



# XBRL – What it Is, Why It Matters

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# Outline

- § What is XBRL?
- § What are XBRL taxonomies?
- § What are the goals of XBRL?
- § Vision for interactive data
- § Why it matters
- § Analogy for standards in business reporting

# What is XBRL?

- § eXtensible Business Reporting Language
- § An Internet-based technology
- § Developed as an open standard
- § Predefined data tags, like a barcode
- § “Interactive data”

# From this...

## BALANCE SHEETS (In millions)

	March 31, 2006	June 30, 2005 (1)
(Unaudited)		
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 4,351	\$ 4,851
Short-term investments (including securities pledged as collateral of \$1,311 and \$0)	30,465	32,900
Total cash and short-term investments	34,816	37,751
Accounts receivable, net of allowance for doubtful accounts of \$172 and \$171	6,818	7,180
Inventories, net	1,113	491
Deferred income taxes	2,036	1,701
Other	1,845	1,614
Total current assets	46,628	48,737
Property and equipment, net	2,543	2,346
Equity and other investments	8,888	11,004
Goodwill	3,609	3,309
Intangible assets, net	461	499
Deferred income taxes	3,436	3,621
Other long-term assets	1,289	1,299
Total assets	\$66,854	\$70,815
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,354	\$ 2,086
Accrued compensation	1,516	1,662
Income taxes	2,805	2,020
Short-term unearned revenue	7,215	7,502
Securities lending payable	1,337	0
Other	3,140	3,607
Total current liabilities	18,367	16,877
Long-term unearned revenue	1,686	1,665
Other long-term liabilities	4,763	4,158
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid-in capital - shares authorized 24,000; outstanding 10,225 and 10,710	59,850	60,413

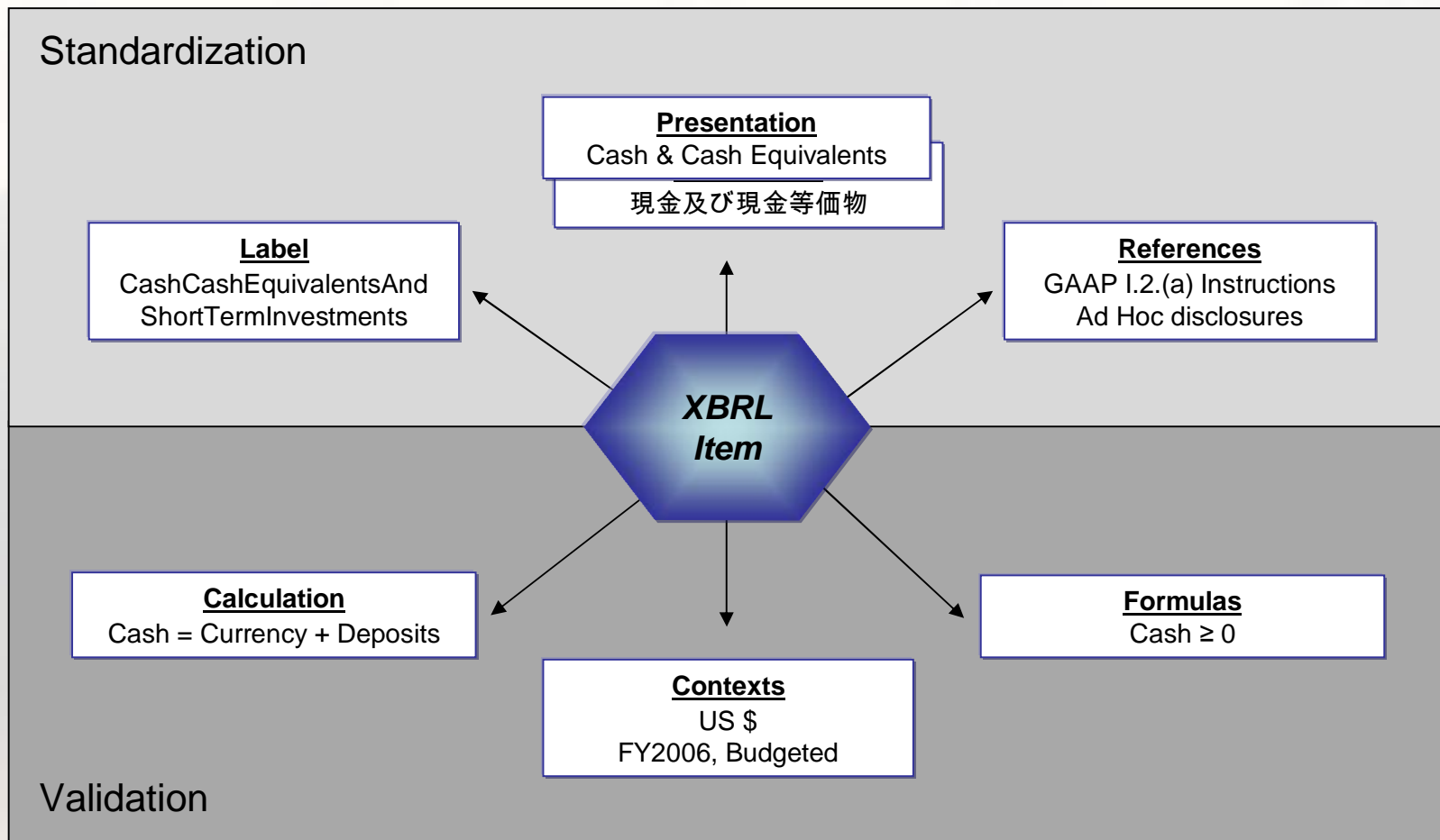
# ...to this data

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# What are XBRL Taxonomies?

- § Standard set of tags for a given context
  - § Concepts (e.g. “GAAP”)
  - § Labels
  - § Calculations
  - § And more
- § Description and classification system for business reporting and financial data
- § Designed as *extensible*, customizable

# What *IS* a Standard Tag?



# What are the Goals of XBRL?

- Efficiency of business information
  - Streamlining of reporting processes
  - Enhanced analysis of financial reports
  - Aggregation and integration of related reporting information
- Effectiveness of reporting
  - Communication of financial performance to analysts and investors
- Facilitation of comparison
  - Tags provide identity and context (validation)
  - Support interfaces with databases, reporting systems, and spreadsheets

# What It is NOT

- § Set of accounting standards
- § A definitive detailed chart of accounts
- § GAAP mapping tool

# Vision for Interactive Data

*It should be easy to call up information about any company you choose. You should be able to download it and use it in the personal software of your choice. And you then should be able to easily analyze and compare the data with the same information from other companies.*

*We want to make the numbers derived from financial statements vastly more accurate.*

*And we want to allow companies to communicate with investors on a constant basis.*

Chairman Christopher Cox to American Enterprise Institute, May 30, 2006

# Why XBRL?

- Regulators under mandates to reduce costs and increase effectiveness
- Technology trends
  - Ubiquity of Internet technologies
  - XML as low-cost data format
  - Electronic filing
- Companies face multiple compliance activities
- Technology supports goals of financial transparency and better disclosure
- Business excellence requires transformation

# Analogy – Cargo Containerization: Data Encapsulation

- § Up until the 1960's
  - § Shipping individual pieces of cargo
  - § Loaded, packed, arranged and unloaded separately
  - § Significant breakage and pilferage
  
- § Today, Containerization
  - § 90% of world trade moves in containers
  - § Shipping costs reduced by 70%
  - § More reliable and efficient end-to-end transport
  - § Enhanced controls



# Standardizing Financial Reporting

Jan 2005	Committee of European Banking Supervisors adopts common technology protocol
Apr 2005	U.S. SEC begins voluntary filing program
Jul 2005	Comisión Nacional del Mercado de Valores (CNMV) – Spanish SEC implements for periodic reports
Oct 2005	Federal Deposits Insurance Corporation (FDIC) fully deploys call report modernization for 8200 banks
Feb 2006	Bank of Japan (central bank) begins collecting monthly balance sheets from 500 financial institutions
Mar 2006	HM Revenue and Customs (UK) launches online service for company tax filing (mandatory by Mar 2011)
Apr 2006	Tokyo Stock Exchange announces plan to implement XBRL
Sept 2006	SEC invests \$54M in three contracts to transform EDGAR filing system, moving to “Interactive data”
Sept 2007	Completion of XBRL US GAAP taxonomy
Nov 2007	Singapore Accounting & Corporate Regulatory Authority (ACRA) requires companies to report in XBRL