

What is XBRL and how will it impact your business?

An introduction to the Web services standard that has captivated the world's leading financial institutions and corporations.

Software AG

WITHOUT A STANDARD FOR EXCHANGING DATA, THE FINANCIAL COMMUNITY HAS been consistently frustrated by inefficient reporting processes. Currently, financial data is passed around in a variety of non-interchangeable formats, such as HTML and text files. While useful for editing, these formats offer no advantage over paper photocopies when sharing data between applications and users on different computing platforms. eXtensible business reporting language (XBRL) is a widely accepted data format that enables the exchange of uniform financial information between computer systems, software applications and people and is based on the eXtensible markup language (XML).

XBRL tags data with standardised descriptions that enable other applications to understand the meaning and context of specific information within financial documents. The result is that data is entered cleanly once and then understood consistently and accurately thereafter. There is no need to re-key information or make guesses as to what a specific number might represent.

For example, when a piece of data is tagged as 'revenue', then XBRL-enabled applications know that it adheres to a strict definition of revenue and can use it accordingly. The integrity of the information is ensured by standards that have already been widely accepted. In addition, XBRL provides deeper contextual information about specific data content within financial documents. For example, when a particular sum of money is specified within a report, XBRL tags may identify that data as 'cash' or 'accounts receivable'. It can also indicate timeframes for particular pieces of information, such as year-to-date sales.

XBRL benefits

It sounds simple, but it represents a quantum leap for financial applications and the people who use them. The technology is ideal for web-enabled applications and all of us who gather financial information over the internet.

Currently, banks, investment firms, credit companies and regulatory bodies, such as governments and trade associations, have the most to gain by adopting XBRL. However, any organisation with financial reporting responsibilities can benefit immensely from XBRL.

Even though XBRL is a cutting-edge technology, the underlying foundation of XML has proven capabilities and

XBRL benefits

- ◆ Creates more confidence in data by limiting the risk of erroneous data entry, since all reports are automatically generated from one single information source.
- ◆ Minimises costs by allowing easier, more automatic composition and processing of reports to different clients.
- ◆ Accelerates financial decision-making by institutions such as banks and rating services.
- ◆ Improves the process of publishing analyst and investor reports.
- ◆ Provides information consumers with unprecedented access, comparison and analysis capabilities.

is already established as the common standard to exchange all kinds of data, including financial information. The world's leading governments, financial institutions, accounting firms and corporations are already leveraging the standard to gain impressive ROI with both internal and external applications.

Software AG is a leading provider of web services and one of the primary drivers of XBRL and XML technologies. XBRL's services and technologies help companies build XBRL solutions from existing IT investments. They deliver methodology and practical tools for implementing and sustaining XBRL projects. Software AG's programme includes project management, business and technical consulting, implementation support, tools and training.

The suite is designed to solve specific business issues within the financial information supply chain, like credit risk management, internal-external reporting and regulatory filing. It is based on W3C XML standards and offers an open framework for plugging in custom components and other third-party solutions.

A global Software AG XML/XBRL Competence Center has been established to transfer knowledge to participating organisations, offer support for XML/XBRL solutions and continue to build upon the success of the standards. XML standards have demonstrated significant ROI for numerous technical and business applications. XBRL is simply an extension of the XML standard. ROI within the financial community is already beginning to materialise from these implementations.