1.3. Dispelling Common Misconceptions

One approach to understanding what something is, is to understand what it is not. Here are some common misconceptions and how they tend to get in the way of understanding XBRL:

- **XBRL is a standard chart of accounts.** In reality, XBRL is exactly the opposite. The first letter in the acronym XBRL stands for the word "extensible." Extensibility, or the ability to "tweak" an XBRL taxonomy is one of the primary values of XBRL. (An XBRL taxonomy is like a dictionary that specifies business concepts — we explain in the upcoming section, "Getting a Grip on XBRL Fundamentals." If the data you're reporting is fixed (that is, a form that can't be changed), you may not need to use XBRL (although it can still provide significant benefit). Many of those adopting XBRL (such as the United States SEC) do so because of its capacity to be dynamic and to allow changes to the XBRL taxonomy. A standard chart of accounts is generally fixed, not allowing for changes of any kind.

- **XBRL requires companies to disclose additional financial information.** No, incorrect. What XBRL does is simply take what is being reported now and report it in a different format, in a format that is readable by automated computer processes. Remember, XBRL itself defines no taxonomies; the users of XBRL do that.

- **XBRL is just about financial or regulatory reporting.** Oops . . . that's not right. XBRL is sometimes thought of as only for regulators or just for financial reporting because some of the early adopters were regulators who were using XBRL to collect financial information. Those industries were early users of XBRL, but they were only leading the pack. For example, XBRL Global Ledger is a canonical, or standardized, information exchange format for cross business system information exchange both internally and to external business partners. XBRL taxonomies also exist for exchanging nonfinancial information.

- **To learn XBRL, business users have to learn about angle brackets, XPath, XLink, and a lot of other complex scary technical stuff.** Whoa! Hold on there. Just because business users had to learn to use e-mail and a browser to be more effective doesn't mean they had to learn about all the technology standards underlying the Internet. Good software vendors hide the complexity of XBRL within their software, just as an Internet browser shields business users from HTML, HTTP, TCP/IP, and numerous other elements of technical infrastructure.

XBRL is still maturing, as is the software being developed to make use of XBRL. Software vendors are still exploring very clever and creative ways to get all the benefits without exposing the wiring under the hood. Much of the XBRL software that exists at the time of this writing is for technical users. The software, such as XBRL processors used by technical people, needs to be built first, and then the technical users create software for the business users. Be patient — business-user-friendly software is on the way.

- **Users of XBRL don't need to learn anything new.** Many people marketing XBRL say that business users don't have to learn anything new, which may not be fully accurate. Business users do have to think about things differently as XBRL enables process enhancements to current processes. Think of when the world moved from paper spreadsheets to electronic spreadsheets. Did business users have to learn new things? Certainly. Did it kill them? Certainly not.

- **XML is easier than XBRL, so I can just use XML.** XBRL is XML. You have the choice of using the freely available standard that is XBRL, or you can spend your resources to create your "own" version of XBRL, which does everything that XBRL already does in terms of additional functionality. That is exactly what the people who created XBRL already did . . . using XML. XML is a syntax (a set of technical rules governing the appropriate arrangement of symbols and words): XBRL provides
additional business semantics (or business meaning) not provided by XML alone. With the XBRL standard, these semantics can be communicated to and used by others, effectively transferring business meaning.

If you did create your own version of XBRL, what you would have would be proprietary (as opposed to a global standard), so you would have no off-the-shelf software supporting it, and you would have spent a lot of time creating something that already exists. (Chapter 2 discusses XBRL and XML in more detail: Be sure to have a look at that discussion if you're trying to understand the relationship between XBRL and XML.)

• You already have a global data warehouse, so you don't need XBRL. Many companies believe that because they already have all their data in a data warehouse or data mart, they have no need for XBRL. If you are in this situation, consider two issues you have:

  ◦ Getting quality information in to the data warehouse
  ◦ Getting relevant and complete data out and into the hands of users XBRL enables solutions to both of these concerns by providing a standardized method to solving such common issues, rather than requiring each global data warehouse to individually solve the same problem. This standard method opens up the possibility for business systems to communicate with one another, exchanging important information, such as data models, validation rules, analytical rules, reporting concepts, and so on between business systems such as global data warehouses. Just like other Web standards, XBRL transforms the current producer orientation into an information supply chain in which the providers and consumers of business information collaborate.