



SINCE many smaller reporting companies have yet to make a decision about how they will meet the US Securities and Exchange Commission’s (SEC) looming XBRL deadline of August 15, we have put together a “Buyer’s Guide” to help them navigate their way through the XBRL vendor market.

Every SEC registrant company’s priorities are different, and to take this into account, our Buyer’s Guide identifies a framework of four main criteria which may be weighted accordingly to structure decision-making when selecting an XBRL preparation solution.

Of course, bear in mind that raas-XBRL provides SEC-ready XBRL preparation services so we cannot be viewed as entirely impartial, although these guidelines are not specific to any one service provider’s services, including our own.

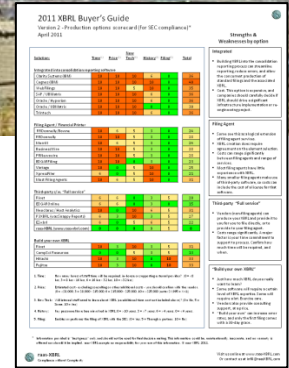


Figure 1: The Buyers Guide (click on the image to view)

### Overview of the Key Questions:

- 1. Time Commitment** – “The time spent on the XBRL may vary significantly, and will be split between internal and external resources.”
- 2. Price** - Every vendor will quote a price, but what is included in that price? Is it a “total” price, or are there additional items, and little surprises waiting for you?
- 3. How much XBRL do you want to learn?** – Do you want, or need to become an expert in a data standard? What is the right balance for you between in-house and outsourced knowledge of XBRL?
- 4. Vendor history with XBRL** – Just how much experience does your provider have with XBRL, and how important is that to you? Some have been around almost from the beginning, and some have “appeared” in the last year or two.

### 1. Time commitment

The time spent on producing XBRL may vary significantly depending on the solution, and will be split between time spent by both internal and external resources. Time requirements include mapping of financial statements to taxonomy elements, creation of, and assignment of context information, and creation of the calculation and label link-bases. Not forgetting the mapping and creation of dimensions and the tagging of the stockholders equity tables, block-text tagging of the notes and finally validation of the XBRL and resolution of validation issues.

This all takes time, and that time will be spent either by your vendor, by your internal resources or by consultants. In a recent presentation, one vendor representative told

the audience to expect a total of 125 person hours, plus internal resources, to produce the first XBRL submission. While this may seem to be at the high end of the estimates, the [XBRL US / AICPA survey](#) in January 2010 showed that of the first time filers, albeit the very largest filers, 57% required over 120 hours to complete their first submission.

Take care when considering solutions to ask about the distribution of responsibility for actions, and the estimated total time commitments of all parties. Ask in particular about the time commitment required after “pencils down” – the amount of time required to finalize the XBRL for submission to the SEC. Financial Executives International’s Committee on Corporate Reporting has requested in a [letter to the SEC](#) that companies be provided with a 5-day grace period to provide XBRL after the official filing date.

*Total time requirements seem to range from 10 hours to 125+ hours. How much of this is your time, how much is vendor time? Detailed Tagging will be even more of a time burden.*

Finally, one of the most common statements we hear is “Our financial statements are not that complex or different from our peers. How can this take so long?” Consider just how unique your reporting is, and how much “unique” effort should be involved to produce your XBRL.

### 2. Price

Every vendor will quote a price. Ask what is included in that price. Is it the price just for the software; does it include the consulting time; and what other cost elements might there be? Is it an annual price, or a quarterly price? We have heard of one case in which the vendor, while quoting a lower price, has told prospects that if they change to a different vendor, the original vendor would “own” their mapping and they would need to start over from scratch.





Few vendors have flat-rate pricing, and many have wording that states “starting at...” In one case we came across, we suspect that the vendor in question is applying the financial printer paradigm of having a very low “starting at” price plus a “per-page tagged” price. Caveat emptor! Confirm what “starting at” really means, and what the additional cost components include. And then of course there is the ‘anomaly’ of the vendor who will charge you less if they do it all for you, and charge you significantly more if you purchase their software and do it yourself.

Ask about pricing for final changes. It is common for there to be an additional price for final changes after the “pencils down” time. This serves two purposes: firstly the pricing mechanism is used as a means to impose discipline on the filing companies, and secondly it is used to generate revenue.

Ask also about amended filings as these will result in additional tagging, validation and XBRL production. Costs could appear as a lump-sum or could alternatively be based on a consulting rate for the time required to produce and generate the amended XBRL.

*The “headline” price is only one component of the total price. Consider carefully all the factors that go into it. create a “total” price.*

We are also seeing vendors quoting pricing on a per-10Q and per-10K basis, while others quote annual prices (3x10Q and 1x10K, for example). Still others are quoting a set-up fee, followed

by a per-10Q/per-10K price. Ensure that you understand the full costs, and in particular, have a very good understanding of the total annual spend. Again, make sure you are comparing apples to apples.

Finally, some vendors, while appearing to be expensive, actually represent a replacement of the entire external financial reporting framework. In these cases, shoppers should consider the potential long-term benefits, and should ask the vendor to demonstrate how and where the promised cost savings will be achieved. After all, spending \$40,000 to save \$10,000 just doesn’t make a lot of sense – but spending \$40,000 to save \$50,000 is a good deal.

Finally, remember that “total price” includes your time, or your peoples’ time. The more time you must spend (in tagging, review, or even just learning XBRL) is another part of the total price of XBRL.

### 3. How much XBRL do you actually want to learn?

Ask potential vendors how much time you will need to spend learning XBRL, and how much XBRL you will need to learn. In the “time” discussion above there was mention of calculation link-bases, dimensions and validation. This is only scratching the surface of XBRL, and we have avoided going any deeper here. Not that long ago, we sat in on a

free webcast in which the filing agent’s XBRL ‘expert’ was talking about “arc-roles” within 10 minutes of the start. We came away with the view that the only conceivable reason for that segment was to scare the stuffing out of the viewers, and encourage them to say “you do it for us, this is all too hard.”

XBRL is a complex standard, and no one should tell you otherwise. But so is PDF if you dig deep inside it. Some software has been written specifically to remove the complexity inherent in XBRL (in some cases at the expense of flexibility) while other software solutions are almost “programmer” level in their ultimate flexibility and complexity. We know a vendor (in fact, the President of our software provider) who has said that they will not be satisfied until “this XBRL stuff is as easy as Word.”

*XBRL is a complex standard. But some people thrive on the joy of learning complex standards. Ask yourself if you are one of those people?*

For example, if you determine that it is important that your company’s XBRL ‘render’ (or look) exactly the same as its HTML counterpart, then you may need multiple XBRL software solutions to achieve this. There are specialist XBRL rendering software solutions available on the market, and the SEC’s rendering software does provide the ability to view your XBRL as a more traditional ‘financial statement’.

It is worth noting that the SEC’s own guidance says that companies should not spend excessive effort attempting to get the presentation of their XBRL to replicate the HTML presentation as this is difficult, time-consuming and of no value as XBRL is a data level standard, not a presentation standard.

### 4. Vendor experience with XBRL

In 2009, approximately 500 companies submitted XBRL to the SEC for the first time; in 2010, an additional 1000 did so. In the second year of XBRL filing for each of these companies, there was the additional burden of “detailed tagging” their financial statements to contend with. This year, there are projected to be an additional 8700 companies providing XBRL for the first time.

The point is that there are few experienced XBRL specialists available. Really, very few; and this means that unless you are either fortunate or have deep pockets (or both), the individual in charge of your company’s XBRL production probably has limited XBRL experience. Just as an anecdote, we are currently seeing many job advertisements looking to hire graduates with any college degree to become XBRL production specialists. We even saw a job advertisement that stated that any degree, including Veterinarian, would qualify the applicant for the role of XBRL tagger.





Anecdotally, India is reaching capacity as well, with the major houses (such as RR Donnelly, Bowne and Merrill to name but a few) having around a thousand people in their Indian outsourcing functions. In fact, it was one of these larger providers that had advertisements placed on its behalf looking for Veterinarians to tag financial statements! In addition, the Big-4 all have significant outsourcing functions in India to cater for the UK's "iXBRL" requirement. What we are now seeing is a combination of rapid hiring (and training) and poaching of any skilled resources between the various Indian BPO facilities.

Almost three years ago Daniel Roberts, raas-XBRL's CEO, wrote that as the time for mandatory filing approaches, "charlatans will appear". We would not label any vendor on our list a "charlatan" (or they would not be on our list) but we are seeing suppliers making statements on their web-pages that demonstrate that they are new to XBRL. There are some fundamental errors that simply should not be made by anyone who has been around XBRL for any period of time. Equally, the fact that a vendor or provider is not on this list

*Age does not equal wisdom – but sometimes it's good to know a vendor has been around long enough to know the facts and the standard.*

should not be taken as a negative assumption of their actual level of experience.

In this context, what is important is the actual XBRL experience of the vendor, or in the case of the smaller filing agents, the experience of the vendor whose software they are using. We have already pointed to the fact that XBRL is a complex standard, with a specification that runs to somewhere over 1,200 pages for the core and additional specifications. Add to that the SEC's unique requirements.

There are software providers (and filing agents with in-house solutions) that have been involved with XBRL for many years. Then there are others that are new on the scene – some so new that the software itself is either still in development, or only just past the 'beta' stage.

Ask vendors how long their software has been in production, and for examples of companies that have filed successfully using that software. You can also do your own due-diligence by exploring for yourself a list of the recent filings and the software used to create the XBRL by looking at the XBRLCloud report.

## Detailed Tagging

This is a subject for Year 2 of XBRL filing with the SEC, and it will add a significant additional burden to what may already be a pretty heavy load. The best estimate we have heard is a six-fold increase in the level of effort and potential cost. While we hope that the SEC will defer this requirement for smaller filers, it is only prudent to ask your potential vendors how they plan to cater for detailed tagging.

As a quick summary, detailed tagging requires that every number in all the footnotes be independently tagged, in addition to extracting the context of each number. This means that every number in every table will need to be tagged, and all numbers appearing in sentences will need to be tagged. Estimates are that the total number of tagged pieces of data in a filing may increase by a factor of 10. [Contact us](#) to learn more about detailed tagging, processes to streamline the effort, and options.

## Feedback on the First Edition of the Buyer's Guide.

We received extensive feedback, not least from a number of vendors, one of whom noticed their absence – as did we. We apologize for that oversight, and have added vendors in the revised second edition as appropriate.

It was suggested that we add a column for "Quality". We considered this, but the incredible differences in definitions of quality that we received confirmed to us that fundamentally if an XBRL submission is not accepted by the SEC, then it fails the quality test. Suggestions for potential "Quality" metrics included the total number of filings (somehow equating volume with quality), the total number of errors across filings (skewing against quantity), and even the speed at which the vendor answers the telephone. Finally however, we took an editorial decision against saying that one vendor or software product produces higher "quality" XBRL than another.

We do welcome further comments and recommendations. However, the primary objective driving the Buyer's Guide is to help SEC-registrant companies, particularly smaller reporting companies weigh their options and select the XBRL product or service provider that is right for them.

## Feedback on the First Edition of the Buyer's Guide.

2011 XBRL Buyer's Guide (Release 2.1): Current as at 15 June 2011.

Visit us online at [www.raas-XBRL.com](http://www.raas-XBRL.com)  
Blogging at [raasconsulting.blogspot.com](http://raasconsulting.blogspot.com)  
Contact us at: [info@raas-xbri.com](mailto:info@raas-xbri.com)





## Strengths & Weaknesses by option

<u>Solution:</u>	<u>Time</u> <sup>(1)</sup>	<u>Price</u> <sup>(2)</sup>	<u>New Tech</u> <sup>(3)</sup>	<u>History</u> <sup>(4)</sup>	<u>Filing</u> <sup>(5)</sup>	<u>Total</u>
<b>Integrated into consolidation reporting software</b>						
Clarity Systems (IBM)	10	10	10	6	0	36
Cognos (IBM)	10	10	10	10	0	40
WebFilings	10	10	10	10	0	40
Rivet Crossfire	10	10	10	0	0	30
SAP / UBMatrix	10	10	10	6	0	36
Oracle / Hyperion	10	10	10	6	0	36
Oracle / UBMatrix	10	10	10	0	0	30
Trintech	10	10	10	6	0	36
<b>Filing Agent / Financial Printer</b>						
RRDonnelly / Bowne	10	6	5	3	0	24
SecureX	6	3	5	6	0	20
Labrador	3	3	0	6	0	12
Merrill	10	6	5	3	0	24
BusinessWire	10	10	5	3	0	28
PRNewswire / Vintage	10	6	5	3	0	24
EDGARFiling	10	10	0	3	0	23
Southridge Services	3	3	5	6	0	17
XpressFiler	6	0	5	10	0	21
Most Filing Agents	10	6	5	10	0	31
<b>Third-party s/w, "Full service"</b>						
Rivet	6	6	0	0	5	17
EDGAROnline	6	6	0	3	0	15
Neoclarus / Host Analytics	10	0	10	6	5	31
P3XBRL (was Snappy Reports)	6	3	10	3	5	27
EZ-xbrl	6	0	5	6	5	22
<b>raas-XBRL (www.raas-xbrl.com)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>8</b>
<b>Build your own XBRL</b>						
Rivet	10	3	10	0	5	28
CompSci Resources	0	0	5	3	5	13
Hitachi	10	3	10	0	10	33
Fujitsu	10	3	10	0	10	33

- Time: How many hours of staff time will be required, in-house or supporting external provider? (0 = <8 hrs, 3 = 8 hrs - 16 hrs, 6 = 16 hrs - 32 hrs, 10 = >32 hrs)
- Price: Estimated cost - excluding consulting or other additional costs - you should confirm with the vendor. (0 = <\$8,000, 3 = \$8,000 - \$15,000, 6 = \$15,000 - \$25,000, 10 = >\$25,000 (note: \$X,995 = X+1))
- New Tech: Will internal staff need to learn about XBRL (an additional time cost not included above)? (0 = No, 5 = Some, 10 = Yes)
- History: Key personnel have been involved in XBRL: (0 =>10 years, 3 =>7 years, 6 =>4 years, 10 =<4 years.)
- Filing: Enables or performs the filing of XBRL with the SEC: (0 = Yes, 5 = Through a partner, 10 = No)

### Integrated

- Building XBRL into the consolidation reporting process can streamline reporting, reduce errors, and allow the concurrent production of standard filings and the associated XBRL.
- This option is expensive, and companies should carefully decide if XBRL should drive a significant infrastructure implementation or re-engineering project.

### Filing Agent

- Some see this as a logical extension of filing agent services.
- XBRL creation does require agreement on the element selection.
- Costs can range significantly between filing agents and ranges of services.
- Most filing agents have little experience with XBRL.
- Many smaller filing agents make use of third-party software, so costs can include the cost of a license for that software.

### Third-party "Full service"

- Vendors (non-filing agents) can produce your XBRL and provide it to you for you to file directly, or to provide to your filing agent.
- Costs range significantly. A major factor is your time commitment to support to process. Confirm how much time will be required, and when.

### "Build your own XBRL"

- Just how much XBRL do you really want to learn?
- Some software will require a certain level of XBRL expertise. Some will require a lot. Exercise care.
- Vendors also provide consulting support, at a price.
- "Build your own" can increase error rates, and only the first filing comes with a 30-day grace.

\* Information provided is "best guess" only, and should not be used for final decision making. This information could be, unintentionally, inaccurate, and no warranty is offered nor should it be implied. raas-XBRL accepts no responsibility for your use of this information. © raas-XBRL 2011.

