

To Whom It May Concern:

Thank you for the opportunity to comment on your plans for Interactive Data.

First and foremost, I believe that the standardization of accounting terms in financial statements will benefit the taxpayer, the SEC, and the investor. In fact, standardization of terms in all SEC filings will benefit the taxpayer and investor as well. It will lower the cost of IT for federal agencies over time. It will give investors the capability to use software that can easily compare the data from one year to the next to outline trend patterns for a company. It will give investors the capability to use software that can easily compare the data from company to company or from industry to industry. It will allow software companies to create applications that assist investors in making better filing decisions. It will also allow the SEC to filter on anomalies in the data as part of their review process and save staff time. There are a lot of promises to Interactive Data; however, there are a lot of questions and issues that come to mind surrounding the SEC's adaptation of XBRL, its cornerstone of the Interactive Data movement.

The SEC has sold the XBRL movement as easy, cheap, and "ready". Based on my experiences with XBRL and accountants, it appears that the deployment of XBRL for the filer and the SEC is going to be extremely difficult, is going to be very expensive, and is currently "whatever the polar opposite of ready is?"

Below are some issues that are going to be very difficult to overcome if the SEC intends to move forward with their mandate of XBRL before the standard becomes mature. The difficulties will manifest themselves in higher costs and problems in the entire filing life cycle for everyone involved. It may also end up costing the SEC much, much more to remove the functionality if they are not successful. The issues are:

- 1. The accounting software industry has not introduced XBRL capabilities into their product lines to allow XBRL data to be produced from their already existing and in use software packages,*
SAP, QuickBooks, Peachtree, etc. have not announced products for the saving of financial statements in XBRL, so, any work to produce such documents must be done outside of the companies' current accounting processes. In addition to additional software, this will include additional labor to create, review, and produce the XBRL rendition of their financials. This additional work is not trivial.
- 2. The technology industry has not produced alternative software capabilities so that this can be done without a lot of hard work by the consumer, processor, and producer (for example, the software industry has not evolved to a point where XBRL instance tags are not transparent to the users as the HTML world has),*
There are perhaps 6 software products on the market today that can help filers create their instance documents. There are three validators, each of which validate differently (so, which one validates to the standard?). There are NO rendering tools capable of displaying anything but a static rendered document of expected input. These tools do not hide the complexities of XBRL to those performing the work, therefore, it takes a skilled person (two actually, an accountant and an IT person) to

create the instance documents when it should take the push of a button to create the instance documents and all of its associated files.

3. *XBRL US has done a lot of work, however, the standard is not mature enough at this time,*

The accounting world has not adopted this standard, for example, XBRL allows the use of extensions to satisfy current accounting practices. The software world has not adopted this standard, for example, there are sparse products available. The standards are still evolving into tactical solutions. Rendering is still an expensive and problematic issue. Validating the data is still an expensive and problematic issue. XBRL US should put a higher priority on the completion of the rendering and formula link bases to resolve some of today's issues with the technology. Waiting for the maturation of the standard increases the SEC's chances for success and will greatly decrease the SEC and filers' IT expenditures.

4. *Companies are being asked to create two financial statements, one in ASCII/HTML and one in XBRL,*

As part of the SEC mandate, they are asking companies to continue doing what they do today for the creation of their ASCII/HTML version of the financials. In addition to that work, the SEC is asking companies to create an additional filing in XBRL that is identical to the ASCII/HTML version. Companies must create a completely new process for submitting the new XBRL filing, which includes mapping their already well established financials to one of the US GAAP taxonomies, input that mapped data into the new taxonomy, create all of the extended link bases necessary, review the data against their accounting data, and then review the XBRL data against the ASCII/HTML version. This is a lot of work being added to the current company workload and much of this work will be manual as there is very little software available to assist.

5. *The cost to companies to deploy XBRL is substantial,*

Companies must go through several steps to become XBRL ready. The company must first identify all of its accounting fields, and then map those fields to the new taxonomy, which has some 16,000 elements. If their accounting fields do not map to the new taxonomy, then they need to figure out how to use and deploy their own taxonomy with extensions. If the company has more than one accountant, then mapping by committee may be much more expensive. Once mapped, the next step is to take the actual data, field by field, and enter that data into an instance document with all of the corresponding link bases. This has to be done using commercially purchased software. After the instance documents are created, the filer has to display the data in a human readable format, which is not an easy process given the lack of rendering software available on the market. If they can render it in human readable format through the purchase of a rendering tool, then the XBRL must be reviewed against the company financials to make sure that the fields were populated correctly. Once completed, the XBRL must be reviewed against the ASCII/HTML filing to make sure that it is identical. Any changes in the document review process that

impacts the financial statements must be changed twice, once in the ASCII/HTML and once in the XBRL filing. These labor and software costs are substantial.

6. *The early deployment of XBRL will increase the distance between registrants and the SEC as registrants will rely more heavily on financial printers - the layer between the SEC and the companies that it regulates,*

Much like what is happening between the IRS and the public where the public relies more and more on tax accountants to file their taxes, the SEC is moving in a similar direction. Many filers outsource the entire SEC process to accountants, lawyers, and financial printers due to the complexity of the SEC rules and filing process. And it makes sense to outsource that which is not your core competency. There is already an entire layer of accountants, lawyers, and companies who make their living off of filing with the SEC. The SEC rules have gotten so complex that companies need specialized legal assistance in understanding what is required of them for the filing process. The introduction of XBRL will only continue that trend of pushing the responsibility for filing sound Disclosure documents from the company to these accountants, lawyers, and financial printers. This scenario is setting a precedent, however, as the solicitation for assistance is to translate from one technical standard to another rather than to seek additional specialized legal assistance.

7. *Is the SEC poised to take advantage of XBRL?*

Most of the data that is received by the SEC today is in ASCII text or HTML (HTML is really ASCII text with some tags added for better screen display). Data provided in text is really not conducive to any mass processing, like filtering or extracting. The SEC has relied on this type of data for a generation. Have they changed their internal processes to be able to work with more efficient data? Do they have a set of tools ready to filter and extract data as it comes into the SEC? And is XBRL the missing piece to make this all happen? If the answer to these questions is “yes”, then they are ready for XBRL. If the answer is “no”, then not only are they spending a lot of money on something that they are not prepared to use, but they may never get around to using it. A better benefit of Interactive Data for the SEC would be for them to engage in a business process modernization that takes advantage of data being processed by computer to alert them of anomalies. There are some actual staff savings that could be realized and added to the benefits of XBRL. The massive expense to bringing XBRL into the SEC without the necessary changes to take advantage of the technology is risky and expensive.

8. *Is the investing world poised to take advantage of XBRL?*

The advantage of XBRL to the investor is that the data is standardized. The complex structure of the data will be disseminated to the public. While this will surely help the large brokerage firms, who spend many labor hours going through SEC filed financials to map the data into their own private databases, cut costs, but do we really have an army of investors out there clamoring for the data in this standard, even though there is no software available to assist them in ingesting and reviewing the data?

9. *The SEC voluntary program has not been a rousing success, and*
Less than 50 companies signed on to participate in the voluntary program, out of some 28,000 registrants and hundreds of companies involved with XBRL US. Less than 500 filings have been received by the SEC in the 42 months (3 ½ years) that the program has been in effect. XBRL US has an immature standard. There is little software support. The accounting industry has all but ignored the standard. Based on the lack of success of the voluntary program, does the SEC really have enough practical backing to mandate the standard?

10. *The SEC is getting involved with this technology 3 to 6 years before they should be involved.*

XBRL US has a lot of work to do, especially when it comes to rendering and validation and adoption. The SEC has a lot of work to do to ready themselves to use the data. The public has a lot of work to do to ready themselves for this type of data. The accounting world has a lot of work to do in the adoption of standardization and XBRL. Getting involved too early in the process will be very expensive for all parties. In 3 to 6 years, XBRL US will have the rendering link base and formula link base, which will make it easier for filers, the SEC, and investors to view the data, represent the data, and review the data. It will allow the lagging software industry to catch up and provide solutions that keep the XBRL tagging structure transparent to those using it much like HTML is today. It will prevent the SEC from expending a lot of taxpayer resources to custom code solutions that will be commercially available (and much cheaper) as the standard matures. It will also give the SEC time to ready themselves for Interactive Data.

Is XBRL better than what exists today? Not in its present form. The promise is there, though. But, we have to ask ourselves, is it worth the expense that is going to ultimately come from taxpayers and consumers. Expenses such as:

- Additional taxpayer revenue to assist the SEC in developing complex software to process, render, and provide tools to filers to assist in the creation of the XBRL documents. And, once XBRL completes the rendering and formula link bases, the software that was created may be obsolete, and
- Additional fees and rising cost of goods and services to pay the enormous costs associated with creating XBRL instance documents. Surely, the company is not going to fund this effort out of their profits.

The SEC is between 3 and 6 years ahead of the technology and the paradigm shifts that have to occur in order to deploy XBRL at a cost that is feasible (and acceptable to the taxpayer). More work is needed to bring the accounting industry on board. More work is needed to change the way that the SEC operates to take advantage of Interactive Data. More work is needed by XBRL US to bolster the adoption of their good ideas with the accounting industry. More work is needed by software companies to bring viable XBRL products to market. Once these items mature, through the hard work of the XBRL consortium, the calendar should be right for a federal agency to become involved and start spending taxpayer resources on the deployment of the standard. To do so before is going to be too risky and too expensive.

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