



Netwatch

By Jim Carroll

Your guide to business & accounting on the Internet

Get ready for hyper-innovation

Our profession depends upon certain assumptions as to future events and trends. We base our valuation of inventory on expected product lifecycles, determine the writeoff of goodwill and R&D expenses with certain expectations of the future in mind, and

write off capital assets against revenue based on our understanding of the estimated useful life of those assets.

Yet, we are now entering an era in which the speed of innovation will make it more difficult to judge and assess many of the assumptions we use on a professional basis. In the past decade, the Internet has fostered mas-

sive knowledge growth and rapid scientific advances. New products and services are brought to the market faster than ever because of R&D's rapid pace — what I call “hyper-innovation.”

Hyper-innovation is driven not only by rapid knowledge growth but also by a “global innovation feedback loop.” In

every industry, profession and field of endeavour, news about the latest innovations and developments are shared almost instantly: a fact that has forever changed the idea of a product or service lifecycle.

In the past, innovation was slow. Companies monitored their competitors through industry publications and magazines or their own intelligence research efforts. In most industries, time to market moved slowly, which worked to the advantage of leaders in innovation. They could thunder into a market with a new product or service, knowing they had the luxury of time before their competitors could catch up.

In that age, the secret to success was to do something your competitors would not be able to match for some time. Now, the evolution of innovation within a market can be tracked online in real time. Innovation has gone open, such that there are no longer any secrets in the marketplace. Firms can tune into the global innovation feedback loop to understand how their industry is

evolving and what they must do next to go one step further.

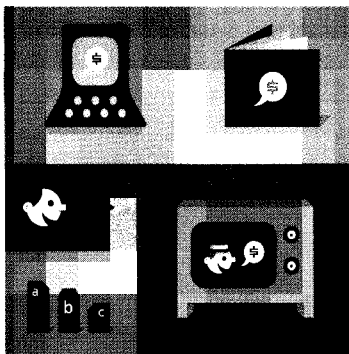
Where is the global innovation feedback loop? It's all around you — in online discussion groups involving consumers, in weblogs, on websites, online industry newsletters and

in the discussions lists and forums of any particular community of interest. We've entered a world in which everyone is talking about “what comes next” to such a degree that leading-edge innovation can now be understood by everyone who learns to tune into its signals.

Nowhere is the era of hyper-innovation and a global innovation feedback loop more apparent than in the consumer electronics industry. We've seen the emergence of sites such as Gizmodo and Endgadget, among many others. Gadget aficionados and industry players can track new product announcements and rumours on a daily basis. Leading-edge cellular companies, camera manufacturers, television and home entertainment companies not only track what their competitors are up to, but leak information about their upcoming plans to these sites hoping for some type of consumer awareness and marketing bump.

This type of feedback loop is rapidly coming to every industry and will affect all organizations. Every participant in an industry must monitor the loop and struggle to keep up and stay ahead of the curve, which leads to a need for relentless innovation. The impact on the CA profession of the emergence of hyper-innovation is significant and will touch everything we do. We must learn about the emergence of the loop and how we can begin to tune into it.

Jim Carroll, FCA, is a well-known speaker, author and columnist. Reach him at jcarroll@jimcarroll.com or log on to his website at www.jimcarroll.com



NEW PRODUCT NEWS

Gizmodo www.gizmodo.com

Endgadget www.endgadget.com