



June 1st, 2011

The Honorable Mary L. Schapiro
Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro,

SEC should defer detailed tagging for smaller filers

As providers of XBRL production services for filers, it is our view that the benefits of 'detail tagged' XBRL have yet to be shown to outweigh the burden that this will impose on smaller filers. We urge the SEC to defer the requirement for 'detail tagged' financial statement footnotes until such time as XBRL becomes a standard output format for the majority of financial reporting software used by smaller filers. We remain supportive of the overall XBRL program, and believe that the SEC and the wider investor community will achieve significant benefits from tagged "interactive data".

raas-XBRL is a provider of affordable XBRL production services to SEC registrants, and while the name is new, we are not new to XBRL, with a history that goes to the beginning of 2003, including servicing as chairman of the XBRL US steering committee in the period leading up to the SEC's decision to invest in the development of the US GAAP taxonomy, and we continue to participate in XBRL working groups.

What we've seen

Already the SEC has received letters from a number of individuals or groups commenting on the XBRL program, and calling for modifications in the current roll-out. CFOs from either already reporting and soon to report companies have expressed their concerns over the effort required, and the lack of communication on the benefits that they as the companies paying for the XBRL, will receive. The FEI's CCR (Committee on Corporate Reporting) has also written expressing concerns over the total effort of detailed tagging, and the audit profession's inability to cost effectively provide assurance over the XBRL. With a voting seat on the XBRL International Assurance Working Group, we agree with the CCR's concerns, although perhaps not completely with their recommendations.

Speaking with other providers of XBRL production services, we hear their concerns about the scope of work involved, their ability to source resources, and the risks inherent in the "great off-shoring" that is taking place. Basically, the financial statements and detailed content of footnotes are being tagged by an



army of individuals outside the United States, with limited US GAAP knowledge, with virtually all doing so for the first time.

It sounds like a joke, but it is not – we've seen a real case of a major US financial printer/filing agent's Indian operations advertising for XBRL taggers – any university degree accepted, including veterinarian. Does this mean that Indian veterinarians may be tagging the financial statements of SEC registrants? And this is in the year when the SEC's estimated 8700 third-year filers will be providing "block tagged" XBRL. Who will be performing the tagging when the workload for those 8700 filers is six to ten times the work to produce "detail tagged" XBRL? Do we care? Only if it impacts the quality of the tagged information, and we believe it will negatively impact that quality.

In our own scoping of "detail tagged" XBRL engagements, we are finding that the total effort is significantly larger than the first-year effort. We are pleased that we use some of the most advanced XBRL production software, yet even this requires the support of training accounting professionals with US GAAP knowledge and experience.

What we've heard

We talk with a number of CFOs of registrants. In most cases, the conversations begin with the CFOs demonstrating their displeasure with the mandate, the additional costs this is imposing, and the apparent lack of benefit to their business. The pricing they are being quoted, even for their first year of "block tagged" XBRL results in what one CFO called "Sticker Shock".

These same CFOs are beginning to hear about the even larger burden of that "detail tagged" XBRL will impose. In almost all cases they have told me "I can understand the basic tagging requirement, but the detailed tagging sounds like an expensive nightmare with absolutely no value back to me". You would be right in guessing that I have cleaned up the language that I normally get to hear.

What we do not hear

Sadly, no CFO has told us that they understand the value that XBRL is going to bring. The message simply is not getting out.

We also do not hear anyone saying that they have heard that the SEC is actually using the XBRL to gain benefit from their cost. What benefits the SEC is currently achieving should be communicated. If it is being communicated, it is not being heard.

Finally, we do not hear analysts (or almost anyone else for that matter) praising the value that they are getting from XBRL. The best we hear is future focused statements from pundits with vested interests. Nor do we hear analysts praising the value of extension elements. Quite the contrary, we have heard for



years that extensions dilute the value of the information by destroying comparability. Detail tagged XBRL will increase the number of extensions to unmanageable levels.

We've already posted a blog on the potential cost of XBRL to American business through 2011/12 and 2012/13, and the potential costs of assurance over the XBRL. The costs that we calculated, while accepting that they are probably wrong, still represent a significant additional reporting burden.

Our Recommendations

1. We urge the Commission to immediately announce a deferment of "detail tagging" for smaller reporting companies. We are not certain what the cut-off should be, but clearly the additional costs associated with "detail tagging" should be weighed against filers' abilities to absorb these additional costs.
2. The Commission should publish studies or other material that demonstrates the value that the SEC is currently deriving from XBRL, and in particular from the "detail tagged" data that has been provided by the "year-1" and soon to be provided by the "year-2" filers.

Kind regards,

Daniel Roberts
raas-XBRL

cc: Commissioner Luis A. Aguilar
Commissioner Kathleen L. Casey
Commissioner Troy A. Paredes
Commissioner Elisse B. Walter