

Opening Remarks by Kurt Ramin,  
Chairman, XBRL International  
Welcome Speech, 10.05 – 10.15, Monday,  
December 4, 2006,  
Philadelphia, Hyatt Regency, Grand Ballroom

**Slide 1 (Cover)**

Ladies and gentlemen,

Good Morning, welcome to Philadelphia where I spent - off and on – one of the happiest 5 years of my life, not necessarily on XBRL, but to get a first taste of the functioning of the US Capital markets. This will be my last speech as chairman of the XBRL International Steering committee. I think 3 and overall 5 years are enough. Actually, I will continue as emeritus chair – people tell me: e in emeritus stands for the end or exit and meritus hopefully says that I have earned it. Some nasty tongues might interpret this differently. But let me put your thoughts to rest: In Michael Ohata from Microsoft, Mike Willis from PricewaterhouseCoopers and Conor O’Kelly from Hewlett Packard we have an experienced team to move XBRL forward.

Interactive Data – A revolution in Business Reporting sits well with Philadelphia with the emphasis on Revolution! This is our 14<sup>th</sup> Conference (you know we do them at a half yearly pace) and I am proud to have attended all of them and even picked some cities – like Philadelphia. With that, let me give you my own co-ordinates and perspectives on 4 important points:

**(Slide 2 Agenda)**

1. The current state of expansion and adoption of XBRL,
2. the current organisation of the XBRL consortium,
3. the development of taxonomies and
4. the future of financial reporting, the way I see it.

I am supporting these thoughts with one chart or two charts for each point, but don’t worry I won’t get into the whole history of XBRL – this is a 10 minute welcome spot.

**(Slide 3 The Current State of Expansion and Adoption of XBRL)**

**1. The current state of Expansion of XBRL**

During the last 10 years I travelled with companions to all the major countries and over 50 other countries around the globe introducing and discussing new ways on business reporting.

**(Slide 4: IFRS and XBRL: The world is getting smaller - global)**

We made a lot of friends introducing XBRL and IFRS – I have shared some of these pictures with you in the past – but I will refrain from it now and stick to business. International financial reporting standards or IFRSs are now applied in over 100 countries around the globe. When I joined the IASB/IASC 10 years ago coming from NY as a CPA and marketing trained American, the use of then IAS or International Accounting Standards had barely started. In several ways XBRL followed a similar path, but with one big exception: IAS/IFRS was mainly an Anglo-Saxon effort with localizing the standards only in later years. XBRL was global from the beginning.

(Overlay) lollipops

The light blue background shows the adoption of IFRS and the lollipops indicate current and provisional jurisdictions and the ones we are currently building.

XBRL was a groundswell – now with jurisdictions in all corners of the globe. We never had a harmonization, convergence or inter-cultural explanation problem. Domain and technical people working together! The objective was always global application to unify and construct interactive data. That's why the USA and Japan are the only major countries not yet applying IFRSs but they are playing a leading part in the XBRL family. I am sure David Tweedie and Bob Herz will tell us about the way forward – the roadmap ahead to change that flat map to one light blue colour. In fact David Tweedie always jokes that Scottish Whiskey is older than US GAAP and in particular that he likes the valuable Intangibles in Johnny Walker Black Label. Now you see why we don't talk about convergence in the worldwide XBRL consortium, but we talk about the use of extension taxonomies to reflect economic transactions in business.

Let me now turn and update you on the current state and organisation of the XBRL Consortium

**(slide 5 the current organisation of the XBRL consortium)**

## **2. The current Organisation of the XBRL Consortium**

XBRL international is now a strong, worldwide organization. Our strength is that Domain, i.e. Business reporting people and technical people, i.e. XML folks can talk to each-other – we need to make sure that balance stays in place.

**(slide 6 International Governance)**

We now have a XBRL standards board, BTW we could need more participation in the Working Groups, contact Hugh Wallis for details. A globally thinking Advisory board with Thomas Krantz from the World Federation of Exchanges chairing it and a full-time executive director, Pedro Souss, in our global - virtual organisation. Lot's of conference calls – but no offices, just a legal registration in a place 30 miles from here. Thank you

Skype and others! With these global communication capabilities we can reach direct members all over the globe, like other professional organizations are doing it as well. Let me greet a lot of them participating in this conference: IFAC – Ian Ball, CFA Institute – Jeffrey Diermeier, Deloitte – Robert Kueppers, Oracle – Edward Screven and Paul Sharman from the IMA to show us how XBRL puts the focus back on the importance of internal reporting and the use of validation tools instead of auditing. But I am also looking forward to listen to Barry Melancon, president of the AICPA, the incubator of XBRL.

We are interested to hear their thoughts on how they work in a global environment and how this relates to the use of XBRL. Some of us just participated in the 17th IFAC World Congress of Accountants in Istanbul – 5000 people in attendance and 3 panel discussions on XBRL !

1. Digital Reporting in eGovernment through XBRL,
2. XBRL – The Revolution in Digital Reporting and its Benefits for Professional Accountants and
- 3 last, but not least, Assurance for Digital Reporting

We saw and received feedback on Japanese and US XBRL projects, mandatory XBRL application in China, huge XBRL interest in India and the various taxonomy developments around the globe – so as we say, reminded my of my visit to Shanghai last week: the MAGLEV or trans-rapid train has left the station.

**(Slide 7: The development of Taxonomies)**

### **3. The development of Taxonomies**

You might ask: Why did it take so long for X BRL?: the answer is simple: Not much different than introducing a new product into the market: Money and developing the XBRL standard. Creating an understanding and learning, realizing complexities of business reporting. Being patient in an international environment. Weave through and take account of the various business and financial reporting structures and to put them into what we call XBRL taxonomies or appropriate computer readable information and knowledge structures. And then it needs support from the large software companies, I am still amazed how long it takes to adjust and modify programs, despite Linux and other open software.

**(Slide 8: IFRS GP Taxonomy)**

I like to thank Charlie Hoffman and numerous others who helped us early on building the IFRS taxonomy. I remember the days when we, i.e. 40 people, locked ourselves up in conference rooms in beautiful Singapore for 10 days to convert a flat and simple IAS

taxonomy into an upgrade to what is now an up-to-date taxonomy. Wait and watch what we can do with a global taxonomy for Small and medium sized entities (SME's) creating a base for credit reporting and enhancing world capital distribution and communication on an unforeseen scale! Truly comparing information in same format you wish: whether it is from Tokyo, Toronto, and Dubai..... Buenos Aires and hitting the German language button on the computer to compare information in the same language sitting in Dusseldorf. Truly interactive! Taxonomies like XBRL GL – taxonomies for SME's, XBRL IFRS and XBRL US GAAP - all integrated.

We are nearly there – but not yet!

We are thankful to SEC Chairman Christopher Cox. His vision and support to use XBRL in the USA market gave us a tremendous lift in pulling the resources together to upgrade the US XBRL taxonomy! We are anxiously awaiting his comments tomorrow. I recently read that Chairman Cox, with his father, in the 1980's translated the Soviet newspaper Pravda into English and sold it in 26 countries. What an entrepreneurship and, living in Moscow?. I must confess, I wasn't so lucky on Russia – close to my kind of personal Waterloo – even riding on a bicycle back from Moscow to the Netherlands did not help.

In spite of other projects, the modernisation of the US taxonomy is probably the most important XBRL taxonomy project in the next half year. Another trailblazer like the FDIC project for the banks which we will hear about from Martin Gruenberg, Vice Chair of the FDIC . Codification of the US GAAP literature, data mining definitions will help us to make a new imprint on financial reporting. After all, good definitions of taxonomy elements are at the core to create comparable information. And definitions can be tricky: Let me put it in a humorous note: I am sure you love your kids, you love your wife and your wife loves her mother – but does this mean you have to like your mother-in law? Probably not.

To quote Tim Bray, the inventor of the semantic web, “Language design is all about finding names for things, and this is cruelly effective at exposing semantic gaps.”

With that let me close with a couple of comments on

**(Slide 9: The future of Financial Reporting)**

#### **4. The Future of Business and Financial Reporting**

They way I see it through XBRL.

**(Slide 10: Tomorrow's Business and Financial Reporting Supply Chain)**

As I said, electronic input into company ERP systems or use of XBRL GL for disparate business systems is the key to interactive data! Focus and shift of audits to continuous audits to the data aggregator space. Our business supply chain chart in a different format. ERP systems, XBRL Global Ledger bridge the Business Supply Chain from initial trigger

(transactions/business events) to end reporting. A better solution to Sarbanes – Oxley and real internal control, 404

**(slide 11: Balance Sheet) the way I have shown it for years**

Let's us separate unit tracing and relate them to different value pots to enable differential or multi-level reporting and cure the mixed attribute model.

That was the essence of the recently published “New Model of Corporate Reporting” by the large accounting firms:

- Real time reporting, less accrual accounting
- User-customized statements, perhaps breaking it down in operational, financial and other equities.
- Measures of innovation and customer satisfaction and enhanced business reporting
- Looser assessments of intangible and other assets to bridge the gap to Market Values

XBRL is core and engine to this kind of new reporting. Let the users decide on consolidation and de-consolidation of entities! And use the real exchange rates at transaction dates to present financial information in various currencies instead of averaging currency translations.. Perhaps we even should teach the lawyers to define recognition and de-recognition of assets and revenue. But I better be careful on what I say on debits and credits.

Dear Friends, Ladies and Gentlemen, thank you very much for attending this conference and let us be grateful to our sponsors, especially our Platinum sponsors JustSystems and Deloitte, who made this event possible. In closing, I want to pay respect to all of you for helping to bring XBRL to the current status: A truly global accomplishment and initiative we should all be proud of!. See you all in Munich.

Thank you.

.

Now let me hand over to my good friend Dan Roberts who will introduce our first speaker.

