



FORUM STANDAARDISATIE

Expert Recommendation

XBRL v 2.1

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Management summary

This report contains:

- The XBRL 2.1 expert group's recommendation to the Standardisation Forum Office and the Standardisation Board concerning inclusion of XBRL 2.1 in the list of open standards, and
- A brief report of the discussion within the expert group leading to the recommendation.

In this discussion, the focus was on demarcation of the application domain and the relationship between the technical basis of XBRL and the XBRL taxonomies that must ensure the usefulness of XBRL. Other important subjects discussed were:

- Missing functionality and required additional functionality
- Availability of sufficient practical experience with XBRL, in the Netherlands and abroad
- The complexity of XBRL and (therefore) dependence on a small group of market parties
- Relevance of a business case analysis preceding implementation of XBRL

The area of application selected by the expert group is:

“electronic traffic between organisations that concerns reporting on information of a financial nature”. The organisational scope of the Comply or Explain principle is defined as *“government organisations and institutions in the (semi-)public sector”*.

With respect to the four main criteria for analysis, the expert group's considerations were:

- Sufficiently open for inclusion in the list of open standards.
- The usability for electronic traffic mainly reporting on financial data is sufficient to warrant inclusion in the list of open standards, provided that XBRL taxonomies are taken into consideration. It is necessary that the knowledge base for and practical experience with XBRL in the Netherlands is distributed over a larger number of parties than is the case at present.
- The potential is sufficient to warrant inclusion in the list of open standards.
- Impact: The potential benefits of implementation are considerable and can exceed the costs, while the risks are manageable, although a chain-wide business case analysis for each chain is advisable.

Based on the discussion, the XBRL 2.1 expert group made one main recommendation and two additional recommendations. The XBRL 2.1 expert group's main recommendation consists of five related elements, presented as a single unit:

- Include XBRL 2.1 in the list of open standards governed by the Comply or Explain policy. Inclusion of XBRL 2.1 should be accompanied by XBRL Dimensions 1.0, XBRL Formula Specification 1.0 and XBRL FRTA.
- Only apply the Comply or Explain policy to electronic traffic between organisations that reports information of a financial nature.
- Determine that application of these specifications and documents in the area of application must be accompanied by:
 - A favourable business case at the chain level, and
 - Implementation of a XBRL taxonomy that meets the quality requirements of the Comply or Explain list.
- Determine that, if in a particular case a suitable XBRL taxonomy of sufficient quality is not (yet) available, such an XBRL taxonomy must be developed by the parties involved, with maximum reuse of existing XBRL taxonomies.
- Start the Comply or Explain policy at the source of the financial reporting information and work downstream from the source. Determine that parties that:
 - draw up structured financial reporting information, or
 - make such information available to other parties in XBRL 2.1 format,
 must also use the XBRL specifications to make the information available to other parties in the chain.

Additional recommendations of the expert group:

- Stimulate wide and open distribution of skills pertaining to XBRL 2.1 and XBRL taxonomies among parties governed by the Comply or Explain policy for XBRL 2.1, as well as among parties supporting them in its use.

Please note:

- The recommended area of application includes the domain of the SBR¹ programme, but is much broader.
- The recommended area of application by no means covers all financial data flows, but is limited to reporting flows, which means that, for instance, invoice and payment flows are not covered.

¹ <http://www.sbr-nl.nl/>

- The recommendation refers to information mainly dealing with financial data in order to prevent any occasional non-financial data elements from causing a report to be excluded from the area of application.
- The recommendation of a business case analysis refers to an integral business case analysis across the entire reporting chain or network. Therefore a possible negative business case for specific (types) of parties in the chain is not necessarily a reason not to use XBRL.



1. Expert recommendation objective

1.1 Background

On Monday, 17 September 2007, the State Secretary of Economic Affairs sent the action plan for *Open Standards and Open Source Software*² to the Lower House. The purpose of the action plan is to make the information supply more accessible to achieve independence from IT suppliers and facilitate innovation.

Part of the action plan is compiling a list of standards governed by the Comply or Explain principle. The Standardisation Board decides which standards will be included in the list, based in part on an expert evaluation of the standard.

The experts are members of a balanced expert group that evaluates the standard based on a number of criteria. These criteria, as well as their elaboration in terms of concrete questions, are presented and discussed in the present expert recommendation and originate from the report '*Open standaarden: het proces om te komen tot een lijst met open standaarden*' (Open standards: process for defining a list of open standards) accepted by the Standardisation Board on 14 May 2008.

The expert group's task was to provide a recommendation on whether or not XBRL version 2.1 (hereinafter referred to as XBRL 2.1) should be included in the list of open standards, with or without specific conditions.

1.2 Process

The following procedure was used to define this recommendation.

XBRL 2.1 was submitted by XBRL Netherlands³ and the SBR programme⁴. After administrative verification, an intake interview with a representative of the submitting party took place. The outcome of the intake interview was that XBRL 2.1 was to be tested for inclusion in the list of open standards for 'Comply and Explain'. An expert group was assigned, consisting of representatives of the government, the business community and suppliers.

² <http://www.forumstandaardisatie.nl/fileadmin/OVOS/nederlandopeninverbinding.pdf>

³ <http://www.xbrl-nederland.nl/>

⁴ <http://www.sbr-nl.nl/>



The expert group started by individually scoring XBRL v2.1 based on a questionnaire. This questionnaire contains the criteria described in the above-mentioned report. Based on the answers, the chairman of the expert group identified various bottlenecks.

Next, the expert group held a meeting on 30 November 2009 for general discussion of the outcome and, in particular, the bottlenecks identified. During this meeting, the area of application and the organisational scope were discussed in detail.

The findings of the expert group were included in this recommendation report by the chairman and monitor member. A first draft version was sent to the members of the expert group, requesting comments. The response received was incorporated into the this report.

1.3 Composition of the expert group

Experts and other persons directly or indirectly involved with the standard due to their personal expertise or work within a particular organisation were invited to join the expert group. In addition, an independent chairman was appointed to lead the expert group and act as the editor of the final expert recommendation.

Paul Oude Luttighuis was appointed as chairman. He is a principal researcher and consultant for Novay. The expert group's monitor member was TNO Information and Communication Technology consultant Dennis Krukkert.

The following experts attended the expert group meeting:

- Alphons van den Toorn (Ministry of Finance)
- Pim Keizer (Ministry of Justice)
- Leo Geubbels (Ministry of the Interior and Kingdom Affairs)
- Sylvia Majdoubi (Chambers of Commerce)
- Piet Daas (Statistics Netherlands)
- Arianne Knoppert (De Nederlandsche Bank)
- Guust Jutte (Rabobank)
- Martijn van Wensveen (KPMG)
- Aad Bergman (Semansys)
- Jacques Urlus (Ordina)
- Ronald Dahne (Exact Software)



The following persons were absent due to illness:

- Wim Scheper (Deloitte consultancy)
- Niels de Winne (GBO.Overheid)

The following persons could not attend because their schedules did not allow it:

- Marc van Hilvoorde (Tax and Customs Administration)
- Marianne Veltman (Duthler Associates and the SBR programme)

1.4 XBRL

XBRL is an international open standard for the exchange of business and financial data. In order to provide a sound recommendation, it is important to specify more clearly which specifications come under this term. Therefore it is first of all necessary to distinguish between the XBRL basis and XBRL taxonomies. The XBRL basis provides a framework for structuring data (taxonomies) and instances (the actual documents or messages containing the data). The XBRL taxonomies, on the other hand, define the data structures.

In many sectoral message standards, no such distinction (between the basis and the actual data definitions) is made: The basis remains largely implicit. But there are other framework standards for message traffic that use an explicit basis, such as ebXML and StUF. However, the bases used by these standards are substantially different from those of XBRL.

The submitting party offered XBRL 2.1 for inclusion in the list of open standards, without explicitly proposing any taxonomies. For that reason, neither the 'Dutch Taxonomy' nor the generic 'General Ledger Taxonomy' have been specifically evaluated. Nevertheless, the relationship between the XBRL basis and XBRL taxonomies was a crucial element in the analysis. Without XBRL taxonomies, technical implementation of the XBRL basis is a meaningless expense.



However, the XBRL 2.1 specification is only a part of the XBRL basis. The expert group was therefore of the opinion that its recommendation should concern the XBRL basis rather than merely the XBRL 2.1 specification. For this reason, the expert group included in their analysis a series of important specifications and documents from the XBRL basis that have a Recommendation status with XBRL International. These are:

- XBRL 2.1⁵, the basic specification that describes the structure of XBRL taxonomies and XBRL documents and their relationship, as well as their expression in XML.
- XBRL Dimensions 1.0, an extension of XBRL 2.1, describing how contextual metadata may be added to XBRL data.
- XBRL Formula Specification 1.0, a set of specifications describing how XBRL handles formulas that express the value relationships between XBRL data.
- XBRL FRTA (Financial Reporting Taxonomies Architecture)⁶, a set of guidelines, rules and conventions for efficient realisation of workable XBRL taxonomies.

⁵ <http://www.xbrl.org/SpecRecommendations/>

⁶ <http://www.xbrl.org/TaxonomyGuidance/>



2. Important points for discussion

Government organisations are expected to use the list of open standards during tendering procedures, according to the 'Comply or Explain' principle⁷.

Depending on the functionality to be acquired, a decision will be made as to which interfaces must be implemented, and which standards from the list should be applied to this end. For this purpose, the expert group evaluated in which cases the functionality of XBRL 2.1 should be used (area of application) and which organisations should use XBRL 2.1 (organisational scope). Next, the most important potential bottlenecks were discussed. Before the expert meeting, all experts were asked to perform an assessment of XBRL on paper, based on the criteria defined. The results of these evaluations were analysed by the chairman, identifying the most important bottlenecks.

2.1 Area of application

The area of application proposed by the submitted party is: "The exchange of business and financial data may concern aggregated information or may occur at the level of transactions". This positioning is very broad, and since the area of application is a crucial element of the recommendation of the expert group, the chairman proposed three options for the area of application to the expert group. These options are:

- Framework
- Semantic demarcation
- By taxonomy

For the 'Framework' option, XBRL 2.1 is deemed applicable to all structured electronic business message traffic. A benefit of this option is that it involves very strict and wide standardisation, leading to wide technical interoperability in message traffic. This does, however, raise the question whether the technical basis of XBRL is suitable for a very wide semantic context. Additionally, a competition analysis of virtually all other message standards would be required, including standards offering a comparable basis, such as StUF and ebXML, and standards that do not, such as the SETU standards. Because it is not likely that a commonly accepted answer to both questions will be available in the foreseeable future, the expert group did not choose this option.

⁷ http://www.forumstandaardisatie.nl/fileadmin/OVOS/Instructie_rijksdienst_bij_aanschaf_ICT.pdf



For the 'Semantic demarcation' option, XBRL 2.1 is deemed not applicable to structured electronic business message traffic in general, but only to traffic reporting on financial data. The benefit of this option is that it reflects (in terms of content and organisation) the domain for which XBRL was developed. This increases the likelihood that the standard suits the problem and that the correct parties are already involved in development and management. But assessment of this option is more difficult: What exactly is part of 'reporting' and 'financial' and what is not? There is always some margin in such definitions.

The third option is 'By taxonomy'. With this option, XBRL 2.1 is deemed applicable only to situations for which a XBRL taxonomy exists that, it itself, meets the quality requirements for all standards. This option provides a greater possibility for assessment and is more detailed, and successful inclusion in the list is more likely, because XBRL 2.1 can benefit from available XBRL taxonomies of sufficient quality. On the other hand, of the three, this option has the lowest potential for standardisation.

Presented with these three options, the expert group selected a combination of 'Semantic demarcation' and 'By taxonomy'. The expert group believes that implementation of XBRL 2.1 is useless without a suitable taxonomy. With the 'By taxonomy' option, this relationship is ensured. A limitation of this option is that the standardisation effect of inclusion of XBRL 2.1 in the list would be limited, because it directly references an available XBRL taxonomy. Even if no XBRL taxonomy of sufficient quality exists, the expert group believes that, for traffic reporting on financial data, inclusion of XBRL 2.1 in the list will promote the realisation of such a taxonomy. In this context, the expert group stresses the importance of maximum reuse of XBRL taxonomies of sufficient quality that are already available, either nationally or internationally.

Finally, the expert group points out that some organisations receive financial reports which they subsequently forward to third parties (unchanged). In such situations, reports must only be forwarded in XBRL 2.1 if the organisations involved receive them in XBRL 2.1. In this way, an adoption process for financial reporting chains can be realised which works from the source.

Discussion within the expert group concerning the area of application has yielded most of the material for the recommendation to the Standardisation Forum. The recommendation can be found in chapter 4.

2.2 Organisational scope

With respect to the selected area of application, the expert group does not deem further demarcation of the organisational scope necessary. As a result, the organisational scope covers



all organisations to which the ‘Comply or Explain’ principle applies: government organisations and institutions in the (semi-)public sector⁸.

2.3 Potential bottlenecks

Previous to the expert meeting, all experts were asked to fill in a questionnaire, as a first assessment of XBRL 2.1. In total, twelve experts returned completed questionnaires. Based on their answers, the chairman made a first selection of the most important bottlenecks. These bottlenecks were discussed in the expert group, and are outlined below.

2.3.1 *Additional functionality*

A frequently made comment is that XBRL 2.1, the basic specification that is the actual subject of the assessment, only describes part of the full XBRL basis. Important additional functionality (such as formulas) is included in supplementary specifications and documents. This was discussed in section 0.

In order to prevent such supplementary functionality from being developed independently on a national scale, the expert group believes it is necessary to combine inclusion of XBRL 2.1 in the list of open standards with the other documents mentioned in section 0: Dimensions 1.0, Formula Specification 1.0 and FRTA.

For the time being, the expert group recommends not including any XBRL specifications and documents other than the Recommendations mentioned above in the list of open standards. This also applies to FRIS — a set of guidelines for defining XBRL instances — because this still has draft status.

2.3.2 *Practical experience*

The expert group believes that, compared to other countries, there is little practical experience with XBRL 2.1 in the Netherlands. Use of international standards will have limited impact on the maturity of the standard, but limited practical experience does entail risks. Lack of knowledge, in particular, may lead to complex implementation processes and high costs (see also section 0). The expert group believes limited practical experience does not hinder inclusion of XBRL 2.1 in the list of open standards, since inclusion in the list will lead to increased use and boost practical experience.

2.3.3 *Complexity and dependence*

⁸ As defined in the action plan *Nederland Open in Verbinding* (The Netherlands Open in Connection)



The expert group considered the complexity of XBRL 2.1, and acknowledges that there is a certain level of complexity. This complexity is largely a result of the fact that XBRL 2.1 seeks to provide a generic basis. On the one hand, this ensures broad applicability and flexibility, but on the other it leads to unavoidable and inherent complexity. The basis must, after all, be capable of handling all kinds of situations. XBRL 2.1 has the same complexity as other standards providing a similar basis, such as StUF and ebXML.

In other words, complexity is a sign of high ambition rather than bad design. The expert group therefore does not consider this an impediment to inclusion. Nevertheless, because of this complexity, the number of parties in possession of XBRL skills is limited. The expert group estimates that between fifteen and twenty organisations in the Netherlands offer these skills. The expert group considers this an important point for consideration and includes it as an element in its recommendation (see chapter 4). The expert group expects inclusion of XBRL 2.1 in the list of open standards to contribute to extension of the knowledge base of XBRL.

2.4 Business case

A final worry expressed during the expert group discussion was that inclusion of XBRL 2.1 in the list would also enforce implementation in situations where it offers no benefits. For that reason, presence of a favourable business case as a condition for implementation was included in the recommendation.

This does not merely concern XBRL, but rather the entire list of open standards: It should not be the objective of the list of standards to enforce implementation in situations where this offers no benefits. The expert group nevertheless wanted to retain the addition, and it was therefore included in the recommendation.

It is important to point out that this concerns a chain-wide business case, not a business case at the level of an individual party (type). If the chain-wide business case turns out to be favourable, while business cases for specific parties (or party types) may be negative, this fact in itself should not be an excuse to refrain from implementation. Instead, we should look for possibilities for improving the balance between costs and benefits across the chain parties.



3. Assessment of the standard based on the criteria

A number of criteria were used to decide whether XBRL 2.1 should be included in the list of open standards. These criteria are outlined in the report *Open standaarden, het proces om te komen tot een lijst met open standaarden* (Open standards – the process for creating a list of open standards) dated 23 April 2008. In this chapter, the outcome of the assessment is explained for each criterion. For the sake of completeness, the definition of each criterion has been included in *italics*. The most important bottlenecks for inclusion in the list of open standards are described in section 2.3.

3.1 Openness

Approval and enforcement

The standard has been approved and will be enforced by a non-profit organisation. Ongoing development is based on a decision-making procedure which is open to all stakeholders (consensus or decision by majority, etc.).

XBRL 2.1 is maintained by the non-profit organisation XBRL International. Members can participate in the working group, and XBRL international uses an extensive process offering members as well as non-members the opportunity to submit comments. Only members can participate in the decision-making process. Although a membership fee is charged, the cost of membership is not so high that the expert group considers this an impediment.

Availability

The standard has been published and its specifications document is freely available or can be acquired at a nominal fee. Anyone must be able to copy and use the document and make it available for free, or at a nominal fee.

The XBRL specifications and other XBRL documents may be downloaded from the website of XBRL International⁹ free of charge. Use of the specifications is also free of charge.

⁹ www.xbrl.org



Intellectual property

The intellectual property – with respect to any patents that may exist – of (parts of) the standard is irrevocably made available on a royalty-free basis.

The website of XBRL International contains the IPR policy of XBRL International¹⁰. This policy specifies that if there are any patents, they are made available royalty free.

Reuse

There are no restrictions with respect to reuse of the standard.

XBRL International does not enforce any limitations concerning reuse of the standard.

3.2 Usability

Maturity

Is the standard sufficiently mature?

The XBRL 2.1 basic specification is sufficiently mature. There are, however, supplementary specifications in varying stages of maturity. This is discussed in detail in chapter 2.3.1

Are further development and maintenance of the standard guaranteed?

XBRL International was established in 1998 and has over 550 members, including affiliated national organisations. Important organisations such as IASB, SEC, AICPA and various central banks are involved. In the Netherlands, Stichting XBRL Nederland is a member. The Ministry of Finance is involved in XBRL Nederland. Use by various groups in different countries creates a picture of a stable base that is consistently growing.

Is there sufficient practical experience with use of the standard?

Internationally, yes; in the Netherlands, practical experience is limited. This issue is discussed in section 2.3.

Does the standard have sufficient support from (multiple) market parties now, and will it also enjoy this support in the future?

This is a point for attention, given the limited experience in the Netherlands at the present time. Currently, there are between fifteen and twenty market parties that offer XBRL expertise. More

¹⁰ <http://www.xbrl.org/Legal2/XBRL-IP-Policy-2009-08-01.pdf>



experience is available internationally. A more detailed discussion of this issue can be found in section 2.3.

Are expectations for future use of the standard favourable?

The expert group believes this is the case. Inclusion in the Dutch list of open standards may provide an additional impulse.

Functionality

What are the functional requirements for the operation of the standard within the proposed area of application? To what extent does the standard meet these requirements? How does this compare to competing standards?

Not all required functionality is documented in the core specification XRL 2.1 (see section 2.3). The expert group therefore recommends adding three other XBRL specifications/documents to inclusion of XBRL 2.1.

Competing standards

Are there any competing standards? If so, what are they and who uses them? What are the advantages and disadvantages of this standard compared to competing standards?

There are no standards competing with XBRL 2.1 for the selected area of application (*'Exchange of information reporting on financial data'*).

3.3 Potential

Does inclusion of the standard in the list contribute to increased supplier independence?

Yes, XBRL 2.1 is an open standard that is, at present, supported by multiple suppliers. As a result of inclusion in the list of open standards, more parties will support this standard, resulting in a wider choice of suppliers. Furthermore, there is much activity with respect to open-source XBRL implementations¹¹.

Does inclusion of the standard in the list contribute to increased interoperability?

¹¹ http://www.xbrlwiki.info/index.php?title=Open_Source_and_XBRL



Yes, if all parties in the delimited area of application use XBRL 2.1, this will lead to more interoperability.

3.4 Impact

The questions on impact can be summarised as follows:

How does the standard impact the business operation, information supply, IT, and security and privacy of the users of the standard? How easy is migration to the standard?

The most important issues with respect to impact are discussed in section 2.3 and concern the (inherent) complexity of XBRL 2.1 and the (limited) availability of know-how. However, for introduction of XBRL 2.1 for a specific functional area (future), availability of a suitable taxonomy is required. Without a suitable taxonomy, XBRL offers no benefits, but will only increase costs. This is why the expert group recommendation explicitly discusses the importance of taxonomies.

Use of XBRL 2.1 has no direct effect on privacy or security. Security is not part of XBRL 2.1 (as is the case with many semantic standards); security will be handled by means of supplementary specifications.

A final area highlighted by the expert group is the significance of a chain-wide business case analysis in obtaining a clearer picture of the impact on specific financial reporting chains.



4. Recommendation to Forum and Board

The XBRL 2.1 expert group's main recommendation consists of five related elements, presented as a single unit:

- Include XBRL 2.1 in the list of open standards governed by the Comply or Explain policy. Inclusion of XBRL 2.1 should be accompanied by XBRL Dimensions 1.0, XBRL Formula Specification 1.0 and XBRL FRTA.
- Only apply the Comply or Explain policy to electronic traffic between organisations that concerns reporting on information of a financial nature.
- Determine that application of these specifications and documents in the area of application must be accompanied by:
 - A favourable business case at the chain level, and
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- Start the Comply or Explain policy at the source of the financial reporting information and work downstream from the source. Determine that parties that:
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Additional recommendations of the expert group:

- Stimulate wide and open distribution of skills pertaining to XBRL 2.1 and XBRL taxonomies among parties governed by the Comply or Explain policy for XBRL 2.1, as well as among parties supporting them in its use.



Please note:

- The recommended area of application includes the domain of the SBR¹² programme, but is much broader.
- The recommended area of application by no means covers all financial data flows, but is limited to reporting flows, which means that, for instance, invoice and payment flows are not covered.
- The recommendation refers to information mainly dealing with financial data in order to prevent any occasional non-financial data elements from causing a report to be excluded from the area of application.
- The recommendation of a business case analysis refers to an integral business case analysis across the entire reporting chain or network. Therefore a possible negative business case for specific (types) of parties in the chain is not necessarily a reason not to use XBRL.

¹² <http://www.sbr-nl.nl/>