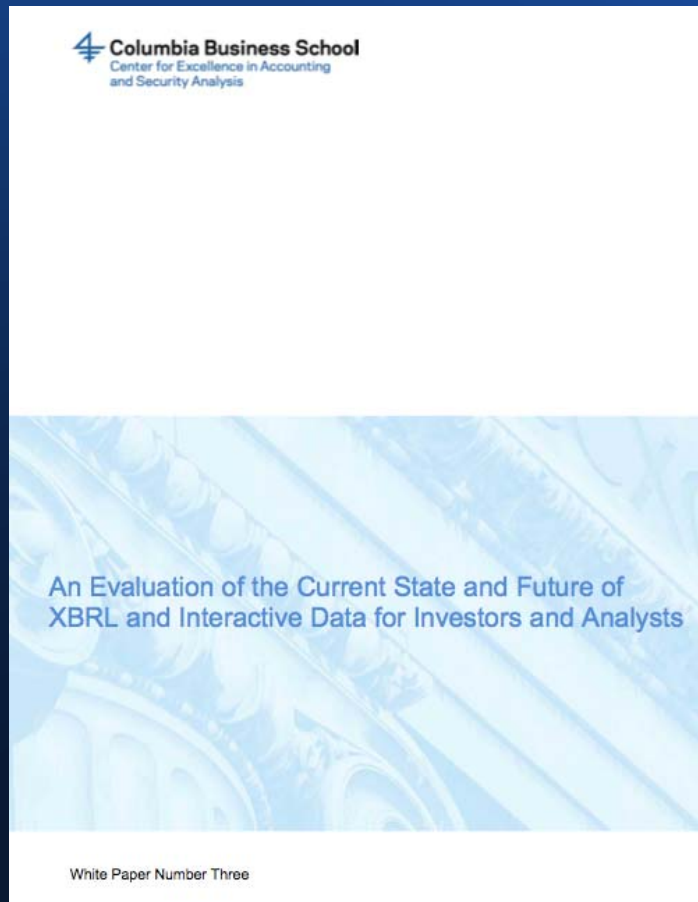


XBRL and Interactive Data for Analysts and Investors

IASB Agenda ref 3a



- Original Vision
- Investor and Analyst Survey Findings
- Report Conclusions and Recommendations
- Some Open Questions for the XBRL Community
- Questions from the XAC

Original Vision and Background

- Original Vision of Interactive Data

“Data in an interactive format, such as XBRL, would provide incrementally more relevant, timely, and reliable information to more end users, who could then manipulate and organize the data according to their own purposes at a lower cost”

- Focus of Study is on Analysts and Investors

- Has XBRL delivered on its promise to them so far?
- What is its future for these end users?

- For brevity, “investors and analysts” will be referred to as “investors” for the rest of the presentation

- Research Design

- XBRL stakeholder interviews and detailed investor/analyst survey on the usefulness and usability of numerical company-specific data beyond that in the body of the financial statements

Investor and Analyst Survey

- They use interactive, structured data from a variety of sources
- XBRL-tagged SEC filings data include some types of interactive data that they would utilize:
 - Strongest, immediate interest is in detail-tagged data, but it is pent-up demand at this point
 - Demand for specific data varies by type of analysis
- XBRL has not been integrated into their workflow as yet, due to:
 - Limitations in the current data available—e.g., errors, unnecessary extensions, limited time series, incomplete data set
 - Lack of state-of-the-art consumption and analysis tools that fit into their existing workflow and data needs
 - Can get much of the data from other sources with tools that already meet their requirements

Some Conclusions and Recommendations

- Some Conclusions
 - Interactive, structured data will be used in increasing ways by investors
 - We have reservations about whether much of the preparer-tagged regulatory filings will be in the future work flow of most investors and analysts as long as: the tagging occurs only to replicate a particular regulator's view of an entity's economics, is essentially paper-centric (rather than data-centric), and the available taxonomies are owned/controlled by standard-setters
 - The risk of obsolescence or irrelevance to investors is real—technology, analytics, and other data sources are moving forward quickly
- Some Recommendations
 - Filers (and their filing services) should focus on their own data's integrity and interactivity—i.e., on making their public data increasingly interactive and accessible (with or without XBRL) to their investors
 - Regulators should focus on enabling and assuring data integrity, usability, and interactivity across the broadest investor base and should engage w/ investors
 - Technology should meet investor needs and reflect the best and latest thinking across all types of financial (and other) data/software providers

Open Questions for the Global XBRL Community—The Present

- Who is the target audience for XBRL-tagged regulatory data (e.g., part of one type of SEC filing in the U.S.), is this evolving?
 - Do you know and understand your perceived target audience’s workflow and use of data?
- What is it that you are “marketing/selling” to your customers?
 - For example, do the GAAP tags themselves have incrementally useful information for investors today... which ones, why, how would you know?
- Why/how should *any* type or size of investor who does not understand XBRL data formatting or tagging use these data?

Open Questions for the Global XBRL Community—The Future

- Should the input and consumption continue to require a “look under the hood (bonnet)” ... why?
- Will XBRL be a *business* reporting language or an accounting reporting language (or a paper-based partial SEC filing language in the U.S.)?
- Where and how much are actual investors engaged (e.g., end users who have to explain to clients loss of client money based the investors’ decisions)?
- Why is there not a general-purpose taxonomy with basic and broad business/economic concepts and attributes relevant across GAAPs, with mappings to various regulatory requirements, and that is simple to input and consume?
 - If current and future XBRL taxonomies focus only on financial statements and reporting from a regulator-by-regulator point of view, then XBRL will ensure that its relevance to investors is increasingly diminished over time and with new technologies
 - A map across all regulatory taxonomies is a symptom of the underlying conceptual problems and of a lack of understanding of investors’ data requirements and access
- If XBRL were being designed today, what would/should be different?

Report Authors

Trevor S. Harris – *The Arthur J. Samberg Professor of Professional Practice, CEASA Co-director*

Professor Harris' research and practical experience has covered most areas of the use of accounting information for valuation, investment and management decisions, with a particular focus on global aspects. He originally joined the Columbia Business School faculty in 1983, and was the Jerome A. Chazen Professor of International Business, Director of the Chazen Institute of International Business and Chair of the Accounting Department, prior to joining Morgan Stanley as a Managing Director and Head of the Global Valuation and Accounting Team in 2000. He rejoined the faculty of Columbia Business School in July 2008 and was appointed as The Arthur J. Samberg Professor of Professional Practice. He has taught the core courses in financial and managerial accounting, and electives in corporate financial reporting and international financial statement analysis. He created a new elective course in Spring 2009 titled Fundamental Analysis for Investment & Management Decisions: A Practical Guide. He was the recipient of the Margaret Chandler Award for Commitment to Excellence in teaching EMBA class of 1998 and 2001, the Chazen Institute Prize for Innovation in Teaching, 1996, and the Singhvi Prize for Excellence in Teaching, 1985. He is co-Director of Columbia's Center for Excellence in Accounting and Security Analysis. He has published widely on valuation and accounting issues, in both academic and practitioner journals. He has made presentations at over 200 conferences, institutes and universities around the world.

Through September 2008, Professor Harris was a Managing Director and Vice Chairman at Morgan Stanley, working on special projects for Firm Management in all business areas. He became a Senior Advisor to Morgan Stanley in October 2008. In his time in Equity Research he was the primary author of the "Apples-to-Apples" research series focusing on global sector valuations and earnings quality issues, and led the development of Morgan Stanley's ModelWare project. He wrote extensively on earnings quality, company-specific investment ideas and global pension and retiree benefit issues and was voted to the Institutional Investor All American Team during his time in research. He has also worked with corporate and investor clients on disclosure and valuation issues, and capital raising situations. Working with senior management, he was responsible for developing strategic solutions, and enhancing the management information systems of the firm. He has served on the Standards Advisory Council to the International Accounting Standards Board, the Users' Advisory Council to the Financial Accounting Standards Board (current) and was a member of the International Capital Markets Advisory Committee at the New York Stock Exchange until its dissolution. He currently serves on the Financial Research Advisory Committee of the Office of Financial Research (OFR) of the U.S. Department of the Treasury.

Suzanne G. Morsfield – *CEASA Director of Research*

Suzanne Morsfield is the Director of Research at the Columbia Business School's Center for Excellence in Accounting and Security Analysis (CEASA). Prior to that, she co-developed a financial reporting regulation analysis product for Thomson Reuters. She also has held roles at major investment banks conducting both sell-side and the buy-side analysis. Suzanne was on a team that developed the XBRL-compatible internal taxonomy for use in a Morgan Stanley's proprietary analytic framework, ModelWare. Finally, she is an experienced financial reporting executive, who has served as a controller and VP of Finance for a global high-tech firm readying for a U.S. IPO, and as an audit professional at Ernst & Young. She holds a Ph.D. in accounting and has taught at New York University's Stern School of Business, the University of Arizona, University of Michigan--Dearborn, and at Baruch College. Her research to date focuses on empirical examinations of financial reporting and valuation issues that she has observed while working in various capacities in non-academic settings. It includes documenting unique reporting aspects in venture-capital-backed IPOs, and drawing attention to the role of synthetic leases in financial versus tax reporting trade-off decisions made by management.