

# It's Time for XBRL GL Pilots

BY GIANLUCA GARBELLOTO

In the February 2007 column (“It’s Time for GL-enabled Software”), I issued a call for action asking accounting software and ERP systems vendors to become actively involved in the process of XBRL Global Ledger adoption in order to help make all the benefits that

come from a standards-based approach to accounting and business data representation, exchange, and analysis immediately and easily available to their customers.

As use of XBRL for external reporting spreads, end users are moving beyond the stage of preliminary analysis—figuring out how to deal with this new technology and fully leverage the advantages of standardization for internal and external purposes—and are now asking themselves, “What do I do now? What is my first step to make this happen?”

By definition, the implementation of XBRL GL as a first step (and the enabler) of an overall standards-based approach within an entity doesn’t require its implementation in proprietary software and applications. As I’ve often stated, XBRL GL doesn’t require any change in the existing technical infrastructure.

Rather, it completes the infrastructure, adding a layer of standardization that enables a process change based on standards instead of on proprietary technology.

There are a number of reasons that it’s more effective to develop an implementation strategy that doesn’t rely on one specific application or vendor:

- ◆ By definition, the benefits of data standardization are fully achieved if they are extended across the whole information system and its various applications and modules—some or many of which are legacy systems that are unlikely to ever be updated with new capabilities.

- ◆ Where an ERP system is implemented in a complex structure, it’s common to have different versions of the same application running in different units/divisions. In this situation, even if the ERP vendor provides XBRL GL capabilities, they won’t be

available in previous versions.

- ◆ It’s necessary to integrate all kinds of data in this process, including those that are managed outside accounting applications and ERP systems, such as the myriad Excel spreadsheets that usually complement the internal reporting process.

- ◆ A user-driven approach to XBRL GL implementation is more effective (for the user) than a vendor-driven approach because (1) it allows the development of highly reusable internal expertise that isn’t specific to a project or application, and (2) it makes interaction with vendors more effective in terms of providing guidance and assessing the results.

So once the benefits of XBRL GL are clear and understood, how can an entity build an effective implementation strategy?

## Choosing a Pilot Project

The logical starting point is a pilot project, which demonstrates the technology and quickly builds internal expertise. The scope of the project should be limited enough to achieve meaningful results in a reasonable time frame and with limited resources but at the same time address a real, specific need.

This may sound too good to be true, but the impact of implementing XBRL is so broad that it usually isn't difficult to find a pilot project that meets these requirements. Experience in XBRL implementations shows that their time frame is usually much more limited than comparable implementations based on more traditional approaches. A "small" implementation time frame is usually measured in terms of weeks, and a more comprehensive project is generally measured in months, not years.

Potential areas for a suitable project include:

- ◆ Data integration between two (or more) systems or modules within the information system. This is probably the most promising source for a meaningful pilot. Data integration needs are a frequent challenge in every environment, and the technology necessary for this particular type of implementation can be deployed relatively easily, especially within a pilot.

- ◆ Virtual access to data through Web services. This is more challenging in terms of the technology required, but it can have a great impact within a structure. Examples of this type of pilot include making data available internally or externally for analysis and data consolidation.

- ◆ Reconciliation between different end reports (internal or external) through the underlying data. For example, reconciliation of U.S. GAAP and IFRS financial statements through the underlying trial balance.

- ◆ Auditing and internal controls.

### Setting up the Pilot

Once the scope of the pilot is defined, a number of steps and resources are necessary to complete the project. Here's a high-level checklist based on a data interchange pilot:

- ◆ Select the systems involved.

The pilot will typically involve two systems initially and will possibly be extended to include other applications at a later time. The choice should target an existing integration process that requires manual retying of data or the extraction/transformation of data through spreadsheets or otherwise nonintegrated procedures.

- ◆ Build the mapping from the source system to XBRL GL, which will allow the creation of XBRL GL instance documents, the standardized representation of the data extracted from the source system. This step requires knowledge of the data model of the source application—usually available within the entity—and domain and technical knowledge of the XBRL GL framework. From a tooling perspective, a mapping application that can plug into the source (and target) system and is compatible with XML schema will be necessary. An important point to consider is that no XBRL-specific tooling is required, which means that the investment made isn't specific to XBRL and can be leveraged for multiple purposes. Possible choices range from entry-level solutions like Altova Mapforce to more comprehensive solutions like Microsoft BizTalk. Developing internal code is also an option. The only requirement for any choice is that the application is capable of interpreting an XML schema.

- ◆ Build the mapping from XBRL GL to the target application so the standardized data can be uploaded into the target application. Resource requirements are symmetrical to the ones listed in the previous item.

- ◆ Select a tool to validate the XBRL GL instance documents that were created through the mapping from the source application to XBRL GL. Again there are various possible approaches: Altova XMLSpy or any

other preferred XML editor provides XML schema validation, which may be sufficient for XBRL GL instance documents that don't make extensive use of linkbases and other XBRL-specific features. A list of XBRL validation tools is available at the XBRL International Consortium website ([www.xbrl.org](http://www.xbrl.org)).

- ◆ Once the data is uploaded, a procedure to verify that the data is correctly represented in the target system must be created.

The pilot project is now complete. With a minimal investment in tooling and human resources, you can see valuable returns both in terms of immediate results from the implementation and very effective hands-on training on a key technology with broad impact. Next steps may require reusing the created XBRL GL instances for different purposes, such as feeding other systems/processes where the same data is used or storing them for reconciliation or auditing purposes, but the first and most important step toward the realization of the benefits of data and processes standardization has been taken.

This "conference room" pilot approach is being used successfully by many entities. At every XBRL International conference, training and tutorials on the specific topic of XBRL GL and its implementation are offered, and the upcoming 16th Conference (<http://conference.xbrl.org>) is no exception. This may be the best opportunity for you to see these concepts at work and get all the information you need to tailor them to your specific needs. ■

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