The University defines capital equipment as nonexpendable, tangible / moveable property with a useful life of one year or more and an acquisition cost including delivery and installation of at least $1,500. However, emerging technology as determined by technical experts, that meets the definition of capital equipment will be expensed in the year it is purchased.¹

**Background**

During fiscal year 2014, departments throughout the University applied to participate in the testing of Google Glass, a wearable computer with an optical head-mounted display (OHMD)² developed by Google with the mission of producing a mass-market ubiquitous computer. Google Glasses are not yet available for purchase by the public; individuals interested in purchasing a Google Glass headset must apply to and be approved by Google. The application process includes providing an explanation of how the user/tester purchasing the device will contribute/enhance the beta testing. Once approved by Google, the individual may purchase the number of units that were approved with a credit card (purchase orders are not accepted). RIT departments paid for the units on the RIT procurement card.

To ensure the appropriate financial statement treatment for Google Glasses, Controller’s Office sought opinions from three (3) University experts in the field of mobile wearable and virtual technologies. Each of these individuals advised Controller’s Office staff that Google Glasses and Oculus Rift headsets are considered emerging technologies because of their rapid obsolescence rate (RIT does not currently have any Oculus Rift headsets in its fixed asset inventory records). The items are being beta tested by a select group with the intent of accelerating the rate that technologically enhanced, and newer models, can be developed and released by Google. Once new models are released, the usefulness of the previous model is diminished to the point of uselessness since one of the main objectives of the users of this type of technology is to have access to the most advanced items available.

**Emerging Technologies**

The World Economic Forum (WEF) is an international institution committed to improving the state of the world through public-private cooperation.³ The organization is well regarded by the expert community and its annual convention is attended by some of the most prominent experts in a variety of fields from destinations around the world. Following its 2014 worldwide convention, the WEF published a list of emerging technologies. The WEF defines emerging technologies as those technical innovations which represent progressive developments within a field for competitive advantage. Their list of emerging technologies contains some of the most prominent ongoing developments, advances and innovations in various fields of modern technology.

Wikipedia also curates a list of emerging technologies defined as technical innovations which represent progressive developments within a field for competitive advantage,

The Google Glass was listed as an emerging technology in the WEF list under the category Body-adapted Wearable Electronics ⁴ and in Wikipedia under the Displays category.⁵

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¹ RIT Property, Plant and Equipment Policy and Procedure, II. Policies, A. Capital Equipment
**Characteristics of Equipment in an Emerging Technology Field**

Below are some of the characteristics for an item that meets RIT’s definition of capital equipment and should be further evaluated to determine if it should be considered an emerging technology.

- Technology in beta testing state
- Not publicly available for purchase
- High rate of obsolescence (i.e. new versions are rapidly released, timing between versions is a year or less)
- Restrictive payment methods, (i.e., purchase orders not accepted)

**Process**

When equipment is purchased that appears to be emerging technology, Accounting Operations and Property Accounting staff will further evaluate the financial statement classification. Accounting staff will solicit input from University experts in the respective field, which may or may not be the purchaser, to make a determination if the item should be considered an emerging technology. The Sponsored Research Services (SRS) department will also serve as a resource to identify individuals with expertise in a specific technical area. The University experts’ opinions may also be further supplemented by opinions of other authorities in the area of emerging technologies such as the World Economic Forum. Based on the collective opinion of the experts as well as other information published by recognized authorities in the field of emerging technologies the Controller’s Office management team will determine if the specific item(s) meet the definition of emerging technologies and therefore should be expensed.

Based on this determination, the Property Accounting staff will remove the item from the fixed assets inventory records and expense its full cost in the year it was purchased.