When the XBRL data reporting standard became mandatory in 2009, optimism reigned that structured data would allow for vast analytical possibilities. Businesses, regulators, and investors would be able to compare data across public companies at the push of a button.

Reality quickly set in, however. The US Securities and Exchange Commission (SEC) did not enforce high data quality. Filers created huge numbers of confusing extensions. And data providers often ignored the filings as a result.

Thankfully, in recent years, the situation has improved dramatically. Through initiatives such as the XBRL US Data Quality Committee, the integrity of business information filed through XBRL has become significantly better. Slowly but surely, the huge potential of the reporting language is beginning to be realized.

Perhaps the most critical development of 2016 has been the announcement by the SEC in June that it would allow companies to use Inline XBRL (or iXBRL) to file their quarterly and annual financial statements. This version allows companies to file financial information in a single document, instead of keeping the traditional and XBRL versions separate. Eventually, the hope is that this will reduce complexity for filers, as well as the risk of error.

At the same time, data aggregators are having found ways to clean up errors and manage extensions. This has opened up a great treasure trove of information for investors and businesses.

Greater transparency, lower filing costs, reduced risks and better data quality – these long-promised benefits of XBRL are finally becoming a reality. How can businesses and investors take full advantage?

Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>XBRL for filers</td>
<td>2</td>
</tr>
<tr>
<td>The SEC perspective</td>
<td>8</td>
</tr>
<tr>
<td>Parsing the data</td>
<td>12</td>
</tr>
</tbody>
</table>
With the SEC’s decision to accept the iXBRL format in financial reporting, we ask the experts how they think this will affect filing for US listed companies in the future.

**MM (Mergermarket)** ► In June, the SEC announced that it would start accepting structured financial data in the Inline XBRL (iXBRL) format. What do you see as the main benefits and challenges of this new format?

**JK** ► As with anything new, there are going to be challenges making sure that companies understand what all the requirements are, and what changes there are between their current process and the iXBRL process. For example, there are “hidden tags” in iXBRL – companies need to understand what this means and what they should be doing in that area.

Since the SEC says that companies should really be focusing on the quality of the data, having the XBRL embedded into the HTML financial filing could free up companies from making sure the...

“The SEC says that companies should really be focusing on the quality of the data, not... the rendering. iXBRL can help them embrace and streamline that review process...”

► Jaret Klekota, Senior Manager, EY
statement was rendering on the previewer in the same way as the HTML, and instead focus on appropriate tagging. iXBRL can help them embrace and streamline that review process, since there will no longer be two separate documents to compare and try to identify the differences between them.

For now, filing the iXBRL version is voluntary but I think there’s going to be a gradual increase in filings. Some may wait a bit longer in the process to see how it goes, and also wait until they are more comfortable around the requirements before filing.

IV ► In our opinion, the benefits are huge and obvious. If regular XBRL requires separate reporting and creates a significant duplication of work for auditors and filers – as well as gaps in logic – iXBRL eliminates the separation between traditional HTML and new XBRL formats, as Jaret mentions. This solves many existing problems in terms of consistency and accuracy. In terms of implementation, I would guess that this would require a fusion or transformation of old (HTML) and new (XBRL) reporting processes and procedures. This may be challenging for large filers who have already established such parallel procedures.

HH ► For companies that have adopted disclosure management software, which is most of them, it does not take any additional effort to report using iXBRL. But, as Jaret points out, this is currently voluntary. Companies can continue reporting two versions of the financial statements if they want to, and many companies have created a review process that assumes two versions. They have some people in charge of reviewing the document and other people in charge of reviewing the data.

Even though that might be less efficient, it is not without cost to change the process. Many companies are so busy with the compliance that they might not bother. Of course, we would say that in the long run, companies should take advantage of this opportunity to combine those review processes, because it will get them ready for when the SEC moves to mandatory iXBRL – and we think the Commission will make it mandatory. Some leaders inside the SEC are hoping to propose a move to mandatory within the next year.

The reason for moving to mandatory iXBRL is beyond just fixing the problem with the financial statement itself. Inline will allow huge progress. Think about the 10-Q and the 10-K — right now, these documents are lengthy, and there is so much in them that could be structured but isn’t. For example, the cover page of the 10-Q and the 10-K have check-boxes that say what kind of company the filer is. Right now, those check-boxes are not connected to any database. If the SEC switched to using data fields instead of the document form, they could have a field that says “Check the box for which type of company you are,” and we could automatically generate a list of the all the well-known seasoned issuers.

Most of the work for iXBRL should be done by software, and so one of the challenges is making sure that the people preparing the files have the technology to do it. As of early August, there had been a total of four iXBRL filings – and even that number was surprising to me, since the SEC just announced it. Most people will wait and see what happens and it’s going to take a couple of months for the software community to update their systems to support the format.

In your view, what are the biggest challenges currently being tackled by filers when it comes to implementing XBRL?

When it comes to implementing XBRL, the main issue for registrants is coordinating and incorporating all of the quality-control activities in their process. The close of the financial statement and the SEC submission process is already a busy time. And they need to make sure that they understand the complexities and risks of XBRL. A lot of clients use third-party XBRL creation providers, and we help to make sure that these third parties are following...
all the necessary rules. We want to be sure that our clients are comfortable that these tags truly represent what their financial statements are disclosing.

CP ► One of the major issues currently is with extensions. The main problem with extensions is that there are elements in a taxonomy which exist but are not being used, and someone goes in and makes an extension for it instead. Our Data Quality Committee, of which Vintage is a founding member, has started addressing that issue with more comprehensive guidance on where and when you should use extensions. A lot of that is just getting decent guidance out there.

I don’t think it’s fair to say that extensions are a bad thing, however. I think they are bad when used inappropriately, and the main cases are when a company creates an extension with an element that already exists in the taxonomy. Or, secondly, they create an extension to differentiate an amount which is immaterial. If it’s immaterial, then why create it? But that’s actually quite common. It’s largely a matter of making people feel comfortable with that, which I think will help drive the issue out of the systems.

PG ► I agree with Campbell – the custom tags are an issue. The idea of these custom extensions is that your metric doesn’t quite fit what the taxonomy wanted it to, so you create something special. But the problem is that there’s no linking between the base taxonomy and that extension. These things become step-children and it’s much more difficult to figure out the logic. If you’re comparing three or four companies — let alone 10 or 20 — if a couple of them have extensions, it becomes very difficult to compare them, even if they are ostensibly the same thing. One of the things Calcbench has done is a lot of extension mapping.

I don’t think it’s fair to say that extensions are a bad thing, however. I think they are bad when used inappropriately, and the main cases are when a company creates an extension with an element that already exists in the taxonomy. Or, secondly, they create an extension to differentiate an amount which is immaterial. If it’s immaterial, then why create it? But that’s actually quite common. It’s largely a matter of making people feel comfortable with that, which I think will help drive the issue out of the systems.

IV ► Although we do not work on the filing side, we observe a fair amount of variability and inconsistency in disclosure reporting. Some filers are clearly struggling with reporting their face financials consistently. We believe that this usually results from the fact that the filers do not use or look at their own XBRL data from the point of view of investor relations or business analysis of their peers. This feedback loop should help improve implementation and eliminate issues in meaningful choices of XBRL elements.

The most difficult part has already been done by every company, because XBRL is already mandatory. But XRBL electronically expresses how all the numbers relate to each other. So you’ve got to have somebody who knows how to do that. Some of the software products out there, like the ones offered by Vintage, give you an interface to do that, which makes it much easier. You don’t need to be a data expert.

HH ► The most difficult part has already been done by every company, because XBRL is already mandatory. But XRBL electronically expresses how all the numbers relate to each other. So you’ve got to have somebody who knows how to do that. Some of the software products out there, like the ones offered by Vintage, give you an interface to do that, which makes it much easier. You don’t need to be a data expert.

MM ► How effective do you think the SEC has been in its implementation of XBRL? Are there specific areas you think they should improve upon?

CP ► The SEC implementation has had its ups and downs, at times because of competing priorities that resulted in less focus on the XBRL program, which in turn may have led to issuers spending less time on their XBRL submissions. In the early days, I think they did a good job of setting the parameters, given the knowledge they had, and

“The reason for moving to mandatory iXBRL is beyond just fixing the problem with the financial statement itself. Inline will allow huge progress.”

► Hudson Hollister, Executive Director, The Data Coalition
that was very much because of former SEC Chairman Christopher Cox, who was a big supporter of it. When Mary Schapiro was head of the Commission, the focus was no longer on data standardization, because of Dodd-Frank and the financial crisis. But now I think we’re in an era again when the SEC is paying a lot of attention to it and we do see a lot more support for it, especially amongst the SEC commissioners. I think that’s good, and you’re seeing more outreach to the market by the SEC, such as with the iXBRL initiative.

I’ll be blunt: Up until this year, the SEC’s adoption of XBRL has been a failure. The agency adopted the XBRL format in 2009 and then phased it in over two years, but until June of this year, the agency was requiring every public company to report all of its finances twice. The SEC requires companies to report once in XBRL and then again as a document, because it never stopped collecting the old-fashioned document version of every financial statement. That dual reporting regime has prevented companies, investors, markets, and the agency itself from realizing the benefits of structured data.

Because companies are reporting twice, they have tended to separate the process they use for preparing the documents and the process they use for preparing the data. Many companies see the data reporting requirements as an additional compliance burden, so they prepare the data separately after the document is complete. This means that errors wind up in the XBRL version that might not be in the document version. This has been compounded by the fact that, except for a single public CFO letter in 2014, the SEC has never enforced the quality of the data version. So you have companies viewing the data version as an added-on compliance burden, and also the SEC not scrutinizing the data or checking it for quality, and companies know this.

For these reasons, the quality was poor for the first five or six years of XBRL reporting. It was so poor that some data intermediaries like Morningstar chose not to use it. XBRL should help investors, Slow progress: The journey from the adoption of XBRL by the SEC to voluntary filing using Inline XBRL has been slow but steady over the years.

XBRL filing is mandated by the SEC for submission of financial statement data in a structured format.

The SEC announces that it will allow companies to voluntarily file structured financial statement data in a format known as Inline XBRL.

The end of the voluntary stage of the Inline XBRL filing program, after which it is assumed it will become mandatory.
markets, and companies, as well as the SEC staff. It should mean better transparency and immediately actionable information for investors. If XBRL data were of good quality, an intermediary could process it almost instantaneously. But we still don’t have that, so the benefits to investors have not been realized.

JK ➤ Over the years, the SEC has released various observations to help companies with XBRL, including areas that the registrant should focus on in improving their filings. They have also released a number of XBRL FAQs, compliance and disclosure interpretations, as well as XBRL staff guidance in recent years. They even created a specific office through the Division of Economic and Risk Analysis dedicated to XBRL interactive data. We believe they should continue to release this type of guidance to assist the registrants in knowing what areas they should focus on improving. For investors, improved quality of XBRL filings will enable them to really understand and leverage the information more in the future.

IV ➤ As I understand it, the SEC was not really using XBRL data internally in the first several years of implementation. We can tell this by the number of data errors and consistency issues that were allowed in XBRL filings. In our standard process of aggregating XBRL reports at FinDynamics, we have established a sophisticated system of monitors, data validations and automated normalizations of XBRL data. This system used to capture a lot more issues in the reports in the first few years of implementation than it does now.

The SEC’s introduction of iXBRL indicates that they understand the positive impact this could have on the quality of reported data, which could not be improved solely by the development of EDGAR Filer Manual rules and checks of technical XBRL syntax and structure. I work closely with the Financial Accounting Standards Board as a member of the Taxonomy Advisory Group and XBRL Dimension Working Group, and I can attest to how much progress has been made in improving XBRL usability over the last two years.
Another step the SEC should take is to allow the XBRL International Financial Reporting Standards taxonomy, which is used by foreign filers, and require the use of XBRL Level 1-2 tagging in the management discussion and analysis (MD&A) sections of reports, which should be of great value and interest with the use of iXBRL.

Full disclosure – the SEC is a customer of ours. We work closely with them. But I will also say that while the adoption of XBRL has been slower than any of us would have liked, we are recently seeing a significant increase in usage by some very sophisticated firms. So I am really encouraged by what I'm seeing. I have quarterly meetings with the Commission, and the questions I'm getting are very sophisticated. They’re using the information and they’re reaching out to us more than every quarter.

XBRL is currently being used primarily for SEC quarterly filings, but does it hold possibilities for broader applications in accounting and financial data gathering? For which other sectors or tasks do you think it holds the most promise (e.g., insurance)? What about S-1, S-3 and S-4 filings?

We think that XBRL should be used for anything with financial statement information. Overall, we feel the SEC needs to have a much more comprehensive data strategy.

Outside of SEC reporting, we also have a few other initiatives. One is with the insurance industry, to get construction industry data in an XBRL format, and we’re also about to kick off an initiative with the Department of Energy, to have data on the financing of solar projects in XBRL as well.

In addition, the Department of Labor (DOL) is looking to revamp the data collection for pension plans and this process would be greatly enhanced if data was reported in an XBRL format. Currently the DOL collects pension plan data in a PDF format and is used to guarantee pension plans by the government.

There is currently legislation proposed in Congress, the Financial Transparency Act, that would require the SEC to adopt a structured format for everything that it collects. Not just the financial statements, or even just the 10-Ks and 10-Qs, but every one of the 600 or so forms that public companies and other entities have to submit to the SEC.

This would make the entire picture, all the disclosure that the SEC collects, into open data, searchable and available to everyone. We see these moves by the SEC as part of an overall move across all of government away from documents and toward standardized, searchable data. The Financial Transparency Act would go even farther than what the SEC is trying to do right now, but the actions the agency is currently taking are going in the same direction. It’s very important.

I would speculate that the next great expansion of XBRL, and especially iXBRL, in the US should be into MD&A sections of financial reports, corporate actions and insurance. To our knowledge, those are the areas where the demand for structured and timely data is the greatest.
We asked Mike Willis, assistant director of the US Securities and Exchange Commission’s Office of Structured Disclosure, for his views on the hot-button issues surrounding XBRL.

**MM ★ XBRL is currently being used primarily for SEC quarterly filings, but do you think it holds possibilities for broader applications in accounting and financial data gathering?**

**SEC ★ XBRL, and structured data in general, holds potential possibilities across a broad range of disclosures. The CFA Institute paper “Data and Technology: Transforming the Financial Information Landscape” seems to concisely address this question: “Broader and deeper use of structured data across all reports in their entirety would bring about untold efficiencies and transparency for all users.”

**MM ★ Some groups, such as The Data Coalition, have been critical of the SEC’s implementation of XBRL, arguing that the Commission has been lax in its enforcement of data quality and slow to improve the system. How do you respond?**

**SEC ★ In a program as far-reaching and complex as the SEC’s accelerating number of structured data rules, there are plenty of improvement opportunities. The staff have issued Dear CFO letters, provided observations on quality error types, directly engaged filers, and are seeking to improve the quality of structured disclosures in a number of ways, including:  

**Rendering engine:** The updated rendering engine now publishes warning and error messages as part of the test filing and filing processes. While these are not 100% data quality-validation rules, these messages are intended to highlight scenarios where the disclosure structures are inconsistent, inappropriate or simply suspicious and deserve attention prior to filing. Registrants should pay close attention when they receive one of these messages.
Inline XBRL Viewer: The SEC’s exemptive order now enables voluntary iXBRL submissions. iXBRL is an effective method of presenting disclosures so that potential errors are more obvious, and the open-source Inline XBRL Viewer provides several tools to enhance data quality, including:

- Data quality filters – filtering for specific metadata is useful in identifying common data quality-related topics, including negative values, missing calculation links, company-specific extensions, scaling, incorrect reporting-period dates, and others.
- Topical search – search reported disclosures using the taxonomy references to the FASB Codification, the Inline XBRL Viewer identifies disclosure "topics" (rather than just words) contained in the report.
- Dynamic indexes – search and navigate directly to specific tagged disclosures and line items at every level, as well as indexes for data quality filter results.
- Meta-data detail “pop-ups” – identifying attributes, definitions, labels, references and calculations for each structured disclosure. One software vendor has already adapted this feature to include trending and peer group data charting for the selected elements using the open-source inline viewer’s source code.

Market engagement: Staff periodically meets with data consumers and aggregators to better understand data quality issues impacting the reuse and analysis of structured data. Some feedback we have received that may be useful to enhance quality includes:

- "Dear CFO" letters are an effective communication and education vehicle;
- enhanced guidance on extensions, including examples, would be useful; and
- relationships between company-specific extensions and base taxonomies would facilitate automated consumption of company structured reports containing extensions.

We are also encouraged by the market data quality efforts of the XBRL US Data Quality Committee and their development of open source data quality rules.

Staff review: Structured company reports are reviewed by staff for quality topics. Outreach occurs most frequently via phone calls to discuss these quality topics.

In addition to these steps, the increasing staff use of the structured data via the Corporate Issuer Risk Assessment (CIRA) dashboard, Financial Statement Query Viewer (FSQV), Internal Inline Viewer, and text analytics highlights data quality issues across a broader range of internal users, thereby enhancing data quality relevance.

What are the biggest challenges being tackled by those filing when it comes to XBRL?

At a macro level, the biggest challenge is addressing the growing number of XBRL structured compliance requirements from regulators (e.g., taxation, statutory, registrars, financial services, securities) in countries around the world migrating from paper and unstructured electronic formats to structured digital formats. This transition from paper to structured standardized information is providing enhanced automation opportunities and thereby increasing challenges for enhancing remaining manual reporting processes and controls (e.g., quality assessments, reporting validations, disclosure best practice and risk benchmarking, etc.).

At a micro level – realizing that the judgment required for GAAP reporting is also relevant for structured reporting concepts. Professional reporting judgments are very applicable when assessing appropriate element selections; and when to/or not to create company specific extensions; and how to consistently model disclosures across time periods and/or companies in common industry groups. These are possibly new and somewhat unfamiliar skills for some reporting professionals that may work to enhance their communication capabilities well beyond the targeted compliance requirements.
Finally, leveraging new software capabilities specifically designed to facilitate standardized reporting processes, controls and risk assessment capabilities. Supply chain standardization of information results in a set of common economic outcomes (e.g., lower cost, accelerated frequency, improved quality, more timeliness, etc.).

Visualizing these new process and control enhancements and identifying new software capabilities enabling these outcomes is a challenge for many filers as well as software vendors.

For example, the taxonomy reference linkbase has been available since the initial GAAP Taxonomy was published; however, the open source Inline Viewer was the first software to provide topical search report capabilities for filers and their stakeholders.

**MM ➤ What are some of the ways you think XBRL implementation and financial data gathering can be improved? What do you see as some of the possibilities for the future in the realm of structured data?**

**SEC ➤ At a macro level—implementation as a standardization vehicle rather than a compliance requirement with application to earlier processes and controls earlier in the reporting supply chain.**

At a micro level—standardization enables a range of process and controls enhancements including:

- Improved automation of validation and quality assessments;
- Improved automation of benchmarking and peer assessments;
- Simplified data collection processes from internal data stores and external sources;
- Improved process and controls automation to reduce reporting costs;
- Enhanced presentation options and thereby reusability and consumer personalization;
- Improved timeliness of information for management decision analysis.

**MM ➤ What are some of the main benefits and challenges involved in implementing iXBRL?**

**SEC ➤ Some challenges to consider when implementing Inline XBRL include:**

- iXBRL adoption by software vendors and service providers is a required capability critical for filer implementation. Since the exemptive order was released, SEC staff has participated in XBRL US hosted webex sessions that target software vendors and service providers.
- Filer realization of benefits provided by the iXBRL Viewer as previously outlined. Filers can find the Inline XBRL Viewer embedded within the EDGAR Previewer and the EDGAR Test filing processes.

The iXBRL Viewer is open source and freely available for technical user adoption here: http://arelle.org/2016/03/08/edgar-update/

We welcome any technical implementation questions at StructuredData@sec.gov.

As for the benefits to consider when implementing iXBRL, they include:

- iXBRL doesn’t define how the disclosure is presented (as with XBRL rendering), thereby providing filing professionals with complete control over how disclosures look in the final report.
- Improved data quality capabilities via the Inline XBRL Viewer’s data quality filters help highlight common data quality-related topics, making them more transparent to reporting professionals.
- Expanding the benefits of structured Inline XBRL disclosures by both filers and their stakeholders (e.g., adapting the open-source Inline XBRL Viewer to enable new features and data).

**MM ➤ For investors, what possibilities does structured data open up? How can they analyze the data made more easily available by XBRL? Is this direct tagged comparison important?**
The most obvious possibility is more timely access to exponentially more data than has been traditionally available from data vendors. Enhanced access to detailed disclosures commonly found within the notes to the financial statements is one area that may be particularly useful to investors and analysts.

Another possibility for investors is that structured data enables faster and better analysis. Investors can not only more cost effectively assess more information but may also increase the range of companies they follow.

Greater efficiency with higher-quality investment decisions is a win for all investors, particularly as it provides better opportunities to assess small-cap companies by making it easier and less costly to access and analyze their disclosures. Lowering data access costs while increasing data access provides highly relevant possibilities for all investors, particularly those interested in small-cap companies.

Direct disclosure comparison is important for some investors’ assessments. That said, many investor valuation assessments are highly judgmental, resulting from insights on unique company business practices, processes, and models, and these are reflected in unique company disclosures.

While some disclosures may be highly comparable – particularly within a single industry sector – some valuation assessments may rely on time series changes in company operations, segments, product and other unique company disclosures.

The structured data quality consideration here is to consistently model disclosures – regardless of their highly comparable or company-unique nature.

* The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. Therefore, the views expressed here are my own, and do not necessarily reflect the views of the Commission or other members of the staff of the Commission.

“Enhanced access to detailed disclosures commonly found within the notes to the financial statements... may be particularly useful to investors and analysts.”

Mike Willis, US Securities and Exchange Commission
For investors, what possibilities does structured data open up? How can they analyze the data made more easily available by XBRL? Is this direct tagged comparison important?

At its core, the idea of XBRL is that you can not only get information of one company quickly, but you can also look across groups of companies very quickly. That is one of its central missions. The other mission is that, because it’s a machine-readable format, anyone should be able to go in and get it once it is filed into EDGAR (Electronic Data Gathering, Analysis and Retrieval).

When you look at the current coverage universe of firms, once you get outside the 300 or 400 largest firms in the US, you have very little news and data coverage. What that means is that you have this.

“The benefits are just tremendous when you go deep into the financial statements in ways that weren’t possible before.”

Pranav Ghai, CEO & Co-Founder, Calcbench

While Inline XBRL reporting may allow for more streamlined filing, XBRL data has already opened the door to faster and better analytics for companies and investors alike.
broad swath of companies — 7,000 or more — that need to get their message out, either to individual investors, private equity shops or institutional investors of some kind. That message needs to go out systematically and it needs to go out quickly. XBRL was meant to serve that purpose, and to a large extent it does. The likes of Morgan Stanley, JP Morgan and Citi Group aren’t going to cover a firm with just US$100m in revenue unless it recently went public or something. But with XBRL, you can get data on these companies.

We’ve also had regulators come to us and say, “We scour financial statements and we’re looking for these kinds of metrics that are really hard to find from a data vendor. We can dig them up, but it means we’d have to look through 150 10-Ks, and it would take our people weeks, potentially months. Can you do it for us?” We do it with a mouse click.

The benefits are just tremendous when you go deep into the financial statements in ways that weren’t possible before. You can ask really esoteric questions about things that previously only a few people in the world knew about, aside from the people that worked at the company. It really opens the door to faster and better analysis in the end.

With XBRL data, you’ve got a lot more detailed financial information than has ever been available before. Important information that is often difficult to find, such as unremitted foreign earnings, is now being sourced from XBRL financials by mainstream media because it can be extracted and analyzed faster and more easily.

We’ve also found that companies like Calcbench can import their data almost in real time. We can produce aggregate data across all the capital markets on a real-time basis, which allows you to see things like the nature of capital investment happening, or whether the common revenues of corporates are growing or shrinking, and so on. You get much better monitoring of the overall economy.

One benefit we’ve also talked about is helping fix the problem small companies have with getting their name out there, as Pranav said. Often the capital markets don’t notice them.

I’ll give you a few examples of the benefits as we see them. If you get the Bloomberg listing for a listed company, you might have about 700 data fields. If you look at the XBRL file, you’ve got three or four thousand data fields. That is so much more information to search by — you can find all the companies with particular characteristics that Bloomberg does not have. For instance, I know that Bloomberg does not have data on which companies switched their accounting treatment of leases in a particular quarter. You can find that with the XBRL file.

And that’s because it’s not cost-effective for Bloomberg to make all those thousands of fields interactive, since they are using a manual process for each one. But if all the data fields are expressed as data fields to begin with, it is much cheaper. Bloomberg and other intermediaries can provide a richer picture of each company.

But there’s more to it than that. Once companies’ financial information is available as XBRL, you can aggregate it across industries and the whole market.

For instance, tax repatriations are a big political issue, figuring out which earnings companies have sequestered abroad to avoid paying US taxes. You can get that from the financial statements, but you can’t get it for the whole economy right now, because you don’t have the filings of every public company. With the XBRL data sets, you can. One of the small startups that works with XBRL data has done just that.

For use of the data by investors, it’s important for filers to have a good understanding of XBRL taxonomy. In the initial years, there were not many specialists in accounting and XBRL taxonomy who could help filers express their financials in XBRL terms properly.
Now, the situation is changing quickly and we have observed a greater level of consistency, data quality and maturity in XBRL reporting. With that, investors get information quickly and at an affordable price.

In our opinion, this serves a great purpose – it democratizes access to financial information and stimulates coverage of small- to medium-cap companies by analysts and retail investors. This should bring capital to small public companies that formerly struggled to attract investors due to very limited coverage by aggregators and analysts. With that, value and growth investors can also uncover investment opportunities that were not easy to dig up before. XBRL has become something like Google Maps for small businesses in terms of publicizing their existence on the map.

“A lot of consumers of XBRL data lament the low quality of the data. In what ways do you think XBRL implementation and data gathering can be improved?”

Ilya Vadeiko, Executive Director, FinDynamics, Inc.

“...there are enough people taking in this XBRL data and making it available that people are coming to us with much more realistic questions about how the data can be improved”

MM ► This is the main task we have on our plate right now at XBRL US – improving the quality of the filings. We’re finally reaching the point at which there are enough people taking in this XBRL data and making it available that people are coming to us with much more realistic questions about how the data can be improved, because they’re noticing enough of the errors. We have an initiative underway to address all the errors, an effort in which Vintage is involved – the Data Quality Committee.

We’re trying to set very prescriptive guidance to help filers get their data into a form that can be used by the capital markets. We’re doing that in two ways: by issuing guidance and also by publishing rules that companies can run over their filings before they file with the SEC. An important component of that, obviously, is SEC buy-in. We’re spending a lot of time with the SEC – doing regular updates with them to make sure that they’re supporting the initiative and monitoring the results.

CP ► What I would say is that there are small errors, and then there are really big errors. People complain about the errors in XBRL, but there are an equal number, if not more, in data collected by hand. And XBRL is transparent enough that the errors usually pop out at you.

The second thing is that Calcbench does a lot of data cleansing for our clients. Our systems catch a lot of the low-hanging fruit. Once you have a certain number of data points to look at, you can discern patterns in them. For instance, you know that shares outstanding is typically in the millions or more. If you see something with shares outstanding in the trillions or the thousands, you sniff it out and you say, “Hey, something is off here.” You can catch some of that stuff rather easily. It’s true that there are other types of errors that are harder to catch, and we’re working

PG ► What I would say is that there are small errors, and then there are really big errors. People complain about the errors in XBRL, but there are an equal number, if not more, in data collected by hand. And XBRL is transparent enough that the errors usually pop out at you.
on those. But my guess is that even the best data vendors haven’t corrected them yet.

In addition, XBRL US has created the Data Quality Committee, as Campbell mentioned, and the idea is that this consortium is putting together a set of rules that will be guiding principles for how companies should file their XBRL. The idea is simply that it will increase adoption by decreasing the error rate. That is one very tangible step the community is taking. These principles are then being put into practice by the filers, meaning the corporates themselves, or by the companies that handle their filings, such as Vintage.

JK ► Two studies have been done on XBRL in recent years, one by Columbia University’s Center for Excellence in Accounting and Security Analysis and another by the CFA Institute. And both studies came to the conclusion that the reliability of the data needs to be improved in order for it to be better utilized. They concluded that one possible way of improving it is to require some type of assurance or audit of the XBRL. In the CFA Institute survey, 50% of respondents said they thought that XBRL should be incorporated into the standard financial statement audit and 19% said they thought a separate audit should be done around XBRL. So there are different groups that have been advocating for ways to help improve quality.

I also think education is key for companies — understanding what all the rules and risks are. A lot of companies need to step back and ask themselves if they have a formal enough process in place for filing. Do they have formal controls and policies in place that make them comfortable with the quality of their XBRL?

MM ► XBRL data can obviously be a useful tool for investors, but can it be beneficial for companies as well? In what ways could it be used?

IV ► I would not recommend that each individual business maintain their own database of XBRL data of other peer companies, because it requires considerable experience to achieve good comparability and
usability. However, if they use XBRL data for reporting and make it available to aggregators such as FinDynamics, they could subscribe and obtain the high value data of their peers at a low cost.

The benefits are significant if XBRL is used wisely. It ensures consistency within one report and across many periods if used correctly, which is important for reliable analysis. In the past, if an analyst wanted to go beyond the three primary financial statements into more interesting disclosure areas, the amount of effort and time required to collect the information from unstructured HTML reports grew exponentially. This is why a handful of traditional data aggregators that provide some normalized disclosure data from HTML reports charge enormous fees, because that data used to be manually collected and still had a fair number of errors. With XBRL, it's becoming a lot easier and more reliable and verifiable.

“We have a number of public companies that use that data to look at their own filings, and then do comparative analysis as well. They can do their own modeling for their own corporate purposes.”

Campbell Pryde, CEO, XBRL US
We're actively trying to give public companies access to the data – we have an API that people can use to pull the data into a spreadsheet. We have a number of public companies that use that data to look at their own filings, and then do comparative analysis as well. They can do their own modeling for their own corporate purposes.

There's a really nice anecdote I can share with you from one of our customers about this. The CFO of a company went to a presentation that a group of consultants were giving, and their whole approach was something like, "You must do corporate benchmarking to figure out where you stack up against your peers. But we can do it for you. It will cost you half a million dollars a year."

This CFO came back from the meeting and said to one of his employees, "Look, they want to charge us half a million bucks a year, but I know we can do the work. And we can do it better because we understand our market. Go find some tools that'll help." That employee did his homework and he came to us. And we were able to give him the data using XBRL. That was it. It was literally that easy.
About fleXBRL from Vintage

“I need more time to review and edit,” has been battle cry of CFOs regarding their quarterly XBRL filing process. The milestones and vendor-created deadlines are just too inflexible and making a last minute change has been too expensive – until our fleXBRL program.

Flexibility to match your workflow:

**Complete:** Flexible XBRL tagging process between Vintage and client’s on-staff financial team. Our XBRL Dedicated Accountants execute taxonomy-tagging process while clients have real-time web portal/Microsoft Office oversight to review, directly edit and submit both XBRL and associated HTML EDGAR files at any time up to the filing deadline.

**Command:** 100% self-serve web portal/Microsoft Office solution for companies with on-staff XBRL specialist(s). XBRL and associated HTML EDGAR files can be submitted to the SEC at any time up to the filing deadline.

**Core:** Traditional Excel-based XBRL tagging and filing solution. All tagging, timeline management and final filing executed by Vintage XBRL specialists. Adherence to filing workflow timeline is essential.

Plus, thanks to the technical nature of XBRL, upgrading to more flexible platforms is now an effortless and free switch. Your current XBRL tags simply “roll-over” into one of our new programs.

“XBRL is no longer only about SEC compliance.

It’s now about speed, accuracy and workflow flexibility.

And for our clients, it’s about delivering an intelligent value.”

▶ Liam Power, President, Vintage, a division of PR Newswire/Cision
About Vintage

Vintage, a PR Newswire division, is a top-three provider of full-service regulatory compliance and shareholder communications services, delivered across our three practice areas: Capital Markets, Corporate Services and Institutional & Fund Services. Founded in 2002 and acquired by PR Newswire in 2007, Vintage has evolved to become the industry’s intelligent value choice. We deliver a flexible balance of people, facilities and technology to ensure that regulatory compliance and shareholder communications processes are efficient, transparent and painless. Services include IPO registrations, transactions, virtual data rooms, EDGAR & XBRL filing, typesetting, financial printing and investor relations websites.

theVintageGroup.com

Trevor Loe
Vice President
Vintage, a Division of PR Newswire
Direct: 201.360.6425 | Mobile: 440.787.9960

trevor.loe@thevintagegroup.com
www.TheVintageGroup.com