



XBRL and SAS® Financial Management

A CFO's planning guide for a smooth transition to the use of XBRL for financial reporting

The use of XBRL (eXtensible Business Reporting Language) for financial reporting is already mandatory on the stock exchanges in China, Japan, Singapore and South Korea. It is also mandatory for reporting in the banking sector in Belgium, France and Spain as well as for FDIC call reports in the US. Motivated by the move from the aging text-based EDGAR system to the interactive data IDEA project in the US, the SEC has similarly mandated the use of XBRL for the largest US-listed companies beginning in June 2009, with the remainder following suit in 2010, a year before mandatory adoption in the UK in 2011.

SAS has prepared this planning guide to help you evaluate the key factors involved in the adoption of XBRL and the major decisions to be made before creating your first successful instance document and filing it with the SEC or other regulatory authority.

We've also provided a one-page outline (see back page) of the major components of the exercise for quick reference.

*This guide is not meant as a substitute for a detailed project plan or for the advice of your audit partner.

Adoption

The move toward worldwide adoption of XBRL can be described as investor-driven, but technology-enabled. The text-based EDGAR system currently in use in the US is now 25 years old and sorely in need of an upgrade. Its 21st century replacement, IDEA, was developed by the aptly named Office of Interactive Disclosure within the SEC.

The rapidly growing financial markets in China and South Korea have simply leapfrogged the older technology with their early adoption of the data-driven XBRL. Banking regulators in both the US and Europe found the benefits of easy access and data integrity too valuable to await general adoption and moved ahead several years ago with their own requirements.

In spite of the apparent complexity hiding behind the mysterious four-letter acronym, XBRL implementation need not be a taxing exercise for any organization. The number of tagged items in your initial instance documents will only be in the 350-500 range, much less than the 1,000 or so account line items you might have in your chart of accounts – and much, much less than the 13,000-plus US GAAP elements defined in XBRL.

Three key terms

XBRL tags are attached to each unit of financial data, identifying characteristics such as what type of data it is and what time period it applies to.

Extensions are user-created XBRL tags not currently defined in the approved XBRL taxonomy, but allowable under regulatory guidelines.

Instance documents are financial reports in XBRL format:

```
<ci:capitalLeases context
Ref="c1" unitRef="u1" precision="3">727432</ci: capitalLeases>.
```



Six steps

There are six steps involved in the XBRL reporting process:

- Training
- Mapping
- Creation of instance documents
- Validation
- Filing
- Publication

We'll discuss the key factors, options and decisions your team will need to make during implementation.

First time through

Your first time through the process will be focused heavily on the training, mapping and validation aspects, with reduced efforts needed in future cycles as your investment in training and mapping pays off.

Expect to spend approximately 50 percent of your first-time effort on training and mapping, 20 percent on validation and 30 percent on report creation.

Companies that have already been voluntarily using XBRL report:

- 150 to 200 work-hours to produce their first 10Q.
- Roughly the same amount for their first 10K.
- Fewer than 100 work-hours on subsequent 10Q/Ks (typically in the 60-80 work-hour range for a 10Q).

Do not be surprised at the level of validation effort required to get instance documents properly tagged. Nearly all of the approaches on the market involve a minimum of two passes through a validation filter to eliminate all errors.

Remember to involve **investor relations** early in the publication phase to head off any external reporting issues.

Three approaches

Aside from attempting to take this task on as an in-house proprietary project, there are three approaches to producing and filing XBRL reporting currently available in the commercial market: desktop bolt-on, Web-based and full-service.

Desktop bolt-ons are purchased software applications which, as the name implies, reside on your financial analyst's workstation. They typically employ some type of drag-and-drop technology and provide reusable templates for creating the instance document.

Web-based applications, also referred to as "pay-per-view," are available as a subscription and reside on the vendor's host server, but are otherwise similar to the desktop approach.

Lastly, **full-service** providers use your financial reports to tag, validate and file your reports for you, after your final review and approval.

Your choice of approach need not be irrevocable. In fact, many businesses initially choose either the Web-based or full-service approach to ensure accuracy while they get their staff trained, later switching to the relatively inexpensive desktop applications for ongoing reporting.

Next on the horizon

The benefits of tagging the totality of your general ledger accounts may be limited at this early stage. For example, the income statement and balance sheet can be produced directly from G/L account line items, but the elements of the statement of cash flows can only be produced from the report generated from the underlying G/L or supplemental data.

Further, moving beyond the simple block tagging of footnotes and into detailed tagging of MD&A components implies the continued mapping and validation focus of the XBRL reporting effort in a more difficult area. Relying on a post-consolidation tool or service appears to be the most reasonable near-term approach to regulatory reporting in XBRL.

That picture may change considerably once the ERP vendors include XBRL in their offerings and you see 3,000 to 5,000, or more, tagged elements moving through your entire enterprise. If and when this era of pervasive XBRL arrives, data integrity and data management will become prominent. Tags originating from the G/L accounts will prove insufficient to support all the ERP elements. However, allowing the ERP, subledgers and feeder systems to separately tag data will be equally unacceptable to the regulatory- and control-oriented finance department. The logical solution is for the XBRL tagging to be managed centrally, independent of any of the consumer/feeder systems so that all users can be assured of reliable tags and data.

The XBRL taxonomy for IFRS is already complete and deployed, with other nonfinancial taxonomies, such as MD&A and GRC, currently under development.

How SAS® Financial Management can help

SAS Financial Management supports XBRL tagging of general ledger accounts and associated financial data. It also provides dynamic consolidations, flexible budgeting and planning, and complete data management capabilities to help you improve the quality of financial plans, budgets and reports while ensuring compliance with regulatory requirements.

With a proprietary calculation engine and accounting logic, this remarkable solution consolidates planning or historical information on demand, ensuring that the latest information is always available for decision makers and regulatory agencies.

Accounting logic

This solution supports multiple accounting standards, including IFRS and US GAAP, and provides rules for manual journal adjustments, intercompany balancing, reporting entity balancing, allocations and partial ownership to help you maintain flexibility in the face of any new standards. You can also manage a variety of time aggregations for balance and flow account types.

With robust, flexible currency handling, SAS Financial Management ideally suits the global enterprise. The solution includes multiple exchange rate sets and performs automatic simple and complex currency conversion.

Regulatory compliance

Documentation such as charts of accounts, accounting policy manuals, financial commentaries and key economic assumptions can be attached to the objects that are used for importing data, financial reporting, and budgeting and planning. These objects can be secured using object-level security. In the event

that history needs to be preserved, they can also be locked to prevent further changes. These capabilities all help you comply with Sarbanes-Oxley Sections 404 and 409.

Automatic tracking of changes to source data

SAS Financial Management classifies and tracks data when it enters from source data systems or data entry forms. This classification provides complete transparency between source data and the final consolidated results published for managers, auditors, regulatory authorities and stakeholders.

Dynamic consolidation

This powerful solution features a bidirectional, dynamic, secure link to a common data repository. As a result, users operate in a dynamic environment and no longer need to run consolidations to see the results of data or rule changes.

Data management

SAS' prebuilt data model creates a reliable, consistent view of your financial information, with the data loaded into a common, secure data repository, compliant with regulatory requirements.

Subsidiary submissions can automatically be loaded into the data repository using SAS Data Integration Studio, which allows you to extract, transform and load data from virtually any source. Data validation procedures ensure data quality. Alerts can be set to notify users when data submissions succeed or fail.

Budgeting and planning

SAS Financial Management provides the flexibility you need to create confident plans and accurate budgets. The solution supports rolling forecasts, top-down and bottom-up budgeting, and budget-cycle seeding. Capabili-

Key benefits for XBRL

- Custom attribute capability enables the association of XBRL tags with not just the general ledger chart of accounts, but any data, financial or nonfinancial, moving into and through the financial reporting and consolidation system.
- Create, store and produce financial reports, including the associated XBRL chart of account tags, through either standard 10Q and 10K reporting packages or ad hoc database queries.
- SAS Enterprise Data Integration Server provides the solution for integrating and managing the XBRL tagging and validation process across the entire organization, from a remote fixed asset subsystem, to multiple ERPs, to the corporate general ledger.

ties for workflow control and enterprise collaboration ease communication and speed planning cycles. SAS forecasting technology produces accurate and flexible forecasts and the ability to model what-if scenarios.

For more information about SAS Financial Management, including features and system requirements, please visit <http://www.sas.com/solutions/financial/fms/index.html>.

About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at 45,000 sites improve performance and deliver value by making better decisions faster. Since 1976, SAS has been giving customers around the world THE POWER TO KNOW.®

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CFO's XBRL Planning Guide

Planning

■ Timeline

- Already mandatory
 - **Stock Exchanges:** China, Japan, South Korea, Singapore
 - **Banking:** Belgium, France, Spain
 - US FDIC call reports
- 500 largest US companies – June 2009
- Midtier US companies – 2010
- UK and smaller US companies – 2011

■ Oversight board: CFO/CAO, CIO

- **Primary project team:** Project manager, IT, accounting, audit, investor relations

Execution

■ Six steps:

1. Training
2. Mapping
3. Creation of instance documents
4. Validation
5. Filing
6. Publication

■ First time through:

- About 150-200 work-hours
 - On first 10Q and 10K
- 50 percent spent on training and mapping
- 30 percent on report creation
- 20 percent on validation
 - Minimum double pass-through validation filters
- Less than 100 work-hours on subsequent 10Q/Ks

■ **Investor relations** should be involved early in the process, especially with regard to external publication.

Three commercial approaches

1. **Desktop bolt-on:** Purchased drag-and-drop applications, reusable templates.
2. **Web-based (pay-per-view):** Same capabilities as desktop, but on a subscription basis from vendor's host server.
3. **Full-service:** Receive, tag, validate (review and approve), file.

Alternatives: Start with full-service or Web-based and move to desktop after training, mapping and validation are complete.

Next on the horizon

■ Most reasonable near-term approach to XBRL reporting is to rely on post-consolidation tools or services.

- Benefit of tagging 1,000-plus G/L accounts is doubtful when:
 - Only about 200 will feed directly into a 400 line-item instance document.
 - Future effort will shift to the detailed tagging of footnotes and MD&A components.

After pervasive XBRL arrives following XBRL functionality in ERP, data integration and data management become crucial issues:

- Approximately 5,000-plus tagged financial elements moving throughout the enterprise.
- Originating from multiple ERP, subledger and feeder systems.
- Requiring central, independent management and validation for all users and systems.

IFRS taxonomy already developed and in use.

Nonfinancial taxonomies (MD&A, GRC, etc.) are on the drawing boards.



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