

5 Questions

Filers should ask their XBRL solution provider



5 Questions you should ask your XBRL solution provider

In this, the third year of the SEC's XBRL mandate, the SEC estimates 8000+ smaller filers are required to provide XBRL versions of their 10K/10Q filings (or at least the financial statements and notes sections). Filers coming to XBRL for the first time are being presented with a plethora of options, too frequently delineated by price. Of course, price is not the only option, and just as a higher price does not ensure quality or worry-free compliance, so too a lower price does not (automatically) determine the quality of the resulting XBRL.

So here we present 5 key questions that should be asked by any CFO, Director of Investor Relations, or other person responsible for the 10K/10Q filing:

1. *How much time will this really require?*
2. *How long must we budget for XBRL production after "pencils down" on our filing?*
3. *What is the quality of XBRL filed with the SEC using your solution?*
4. *How much will this really cost?*
5. *Do we need to learn XBRL?*

How much time will this really require?

The time required is made up of your time: internal preparation; for some products or services, the mapping and element selection, extension element creations and documentation, label linkbase overrides, calculation linkbase debugging (yes, it really is required, regardless of what some people are saying); validation error resolution, etc. Some service providers and software include this in the process or tool. Others use expressions like "we will convert your input file". Ask them exactly how much time it will take to get the "input file" ready for the "conversion" process.

How long must we budget for XBRL production after "pencils down" on our filing?

Producing XBRL is frequently a post-all-other-reporting set of steps. Some offerings on the market allow for the creation of the XBRL as a direct output, integrating all SEC report preparation work into a single package. Most other tools require some period of time for conversion, or simply to schedule and manage the process of final version. The recent letter from the FEI to the SEC highlighted the need for additional time post "pencils down" to complete the XBRL. Ask your potential providers how much time you will need to budget.

What is the quality of XBRL filed with the SEC using your solution?

Quality of XBRL filings varies significantly. The best measure is the average number of Errors, Warnings, Inconsistencies and Extensions across the full set of filings submitted to the SEC. Ask your vendor or service provider how filings produced using their software or process compare to the average. If no filings have been provided to the SEC, consider your appetite to be a "beta" site (or near "beta") for your SEC filings. We have heard of one example where a filing agent states that the software they use does not create a calculation linkbase "because it is optional." The calculation linkbase is not optional, and the current lack of accepted SEC filings using this software highlights the potential coming problem for filers making use of that service.

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How much will this really cost?

Ask the vendor for their expectation of the true total cost. Some vendors have a set price, others have component prices, for example splitting software from consulting. In these cases, confirm how much consulting will be needed, and at what price. Also, remember that there could be a trade-off between internal resources fully trained in XBRL (see the next question) and external resources. For offerings that say "Starting at..." confirm what is actually included in that price. You may find that this is the "without consulting or other support" price.

How much XBRL do we need to learn?

XBRL is a complex standard. So is PDF. But how much do you need to know about PDF to be able to construct a PDF document? Ask your software supplier or filing agent how much you will need to learn about XBRL. The amount you need to spend learning about a reporting standard (in time and/or money) will increase your costs, and the resources that you will be expending at the critical time in your reporting cycle.

Linking the questions to your options

At raas-XBRL we look forward to answering these questions. We have a long history in the XBRL world, and are proud of what we bring.

Contact us. Ask us the 5 questions. We are ready to answer the questions, and to answer all your SEC-ready XBRL needs. raas-XBRL takes the complexity out of compliance with the SEC's XBRL mandate.

Ask us for a copy of the "2011 Group 3 Filer XBRL Options" scorecard.

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