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Comments? xbrl-public@groups.yahoo.com

XBRL General Ledger

EXECUTIVE SUMMARY AND STRATEGIC OVERVIEW

Business success requires measurement, analysis and communication of information found scattered throughout an organization and from outside sources. This business intelligence includes both traditional accounting and operational measures and new metrics found in ValueReporting. Until now, the tools to effectively capture, analyze and reuse this information have been limited, expensive, and difficult to implement. Now, there is XBRL GL.

The opportunity

XBRL GL is a new tool designed to overcome the inefficiencies of disparate, non-integrated and outsourced accounting and financial systems by using the power of XML - the Extensible Markup Language. XBRL GL is an agreement on how to represent accounting and after-the-fact operation information - anything that is found in a chart of accounts, journal entries or historical transactions, financial and non-financial - and transfer it to and from a data hub or communicate it in a data stream. That lets adopters of XBRL GL more easily bridge the gap between operational, off-site or outsourced systems and their back office accounting and reporting systems.

XBRL GL is *chart of accounts independent*. It does not require a standardized chart of accounts to gather information, but it can be used to tie legacy charts of accounts and accounting detail **to** a standardized chart of accounts to increase communications within a business about what needs to be measured and why.

XBRL GL is *reporting independent*. It collects general ledger and after-the-fact receivables, payables, inventory and other non-financial facts, and then permits the representation of that information using traditional summaries and through flexible links to XBRL for reporting. As XBRL GL does not assume financial reporting or any specific type of output, it becomes an important repository for future metrics such as ValueReporting. Systems to do ValueReporting can reduce their development time using XBRL GL as part of their development process.

XBRL GL is *system independent.* Any developer can create import and export routines to convert its information to XBRL GL format, or our firm can help develop tools to do so. This means that accounting software developers need only consider one design for their XML import/export file formats. Application service providers (ASPs) can offer to supply XBRL import and output so end users can more easily use their own data. Companies developing operational products, such as point of sale systems or job costing, or reporting tools can link with many accounting products without needing specialized links to each one.

XBRL GL is *based on XML.* XML is the future of data, as seen by recent announcements from all of the major software developers. The openness and power of XML will enable new products and services, and make possible new management real time dashboards, as well as the future of tools such as continuous audit 'bots, which monitor the accounting data streams from various places, with triggers and alarms for auditing by exception.

XBRL GL *permits consolidation.* Popular low-end products, like Quickbooks, and mid-market solutions are not designed to facilitate consolidating data from multiple organizations. XBRL GL can help transfer the general ledger from one system to another, be used to combine the operations of multiple organizations, or bring data into tools that will do the consolidation.

Why prior solutions were limited in scope

This is the time for XBRL GL. But why hasn't a tool such as this existed in the past? Primarily because of the limitations of data interchange standards before XML.

Data interchange was largely limited to *trading partners*. Tools like Electronic Data Interchange (EDI) brought new efficiencies to large corporations that needed to overcome geography, language, and time

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barriers and wished to remove human error in the data entry process. However, the priorities of EDI development were in the area of customs, commerce and transport. That meant that little attention was being given to information that flowed internally or was generated internally. Moving general ledger information around, or creating standards to exchange data with accountants and creditors was not as important as getting the order out, the materials moved, and the money transferred.

Data interchange was designed to be *inflexible and* - quite candidly - *standard*. EDI documents needed to look a certain way with no deviation or they would not be standard. XML has been designed for flexibility, with tools to validate and verify files (DTDs and XML Schema make sure the files are correctly constructed) while permitting flexibility for special needs. This becomes especially important when considering that the accounting needs of the US, the UK, Germany, Australia and New Zealand (the Saxonic countries) are quite different than those in France, Belgium and the so-called Latinic countries.

Data interchange has been *regionally exclusive* in the past. The EDI standard for the US, ASC X12, has little or no accounting interchange specifications. The European EDI group, EDIFACT, has a group dedicated to accounting data warehousing - the group is called EDIFICAS - but that work is largely unsuited to U.S. financial data needs. Meeting U.S. needs for profit center and departmental breakdowns in the general ledger while keeping them out of the French systems requires a flexibility that in the past led to multiple, mutually-exclusive standards in the past.

What is needed is an extensible, flexible, multi-national solution that can exchange the data required by internal finance, accountants, and creditors, and that can be brought into and out of accounting systems and reported on using XBRL financial reporting..

Why there is a solution now

The solution has come. The key factors are many.

First is the widespread excitement about XML, which Zona Research believes will explode in adoption from .5% in early 2000 to more than 40% by the end of 2003. (Information Week, March 5, 2001). Next is XBRL, which has brought together members of the accounting and business reporting information supply chain, including many of the lead accounting software vendors.

Perhaps one of the most exciting factors is that XML is being looked at as the catalyst that will unite ASC X12 with EDIFACT. ASC X12 voted in 1992 to harmonize with EDIFACT, but the legacy of a million EDI documents and the lack of a catalyst have kept the two apart. Now X12 and EDIFACT are working together to create their Next Generation EDI, based on XML. X12 has done little on the accounting recognition end, and EDIFICAS is jointly working with XBRL on the creation of the XBRL GL to meet both European and US requirements. EDIFICAS' involvement means XBRL GL has the potential to become the US and European accredited standard.

XBRL GL

What is XBRL GL? The ability to capture and communicate any fact gathering - represented by the accounting entry core of "account", "amount" and "date" - with a hierarchical structure to collect and optionally communicate the information required for US and European accounting - anything found in the General Ledger systems of either side of the Atlantic.

XBRL GL's European ties mean it can store information not found in traditional U.S. GL systems, including aged receivables and payables. This means it can provide information to creditors not normally possible in an automated fashion from US systems. Considerations of non-financial measures offer a flexibility to collect data also not found in any system, like customer satisfaction or telemarketing calls.

XBRL GL contains the information necessary to drill down from XBRL for financial reporting, and to provide all of the necessary detail for audit workpapers and write up work, budget planning, and detailed reporting.

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What is the value proposition?

Is there a demand for XBRL GL? Our visits with large companies show that the ability to gather facts in a non-proprietary data hub for consolidation and reporting - maintaining the context for reuse and analysis - is strongly desired by our clients. One organization anxiously awaiting XBRL GL is a large organization with operations around the world. They have heard about the benefits of XML, are promoters of XML themselves, and wish to "eat their own dog food" - use XML internally for efficiencies. They could develop their own XML structures for data transfer, but would prefer to go with an established standard for later integration possibilities. They current use a huge informal network of spreadsheets, faxes, and other means to collect the data. To them, the design of a standard for this purpose achieves many things:

- They can rely on the expertise of others, whose core competency is international accounting
- It saves them the design time to create their own standard
- It means that custom integration can go away as software developers adopt the standard
- It means that future acquisitions will probably already have the ability to create files in the correct format

Conclusion

EDI and its successors have been tools for commerce and transport. A new tool, based on XML, is the key for accounting and finance. The XBRL GL has the potential to unleash information needed for internal financial and managerial reporting. In addition, it stands to facilitate the development of new systems for the business metrics of tomorrow. For more information, contact visit www.xbrl.org.