

A Little XBRL GL Today...

BY GIANLUCA GARBELLOTO

How do you build a big snowball? You start with a small snowball and get it rolling. In companies everywhere, working with a single snowball today—XBRL Global Ledger (XBRL GL)—can mean forestalling a blizzard of formats tomorrow.

The snowball metaphor is often used to describe the representational power of XBRL GL because it's a good illustration of XBRL GL's ability to represent each document or transaction as it flows through an entity's information systems and is augmented by other transactions and events until the result eventually ends up in an end report. An order, for example, becomes one or more invoices. Each of those is related to one or more bills of lading and one or more payments. Maybe some of the relevant information comes from an external party in other transactional or industry-specific standard formats, such as ebXML, ACORD, or MISMO. XBRL GL can represent all this and the relationships between each element, with the snowball growing bigger and bigger at every step.

There's at least one other way in which the snowball metaphor is

useful in the XBRL GL world. In the November 2007 column, "It's Time for XBRL GL Pilots," I discussed the benefits of using a pilot project to begin exploring the implications and advantages of adopting XBRL GL. Starting with a pilot that's limited enough in scope to achieve results in a short time frame but meaningful enough to address a real issue and deliver a usable result makes obvious sense: A limited pilot helps raise internal awareness of a new technology, facilitates education and training, and makes future implementations easier and better.

Full implementation of XBRL GL within a company/entity will bring substantial benefits given its broad scope and its applicability to crucial corporate functions and processes. Yet even in the transition from that first limited pilot to a "full adoption" scenario, the initial resources and deliverables (the small snowball you start with) will pay back multiple times. Also, natural forces related to



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the power of a standards-based approach (the slope) will help the snowball grow more than proportionally to the effort and resources invested in the process.

Reusable Knowledge

XBRL GL is a generic, holistic representation of any kind of business and accounting data, independent from the specific system in which the data was generated or resides in and from the industry or jurisdiction of origin. Consequently, the knowledge gained during the pilot project is going to be largely or completely reusable as adoption expands within the company. This not only applies to projects similar to the first implementation but to any of the numerous applications of XBRL GL. Given the multiple uses for XBRL GL, such as data integration, data migration, consolidation, business intelligence, auditing, and compliance, this can result in very tangible and substantial benefits.

Participation in its Development

XBRL GL is developed organically. Users provide feedback to the XBRL GL Working Group (xbrlgl@xbrl.org) to prioritize its organic growth and make sure that their broader needs are met. As with the development of any open standard, users' needs get priority.

Get Ahead of the Game

While it's widely recognized that XBRL GL is the next logical step for data standardization, most potential adopters are hesitant because it isn't supported in mainstream accounting applications. But native support from specific applications isn't a prerequisite for implementing XBRL GL. It's possible right now to use common, off-the-shelf mapping

applications that work with "normal" XML to map to and from XBRL GL. This allows converting data in any application within the corporate information system to and from XBRL GL, and it enables the implementation of the standard as if it were natively available in each application.

Apart from the benefits of implementing a standard instead of application-specific and costly proprietary solutions, this approach will give you an edge as:

- ◆ XBRL GL becomes embedded in more and more applications;
- ◆ Other entities within your network of clients, vendors, service providers, banks, and so forth start considering its adoption; and
- ◆ Regulators worldwide, especially in the tax space, consider mandating its use. By embracing XBRL GL today, it will reduce the need for tax administrations to require their own proprietary formats to accomplish the same thing.

Enabler of a Standards-based Architecture

Your first pilot will likely address a simple data integration need, such as implementing an automatic interface based on XBRL GL to replace the need to manually input data from an old legacy application that could never be completely phased out into the main corporate ERP system. Apart from its intrinsic value, this first step is also valuable in terms of what it makes possible.

Data standardization means separating data from the proprietary applications in which it resides and making it available and usable in a flexible and cost-effective way. Once data is standardized and looks the same across different applications, other processes that use the data,

such as analytics and rules applied to data, data access, and data visualization, can also be standardized and used in different applications without the need to rewrite them. These comprise the main layers of a "standards-based architecture" that amplifies the benefits of standardization, including quicker and more flexible implementations and lower costs.

Resources

There are a number of resources available to guide you in your initial assessment and to identify the uses of XBRL GL that are more suitable for your specific environment. The XBRL GL section of the XBRL International website (www.xbrl.org/GLTaxonomy) is the primary source of information. In particular, the XBRL GL Working Group Notes (www.xbrl.org/GlobalLedgerWGNotes) may be useful to begin with, especially the XBRL GL FAQs. GaLaPaGoS—Global Ledger Practices Guide for Study (www.gl.iphix.net)—is a set of resources to document and understand XBRL GL. It includes a number of best practice representations of different documents, transactions, and ledgers. The XBRL GL webcasts found in GaLaPaGoS also are very valuable resources.

The initial, limited investment in an XBRL GL implementation will pay off over and over again in many different ways. Just start the snowball rolling! ■

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