Better Data, Better Reporting? How Interactive Data Might Affect Business Journalism…And Beyond

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Director, Office of Interactive Disclosure
Securities and Exchange Commission

How Will Journalism Survive the Internet Age?
Federal Trade Commission
Washington, D.C.
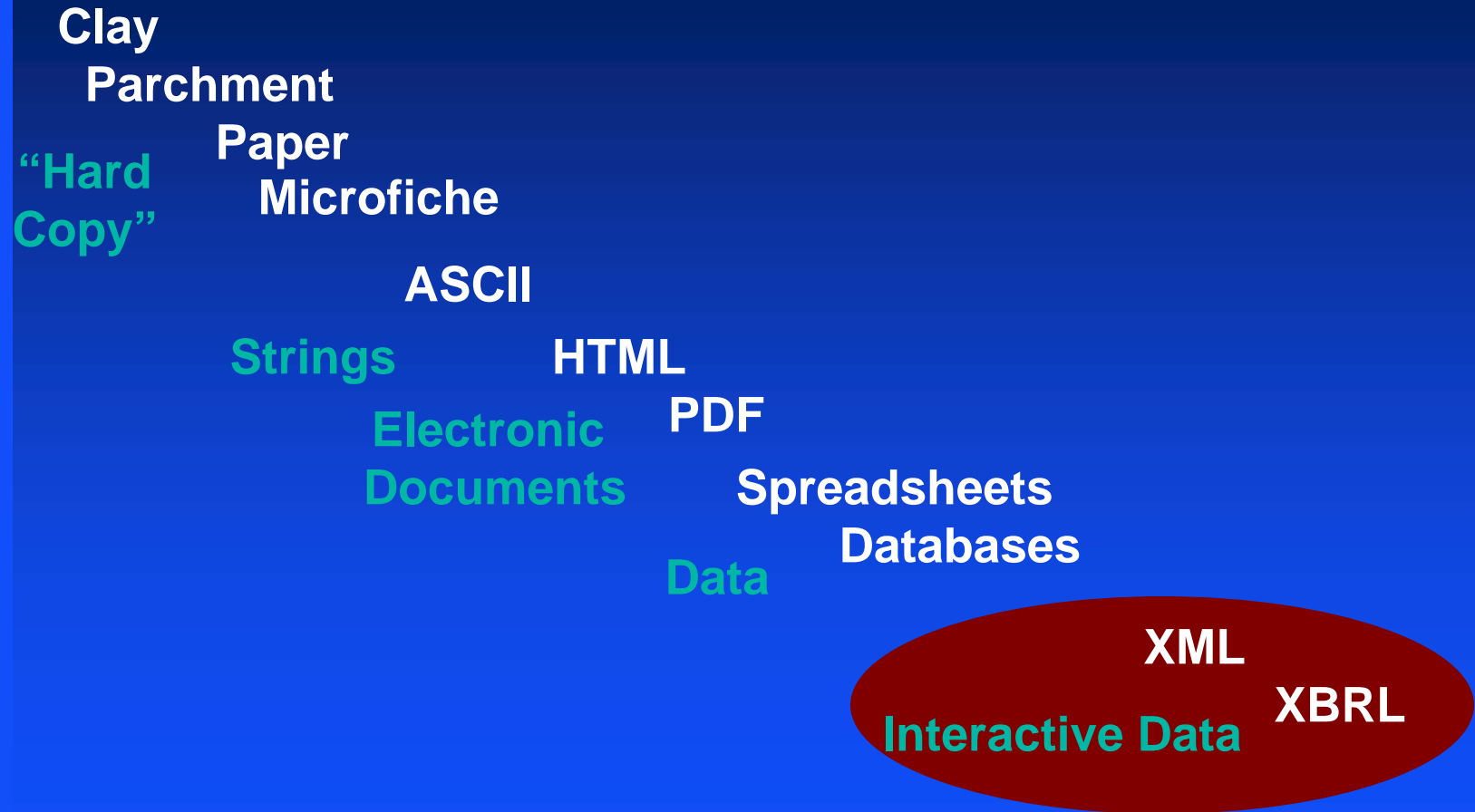*10 March 2010*

Disclaimer

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Better Data, Better Reporting?
How Interactive Data Might Affect
Business Journalism…And Beyond

The Progression of Financial Reporting "Media"

Clay

Parchment

"Hard Copy"

Paper

Microfiche

ASCII

Strings

HTML

Electronic Documents

PDF

Spreadsheets

Databases

Data

XML

XBRL

Interactive Data
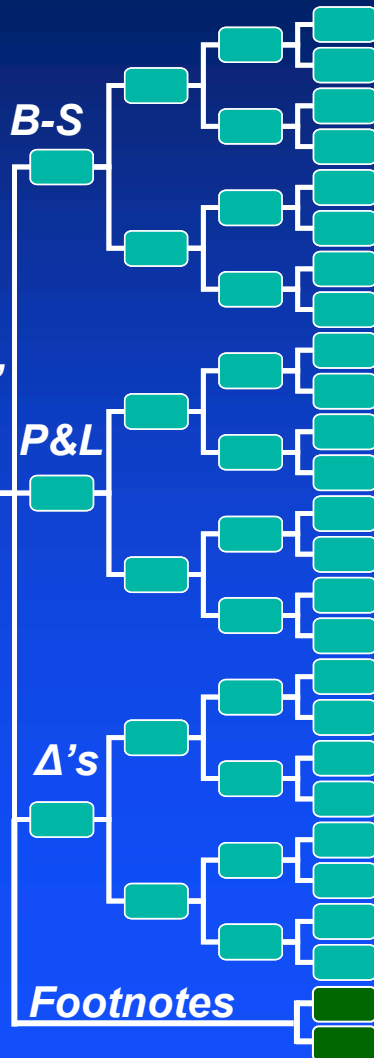
What are "Interactive Data", "XBRL"?

- ❖ **Computer language that facilitates use of financial information by people**

- ❖ **Concept of liberating financial data from financial documents**

- ❖ **Data standard:**

  - ◆ **Interoperable: can cross platforms, applications, countries**

  - ◆ **Supervised rigorously by regulators and standard-setters**

  - ◆ **Flexible - "Extensible" - appropriate for US reporting**

  - ◆ **Transcends financials, even beyond financial-type items**

- ❖ **Already used by US financial regulators (FDIC, SEC) and international regulators**

E*X*tensible

B*usiness*

R*eporting*

L*anguage*

"Interactive Data" Adds Structure and Meaning to Financial Disclosures

B-S

P&L

Δ's

Footnotes

"Taxonomy"

US-GAAP: List of Tags

STATEMENTS OF CONSOLIDATED INCOME

(Thousands of Dollars Except Per Share Data)

	Year ended December 31,		
	2001	2000	1999
Net sales	$ 5,066,005	$5,211,624	$5,003,837
Cost of goods sold	2,846,376	2,904,013	2,755,323
Gross profit	2,219,629	2,307,611	2,248,514
Percent to net sales	*43.8%*	*44.3%*	*44.9%*
Selling, general and administrative expenses	1,729,855	1,740,367	1,673,449
Percent to net sales	*34.1%*	*33.4%*	*33.4%*

"Interactive Data" Add Structure and Meaning to Financial Disclosures

"Taxonomy"

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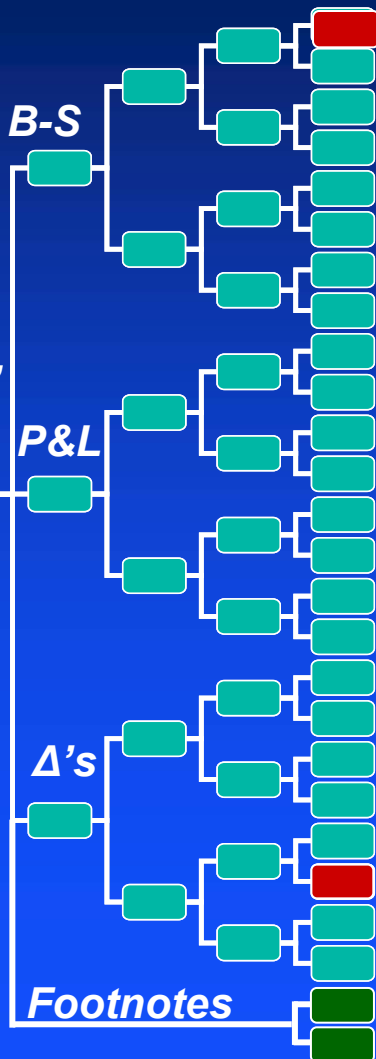
Label: **Net Sales**
Tag: **NetSales**
Metadata: **- Currency**
- Year
- Amount
- Scenario
- Value

Tagging

OR: an "Extension"

Footnotes (Block, Detailed)

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What is Different with Interactive Data?

SEC Filings

Access

Private Uses

"Instance Document"

Interactive Data

Interactive Data

- *Viewers*
- *Tagged data downloads*
- *Spreadsheet downloads*
- *RSS-type feeds*
- *Specialty apps*

Strategic Analysis

Investment Analysis

Trading Models

Spreadsheets

Financial / Business Reporting System

HTML & ASCII

Document Format

STATEMENTS OF CONSOLIDATED INCOME

Traditional

- **Download**
- **Print**
- **Transcribe**

✷ **= Tagged Data**

Why is Interactive Data Important for Financial Reporting?

Filers/Corporations

- ❖ **Process improvements and savings**
- ❖ **Easier/Faster compliance**
- ❖ **Better communication, visibility to investors**
  - ◆ ***Especially* for mid/small-caps**

Buy-side

- ❖ **"Faster, cheaper, better"**
- ❖ **As-reported, and complete**
- ❖ **No introduced errors**
- ❖ **More useful, more functionality**
- ❖ **Higher analysis/analyst productivity**
- ❖ **Improved comparability**

Market Efficiency Transparency

Phase-in Schedule: Publicly-Listed Companies

What?

Who?	What?	
Filer Group	**Year 1**	**Year 2**
	Periodic Reports, Registrations	

Domestic/Foreign Large Accelerated Filers Using US GAAP	• Face Financials: All facts
	• Footnotes: Block tag each footnote
	• Schedules: Block tag each schedule
		• All from first year
		• Footnotes:
		  • Each significant accounting policy
		  • Block tag each table
		  • Tag each amount
		• Schedules: Tag each amount

• ***Public Float >$5 billion***		
• ***All other Large/Accelerated Filers***		
All other Filers in US GAAP (including smaller reporting companies)		
All Issuers using IFRS as published by the IASB		

Phase-in Schedule

What?

Who?	Year 1	Year 2
Filer Group	**Begin with the first 10Q (or annual, for 20F/40F filers) for periods ending after 15 June**	
Domestic/Foreign Large Accelerated Filers Using US GAAP		
• **Public Float >$5 billion**	*2009*	*2010*
• **All other Large/Accelerated Filers**	*2010*	*2011*
All other Filers in US GAAP (including smaller reporting companies)	*2011*	*2012*
All foreign private issuers using IFRS as published by the IASB	*2011*	*2012*

Interactive Data and the Internet Age Journalist?

- ❖ **Faster / Better / Cheaper**
- ❖ **Metadata**
- ❖ **Precision and provenance**
- ❖ **Machine-"crunchable"**
- ❖ **Join / "Mash-up" with any structured data set**
- ❖ **"Bots" and alerts**
- ❖ **Social media-friendly and interactive**
- ❖ **Global standard in concept, and increasingly in reality**
- ❖ *From Disclosure to Transparency*

Common Standard Will Allow Users to Analyze Across Many Domains
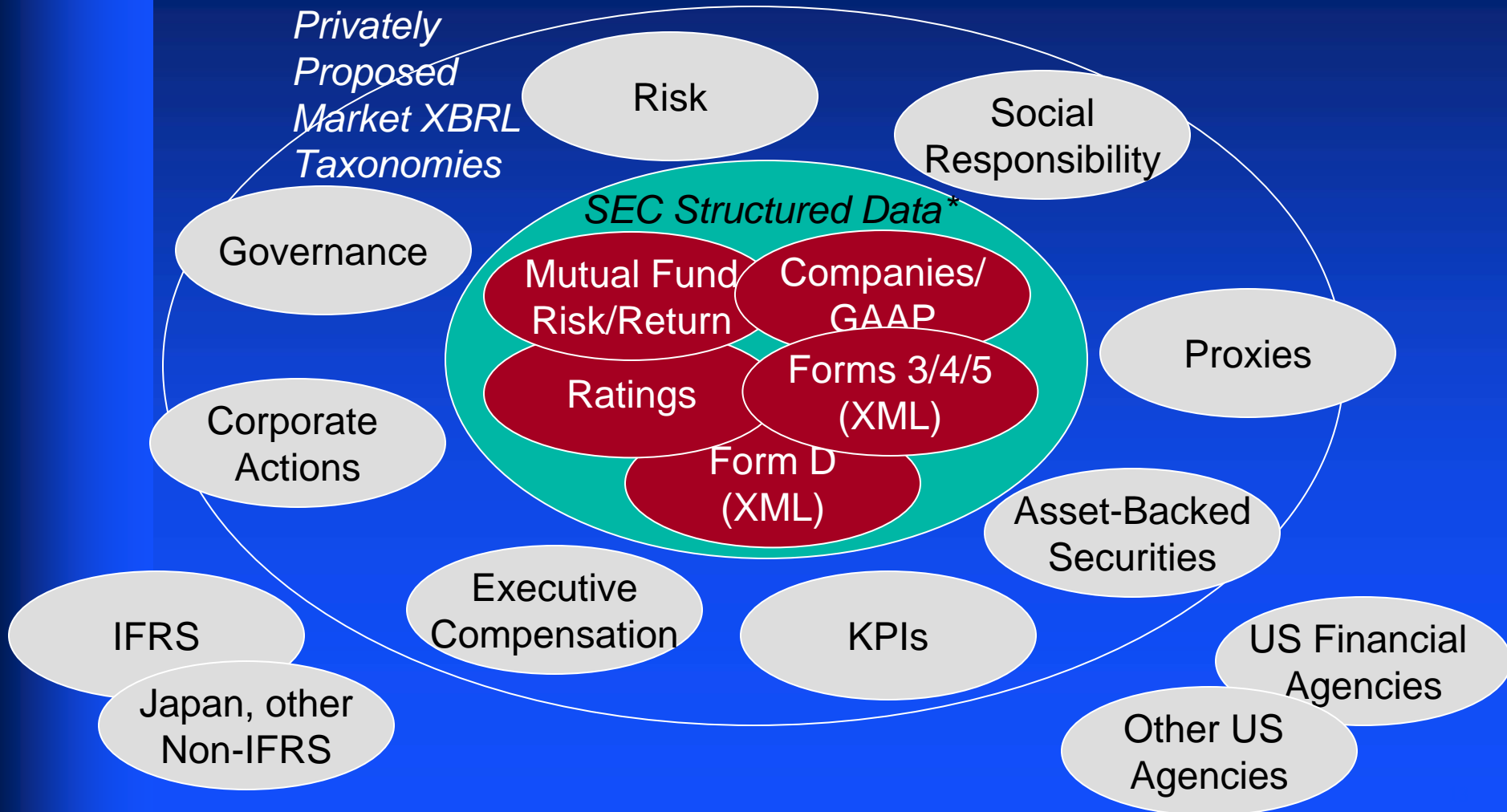
Thank You

Contact Information for Questions

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❖ **202-551-5359**