

XBRL: EDGAR Analyst Changes Everything

FROM THE BIRTH OF FINANCIAL MARKETS TO today, there has always been a need for high-quality, transparent financial reporting. Transparency facilitates the fair flow of information to investors who, in turn, assess the potential risks and rewards associated with a particular investment. In today's environment, corporate accounting scandals such as Adelphia, Enron, Global Crossings, Tyco, WorldCom, or Xerox have altered the rules of reporting. Transparency in financial reporting is no longer optional; it is an essential element of financial reporting.

Transparent reporting is part of management's fiduciary responsibility, and it's the best protection against the loss of shareholder confidence. Transparency is composed of two main tenants: (1) clear, straightforward financial reporting and (2) making the financial data quickly and easily available to all interested parties. Though XBRL can't address the condition of underlying financial information, it can have a major impact on the delivery of this information to the financial community.

Starting this month, the U.S. investor community will receive a major boost to financial data accessibility. EDGAR Analyst LLC, a joint venture of EDGAR-Online and UBmatrix Corporation, is making a financial database filled with 75 data elements derived from the Securities & Exchange Commission (SEC) filings of all companies since 1994 available in a digital format. In addition, EDGAR Analyst is promising to make available newly filed SEC 10-Q and 10-K information within 48 hours of the material being posted on the SEC's EDGAR system.

How are they going to do this? EDGAR Analyst LLC

will use XBRL (eXtensible Business Reporting Language) to tag 75 of the major items contained in the balance sheets, income statements, and statements of cash flow for all companies that filed SEC reports. The data points will be normalized, which means the EDGAR Analyst LLC will take data filings and put the company information into industry-accepted account categories. The data used in the repository will be gathered from standard SEC 10-Q and 10-K filings.

This Changes Everything

EDGAR Analyst LLC was formulated specifically to fill a major need for accurate current and historical financial data in the financial analysis marketplace. The EDGAR Analyst LLC repository of major data points will facilitate the analysis of all companies traded on the major U.S. stock exchanges without the effort of manually collecting SEC EDGAR filings and re-keying the data into analytical tools. With the entire set of SEC-required U.S. financial statements ready for immediate analysis, small companies could receive additional attention because the cost to follow the financial data from 3,500 companies won't be much different from the cost to follow 35. The data can be exported to Excel™ or any other analytical tool set up to handle XML-tagged data.

The data repository will also provide a tremendous foundation for longitudinal and cross-sectional analysis of all SEC registrants. XBRL uses tags based on standardized accounting industry definitions to describe and identify each item of financial information. Financial statements and other documents prepared using the formats are easy to search. A comprehensive search for ex-

traordinary income/loss items across an entire industry segment can potentially be conducted in seconds, compared to days for a manual analysis. The business reporting value chain will quickly embrace transparency in the form of faster access to data.

The 75 standardized XBRL data elements are derived from the balance sheet, income statement, and statement of cash flow. These can be combined to determine a number of financial ratios, such as current ratio, quick ratio, cash ratio, gross margin, operating margin, profit margin, pre-tax ROI, after-tax ROE, and more. Data are typically available within 48 hours of a company's filing to the SEC, giving you prompt access to business-critical information.

The Nasdaq, AMEX, and OTCBB use this data set to determine their companies' respective qualifications/listings standards. EDGAR-Online, which controls the data gathering and data feed into EDGAR Analyst, maintains 99% accuracy, as required by Nasdaq. Quality-control staff check each financial statement and sometimes call the filers to alert them to errors. Broad coverage, including all companies with shares traded on Nasdaq, AMEX, NYSE, and the hard-to-find OTCBB universe of over 3,000 securities, ensures that you can find the information you need.

The EDGAR Analyst repository will be made available for free for a limited time. Then it will be accessible through paid subscriptions available at a nominal fee. Stay tuned to www.edgar-online.com for more details, and look for www.edgar-analyst.com, coming this month. ■

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Liv A. Watson also contributed to this column.