war years; Generation X; and Generation Y.

He spoke in particular of what is happening today, which has great relevance to both technology and to the accounting industry. A trend he calls, “The New Fru.” According to Martin, this is the movement driven by the economy of the past decade that has ushered in a new type of frugality.

We no longer buy a new car every year. Perhaps every decade, but not every year. We use our smartphones to comparison shop. We fix broken things instead of throwing them away in favor of a new one. And we demand products that can be fixed.

This is a startling departure from the past 50 years, decades in which planned product obsolescence and replacement was the central core of manufacturing. It drives a stake through the heart of the 18-month software development cycle, and the two-year replacement cycle for cell phones. And it could have an enormous impact on imports from Asia, where product quality is less important than lower cost.

Nor is this cultural shift expected to change as the Gen X and Y people become the dominant generations in our society. While it is not true that coming generations will have a lesser lifestyle than ours, it is true that their lifestyle will be different. Already, we have seen the impact as people stay home more, grow their own gardens, do their own home remodeling and even divorce rates fall. We're not only holding on to our cars longer, but our spouses.

There is even a handbook to the New Fru – Chris Farrell's *The New Frugality*, available on Amazon.com and as a Kindle ebook. It outlines the approach the new generation is taking to a wide range of activities, including whether to buy or rent a home; how

to plan for retirement; which college to select for your children and grandchildren;

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- are in decline. More small companies are doing these chores for themselves, and systems to help them do it (a.k.a. QuickBooks) are rapidly gaining market share.
- The majority of accounting software is moving online to a SaaS model. This is faster, more efficient, more accessible and more frugal than 18-month update cycles and patching by disk or CD.
 - People are once again hanging on to computers for more than a two- or three-year cycle. That means that the emphasis is again on repairs, patches and updates for older systems and software. Windows XP remains the most widely used operating system in the world, even after being officially abandoned by Microsoft. Other software vendors are vexed by the failure of their users to buy and install updates.
 - The hottest trends in accounting technology follow the pattern. Document Management to reduce storage costs and use of paper. Cloud computing for the same reasons. ERP and CPM to focus services on strong corporate decision making and effective communications with clients and vendors.
 - Work with a non-profit? You had best read the book first, because charities and non-profits that ignore the changes in attitudes will see a sharp decline in donations.

As professionals, it is very easy to have all of our attention taken by the realities of today. The changes in tax laws. New best practices. The needs of our clients. But the reality is that we must also watch the more general trends in society and how they will affect us.

Things like the “Occupy” movement. The rising sales numbers for handguns and shotguns. The number of millionaires and billionaires who, according to the US Census Bureau, are fleeing the United States and taking their families and money with them. The not-so-rosy future for eBooks. Perhaps even changes in bridal fashions.

And maybe that's a good reason for this magazine and this column to exist.

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your state CPA society meeting as a speaker.

[Thumbs Up] – **The Simple Dollar** (www.thesimpledollar.com). Looking for a quick primer on the new frugality? Trent Hamm's blog site, The Simple Dollar, lays it out quickly and easily. Pay special attention to "Trent's 14 Money Rules" for a quick checklist.

[Thumbs Down] – **Internet Kill Switch**. The Obama Administration is pushing for Cybersecurity legislation that would give the Federal government the ability to shut down the Internet and even private networks in a time of national unrest. Kind of like North Korea does. Really. Look for a bill to pop up in the Senate in 2012, and to meet fierce resistance.

[Thumbs Sideways] – **Pinterest** (www.pinterest.com). Okay, admit it. You've never heard of this web site. But brace yourself, because this is the hottest new social media site on the planet, according to ComScore, which says it reached the 10-million-unique-visitors rate faster than any stand-alone web site. Ever. Still in beta, with its funky blend of pictures, products, retail sites and cupcakes. Facebook should be very afraid.

[Thumbs Down] – **Phony 4G Products**. In mid-January, the IEEE finally approved the definition that will specify requirements for 4G devices. January?? You heard right. So what about all those "4G" products you've been buying for the past two years? Well, that was just a marketing gimmick to sell you 3G products under the 4G name. And that means that we won't see real 4G products for months to come, if ever. Feel like a sucker yet?

[Thumbs Up] – **Microsoft's Leap Year**. On February 29, at the World Mobile Congress in Barcelona, Spain, Microsoft introduced the consumer beta version of its Windows 8 operating system. The Windows 8 Consumer Preview event timing

would be consistent with an October release of the operating system. Why download

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