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US Federal Agency Modernizes Financial Filing Process

Keane's XBRL expertise helps regulator create fair and transparent securities markets

Abstract

A US federal regulatory agency mandated use of eXtensible Business Reporting Language (XBRL) for all financial filings by 2011. The agency engaged Keane to bring the XBRL expertise and process discipline to take on what has been called one of the largest and most complex implementations of XBRL on the planet. XBRL will enable the government agency to streamline the collection and reporting of financial information, save costs, and ultimately bring greater transparency to the US securities markets.

Challenge

Disparate data formats made analyzing corporate disclosures difficult

Given the variety of financial structures across industries, the ability for this government agency to reconcile and use data from quarterly and annual reports

as well as other financial filings has been difficult and time-consuming.

To address this problem, the agency mandated that all public companies submit financial filings in the XBRL format by 2011.

By adopting XBRL, government hopes to improve usability of data

By converting financial data to XBRL, once-static, text-based data becomes "interactive," making it readable, retrievable, and searchable by a variety of software applications, without a user having to manually comb through lengthy disclosure documents.

The adoption of XBRL will improve the accuracy of financial data being filed and the agency's ability to enforce rules on everything from derivatives trading to executive bonuses.

Ultimately, it will reduce investors' time and cost spent analyzing companies. It will make reporting processes faster and more accurate for the filing community.

"This is largest and most complex implementation of XBRL around the globe to date."

The American Institute of CPAs on this US federal agency's adoption of XBRL

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And it will improve the regulatory agency's ability to identify filing errors, bring greater transparency to the market, and reduce costs.

To adopt XBRL, the agency needed to modify EDGAR — the tool the filing community of over 335,000 entities uses to electronically submit filings on a regular basis — and integrate it with an XBRL validation service to authenticate incoming data.

Solution

Keane's early success supporting EDGAR makes it clear choice for XBRL project

The federal agency's partnership with Keane began in early 2007, when it transitioned infrastructure operations and application support for the EDGAR system to Keane. Almost immediately, Keane improved the stability of EDGAR, operating it with 99.99% availability each month.

Keane instilled process discipline into application management and development activities that didn't exist with the agency's previous IT services provider. Keane's application management and systems lifecycle methodology known as VIEWWW combined proven techniques, standards, and tools with agile, iterative development practices, which enabled the agency to achieve its quality standards while meeting its time-to-market goals.

Impressed with Keane's success operating EDGAR, the agency partnered with Keane on the XBRL initiative.

Task 1: Finding the right validation software

The federal agency required that the XBRL validation service solution include a formula link base. Formula link bases would enable the regulator to determine if a set of data in a disclosure document was true or false, and consistent with other values in the filing.

Keane surveyed the landscape of validation software vendors and chose to partner with the only provider at the time with a formula link base calculation capability built into its software. This enabled Keane to meet time-to-market requirements which a custom-built solution would not allow.

Task 2: Bolstering the infrastructure

Keane evaluated the existing EDGAR application and technology infrastructure to address potential weaknesses.

Keane set up performance models that imitated the data throughput and capacity requirements under an XBRL mandate and identified several areas within the J2EE architecture and infrastructure architecture to be upgraded or modified to allow for projected volumes of incoming data by XBRL filers.

Task 3: Systems integration

Integrating EDGAR with the XBRL validation service was a complex undertaking, which included converting over 1,500 business-specific rules into XBRL validation steps and reengineering EDGAR receipt processes to accept the third-party validation service.

Benefits of XBRL

- » Reduce costs by automating routine tasks
- » Quickly identify problems with filings
- » Analyze and compare data more quickly
- » Monitor data and activities and reach judgments with far greater speed
- » Focus effort on analysis, decision-making and dealing with counterparties not on data manipulation
- » Promote efficiencies and cost savings throughout the regulatory filing process

XBRL International

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Results

By modernizing the EDGAR system to accept XBRL filings, the federal agency and the filing community benefit in several ways:

- » Reduced need for manual and repetitive data entry, leading to improved data accuracy, faster filing, and lower costs
- » Better information analysis and usability of financial disclosure documents through searchable interactive data
- » Enhanced ability to monitor data, identify problems, and enforce regulatory action, leading to more transparent and sound US securities markets

In August 2008, the first set of mandated companies began submitting filings in XBRL format without a hitch. Keane's VIEWWW methodology brought process discipline that made this project a success. As a result, the agency and Keane continue to meet SLA targets year after year, including:

- » **Near-perfect system availability.** Keane has maintained 99.99% system availability for EDGAR each month
- » **On-time releases.** Keane beat the original deadline by four months, enabling the first tier of filers to begin using XBRL in August 2008

- » **Reduced costs.** As XBRL strengthens the quality of the data being collected, the federal government will save time and money collecting, monitoring, and regulating the financial filing community

The Final Word

Keane provides the federal agency with the XBRL expertise and process discipline to continually enhance the system as the federal agency's requirements and rulings evolve.

By partnering with the right validation software vendor and optimizing the applications and infrastructure that support EDGAR to accept XBRL, Keane helped the federal agency modernize the way publicly held companies file corporate documents.

The agency is now on the road toward creating more transparent and fair securities markets.

About Keane

Keane is an IT services firm headquartered in the US with more than 12,000 professionals worldwide. For 45 years, Keane has been an Application Services specialist with distinguished project management credentials. Today, we offer a flagship suite of Application Services, as well as Infrastructure and Business Process Outsourcing solutions delivered through onsite, nearshore, and offshore resources.

Visit www.keane.com to learn how our projects, managed services, and outsourcing engagements deliver value for a range of businesses and government agencies.

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