



STANDARD ADVANTAGE  
265 OAK HILL CIRCLE  
CONCORD, MA 01742-2024  
TEL: +1 (978) 371-7384  
FAX: +1 (978) 405-5043  
WWW.STANDARDADVANTAGE.COM

Thursday, 31 July 2008

Nancy Morris, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-9303

RE: 33-8924, INTERACTIVE DATA TO IMPROVE FINANCIAL REPORTING

Dear Ms. Morris:

While there are several points of controversy throughout the rule proposal, Part V (Costs-Benefit Analysis) Section B (Costs of Requiring Submission and Posting of Interactive Data) seems to be the subject of the most spirited opinions. Even when these opinions are offered with reference to the factual data points presented and displayed, it seems that the data remain open to divergent interpretations, and that those interpretations depend a great deal on the reader's impressions of the tagging process itself. This is compounded by representatives who almost seem to be alarmist, ignoring current information and avoiding mention of efficiencies, yet putting themselves forward as XBRL experts. The SEC should keep the facts in front of the filers. Yes, different filers do have different levels of challenge that results from the uniqueness of their business, the automation level of their current reporting processes, the skill of their business partners, and their prior experience with XBRL software products. Here are three ways to **reduce costs**, get a **higher quality** result, and focus on **automating disclosure**, not on manual tagging:

- Public companies can already see a good approximation of what the significant line items on the face of their financials in the Q's and K's are going to look like in XBRL. **No filer should start from scratch.**
  - The SEC could jump-start more companies by automating the creation of skeletal XBRL files for all of the first 500 filers (excluding those in the voluntary filing program already); many of the rules in the Preparers' Guide are specific enough to make that feasible.
- The number of tags in the US GAAP taxonomies is a good thing: it reduces the likelihood of filers creating their own tags (which absolutely increases costs beyond the cost of using existing tags). Tags are arranged in an outline-like structure for browsing; filers can pick out the ones that are the most specific match to their line items and arrange them to suit. Some tools also make educated guesses and show which tags seem to best match your line items. Filers with tools that are not powerful enough **should change tools**. Software is competitive business with mind-bending economies of scale, so the sooner vendors get specific feedback, the sooner all costs will drop.
  - The SEC could update the assessment of software vendors it did in December 2007, now with more rigorous criteria tied to the final taxonomy as delivered in April 2008.

- Consider leveraging what companies already automate, rather than adding a tagging step to a process that is already manual. There is always a difference between the way that a company organizes its data about transactions, products, contracts, customers, segments, legal entities, locations, and other multidimensional data to be competitive, *versus* the way it classifies and rolls up that same data to meet GAAP reporting requirements. The smaller the difference, the more likely the reporting process is automated already, and the easier it should be to integrate tagging into consolidation and avoid most of the manual tagging steps entirely. The bigger that difference, the more likely that it is some other report--such as the MD&A disclosure--that contains the operational data relevant to investors. Why manually tag the less interesting report?
  - The SEC should consider offering companies an opportunity to postpone XBRL tagging of the face and notes of their financial statements, if *instead* the company can more straightforwardly **automate a "level 4" tagging of all the data in their MD&A** and industry specific schedules, and report that instead. The same principle might apply to manual tagging of investment management companies' financial statements: portfolio holdings listed with unique identifiers is automatable and more valuable.

Walter C. Hamscher  
Technology Standards Consultant  
Standard Advantage  
Member, XBRL International Board of Directors