The story of
our new language

Personalities, cultures, and politics combine to create
a common, global language for business

By **Karen Kernan**
based on a chronicle of Charles Hoffman and Louis Matherne

AICPA®

XBRL

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INTRODUCTION

XBRL has been a journey of high and lows that met with great successes in 2008. We at the AICPA are proud of the founding and original development of XBRL, and we made a critical decision in its infancy to focus on broad-based support and a large footprint. We defined success as (1) the acceptance of this new tool in the broad-based business and business-reporting community and (2) the use of this tool in areas broader than just financial statement information. Those two fundamental beliefs grounded some early decisions that we believe will make XBRL a critical foundation for business and government in the decades to come.

The first critical decision was deciding to make XBRL intellectual property available in the public domain. The belief of shared development and use made this decision easy, but it doesn't take away from the significant impact it had on ensuring that XBRL wouldn't become just a tool for financial reporting by CPAs for CPAs.

The second major decision was ultimately to give XBRL its own organizational standing outside of the AICPA. This would allow non-CPAs an active role in nurturing and development. CPAs played a critical role—the largest role and a leadership role—but not the sole role.

The fundamental decision to develop applications outside of financial reporting—the broader footprint previously mentioned—ensured that XBRL could be leveraged in the U.S. jurisdiction for the reporting of all types of business information. Then Securities and Exchange Commission (SEC) Chairman Chris Cox deserves credit for seeing the broader business reporting vision that led to his support of the U.S. generally accepted accounting principles (GAAP) project through XBRL-US, Inc., the U.S. jurisdiction of XBRL International.

As XBRL moves forward, the broader footprint will result in projects focused on tax information, business regulatory metrics, corporate actions, tracking of asset-backed securities, and even state-to-state based regulatory models. All of these tasks can fully utilize the power of XBRL and its ability to create and analyze common data.

This paper documents XBRL's exciting journey to the present. With the continued support of and involvement from broad parts of the business and government communities and a vision for broad applications, 2009 will be remembered as the crucial next step in a long and prosperous journey.

Barry Melancon, CPA
President & CEO
American Institute of CPAs

THE EARLY YEARS

"This consortium thing—this is not me at all. People in consortiums have to agree, they have to collaborate, and achieving this agreement takes a lot of time. But many people who started the XBRL ball rolling were like me: opinioned, driven, autocratic, 'get it done now' type of people. In trying to create XBRL, each of us typically had to scramble for budgets; we didn't have staff, and we didn't have any other resources," said CPA Charles (Charlie) Hoffman, who in 1998, when it all began, was working as a consultant helping small businesses clean up financial messes and integrating their accounting systems.

"I'd found a niche that worked for my Marine Corp-type approach," said Hoffman. "I'd come in to an organization with the backing of top management, authority to act, all the resources I needed, and a mandate to solve a very specific problem quickly. This included getting people out of the way of solving the problem if necessary. Boy was I spoiled!" But his new idea would require a different approach; the ability to reach consensus. Voluntary consensus. It would only work if the whole world agreed.

Hoffman had come across a potential solution for a problem shared by everyone in the financial industry. "It *had* to be the AICPA," he said, explaining his determination to convince the Institute to jump on the idea. Other organizations had clout and connections, he said, but only the AICPA had the neutrality that would be needed to convince intense competitors to collaborate on a solution—a solution that no one entity could own and that some might consider a threat.

The AICPA also had the highly spirited Wayne Harding, a VP of Great Plains Software, who was heading the institute's New Technology Task Force and was under pressure to produce. "We were testing a new, ad hoc task force model," recalled then incoming board chairman Bob Elliot. "Harding's directive was to reach out and find something in the area of new technology that would be really valuable to the accounting profession and develop it ASAP. When Hoffman called, there was a place to go with people who understood the problem, who could grasp his idea and run with it."

The problem that Hoffman's idea addressed was that computer applications couldn't effectively exchange information between each other.

Early connections. Wayne Harding (left), then a member of the AICPA Information Technology Executive Committee, presented CPA Charles Hoffman the 1997 Innovative User of Technology Award. Months later, when Hoffman had an idea for improved financial statement reporting, he already had contacts at the institute, including Wayne Harding, head of New Technology Task Force, who had recommended him for the award.

Although spreadsheet software had powered the computer revolution, by the 1980s there was a proliferation of applications for specific business functions, such as general ledgers, payrolls, or taxes, all of which could produce just one end result: a report. Only a person can read a report. The data can not be shared with other systems, only with other people. It was like having an e-mail system that could only create a message, not send or receive it. The financial world had become trapped in an electronic Tower of Babel, endlessly copying and pasting information from one system into another.

THE VISION

But what if everyone would use one standard? What if you could turn a financial report into a database? What if *a piece of business information, once entered into a computer anywhere, never needed to be retyped as it moved through the business supply chain*?

In February 1998, the World Wide Web Consortium (W3C), the group that sets standards that help make the Internet work by allowing the sharing of all types of information on Web pages, had published the set of guidelines for a new document markup language: XML (extensible markup language). XML made it possible to attach defining "tags" to each piece of information in a document, allowing the document to be accessed and redistributed through multiple applications without manually re-entry.

At a bookstore in April of that year, Hoffman browsed through a new publication on XML that described how the new markup language was solving data sharing problems in the chemical industry, the publishing industry, and… "I didn't even finish before I realized that this was the last piece of the puzzle," said Hoffman. "This could revolutionize the way we create and share *financial statements*!" Regardless of what system was used to generate a report, the data could be sent, recognized, and used by other computer systems. No more error-prone, tedious, manual re-entry.

The timing of Hoffman's discovery was perfect. Hoffman already knew Wayne Harding. As VP for Great Plains Software, Harding had encouraged Knight, Vale, and Gregory (the company where Hoffman worked) to hire him to install accounting systems for their clients. Hoffman led several very successful installations and also built an intranet, which in 1997 was leading edge technology for a small CPA firm. The project earned Hoffman the AICPA's 1997 Innovative User of Technology Award.

Harding was intrigued and agreed to meet Hoffman in Chicago in July at a conference they were both attending. There, Hoffman pulled out a stack of documents on XML, including yellow highlights, notations, and more than a few exclamation points. Asked to present these ideas at the upcoming task force meeting in Sedona, Arizona, Hoffman left nothing to chance.

For his presentation, he created a demonstration CPAs could relate to. He built samples for audit schedules, financial statements, and other tasks commonly performed by accountants and hooked up a computer in his basement that could pull real time inventory data out of the Great Plains Software accounting system to be rendered live, online, in his presentation.

HOW DO WE GET THE MONEY?

Two hours into the meeting with the task force, the only question left from the members was *how do we get the money to do this*? Team member Karen Waller suggested they put together a product description with a funding request to build an XML prototype. "So we need $49,000," said Harding in August, concluding his progress report to the AICPA board, which included incoming board chairman Robert Elliott, a partner at KPMG. From the advent, Melancon recognized the opportunity and the challenge that technology presented to the accounting profession. He was prepared to make the best of it. Likewise, Elliott immediately grasped that what Harding was talking about could enable his own vision for real-time reporting and continuous assurance, which Elliott had been writing about for at least 10 years.

The AICPA Task Force. Hearing Charlie Hoffman's presentation on a new technology that would allow separate systems to share financial data in real time on the Internet, the team moved quickly to fund more prototypes and to make a business plan. Pictured here are some of the task force members at the July 1998 meeting in Sedona, Arizona, including John Woodburn (The Woodburn Group), Dianne Spencer (Deloitte & Touche LLP), Charles Hoffman (Knight, Vale and Gregory), Mike Harnish (Dickinson Wright et al), Wayne Harding (Great Plains Software), Chris Reimel (N.J. Department of Labor), Barbara Vigilante (AICPA), and Karen Waller (AICPA).

The board approved the funding, and the future was back in Hoffman's court. But Hoffman was in trouble. Forty-nine thousand wouldn't cover it. He was working full time, and besides, he was no techie. Hoffman was a CPA who liked using new technology, not creating it. His first step was to convince his CEO to let him work on company time—and to cover cost overruns. To learn more about XML, he flew to Washington D.C. to meet with Jeffrey Ricker, CEO of a company with a promising name: XML Solutions.

So far so good, but Hoffman still couldn't build the prototypes on his own, and finding anyone with XML experience was proving difficult. After a few false starts, he found Mark Jewett, a former Microsoft employee. Jewett had worked out the problem of rendering an XML financial statement so that it looked good to humans, not just to other computers. They decided that the first complete financial statement to be created in XML would be for Great Plains Software. They finished on budget.

In January 1999, Hoffman, Jewett, and Harding went to New York City with an historic demonstration. Melancon, Elliot, and other AICPA members watched the computer screen as a financial statement was rendered in a Web browser using XML-tagged data extracted from a server in Hoffman's basement in Tacoma, Washington. The XML version looked identical to the printed versions they were holding in their hands, except that the financial information could be automatically extracted from the XML-based financial data using a simple Excel macro.

It wasn't just humans anymore who could read financial statements. No one, not even Hoffman, could fully grasp the implications.

Time To Quit and Get Started

Back in Tacoma, Hoffman reported on how well the meeting went to a company that wasn't interested, a familiar scenario for many early enthusiasts. For Hoffman, it was time to part ways. If he couldn't change how his company worked, he'd change instead how the entire accounting profession worked. Stepping out

on his own, Hoffman became the first person dedicated full time to developing the new language for financial statements. He had no idea how, but he knew he had to continue the project. This too, would become a common experience.

Enthused, the AICPA wanted a formal business plan for making XML-based financial statements. The plan had to demonstrate market feasibility and lay out next steps. From the beginning, the project was to be a market-oriented (versus academic) endeavor. Harding started finding the people.

Louis Matherne was already on board as Director of Information Technology at the AICPA. He had attended the January demonstration and would now lead the business plan project.

Next came CPA Eric Cohen. "I remember the excitement in Wayne's voice," he said about Harding's call to recruit him. "Eric! This is going to change accounting, and auditing, and assurance, and reporting, and everything—you have to get involved!" Eric jumped at the chance. As a computer consultant in Rochester, New York, Cohen was working on his own application for transferring accounting data into a financial statement, and he knew about XML. He understood what Hoffman was saying. Accountants needed to be proactive and come up with the XML tags to define information in financial statements— before someone else did. But Cohen was interested in getting agreement on even more tags—ones that could help move information into and out of accounting systems, for example, between a payroll provider and a small company or between a company and its CPA. (Cohen's passion for such details would result in his development of the XBRL Global Ledger.)

Back at KPMG, Bob Elliott searched his firm for anyone with XML experience and found Zach Coffin. Coffin was neither an accountant nor an XML expert. But he was smart, energetic, and very interested. Coffin consulted for KPMG's Digital Media Institute, an internal think tank. He was already working on standards for the publishing industry and chaired the U.S. committee on MPEG. Those digital standards have transformed the music industry, much as XBRL is predicted to transform business reporting.

THE VISION EXPANDS

As the business plan took shape, the name of the project became XFRML, which was an unfortunate choice because team members would be hard pressed over the next two years to sell others on a project they couldn't pronounce. Nonetheless, it described the team's objective to develop an "Extensible Financial Reporting Markup Language" for financial statements.

Bob Elliott was at the May 1999 meeting when the preliminary plan was presented and interrupted with a comment that, in a heartbeat, changed the entire vision of project. "We need to think bigger here," he said. "We should cover more than just financial statements. We need to encompass *all* of business reporting." It would be many years before any work was done beyond financial reporting, but everyone agreed that their work needed to be done with the bigger goal in mind.

Meanwhile, Hoffman was learning more about XML than he ever wanted to know. He had no alternative. He had to build 10 additional prototypes that showed value in real-life business situations, or the project would end. Hoffman camped out with technical people "because they knew the technology, but they didn't know the business issues. I wanted the prototypes to do what XML promised it could."

A BOLD LETTER

What better real life business scenario could there be than the SEC's electronic system for financial reporting? The SEC had invited comments on its plan to Web-enable EDGAR, the Electronic Gathering And Data Retrieval system that public companies used to file quarterly and annual reports, IPOs, and other federally required financial statements. The upgrade would allow the system to accept HTML code and PDF versions of company reports (instead of using the outdated ASCII/SGML format).

Hoffman wrote to suggest EDGAR also accept XML versions of company reports—not as official filing, but as a way for the SEC to test the data format that the accounting profession was using to develop a new standard. It was incredibly bold to tell the

SEC that XML was in its future given the infancy of the AICPA project, but the letter got a response—not from the SEC, but from PricewaterhouseCoopers (PwC). *What consortium? What new technology? How can PwC participate?* PwC's Tom Howland wanted to know. More importantly, Howland passed what he learned to his boss, Walter Hamscher, who passed it along to his boss, Mike Willis. Touchdown.

The pass off was probably the most significant event in the story of XBRL.

Today, in the spring of 2009, Hamscher is with the SEC's Office of Interactive Disclosure, Taxonomies and Technology Development, overseeing the transition to XBRL reporting by all U.S. public companies and mutual funds. They will be upgrading the EDGAR system, with a $50 million infrastructure investment for Interactive Data Electronic Applications. Mike Willis is now chairing the International XBRL steering committee, addressing the opportunities and challenges from the accelerating adoption of XBRL by markets all around the world.

They didn't waste time. Computer scientist Walter Hamscher invited Hoffman to tour PwC's technology center in Silicon Valley. He concluded the day long visit with a request to join the AICPA consortium. Who should he make the check out to and for how much? Good question.

"What do I say?" Hoffman asked Matherne. "I promised to get back to him tomorrow!" After some discussion, they decided the fee was $10,000. Hoffman called Hamscher back, and almost immediately after hearing PwC was sending a check, Hoffman broke the news to Zach Coffin at the competing KPMG. Including the AICPA, the "consortium" now had 3 members.

Matherne and Hoffman based the $10,000 membership fee on 3 criteria. The amount had to be high enough to show a commitment, low enough to prevent multiple levels of internal organizational approval, and, assuming they could find 12 members, the $120,000 would cover start up funding.

13 MEMBERS SIGN ON

In quick succession, the other large accounting firms were on board, and several information technology companies were signing up, delighted at the rare opportunity for the face-to-face collaboration. They included Great Plains Software, FRx Software, and Microsoft. Microsoft already had a working relationship with the AICPA, but when marketing representative Christy Reichhelm got wind of the consortium, she brought her company on board. Reichhelm was instrumental in helping people understand that despite its place-holder name, XFRML wasn't just a "techie thing"; it was a better mousetrap.

The consortium also wanted Mark Schnitzer of FreeEDGAR, but because his company was being acquired by EDGAR Online, he would have to wait until negotiations were complete. The two companies aggregated and published SEC data and were the first to make it available online. This was a direct connection with the SEC, whose buy-in was considered critical.

Back in Tacoma, Hoffman was drinking a lot of coffee. His 10 prototypes were due in July. Each day at Starbucks, he'd share his excitement with Mitch Dombrausky, a barista taking time off from his religious studies at college. When the barista mentioned an interest in learning programming, Hoffman roped him in to work on the code required to render the XML prototypes. (Hoffman doesn't know if Dombrausky ever got his religion degree, but the barista did go on to work for Microsoft.)

By July, the business plan was ready to present to the AICPA. "I went with a very simple, deliberate strategy," said Hoffman. "CPAs are not known for embracing change. I've worked with CPAs my entire career, and I knew what I was getting into. The AICPA was just a whole group of CPAs. So my strategy was to take away all reasons for them to say no. The only remaining option would be 'yes'!" Not everyone in attendance understood the technical talk that day, said Hoffman, but they knew that board chairman Bob Elliott was behind it and that all the big accounting firms had signed on. The business plan countered any last resistance.

On July 17, 1999, the AICPA board of directors agreed to fund the project. Hoffman was moved. A single CPA from a small town in the United States had reached out to his professional organization, and they listened. Not only did the AICPA listen, it nurtured the vision, gave it a home, and gave the money to keep it alive. He was moved that the rest of the world was also listening and had come to the table to help the AICPA do what it could not do alone.

The 13 original members (12 plus the AICPA) met the following month to form a steering committee. "I really don't believe that it had to be XML," said Eric Cohen, "but it did have to be a community in agreement. That, to me, is the bigger story. To go on from this point—for a group of competitors to create a new language for the entire financial world to use—that would require fierce agreement. It had to start with us," said Cohen. "We had to agree. We had to agree to agree. And we would have to keep on agreeing to agree."

AGREEING TO AGREE

A Culture of Consensus

"We were 13 people sitting in the dark, and the disagreements started right away," said Zach Coffin, recalling the first meeting of the XFRML steering committee. Everyone agreed they needed a better name (eventually changed to XBRL), but on the bigger questions of *what are we doing* and *how should we do it*, the group was not in unison.

They had to act quickly. Other industries were already using XML to solve problems of sharing data. If they didn't come up with a solution fast, others surely would. If a few large organizations were to offer competing, proprietary solutions, those winners would have a huge advantage and trap everyone else in their silos. The members who had gathered had reason to be wary.

"For some reason," said Coffin, "I suggested that we don't take a vote on anything other than what we get for lunch or procedural issues." Louis Matherne asserts "The decision to use consensus instead of voting was key. It set up a future of long, agonizing debates, but it turned us into a united force."

As Coffin explained, "If you start voting, you start making alignments and counting those in your camp." Getting consensus would often make the group inefficient, "but it was incredibly powerful to say to another organization or country or other industry leaders that if they joined us, they could also stand up and veto. It set a wonderful standard of true collaboration. Wonderful. Besides, if some member really had issue with what we were planning, then I didn't want to go forward until we all felt comfortable."

The veto power, wisely given, was just as wisely never used. Matherne credits the leadership of Mike Willis as the biggest driver behind the concept of consensus. He personified the spirit of inclusion, and, as a partner in a major accounting firm, he had a deep understanding of how to get things done. "It was always his approach" said Matherne, "that it is better to include than exclude."

The first official XFRML meeting. Thirteen original companies met with the AICPA at its New York headquarters in October 1999 to establish the XFRML steering committee: The AICPA, Arthur Andersen, Cohen Computer Consulting, Deloitte & Touche, e-content company, Ernst & Young, FreeEDGAR.com, (now EDGAR Online), FRx Software Corporation, Great Plains, Microsoft, PwC, KPMG, and The Woodburn Group.

What Does it Mean To Be a Member?

The 3 non-negotiable demands of membership created a meaningful identity that united the members behind a cause: (1) members had to pay a fee that put skin in the game, (2) they had to actually use the technology (which encouraged application development), and (3) they had to tell the world. Visible support for XBRL within a member's company, product, or service was critical. People couldn't join just to network or make their company look good. For example, Microsoft committed to publishing its own financial statements in XBRL. Membership fully committed members to the outcome of their XBRL projects and helped the consortium achieve the broad market acceptance that was necessary for success. When the Federal Deposit Insurance Corporation (FDIC) joined, they not only used XBRL for a major project, they also agreed in advance to share the results with the public—not something companies normally do with a competitive advantage.

XBRL Evangelists

There is a sincere, heart-felt altruism that many people have noticed about the XBRL community and its more evangelistic members. As the work progressed, many members of the XBRL community saw that there would be no immediate benefit to them but instead that it could benefit the world. It was during the time of the Enron scandal and WorldCom collapse and calls for honesty and transparency in business reporting. "All of us saw an opportunity to do good for the world," said Eric Cohen. "It's my personal belief that this attempt to give a gift to the world is the reason XBRL is today the global standard for business reporting," said Hoffman. "Not everyone approached it that way, but a core group of people did, and that's what made it work."

In light of such an exciting career challenge, who cares if there's no budget, no profits, and no compensation or promotions in sight? So what if you are working the equivalent of two jobs, or that XBRL on a business card is not enhancing your career?

In large measure, the individuals engaged in XBRL were not mainstream players. There were exceptions, of course, but these

passionate heroes were willing to take risks and drive change where few of their more traditional peers would venture. "People wanted to be a part of it," recalls Hoffman. "Those who understood what we were doing had to jump in." Some jumped back out. Some stayed a while longer and then burnt out.

It was a heady time, and there were so many smart, individualistic people, recalled Eric Cohen, such as Todd Boyle, "XBRL's greatest fan and biggest tormentor," whose brilliant insights and quasi-religious conspiracy theories spun heads in all directions. He would cajole us to admit our dark desire to use XBRL to take over the world, said Cohen. But on the other hand, XBRL could empower individuals, and as Boyle posted on a discussion site, "As soon as any P2P software emerges that allows the individual to conduct business without being molested by the government and its unholy alliance with financial services companies and software companies, there is quite a good potential for explosion even more rapid and disruptive than Napster."

"I drank so much XBRL Kool-Aid I turned color," said Louis Matherne. "It wasn't just a growing membership roster; it was a *movement*," said Zach Coffin. Sister movements were also taking place at the time, such as the social reporting initiative, triple bottom line, and the global reporting initiative. "We knew we could help."

Some believed the group could bring about the biggest change in financial reporting since the adoption in the 15th century of the double entry bookkeeping method. A colleague at PwC told Coffin he reminded him of the maniacal preacher played by actor Robert Mitchum in the movie *The Night is a Hunter*. "I'm not sure that was a compliment," said Coffin. It wasn't. Their enthusiasm often got the XBRL community in trouble for selling the benefits the open standard would bring to the world, long before they had something to show.

One Year Milestone: the First Release

July 31, 2000, was set as the deadline for the release of the first specification of the standard—and it still didn't have a name.

They needed something tangible to demonstrate success and maintain momentum.

Despite the struggle everyday to get resources, XBRL was being built by ordinary heroes and not the established thought leaders or entrenched folks in established lines of business. With over 50 members, the year-old grass-roots volunteer effort had moved quickly and accomplished much to lay the foundation for the explosive growth ahead:

- **A new name: XBRL.** In a well attended meeting, members who were tired of trying to pronounce XFRML happily agreed on the descriptive though still unlovely name of XBRL, which stands for eXtensible Business Reporting Language.

- **A new name for the committee: XBRL International.** As XBRL International, the group was still a part of the AICPA, which continued to provide financial and physical resources along with the influential public endorsement of board chairman Bob Elliott. Mike Willis was the organization's founding chair, whose understanding of business helped organize the group around a business plan. A general partner at PwC, he helped attract high level talent from the big accounting firms. This automatically extended the reach of this small community into the highest levels of the profession, including the banking industry, government, securities regulators, and other international standards associations.

Mike Willis, PwC, Founding Chair of the XBRL International steering committee, pictured here with Michael Ohata, Microsoft (currently with KPMG), the 4th XBRL International steering committee chair.

- **Organic growth.** With members spread across the country and no budget for meetings, they set up free Yahoo! Groups as their communication network. This had the tremendous advantage of allowing task teams to grow quickly and organically, organize around the needs of the project and the talents of volunteers, and avoid the pitfalls of organizational bureaucracy. People who wanted to lead, and could, quickly rose to the top.

- **Technical advances.** XBRL broke from the traditional use of XML, which Hoffman's prototypes were based on. To continue in that direction would have required every

business either to create its own data points, which would reduce comparability, or to report in the same way by filling out a standard form that the consortium would define. Neither of these approaches was acceptable. Business reports expressed using XBRL had to allow their creators to express their information as they saw fit, just as it works with U.S. GAAP reporting today. This was one of the group's most significant and far-reaching decisions and would lead the way to truly interactive data: *Any piece of business information, from anywhere, at any time, expressed in any way, in the language you need it, converted to the way you want to see it.*

- **SEC contact.** An informal meeting, with the SEC's then chief accountant Lynn Turner, initiated a relationship with the agency that would eventually lead to its adoption of XBRL.

- **Effective marketing.** The consortium never could have afforded the talents volunteered by member Christy Reichhelm, who began a branding, marketing, and PR effort, shaping the market impression of XBRL that continues today.

- **Contact with standard setters.** Eric Cohen became the primary bridge to other national and international standards organizations to ensure interoperability with XBRL.

- **Release of first specifications.** On July 31, 2000, XBRL International published the XBRL 1.0 specification and a taxonomy (a list of terms and associated computer code) defining 1,880 concepts for financial reporting of commercial and industrial companies under U.S. GAAP. The specifications were edited by Walter Hamscher and David vun Kannon. Editors of that first U.S. GAAP taxonomy were Sergio de la Fe, Elmer Huh, and Charlie Hoffman.

First public demonstration. On July 31, 2000, XBRL International proudly announced the *on-time* release of the first specification for U.S. companies, "XBRL for Financial Statements." Membership in the XBRL steering committee had grown to more than 50 entities and now included several international professional organizations.

ZACH'S MISSION

"I remember the room getting quieter and quieter as everyone realized we were in a whole new ball game," said Zach Coffin, describing an unforgettable moment in the fall of 2000, as he updated the group on his progress. It had become his personal mission to get the whole world on board, and he was doing just that. "It was a crazy, crazy update," he said. "Twenty minutes into my report, I had gone through about 15 countries, and I could see them thinking… *Here we are, this little group, sitting in this little room, and this guy is talking about Indonesia?*"

More than anyone during those first two years, Coffin had a sense of urgency. He intuitively knew the consortium had to have at least one more application somewhere in the world. Australia was about to implement an XBRL solution, and France intended to develop its own technology.

"With no agreement on a single global platform that let everyone communicate, we'd replicate what already exists in the world of accounting standards: French accounting standards, Indian accounting, U.S. GAAP—a hundred different standards and systems, unable to use each other's information, unable to understand the numbers in any context. That was the problem in the first place!"

This continues to be a major concern of the international organization. Even with agreement on XBRL as the global standard, the language is extensible. If national XBRL domains choose to, they can use XBRL to build economic or political barriers—and extend themselves into isolation.

XBRL's world travelers. *Zach Coffin (left), shown here with Walter Hamscher, was on a personal mission to make XBRL the global standard for business reporting before other countries started developing their own standards and replicating the very same communication problem the consortium was trying to solve.*

In a race against time, Coffin made creative use of his expense account and the international travel required by his "day job" at KPMG. "I would have a meeting in Beijing for example, and then skedaddle down to Shanghai to the stock exchange or to meet with the ministry of finance on behalf of XBRL and somehow squeeze in a few extra days on my trip. That's how I got a lot of stuff done. Plus, I didn't sleep."

Coffin circled the globe, leveraging the international organizations of XBRL members' firms, including the Big Four. Between his evangelizing efforts and the success of the consortium's work with the IASB and IFAC and other international standard setters, XBRL soon became the only game in town.

Two years was enough. Coffin had slept in 200 too many airports, and his neighbor was tired of feeding his 14 cats. By the time he left, there were 8 formal XBRL jurisdictions. He had been to 30 countries. About 20 were "warm," and China was moving forward. In 2002, at the age of 32, Coffin resigned from KPMG as Global XBRL leader, leaving behind a team, a road map, and good sized budget. "I had done what I needed to do, and personally, I was looking to grow in some other areas." (Coffin is currently producing a movie about Bhopal, the industrial disaster.)

"Zach is a very unusual, very high energy person," said Louis Matherne. "I know. I spent a year with him one weekend."

Connected. *Liv Watson has spent seven years circling the globe to nurture the international network and to advise companies, r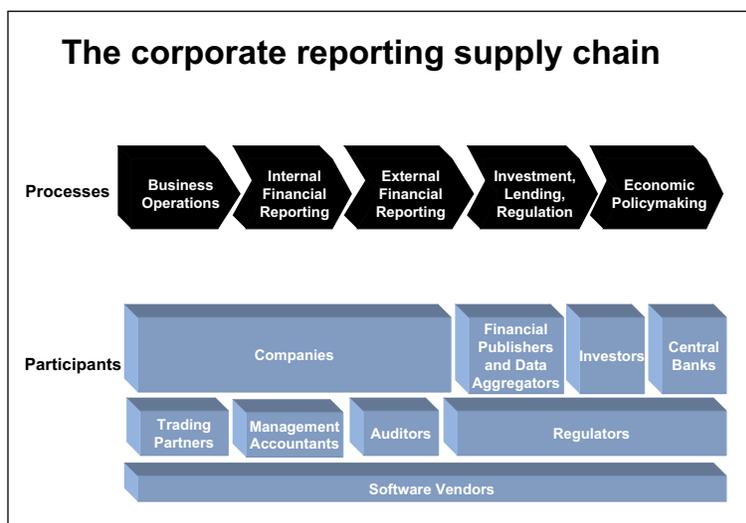egulators, and governments. She has amassed the most air miles ("most of it in coach"), the most extensive black wardrobe, and the largest address book of anyone in the XBRL community. She is pictured here with Eric Cohen somewhere in the world, at yet another conference site.*

OUT OF COMMITTEE, INTO THE WORLD

The First International Conference

XBRL was "done." Interest was forming outside the United States, such as in Japan and Canada, and some financial centers were taking note. Even so, it was obviously a U.S. organization. At the first international conference, in London in January, 2001, one European raised his hand to pointedly ask what the bunch of Americans up front knew about the world's accounting standards. Later, a spontaneous meeting took over the day's agenda as members voiced their biggest concern: "extensibility." Just how flexible was this new language for gathering and communicating financial information?

The corporate reporting supply chain

Processes: Business Operations → Internal Financial Reporting → External Financial Reporting → Investment, Lending, Regulation → Economic Policymaking

Participants: Companies; Financial Publishers and Data Aggregators; Investors; Central Banks; Trading Partners; Management Accountants; Auditors; Regulators; Software Vendors

The scope of XBRL was huge, encompassing all the processes of business reporting, from data gathering to internal and external reports, investment and lending regulation, and economic policy. It would touch everyone from businesses and their trading partners to investors and banks, auditors, securities regulators, and more. Would XBRL be "extensible" enough for the United States, let alone the entire world?

Could XBRL be extended, for example, to work with International Financial Reporting Standards (IFRS)? David Hardidge, a partner with Ernst & Young, needed to know. (Hardidge would become the founder of XBRL Australia.) Another potential user, Fidelity Investments, was interested in using XBRL. Its team, led by Steve Tolkin, had already provided significant feedback on the specifications to extend XBRL's use into mutual funds.

Campbell Pryde and Michelle Savage participating in a panel session at the 11th XBRL International conference in Boston in the spring of 2005.

Clearly, XBRL 2.0 was needed. The agonizing struggle for consensus continued between the business and technical groups, but they worked in a culture where people listened. The technical people, such as Walter Hamscher, David vun Kannon, and Geoff Shuetrim, endeavored to understand what business users wanted to do with XBRL and tried to balance sometimes conflicting requirements. People in the business domain, mostly accounting and financial reporting expertise such as Charlie Hoffman, Campbell Pryde, and Josef Macdonald, endeavored to understand how the technical tool they were trying to create and use worked or didn't seem to work.

The Quiet Japan Period and XBRL 2.0

The cultural differences of the people creating XBRL were also beginning to surface, though in each jurisdiction, a potential new member was converted by XBRL evangelists and took a similar leap of faith. In an academic study on knowledge management, author Emma Gibson reported that Eiichi Watanabe, founding member of XBRL Japan and member of the XBRL International steering committee, "was sold in three days and single handedly managed to engage Japanese corporations without the clout of big brand names and only his passion to do so."

Japan moves forward. XBRL International and Japan Standards Association (JSA) sign an agreement on translation of XBRL for the purpose of making it a Japanese Industrial Standards at the JSA head office in Tokyo. From left to right: Hideo Kayama, Masayuki Yamanaka, Akira Ito, Professor Shogo Sakakura, Louis Matherne, Eiichi Watanabe, and Nobuyuki Sanbuichi.

The Japanese made valuable contributions to the next release, XBRL 2.0. As a result of their work, the Japanese government wrote XBRL into new regulations that allowed securities regulators to use XBRL-tagged financial information in their updated financial reporting system. (Along with Watanabe, the Japanese XBRL working group included Masatomo Goto, Makoto Koizumi and Atsushi Ohtake.)

Soon, additional Japanese government agencies began adopting the data format, including Financial Services Agency (Japan FSA) and the National Tax Authority. Along with XBRL 2.0, the XBRL Global Ledger addressed the needs of tax regulators and larger enterprises. (The XBRL Global Ledger team was led by Eric Cohen.)

As the U.S. community was soon to learn, Asia and emerging markets (with some notable exceptions) were more open to change and quicker to adopt XBRL than the country of its origin.

AUSTRALIA'S CLOSE CALL

Here's how it happened in Australia which saved the day for global XBRL: Project manager John Turner (now Chief Executive of CoreFiling, a leading developer of global XBRL solutions) was studying an architectural diagram of the new financial reporting system for the Australian Prudential Regulatory Authority (APRA). The diagram had a box labeled "XML" that seemed to Turner to relate to how data would get into the system. Curious, Turner tried some Google searches using "XML" and "financial reporting." Up popped XBRL.

He called APRA's auditor, KPMG, for advice. Zach Coffin called back. "God bless John Turner," said Coffin. "Had I never gone to Australia, and had John not wanted to work with the XBRL organization, Australia would have been the first to develop a competing XML-based solution, and global XBRL may never have happened."

APRA decided not to reinvent the wheel. Theirs was the first implementation of XBRL. A lot of people were watching now to see if it could live up to its promises. APRA, like all consortium members, committed to sharing their results with the pubic. The APRA case study opened doors around the world for XBRL evangelists. That year, 2001, many jurisdictions were formed: XBRL Australia, XBRL Canada, XBRL Germany, XBRL IASB, XBRL Japan, XBRL Netherlands, XBRL UK, and XBRL US.

COMPETING FOR THE BIG PRIZE: THE FDIC PROJECT

Back in the United States, the very people who had worked so hard to achieve consensus were now positioning themselves to compete for the largest, most visible implementation of XBRL to date. In June 2002, the FDIC issued a request for proposals to create a centralized data repository where bank call report data would be received from filers and delivered to users. XBRL

First major implementation. In the summer of 2005, FDIC CIO Mike Bartell gives an update on the agency's use of XBRL to improve the speed and accuracy of call reports from more than 8,200 banks. It was the first major project for XBRL.

Walter Hamscher with Tim Bray at the 8th XBRL International conference in Seattle. Tim Bray was a co-editor of the W3C XML specification that XBRL is built on.

would be the data format to improve the quality, speed, and cost of the call reports from approximately 8,200 U.S. banks.

The FDIC is part of the larger FFIEC (Federal Financial Institutions Examination Council), a collection of regulators, each with their own data collection systems. The FDIC was leading an effort to create a single, flexible data collection format that all the regulators could use, which was exactly why XBRL was created!

The FDIC was taking a big risk, but assistant director Phil Walenga was very familiar with the promises of XBRL. He served on the consortium's steering committee and led his company's team, which included Jon Wisnieski and Mark Montoya. Not only was he familiar with XBRL's promises, he also knew the interoperability problems that were beginning to surface with users of XBRL 2.0. These issues would have to be solved before any contract could be awarded.

The XBRL teams were pushed to quickly resolve some very sticky technical issues, but they were also pulled to protect their own solutions, which might help win the contract. The pressure of the FDIC deadline, and the desire for the prize, now sorely tested the community's professed altruism.

The big prize of a high-profile FDIC project turned collaborators into competitors and pressured them to release XBRL 2.1. The editors held together with the extraordinary project management of Hugh Wallis, the solid grounding and focus of David vun Kannon, an extraordinary understanding of XML by Geoff Shuetrim and Phillip Engel, plus the practical approach and broad skill set of Walter Hamscher. Two nontechnical contributors, CPA Charlie Hoffman and CA Campbell Pryde, ensured that the technical solution met the business market's needs.

It helped that much of the job fell to the technical people. The brilliance of the work they had been doing was becoming clear, and the business domain people began to share the confidence. As they worked together more intensely than ever before, the business people began understanding many of the trade-offs necessary to reach the goal XBRL was striving to achieve—the goal they were *all* trying to achieve.

The new release, delivered on time on December 31, 2003, was a vast improvement over the last. Evidence of the quality of XBRL 2.1 is that the specification has held for the last 5 years (as of this writing), delivering on its promise of stability and serving the even bigger implementations that would follow.

UBMatrix (Hoffman's company) won the XBRL portion of the contract, working with Unisys, which built the data repository. They had made the effort to learn about the new data standard, which helped win the contract. The FDIC system went live in October 2005 and was, by all measures, an astounding success. The high profile project gave confidence to others watching and waiting to see if XBRL would really work. It did.

Change is hard. Resistance is good.

Hoffman by now had developed an appreciation for the resistance he once disdained: "I learned some things about change. It's not a bad thing that people are resistant to change. I learned that change should be hard. Resistance is healthy. If it was too easy to change, we would change too many things probably too quickly and make a lot of mistakes. If it's hard to change, you have to really want it, and then be willing to go through a lot of pain and effort to get it right. Change basically needs to be earned."

Asia Moves Quickly

Although there were significant XBRL projects all across Asia, China, in 2004, was the first capital market to adopt XBRL as its data standard. Stock exchanges in Japan, Singapore, and South Korea quickly followed. China was opening its markets to foreign investments and realized the benefit of a standard that could overcome national language barriers.

The Chinese stock exchanges were interested in XBRL for better regulatory reporting, according to Shuo Bai, CTO of the Shanghai Stock Exchange, "but the dramatic change in the quality, granularity, and timeliness of the data has had the effect of changing the West's view of the Chinese market." During conferences and meetings with XBRL experts, the Chinese teams, like so many others, were impressed by the level of devotion and

Mandates in Asia. Former SEC chairman Christopher Cox meets with XBRL members from Japan, China, Korea, Singapore, and Israel, which were countries that adopted XBRL for their capital markets years before the United States mandated its use for public company and mutual fund reporting. Shown here from left to right are Li Wei, Deputy Director-General, Information Center, China Securities Regulatory Commission; U.S. SEC chairman Christopher Cox; Mark Bogiano, President and CEO, XBRL U.S.; and Xiaocheng "Peter" Shi, Deputy Director, Information Center Shanghai Stock Exchange, China.

energy they saw. "That influenced a lot of people in China," said Shuo.

As XBRL was being introduced throughout Asia, national cultures and international politics frequently came into play. "I'd be at a little meeting about XBRL and felt like I was negotiating international treaties, in terms of who could be at the table as equal collaborators or why they should agree to use a nonproprietary technology," said Liv Watson. Watson had taken up where Zach Coffin left off, meeting with companies and governments everywhere to promote the adoption of XBRL. "Not everyone warmed to the idea of a free, open standard that no one could own or control," she said. "I was surprised at the amount of time I had to spend on this concept. In a country like Dubai, I'd be asked *how can we buy XBRL,* and in another country people would ask *why should we spend money on something that's free*."

THE EUROPEAN ERA

Focus was shifting to building a taxonomy for financial reporting under IFRS, and XBRL innovation was shifting to Europe. Interest in XBRL took a huge leap when, in 2004, the European Commission awarded a grant of US $1.2 million (€1 million) to accelerate awareness. Their funding and endorsement helped establish new jurisdictions across Europe and made XBRL the default business reporting protocol for the European Union.

Million dollar boost. Seven companies in XBRL International worked with the European Commission on a grant to accelerate awareness. The center of XBRL soon shifted to Europe, whose developers found new and innovative uses for the young reporting standard. In November 2004, approximately 500 people came to see what the excitement was all about at the 10th XBRL International conference in Brussels.

Concerns about XBRL's extensibility had been addressed in the XBRL 2.1 specifications, allowing an eye-popping array of government-wide and cross border applications. For example, the Dutch Water Board saw that it could incorporate XBRL

Europe takes center stage. In 2004, the focus of XBRL development turned to the European Union, which understood the value of a language that could be understood across borders and regardless of national accounting rules. Pictured are Kurt Ramin and Olivier Servais, IASC Foundation.

Federico Florez offering a toast to the success of XBRL.

reporting into an e-government initiative to reduce duplication in reporting requirements among the government, businesses, and even private taxpayers.

On a larger scale, the innovative Bank of Spain (driven by CIO Federico Florez and his assistant Ignacio Boixo) saw that XBRL could be used to meet Basel II requirements with more efficient reporting and improved data quality. They led the Committee of European Banking Supervisors' use of XBRL for liquidity reporting and financial reporting.

The vision of a global community and the ways a common language could unite the world of business reporting was coming true as the Bank of Spain pulled in other central banks from Belgium, France, Italy, Germany, and Greece. That collaboration to extending XBRL to meet their needs spawned the innovation known as XBRL Dimensions (aka "tables" or multidimensional analysis features), which was then used back in the United States to improve the U.S. GAAP taxonomies architecture. (Much credit goes to Ignacio Hernandez-Ros who has been the primary driver behind this innovation that is proving to be an ingenious design for conveying multidimensional information.)

The French Connection: Fredric Chapus, UBMatrix France; Gilles Maguet, XBRL France; and Bruno Tesniere, PwC Belgium/France

XBRL team leader Jan Pasmooij, XBRL Netherlands, and part of the EU effort.

THE SEC MANDATES XBRL FOR THE WORLD'S LARGEST CAPITAL MARKET

"What is the SEC's position?" That was always everyone's first or second question, said Louis Matherne. While XBRL was taking off in Europe and Asia, it appeared stalled in the United States. Rumors were circling the globe as to why the regulator of the world's largest capital market was missing in action. Could the dream of global consensus end here?

The SEC was actually very interested, but the task was enormous! Could XBRL really be flexible enough to bridge all the technical, legal, and infrastructure issues built into the huge, mature U.S. market? Unlike the more prescriptive form-based reporting of many other countries, corporate reporting requirements in the United States are flexible, which leads to greater complexity. If the compliance burden was high, backlash would

Jeff Naumann leading a session at an XBRL conference with Charlie Hoffman.

be huge from the 17,000 public companies and 8,000 mutual funds reporting to the SEC. The agency wanted the request for the standard to be market driven.

The SEC followed XBRL's development closely. In 2005, chairman Christopher Cox made the call himself to Louis Matherne (in his dual role as AICPA's director of XBRL and as chairman of XBRL International) to see how the SEC could help. Cox quickly became its most visible cheerleader. But U.S. financial reporting was the toughest case yet for XBRL to fulfill. No entity could do it alone.

XBRL would demand yet another level of collaboration and consensus. And here is how that happened:

- The AICPA had already initiated an update to the U.S. GAAP taxonomies. But now those taxonomies would need to cover every type of industry and business and every reporting requirement. The institute hired Jeff Naumann to manage the project and XBRL working groups. To help him, Naumann brought in Brad Homer.

- The SEC then recruited Naumann to lead its internal effort. Homer was now managing the taxonomy development with help from Matthew Slavin at E&Y, allowing Naumann to spend his days at the SEC, educating and helping Cox garner full support.

- All the major CPA firms continued providing considerable support to the effort. For example, Yossef Newman (Deloitte), Paul Penler (E&Y), Dan Roberts (Grant Thornton), and Mike Willis (PwC), among many others, were leading the contributions on behalf of their firms in the United States.

- Who was going to pay? Although the volunteer efforts and contributions were considerable, the AICPA had funded much of the taxonomy work and back office support so far, but now a business model needed to be crafted among the AICPA, FASB, the PCAOB, and the SEC before they could move forward.

- The SEC announced in September 2006 that it would spend $54 million to upgrade the EDGAR system and $5 million more on the taxonomies to be paid to a new entity: XBRL US. XBRL US was spun off from the AICPA, taking its part as a separate, national jurisdiction in the global community.

- Mark Bolgiano, first CEO of XBRL US, was to pull everything together and deliver what the SEC needed. Instead of volunteers, a paid team of contractors was hired to create the taxonomies, which scaled development across a hundred subject matter experts and overcame numerous technical hurdles under pressure from the SEC deadline.

- A voluntary SEC filing program was created—just as Charles Hoffman had suggested in his bold letter nearly eight years earlier—allowing business to test the data standard and get feedback.

"My personal measure for success was to see a Wall Street Journal article quoting SEC chairman Christopher Cox about XBRL," said Liv Watson, who, on March 22, 2007, opened the morning paper to a nice birthday present. The world beyond the XBRL community was taking note. The question was no longer *what is the SEC's position*, it was *when will the SEC mandate XBRL filings*?

Few outside the XBRL developer community understood the enormity of the accomplishment when XBRL US, on April 24, 2008, published the complete taxonomy for U.S. GAAP. It was the last remaining obstacle to going live. Broken out by industry sectors, the U.S. taxonomies currently include more than 12,400 XBRL tags and definitions for the standard accounting terms used in U.S. GAAP. This is nearly double the size of any other national taxonomy.

On May 14, 2008, the SEC announced its proposed rule requiring public companies to file XBRL data. On June 10, 2008, the SEC announced an additional proposed rule requiring XBRL reporting of mutual fund risk/return summaries.

On August 19, 2008, the SEC unveiled EDGAR's successor: an entirely new system built from the ground up to use XBRL

data. On December 18, 2008, the SEC rules were finalized, and companies began filing XBRL reports in June of 2009, 10 years from when the idea was born.

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As of this writing, XBRL International, led by CEO Tony Fragnito, is a not-for-profit consortium of approximately 550 companies and agencies worldwide, working together to build a common language for business reporting and to support its adoption.

"COLLABORATION IS NEEDED TO MAKE IT TO THE FINISH LINE"

AFFILIATIONS OF KEY PLAYERS

This chronicle is written as seen through the eyes of as many of the key influencers of XBRL as we could practically interview. While we did our best to ensure accuracy and to be inclusive, this document may portray some individual perspectives that are not shared by all, and the perspectives of some key contributors may have unintentionally been left out. The following is a list of just some of the people who are key players in the XBRL journey. Please note that some affiliations may not be current as of the writing of this chronicle, and in spite doing our best to cover the many leaders who helped bring XBRL to life, we have undoubtedly missed a few names of people who deserve recognition. Please excuse any oversights in light of the many contributors to XBRL over the years. The AICPA wishes to express its sincerest gratitude to all who have worked, and who continue to work, so diligently to influence this revolutionary improvement to the efficiency and transparency of reporting.

Mark Bolgiano, President and CEO of XBRL US

Ignacio Boixo, Bank of Spain

Zach Coffin, formerly KPMG

Eric Cohen, PwC

Marisa Chung, formerly AICPA

Christopher Cox, former chairman of the Securities Exchange Commission

Sergio de la Fe, KPMG

Robert Elliott, KPMG, former chairman of the board of directors of AICPA

Phillip Engel, formerly KPMG

Federico Florez, Bank of Spain

Anthony Fragnito, President and CEO of XBRL International

Gianluca Garbellotto, Chairman of XBRL Global Ledger Working Group and XBRL columnist for International Management Association's (IMA) *Strategic Finance Magazine*

Masatomo Goto, Fujitsu

Walter Hamscher, formerly Standard Advantage and PwC, now Office of Interactive Disclosure, Taxonomies and Technology Development, SEC

Elmer Huh, formerly Morgan Stanley

David Hardidge, Ernst & Young, XBRL Australia

Wayne Harding, formerly Great Plains Software and AICPA New Technology Task Force, now Navidec Financial Services, Inc.

Charlie Hoffman, formerly Knight, Vale, and Gregory, now UBmatrix

Brad Homer, formerly Ernst & Young and AICPA

Mark Jewett, Microsoft

Makoto Koizumi, Fujitsu, the Japanese XBRL working group, XBRL International Steering Committee (XBRL ISC)

Josef Macdonald, Ernst & Young, XBRL ISC

Gilles Maguet, XBRL France

Louis Matherne, formerly AICPA and chair of XBRL International, now Director—XBRL Services, Clarity Systems

Barry Melancon, President and CEO of AICPA

Mark Montoya, FDIC

Jeff Naumann, formerly Deloitte and AICPA, now Office of Interactive Disclosure, SEC

Yossef Newman, Deloitte

Michael Ohata, formerly Microsoft, now KPMG, XBRL ISC

Atsushi Ohtake, Hitachi and the Japanese XBRL working group

Jan Pasmooij, Royal NIVRA, XBRL Netherlands

Paul Penler, Ernst & Young

Geoffrey Pickard, Editor and Communications Contributor, formerly AICPA

Campbell Pryde, formerly KPMG and Morgan Stanley, now XBRL U.S. Chief Standards Officer

Kurt Ramin, IASC Foundation

Christy Reichhelm, Microsoft

Jeffrey Ricker, CEO XML Solutions

Dan Roberts, formerly Grant Thorton, now RAAS Consulting

Michelle Savage, formerly PR Newswire, now XBRL U.S. VP Communications

Mark Schnitzer, formerly FreeEDGAR (EDGAR Online), now MSN Money (Microsoft)

Olivier Servais, IASC Foundation

Geoff Shuetrim, KPMG

Matthew Slavin, Ernst & Young

Bruno Tesniere, PwC

Arleen Thomas, AICPA, Treasurer of XBRL ISC

John Turner, Chief Executive of CoreFiling, XBRL ISC

David vun Kannon, formerly KPMG, and PwC, now Deloitte

Phil Walenga, FDIC

Karen Waller, formerly AICPA

Hugh Wallis, formerly Hyperion Solutions, now Director of Standards Development, XBRL International

Eiichi Watanabe, Tokyo Shoko Research, XBRL Japan

Liv Watson, formerly EDGAR Online Inc., now Board of Director IRIS Business Services (India) Private Limited, XBRL ISC

Mike Willis, PwC, Founding Chairman of XBRL International, Chairman of XBRL ISC

Jon Wisnieski, FDIC

John Woodburn, President of the Woodburn Group