THE FUTURE OF BUSINESS REPORTING
FOOD FOR THOUGHT

SBR IN SWEDEN
4 OCTOBER 2016

JOHN TURNER
CEO XBRL INTERNATIONAL
GOAL: Expand Collaboration

1. Big Picture: Digital is the New Black
2. Long Term: Embedded Collaboration
3. Medium Term: Enhanced Collaboration
4. Short Term: Improved Collaboration
5. Your Next Steps
BIG PICTURE
DIGITAL IS THE NEW BLACK
Prerequisites to Transformation

STANDARDISATION ➔ AUTOMATION ➔ PLATFORMS/ORCHESTRATION ➔ ROI
Prerequisites to Transformation

STANDARDISATION  AUTOMATION  PLATFORMS

ROI
Prerequisites to Transformation

- Standardisation
- Automation
- Platforms

ROI
PROFOUND CHANGE : DIGITAL REALITY

THE DIGITAL MODEL REPRESENTS THE REAL WORLD

DIGITAL IS THE REAL WORLD
WHAT ABOUT REPORTING?

AUTOMATION

STANDARDISATION
JUST OVER THE HORIZON...

- DLT/BLOCKCHAIN
  - RESHAPING FINANCE INFRASTRUCTURE

- UNLOCKED
  - ENTERPRISE REPORTING
  - RESHAPES MI

ROI

- REGULATORY IMPEDEENCE CREATES
  - DEMAND FOR ALTERNATIVE CREDIT

- CONTINUOUS AUDIT &
  - AI ENHANCES TRUST
• We want to do our part to ensure that the standardisation aspect of reporting is available, to support the innovation and new business models that will rapidly get developed.
EXAMPLE 1: RESHAPING FINANCE

• The next 2-5 years will see a wholesale set of changes to traditional finance.
• Blockchain, or Distributed Ledger Technology will be a key driver.
Loan Covenants

NET CASH FLOW:DEBT SERVICE LIABILITY
a. The ratio of Net Cash Flow to Debt Service Liability shall not be less than 1.2:1
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EXAMPLE 2: CAPITAL ALLOCATION

• Around the world, SMEs provide the backbone of employment, core services to their communities and (occasionally) provide the innovation that changes entire economies.

• Capital provision to SMEs continues to fall thanks to de-leveraging.

• Standardisation, Big Data and AI will change the sources of credit wherever digital reporting is widely available.
SME Lending & Credit Origination

SME

Bank
SME Lending & Credit Origination

Discover profitable firms with > €500K in borrowing @ >7.2%

Discover profitable retail firms in Northern Europe with > SKR750K turnover exhibiting cash flow problems.

Discover loss making software firms with >10 and <25 staff.
Pre-requisites for change…

1. Digital, structured, performance data is accessible and reliable.

2. High quality, agreed, comparable and relevant machine readable definitions underpin that data.

3. Relevant new technologies (DLT, Big Data, AI) harden and are accessible.

4. Regulatory response to pending change is compatible with that modernisation.

5. Multi-stakeholder public/private collaboration deepens and normalises.
MEDIUM TERM ENHANCED COLLABORATION
EXAMPLE 1: ENTERPRISE REPORTING

• XBRL has proven that regulatory reporting can be greatly enhanced through structured data, in terms of quality, consistency, timeliness and in terms of the change framework.

• A typically regulatory framework involves reporting on specific, well defined areas from hundreds, thousands or millions of firms to a central regulator, in digital form.

• Enterprise reporting exhibits all of the problems associated with regulatory reporting, just at a different level of detail.
BUSINESS DEFINITIONS

• Central to all of these systems are authoritative taxonomies or machine readable dictionaries of terms.

• In addition to official concept definitions, they incorporate company-specific definitions, especially for issues like structure and segments.

• CHINA has taken this to the logical next step.
UNLOCK ENTERPRISE DATA

Chinese projects in large SOEs such as PetroChina and SPDB Bank have:

• Created company-specific taxonomies that extend an official taxonomy for management and governance purposes.

• Created open data repositories of individual transactions, with XBRL tags added to each transaction.

• Use open source big data technology to allow business users to query this data repository.
RESULTS

These cutting edge projects:

1. **Empower management**, as business experts (not IT experts) control the business definitions and rollups.

2. **Unlock data** from proprietary software systems.

3. Provide data used by management at all levels and **across business silos**.

4. Provide data that can be aggregated at all levels: from cost centre to the enterprise.

5. Provide data in **near real time**.

6. Are highly **cost effective**.
We want to:

• Develop standards, blueprints and other mechanisms that will support ways for all kinds of enterprises to unlock their data.

• Develop ways to integrate standardised reporting for internal and external reporting.

• Open up the way to allow collaboration between the public and private sectors to allow re-use and comparison of data definitions.
EXAMPLE 2: SBR

• The Netherlands and Australia have shown the way that large scale collaboration both on an inter-and-intra agency basis can simplify and harmonise reporting.

• Real cost savings, enhanced information and a platform that creates a set of reusable assets that can also benefit the private sector.
We want to:

• Find ways to better demonstrate the benefits of the SBR approach and do our part to publicise these successes.
• Support SBR efforts with relevant standardisation where needed.
• Investigate ways that public/private collaboration on high quality, consistent and harmonised definitions can be accelerated.
SHORT TERM
IMPROVED COLLABORATION
Open Information Model

- Providing new ways to interact with XBRL semantics makes structured data more accessible.
- Decouples the standard from specific syntax – future proofing.
- Opens up a range of possibilities.
Taxonomy Registry

- Makes XBRL semantics more discoverable and more accessible.
- Will assist with comparison.
- Will assist with certification.
Software Certification

- Going out to consult very shortly.
- Review software validation and processing against XBRL conformance suites.
- Obliges “write only” software to validate prior to filing.
- Cost-recovery basis.

Software Certification
Enhance interoperability and software quality with conformance-based certification.
Financial Risk Reports

- Increasingly using a “Data Point Model” and the Table Linkbase.
- Useful basis for lowering the cost of implementation.
- Some modeling differences likely for some time.
- Some standardisation enhancements will be necessary.
Financial Statements

- WYSIWYG mechanism increasingly the norm.
- Stakeholders understand the approach. Avoids “dual filing” problems.
- All FS filings continue to face questions about audit/assurance approach.

Inline XBRL
Different presentations supported through use of HTML.
### Part I. Financial Information

**Item 1. Financial Statements**

#### Lennar Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(Dollars in thousands, except shares and per share amounts)

(unaudited)

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<thead>
<tr>
<th></th>
<th>May 31, 2016 (1)</th>
<th>November 30, 2015 (1)</th>
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<td><strong>ASSETS</strong></td>
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<td><strong>Lennar Homebuilding:</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Restricted cash</td>
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<td><strong>Inventories:</strong></td>
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<td>Finished homes and construction in progress</td>
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<tr>
<td>Land and land under development</td>
<td>$5,245,422</td>
<td>$4,724,578</td>
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<tr>
<td>Consolidated inventory not owned</td>
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<td><strong>Total inventories</strong></td>
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<td>Investments in unconsolidated entities</td>
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<td>Other assets</td>
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<td><strong>Total assets</strong></td>
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<td><strong>Rialto</strong></td>
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YOUR NEXT STEPS
Some Next Steps

1. Recognise that making reporting fully digital is a complex process that requires ongoing collaboration between the public and private sectors. Design and manage it carefully.

2. Recognise the benefits are significant even though the journey isn’t trivial.

3. Actively support collaboration, harmonisation and standardisation at national, EU and international level.
Our purpose is to improve the accountability and transparency of business performance globally, by providing the open data exchange standard for business reporting.

Our standards are freely licensed. We operate in the public interest as a not-for-profit global consortium.

https://www.xbrl.org
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