



# Improving Communication to Investors with XBRL

Communicating with investors *can* be easier.

Public companies today are faced with reduced sell-side coverage, increased pressure to provide more information, faster, and little to no control over how their company is presented in the thousands of financial databases available to investors.

A new standard in how business information is reported, XBRL offers:

- Instant, accurate, unambiguous flow of information to the capital markets. XBRL decreases the vulnerability of publicly disclosed financial information and will combat misinterpretation and misrepresentation.
- Increased visibility. Business information can be translated into multiple languages by data consumers around the globe. Specific, pertinent pieces of information can be sought and extracted from lengthy reports, and financial data becomes easier for investors and analysts to examine. Organizations providing data in XBRL will likely enjoy broader and more in-depth consideration from investors.
- More efficient dialogue with the markets. Companies providing more accurate, up-to-date information to investors will gain increased access to new sources of capital, boosting awareness and thereby reducing the cost of capital.

## How does XBRL work?

Through its XML-based tagging system, data in XBRL documents becomes intelligent with information wrapped around each data item, making it easier to use by both the analyst community and internal corporate users.

A single sell-side analyst might cover 30 separate stocks, many of which report earnings during the same one-week period. The moment a company's earnings release is issued, that analyst is in a race to update his/her model, correct any inconsistencies, interpret the results and report back to buy-side clients. Every minute is costly. With XBRL, information from your earnings announcement can be easily pulled into the analyst's model, eliminating manual data entry errors, saving time and increasing the accuracy of the final report.

For the buy-side firm that uses this information, easy extraction of data will expedite their analysis and make your company data more transparent to this critical audience. The relative uniformity of XBRL-tagged data also means that analysts will be able to compare as-reported data from multiple companies, rather than



relying on normalized databases that often distort corporate financials. XBRL will not make all corporate data perfectly comparable because that would require changing current accounting standards, but it does improve the ease with which companies can be contrasted and differences analyzed. You can create your own company-specific line items just as you do today — but your definition for a new line item will be bundled together with your XBRL documents making it easy for investors, regulators or other users of your data to understand. And you can even create your own human readable labels for US GAAP line items, even if the underlying definition of that item is the same as it is for peer companies.

XBRL will also benefit internal financial reporting because XBRL-enabled data can be more easily searched, analyzed and converted into other documents. Similarly, XBRL will vastly improve the consolidation process for companies involved in a merger or acquisition.

By developing your financials in XBRL today, you'll position yourself well within the financial and regulatory community and have a say in how the standard is developed. The SEC has already made it clear that they see XBRL as the future of corporate reporting, as evidenced by their Voluntary XBRL Filing Program. Getting involved today will guarantee that you're ready for tomorrow.

## Next Steps

Get educated. Learn more about XBRL at [www.xbrl.org/us](http://www.xbrl.org/us). Begin by putting together a task force within your organization to develop your own XBRL adoption strategy. Get involved. Join the XBRL consortium (see [www.xbrl.org/us/join](http://www.xbrl.org/us/join)) so that you can have input into the XBRL technology, the future of corporate reporting.