

# XBRL Fast Lane

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- a non techies guide for business people

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## FOREWORD

Dear Reader,

What You are about to read is acutely important. This development is changing the face of business reporting forever. These changes will manifest themselves in several ways. Some impacts will be on the cost saving side by more rational handling, some changes will impact business logic, market transparency, credit judgments by financial institutions. XBRL is the most important change since the breakthrough of the internet. XBRL is transnational it is a global economic event.

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# **1. eXtensible Business Reporting Language (XBRL)**

## **Introduction**

This text was written beginning of June 2003.

Economic information is produced by all actors in the society and the world. This information has thus far been created by programs and systems mostly incompatible with each other. This is changing now. What has happened with computer data is now happening with economic data. Instead of publishing static documents unreadable for any software, if not specifically intended, XBRL documents are transparent and readable for software packages and they are transnational – language independent, they are also platform independent. This means that XBRL does for all economic stakeholders globally what a business system like SAP R3 does for a single company. XBRL does not require or needs to change the laws of accounting practices – XBRL changes the speed at which economic information can be analyzed, shared and the amount of quantitative data can be used quickly and accurately by a factor which is so great it can not accurately be described. The transition is from static documents (mostly on paper) → an electronic detailed format understood and spread able by all stakeholders.

**This is not a possible futuristic event, it is a reality here today !**

Instead of printing paper documents or creating a PDF – you email a XBRL-file. The file is read by the receivers software package and instantly is available for analysis. Compare that with current practices – stone age methods just leap frogged into space age methods.

## 2. What is XBRL technically ?

XBRL is an XML-based, royalty-free, and open standard being developed by a joint consortium of companies and agencies. XBRL uses XML data tags to describe financial information for public and private companies and other organizations. XBRL International and the local jurisdictions collaboratively produce standard specifications and taxonomies that anyone can license for use in applications.

This is how some raw XBRL-code looks like:

```
<ci:incomeFromContinuingOperations.incomeBeforeTaxesAcctingChangesExtraordinaryItems
numericContext="C0102">52254000</ci:incomeFromContinuingOperations.incomeBeforeTaxesAcctingCha
ngesExtraordinaryItems>
<ci:incomeFromContinuingOperations.incomeBeforeTaxesAcctingChangesExtraordinaryItems
numericContext="C0103">24004000</ci:incomeFromContinuingOperations.incomeBeforeTaxesAcctingCha
ngesExtraordinaryItems>
<ci:incomeBeforeTaxesAcctingChangesExtraordinaryItems.operatingProfit
numericContext="C0102">48836000</ci:incomeBeforeTaxesAcctingChangesExtraordinaryItems.operating
Profit>
<ci:incomeBeforeTaxesAcctingChangesExtraordinaryItems.operatingProfit
numericContext="C0103">22283000</ci:incomeBeforeTaxesAcctingChangesExtraordinaryItems.operating
Profit>
<ci:operatingProfit.grossProfit numericContext="C0102">112355000</ci:operatingProfit.grossProfit>
<ci:operatingProfit.grossProfit numericContext="C0103">59165000</ci:operatingProfit.grossProfit>
<ci:grossProfit.salesRevenueNet numericContext="C0102">191347000</ci:grossProfit.salesRevenueNet>
<ci:grossProfit.salesRevenueNet numericContext="C0103">99980000</ci:grossProfit.salesRevenueNet>
```

Anyone familiar with low level cousin HTML immediately realizes the power of this disposition. From fixed static information to platform independent, error free, transferable information. All items are coded in minute detail, hence all software packages can immediately tell "*What is this number ? **Aha!** This is COGS this is Sales etc.*"

### 3. Who else supports XBRL ?

XBRL development is carried out by many parties, independently and in collaborative efforts.

Some of the most high profile drivers of evolution are – at CEO, CFO level - : the non-profit organization XBRL International (xbrl.org), Microsoft, PricewaterhouseCoopers, NASDAQ, Tokyo Stock Exchange, Morgan Stanley Dean Witter, American Institute of Certified Public Accountants, Ernst & Young, Bank of America, FDIC, EDGAR Online, Australia & New Zealand Banking Group, enumerate, Reuters, CaseWare International.

This list is growing everyday, so you see that powerful players have accepted XBRL as the next step.

### 4. Where to find it

XBRL is from a computer point of view a technical XML-standard, a growing number of software companies are waking up and are working on implementing this. You can count on that XBRL will be a standardized part of all economic software packages, it is coming your way as a convoy over the sea, and like a convoy each member will arrive at a slightly different time. It has already started to arrive.

You can find your specific partners in this by visiting [www.xbrlworld.com](http://www.xbrlworld.com)

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## **5. Who and what does it apply to ?**

Business reporting includes, but is not limited to, financial statements, financial information, non-financial information, general ledger transactions, and regulatory filings such as annual and quarterly financial statements

## **6. What will XBRL affect ?**

XBRL is a computer protocol. It will not change any laws for accounting (yet). It will however change business practices, habits and management styles and tools. Business practices will become more aggressive ; it will increasingly become possible to quickly and deeply analyze economic data of companies for outside stakeholders. This means investors, lenders, business partners can in a flinch make a thorough analysis of You. Before outside stakeholders were left with your word, your faxed copy of your balance sheet and income statement and ultimately many things were decided on trust and on your reputation. If you are new to a business community, trust and reputation is scarce. Now with XBRL-economy your existing and new partners can check you out quickly and see immediately if you fit their profile. More focus will be put on the business opportunity at hand instead of judging if you are trustworthy or not.

## **7. How can I and our organization benefit ?**

Easy. Accept and adopt XBRL as an economic standard today. The first thing you have to start working with is to develop a taxonomy for your company. Sure, your current economic infrastructure is not XBLR-fluent (most probably). Start immediately to find a way to implement XBRL. Make sure your Balance Sheet and Income Statement, Cash Flow Report can be saved as XBLR. See <http://www.XBLRworld.com> where you can find software that help you. Links to software companies and instructions on how to develop a taxonomy. A report by Morgan Stanley in September 2002 titled “Web Enabled Business Reporting” –

XBRL will lead to more efficient capital markets that in turn may reduce capital costs. Furthermore they say that early adopters will realize economic benefits by participating in the creation of this new software-readable standard. Forward thinking organizations looking to gain competitive advantage are spending time and effort realizing XBRL. It is their belief and ours that XBRL is positioned to become the primary format for delivering business-reporting content over the web.

## **8. Taxonomy**

An XBRL taxonomy is a description and classification system for the contents of financial statements and other business reporting documents. One can view taxonomies as dictionaries of terms. From a technical viewpoint XBRL taxonomies can be regarded as extensions of XML Schema, augmented with written documentation and a number of additional XML Linking (XLink) files. Taxonomies represent up to hundreds of individual business reporting concepts, mathematical and definitional relationships among them, along with text labels in multiple languages, references to authoritative literature, and information about how to display each concept to a user.

## **9. The steps to take**

In order to get your organization on the track of adopting XBRL, some ground work needs to be done. Spread knowledge to the key people, like CFO, CEO and people who have economic positions. Nothing, not even XBRL will sell itself, all things even ideas need someone to promote them. By becoming that person you are positioning yourself and your company on the path to faster execution and responses to market developments and thus higher profits. Conclusion become the in-house salesman of this free new efficiency creating standard. A good goal would be to initiate an official pilot project with some other company in your field. Once again [www.XBRLworld.com](http://www.XBRLworld.com) can be your forum.

Define a business case for your organization. Set your goal! Ask yourself are you aiming to save costs or speed up/get more detailed reporting ? Map and search

out all steps in your process, wherever there is a data transition from point A to B. Ask yourself – is there any loss of data ? time ? room for error ? If you answer Yes to any of that then this is an opportunity for XBRL. Generally the idea is to do away with as many as possible of intermediary steps. Stress the point that creating a taxonomy and handling data in XBRL gives a single point of reference fro data. Reducing costs. Increasing efficiency. There are prefabricated taxonomies which are suitable to use as a starting material for Your organization. You can look for a suitable match at [www.XBRLworld.com](http://www.XBRLworld.com)

This booklet ends here, for further reading visit [XBRLonline.com](http://XBRLonline.com) or [XBRL.org](http://XBRL.org)

XBRL - It is here - It is now - it is global.

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