

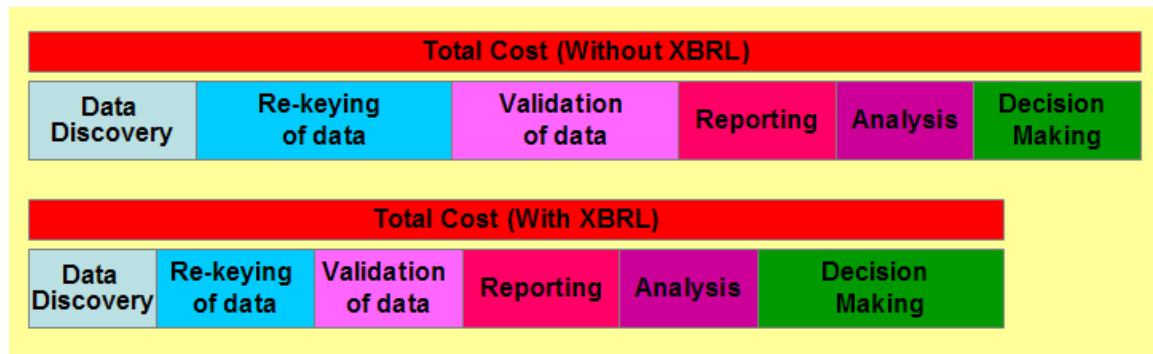
What is XBRL?

The best definition of XBRL is the one on Wikipedia (<http://en.wikipedia.org/wiki/XBRL>) which says:

XBRL (Extensible Business Reporting Language) is an open standard which supports information modeling and the expression of semantic meaning commonly required in business reporting. XBRL is XML-based. It uses the XML syntax and related XML technologies such as XML Schema, XLink, XPath, Namespaces, etc. to articulate this semantic meaning. One use of XBRL is to define and exchange financial information, such as a financial statement. The XBRL Specification is developed and published by XBRL International, Inc. (XII).

XBRL is a standards-based way to communicate business and financial information. These communications are defined by metadata set out in taxonomies. Taxonomies capture the definition of individual reporting concepts as well as the relationships between concepts and other semantic meaning.

XBRL is fundamentally about reducing costs and increasing benefits and quality.



The chart above shows total cost in business reporting without and then with XBRL. These costs relate to things like discovering the data you wish to report, re-keying the data from the source into your report, validating the integrity of the data to be sure it is accurate, reporting the data, analyzing the data, and then making some sort of decision. The highest value-add is making the decision.

One common use of XBRL is for the exchange of business reporting information such as financial statements. Another use of XBRL is validation of the information contained within business reports to ensure those reports are prepared correctly. Another use of XBRL is analysis or other reuse of this business information.

One common theme relating to these uses is a notion of rules, or business rules. For example, when creating a business report there are a set of rules which states what makes that report "valid". These rules might be definitional in nature, express computations, be process oriented assisting in work flow, enforcing specific regulations, or be instructional or otherwise document the nature of a concept or a concept's value whether numeric or textual in nature. For example, using the semantic information expressed within a taxonomy a business user could:

- Validate that calculations are correct such as "Assets = Liabilities + Equity";
- Verify that report-ability rules (such as rules found in a financial statement disclosure checklist) are being followed such as "IF Property, Plant and Equipment exists on the balance sheet, THEN the financial statement disclosures MUST contain the following policies and disclosures..."

- Communicate that “All cash flow types must be operating, financing, or investing in nature.
- Express new information such as ratios between concepts such as “Working Capital” as being the difference between Current Assets and Current Liabilities”.

It is important to note that the semantic information expressed in XBRL is separate from any software application and can be exchanged because it is a global standard recognized by other applications. So, the creator of information can provide all business rules used to express information to consumers of that information. This is unlike the business rules expressed in proprietary formats locked within one software application.

The XBRL standard supports data definition just like XML Schema does. But, due to the needs of business reporting, XBRL extends XML Schema’s data definitions in a standard way to express this additional semantic meaning not supported by XML Schema. For example, metadata such as additional concept properties such as “balance” (debit or credit) go beyond the scope of XML Schema data definition properties.

Other types of semantic information expressible includes:

- multiple relations of different kinds between concepts (whereas XML Schema supports only one type of relation);
- business rules;
- labels, documentation, and references;
- dimensional information,

One key aspect of XBRL is that it provides a well-defined extensibility framework that a business solution in an application domain such as business reporting can build on. Meaning, it need not be “form” driven with a fixed content model like XML Schema based solutions are. Within certain boundaries users may literally “change the form” as they see fit as long as they don’t violate the rules as laid down in the specification of the semantics of the metadata. This “predictable extensibility model” allows for flexibility in a controlled manner. This means that,

- new concepts can be defined by users,
- new relations between concepts may be prohibited or “rewired” by users,
- additional resources such as labels, references to external materials, and business rules.

As can be seen, XBRL moves beyond the validation of the syntax of information which is all that XML provides. XBRL goes beyond what XML can provide by using additional metadata required within business reporting and provides a formal expression of the semantic constraints of business information and to which a business report must comply in order to be deemed valid.

All these features described above enable reliable automated exchange of business information. This exchange of information can exist at a number of levels such as between one business user and another or between one computer application or process and another.

Further, to the extent that domain users can agree on the metadata a substantial amount of leverage can be realized. For example, when there were 80 or so different sets of financial reporting standards XBRL would have provided benefit; but the fact that countries have agreed to drop their country-specific financial reporting standards and replace them with one standard, International Financial Reporting Standards (IFRS), XBRL becomes even more useful.

XBRL is an enabling technology in that it allows things to occur which could not occur before it existed. XBRL is a transformational technology. The shipping container and the bar code are examples of other transformational technologies. XBRL will transform business reporting.