

Development of XBRL for Non-Financial Data in the Age of Integrated Reporting

Standardize to Streamline

December 1, 2011

Discussion Items

Common Process Limitations

Perceptions drives Implementation Approach

General Benefits

Process enhancements

Implementation Roadmap Considerations

Appendix - Resources

Common Process Limitations

Internal and external information opacity inhibits the holistic picture company executives need to effectively manage the business

Reports reflect information from their system of origin and are often too narrow or are manually assembled and thereby either too expensive or untimely to be valuable for decision-making.

Disparate internal company information silo's commonly include inconsistent definitions of commonly used terms — full-time equivalent, sick days, square foot, customer and others.

Each internal information silo pushes its own version of the truth to management for decision analysis purposes.

Perspective drives Implementation Approach

Compliance perspective

- add manual process and controls increasing cost/time (e.g. outsource)

Standardization perspective

- automate /streamline processes and controls decreasing cost/time (e.g. build-in)

Supply Chain Standardization Examples:

- UPC/bar code
- Containerization
- HTML

Perception drives Implementation Approach

XBRL is a freely available international information format standard
Standardization for Reporting

External

Internal

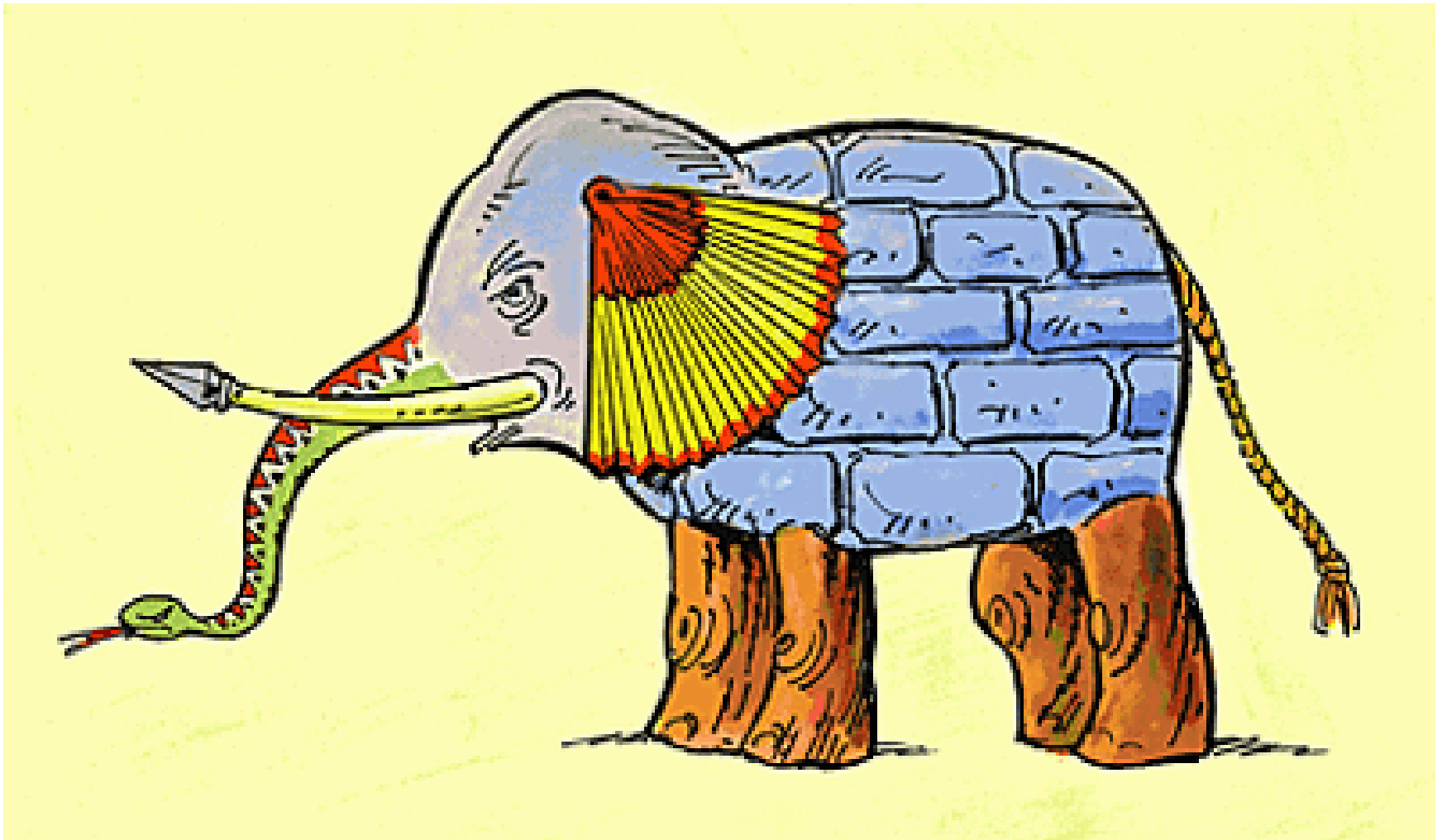
Standardization for Internal Infrastructure

Ledgers

Sub-ledgers

What if you could access any information you needed with a plain language query?

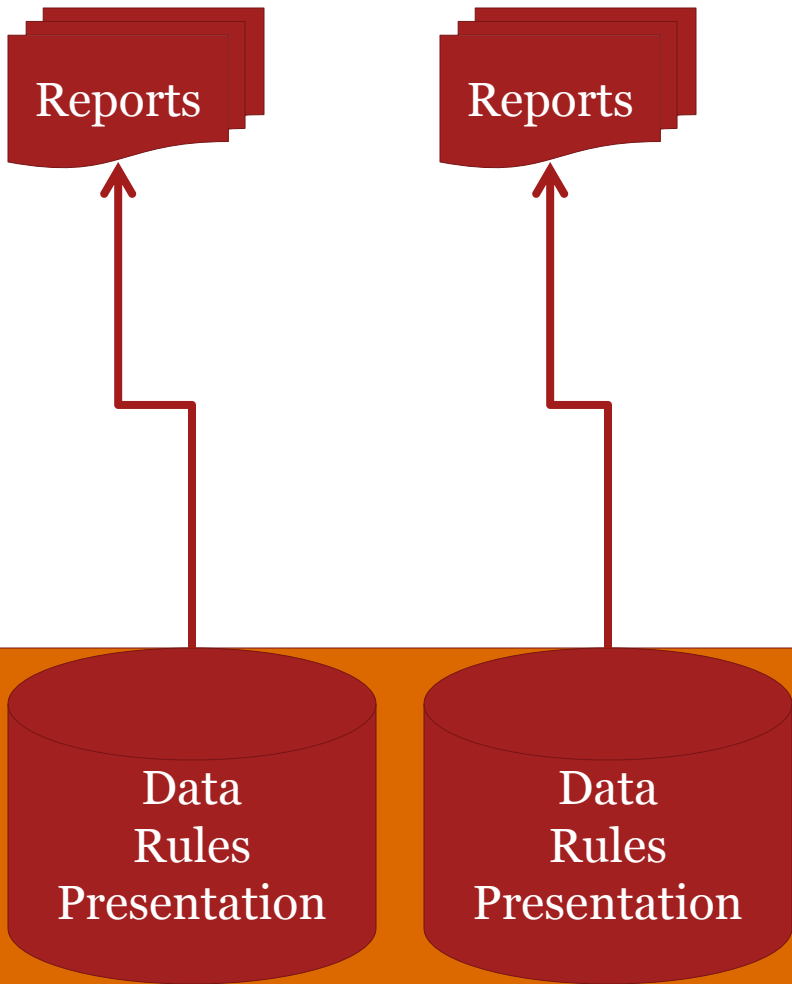
Perceptions are Reality



Standardization Empowers Consumers

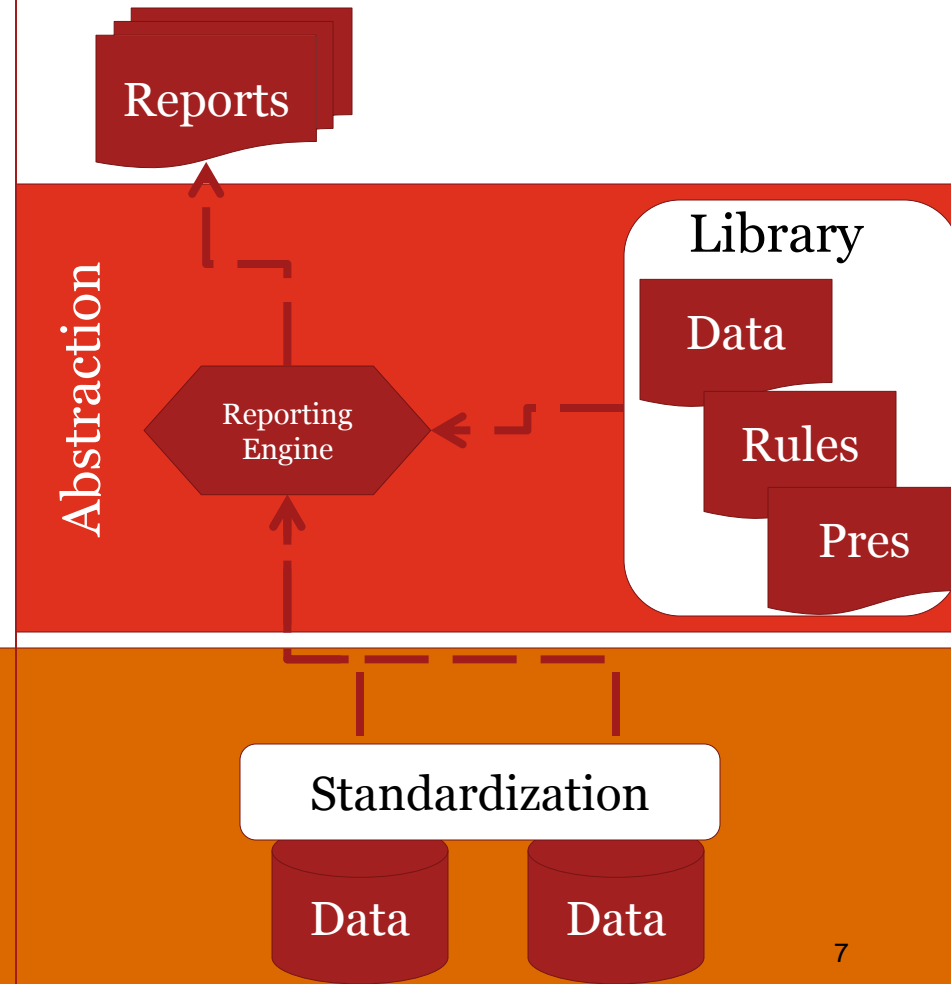
Current Model - Producer Driven

Producer Driven Reports



Standardization Enables Consumers

Consumer Driven Reports



What does this look like to the consumer?

Value Identification Analysis Model (OFFICE2007only)1 [Compatibility Mode] - Microsoft Excel

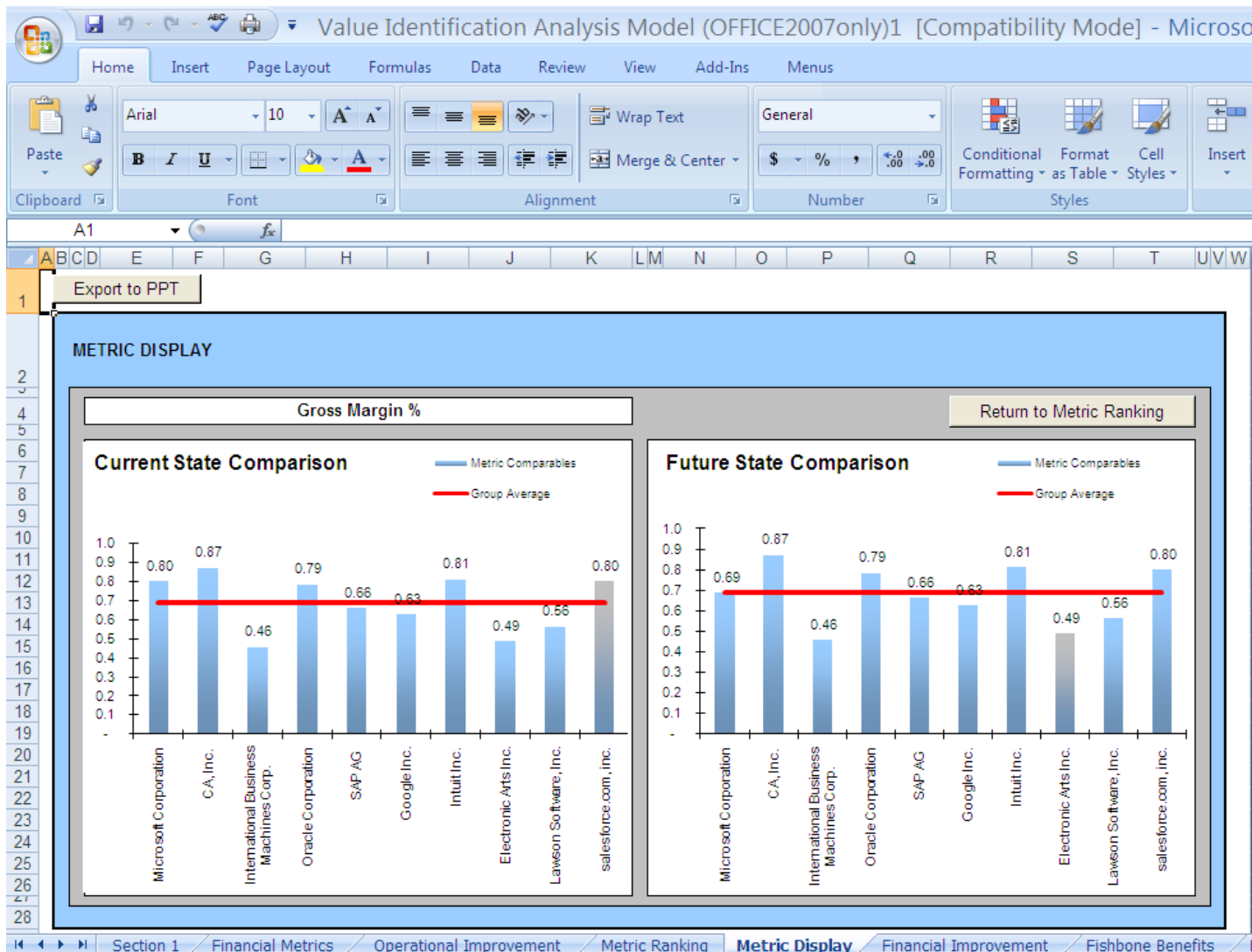
Home Insert Page Layout Formulas Data Review View Add-Ins Menus

Clipboard Font Alignment Number Styles Cells Editing

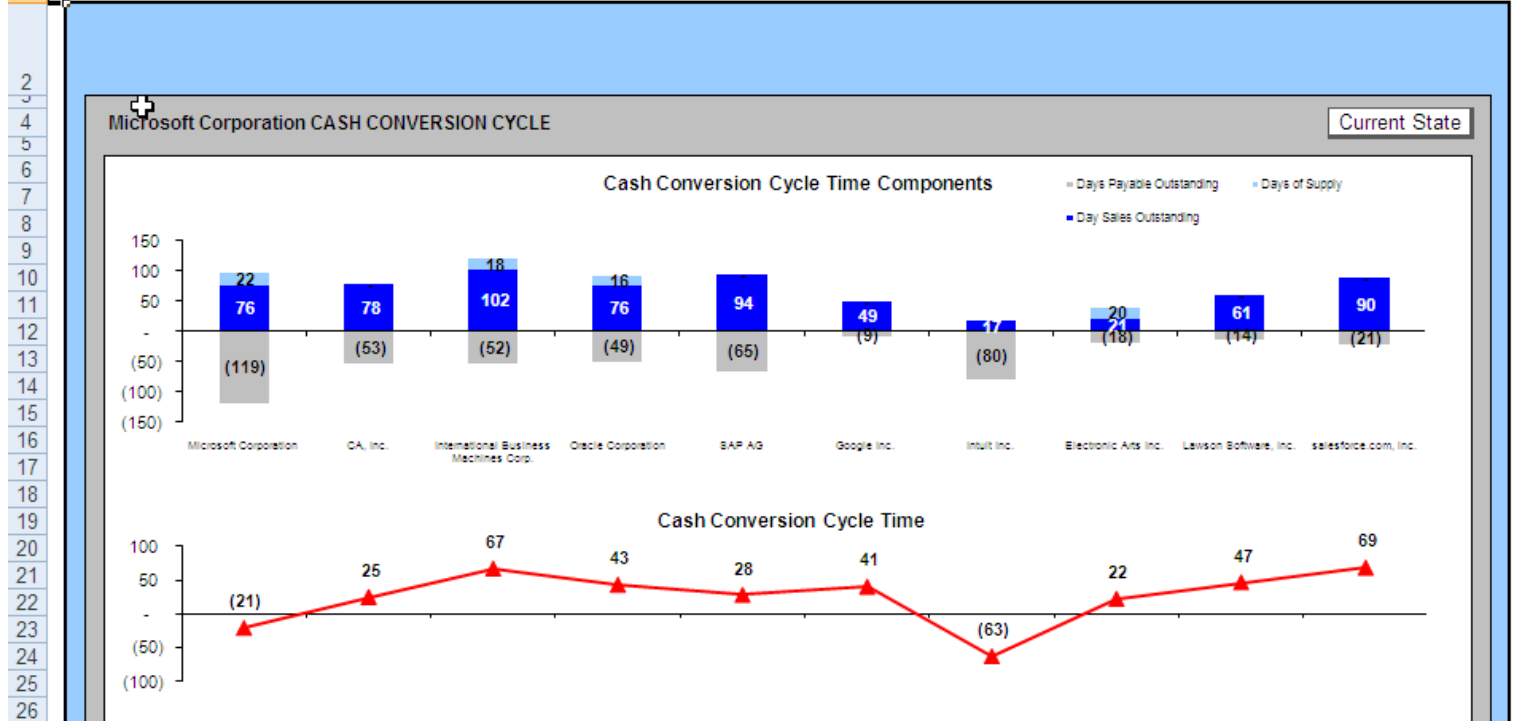
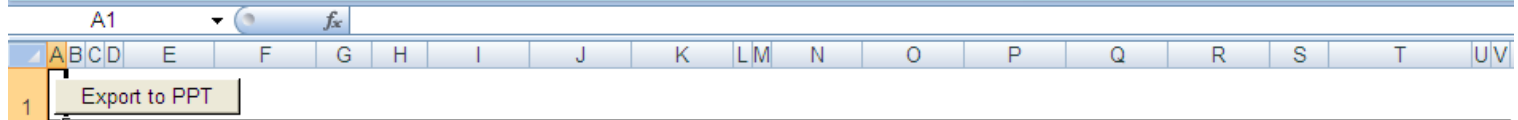
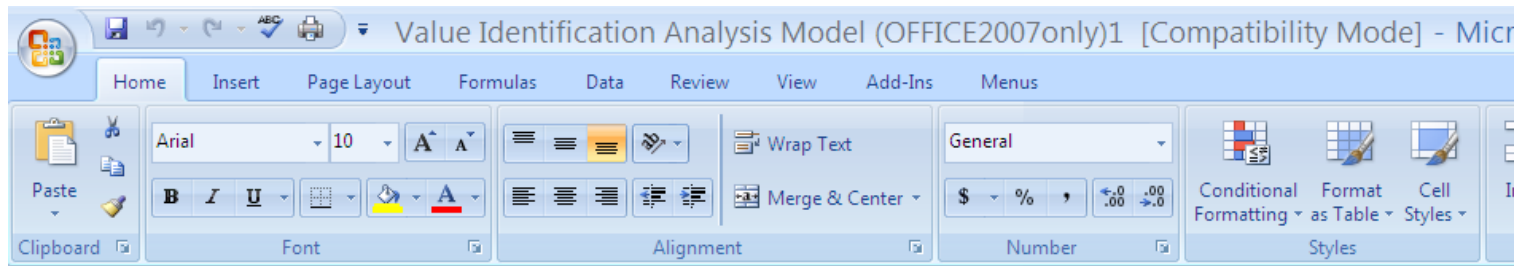
| | | FINANCIAL METRICS DATA - COMMERCIAL INDUSTRIES | | | | | | | | | | |
|--|--|--|--------|---------------------------------------|-------|--------------------|--------|--------------|--------|--------------|-------------|----------|
| | | CLIENT | | COMPARABLE 1 | | COMPARABLE 2 | | COMPARABLE 3 | | COMPARABLE 4 | | |
| Company: | | Microsoft Corporation CA, Inc. | | International Business Machines Corp. | | Oracle Corporation | | SAP AG | | Google Inc. | | |
| | | Y2010 | Y2006 | Y2010 | Y2006 | Y2009 | Y2005 | Y2010 | Y2006 | Y2009 | Y2005 | Y2009 |
| INCOME STATEMENT METRICS | | | | | | | | | | | | |
| Net Sales or Revenues | | 62,484 | 44,282 | 4,353 | 3,772 | 95,759 | 91,134 | 26,820 | 14,380 | 14,849 | 10,534 | 23,651 |
| Cost Of Goods Sold | | 12,395 | 7,650 | 559 | 499 | 51,972 | 54,602 | 5,764 | 3,235 | 4,960 | 3,611 | 8,844 |
| Depreciation, Depletion & Amortization | | | | 301 | 583 | | | 1,973 | 583 | | | |
| Gross Margin | | 50,089 | 36,632 | 3,794 | 3,273 | 43,787 | 36,532 | 21,056 | 11,145 | 9,830 | 6,833 | 14,806 |
| Selling, General & Administrative Expenses | | 17,218 | 12,256 | 1,704 | 1,874 | 20,952 | 21,314 | 5,991 | 3,732 | 3,844 | 2,699 | 3,651 |
| Other Operating Expenses | | 8,704 | 8,312 | 542 | 650 | 5,824 | 5,842 | 4,030 | 2,094 | 2,443 | 1,360 | 2,843 |
| Research and Development Expense | | 8,714 | 6,584 | 476 | 559 | 5,820 | 5,842 | 3,254 | 1,872 | 2,214 | 1,347 | 2,843 |
| Interest Expense(Income) - Net Operating | | | | | | | | | | | | |
| Unusual Expense (Income) | | (10) | 1,728 | 52 | 106 | | | 776 | 222 | 260 | 21 | - |
| Operating Expense - Other | | | | 14 | (15) | 4 | | | | (31) | (8) | |
| Total Operating Expenses | | 38,317 | 28,218 | 3,106 | 3,606 | 78,748 | 81,758 | 17,758 | 9,644 | 11,248 | 7,670 | 15,338 |
| Operating Income | | 24,167 | 16,064 | 1,247 | 166 | 17,011 | 9,376 | 9,062 | 4,736 | 3,601 | 2,864 | 8,312 |
| Other, Net | | 14 | | | | 1,529 | 3,070 | 56 | 36 | (118) | (191) | 2 |
| Earnings Before Interest And Taxes (EBIT) | | 24181 | 16064 | 1247 | 166 | 18540 | 12446 | 9118 | 4772 | 3482.717441 | 2672.558165 | 8314.556 |
| Interest Expense On Debt | | | | | | | | | | | | |
| Pretax Income | | 25,013 | 18,262 | 1,171 | 125 | 18,138 | 12,226 | 8,243 | 4,810 | 3,388 | 2,866 | 8,381 |
| Income Taxes | | 6,253 | 5,663 | 400 | (35) | 4,713 | 4,232 | 2,108 | 1,429 | 953 | 1,011 | 1,861 |
| Other After Tax Items | | | | | (1) | | (60) | | | (3) | (4) | |

Section 1 Financial Metrics Operational Improvement Metric Ranking Metric Display Financial Improvement Fishbone Benefits Net Income Walk Free Cash Flow

What does this look like to the consumer?



What does this look like to the consumer?



What does this look like to the consumer?

| Microsoft Corporation | | | | | | |
|---|------|------|------|------|------|-----|
| Industry Annual Peer Rank Trend Summary | | | | | | |
| Fiscal year ending December 2010 | 2010 | 2009 | 2008 | 2007 | 2006 | Avg |
| Profitability Metrics | | | | | | |
| Gross Margin | Q2 | Q2 | Q1 | Q1 | Q1 | Q1 |
| Operating Margin % | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| EBITDA % | N/A | N/A | N/A | N/A | N/A | N/A |
| Operating (EBIT) Margin | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| NOPAT Margin | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Return on Invested Capital | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| ROCE % | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Effective Tax Rate | Q1 | Q1 | Q1 | Q3 | Q2 | Q2 |
| Cash Tax Rate | Q2 | N/A | N/A | N/A | N/A | Q3 |
| Growth Metrics | | | | | | |
| Net Sales Growth | Q2 | Q4 | Q3 | Q3 | Q3 | Q3 |
| EBIT Growth | Q2 | Q4 | Q2 | Q3 | Q3 | Q3 |
| R&D % | Q2 | Q1 | Q2 | Q2 | Q2 | Q2 |
| Efficiency Metrics | | | | | | |
| COGS % | Q2 | Q2 | Q1 | Q1 | Q1 | Q1 |
| SG&A as a % of Sales | Q2 | Q3 | Q3 | Q3 | Q3 | Q3 |
| Sales per Employee | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Sales per Employee Growth | Q1 | Q4 | Q3 | Q3 | Q3 | Q3 |
| Inventory Turnover | Q3 | Q3 | Q4 | Q4 | Q4 | Q4 |
| Working Capital Turnover | Q4 | Q3 | Q2 | Q2 | Q3 | Q3 |
| Capital Velocity | Q1 | Q2 | Q1 | Q2 | Q2 | Q2 |
| Return on Assets | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Liquidity Metrics | | | | | | |
| Quick Ratio | N/A | N/A | N/A | N/A | N/A | N/A |
| Current Ratio | Q1 | Q2 | Q3 | Q2 | Q2 | Q2 |
| Days Sales Outstanding | Q3 | Q2 | Q2 | Q2 | Q2 | Q2 |
| Days Inventory Outstanding | Q3 | Q3 | Q4 | Q4 | Q4 | Q4 |
| Days Payable Outstanding | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Cash Conversion Cycle | Q1 | Q1 | Q1 | Q2 | Q3 | Q1 |
| Interest Coverage Ratio | Q1 | Q1 | Q1 | Q1 | Q1 | Q1 |
| Net Debt/EBITDA | N/A | N/A | N/A | N/A | N/A | N/A |
| Operating Cash Flow Ratio | Q1 | Q2 | Q1 | Q1 | Q2 | Q1 |
| Free Cash Flow to Sales | Q1 | Q1 | Q1 | Q1 | Q2 | Q1 |

Q1 = 1st Quartile (Peer Rank)
 Q2 = 2nd Quartile (Peer Rank)
 Q3 = 3rd Quartile (Peer Rank)
 Q4 = 4th Quartile (Peer Rank)

What does this look like to the consumer?

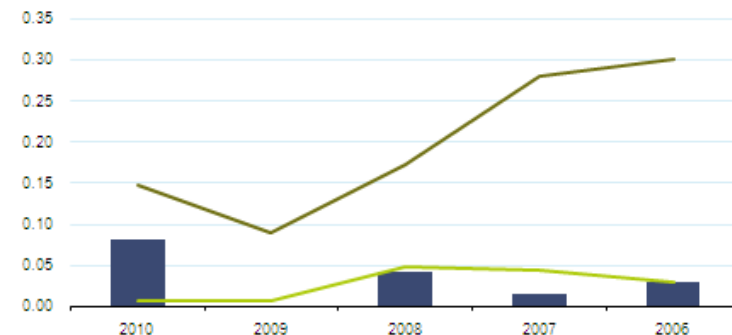
| A1 | B | D | E | F | G | H | J |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---|
| USD in millions | 2010 | 2009 | 2008 | 2007 | 2006 | 5 yr | |
| Sales per Employee | | | | | | | |
| Microsoft Corporation | 686,637 | 635,185 | 710,824 | 681,627 | 670,939 | 677,042 | |
| CA, Inc. | 322,444 | 317,546 | 303,333 | 258,557 | 241,022 | 288,581 | |
| International Business Machines Corp. | 240,038 | 264,021 | 266,153 | 266,874 | 276,689 | 262,755 | |
| Oracle Corporation | 281,473 | 273,179 | 282,303 | 275,153 | 271,308 | 276,683 | |
| SAP AG | 299,597 | 349,505 | 342,156 | 315,646 | 293,641 | 320,109 | |
| Google Inc. | 1,180,845 | 1,177,279 | 1,207,758 | 1,296,920 | 1,080,732 | 1,188,707 | |
| Intuit Inc. | 445,806 | 388,625 | 365,000 | 340,503 | 316,277 | 371,242 | |
| Electronic Arts Inc. | 431,201 | 464,311 | 432,959 | 410,273 | 444,595 | 436,668 | |
| Lawson Software, Inc. | 193,792 | 191,729 | 212,982 | 208,441 | 162,823 | 193,953 | |
| salesforce.com, inc. | 346,538 | 348,921 | 320,231 | 294,664 | 299,234 | 321,918 | |
| Best in Class | 1,180,845 | 1,177,279 | 1,207,758 | 1,296,920 | 1,080,732 | 1,188,707 | |
| Peer - Average (Mean) | 442,837 | 441,030 | 444,370 | 434,866 | 405,726 | 433,766 | |
| Peer - 1st Quartile | 442,155 | 445,390 | 415,969 | 392,831 | 412,516 | 421,772 | |
| Peer - Median | 334,491 | 349,213 | 331,193 | 305,155 | 296,437 | 323,298 | |
| Peer - 3rd Quartile | 286,004 | 284,271 | 287,561 | 268,944 | 272,653 | 279,887 | |
| Worst in Class | 193,792 | 191,729 | 212,982 | 208,441.11 | 162,823.33 | 193,953 | |

Sales per Employee



| | 2010 | 2009 | 2008 | 2007 | 2006 | 5 yr |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|----------|
| Sales per Employee Growth | | | | | | |
| Microsoft Corporation | 0.08 | (0.11) | 0.04 | 0.02 | 0.03 | 0 |
| CA, Inc. | 0.02 | 0.05 | 0.17 | 0.07 | 0.03 | 0 |
| International Business Machines Corp. | (0.09) | (0.01) | (0.00) | (0.04) | N/A | |
| Oracle Corporation | 0.03 | (0.03) | 0.03 | 0.01 | 0.15 | 0 |
| SAP AG | (0.14) | 0.02 | 0.08 | 0.07 | N/A | |
| Google Inc. | 0.00 | (0.03) | (0.07) | 0.20 | N/A | |
| Intuit Inc. | 0.15 | 0.06 | 0.07 | 0.08 | 0.11 | 0 |
| Electronic Arts Inc. | (0.07) | 0.07 | 0.06 | (0.08) | (0.13) | (0) |
| Lawson Software, Inc. | 0.01 | (0.10) | 0.02 | 0.28 | (0.32) | (0) |
| salesforce.com, inc. | (0.01) | 0.09 | 0.09 | (0.02) | 0.30 | 0 |
| Best in Class | 0.15 | 0.09 | 0.17 | 0.28 | 0.30 | 0 |
| Peer - Average (Mean) | (0.00) | 0.00 | 0.05 | 0.06 | 0.02 | 0 |
| Peer - 1st Quartile | 0.03 | 0.06 | 0.08 | 0.08 | 0.13 | 0 |

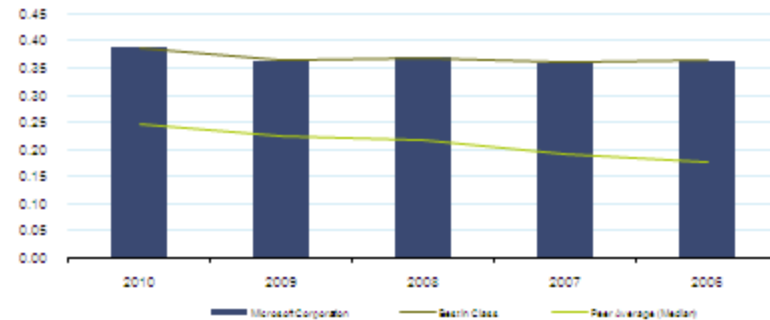
Sales per Employee Growth



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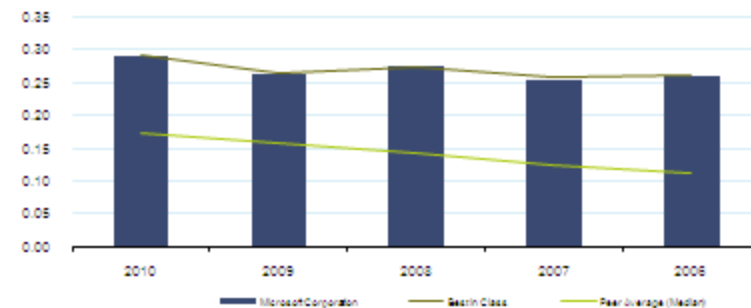
| | 2010 | 2009 | 2008 | 2007 | 2006 | 5 Yr |
|---------------------------------------|--------|--------|--------|--------|------|--------|
| Operating (EBIT) Margin | | | | | | |
| Microsoft Corporation | 0.39 | 0.36 | 0.37 | 0.36 | 0.36 | 0.37 |
| CA, Inc. | 0.29 | 0.26 | 0.20 | 0.05 | 0.04 | 0.17 |
| International Business Machines Corp. | 0.18 | 0.15 | 0.14 | 0.13 | 0.10 | 0.14 |
| Oracle Corporation | 0.34 | 0.36 | 0.35 | 0.33 | 0.33 | 0.34 |
| SAP AG | 0.24 | 0.23 | 0.26 | 0.27 | 0.27 | 0.25 |
| Google Inc. | 0.35 | 0.25 | 0.31 | 0.33 | 0.33 | 0.32 |
| Intuit Inc. | 0.25 | 0.22 | 0.23 | 0.25 | 0.25 | 0.24 |
| Electronic Arts Inc. | (0.19) | (0.20) | (0.13) | 0.01 | 0.11 | (0.08) |
| Lawson Software, Inc. | 0.08 | 0.06 | 0.06 | (0.02) | 0.04 | 0.04 |
| salesforce.com, inc. | 0.09 | 0.06 | 0.03 | (0.01) | 0.06 | 0.05 |
| Best in Class | 0.39 | 0.36 | 0.37 | 0.36 | 0.36 | 0.37 |
| Peer - Average (Mean) | 0.20 | 0.18 | 0.18 | 0.17 | 0.19 | 0.18 |
| Peer - 1st Quartile | 0.33 | 0.26 | 0.30 | 0.32 | 0.31 | 0.30 |
| Peer - Median | 0.25 | 0.23 | 0.22 | 0.19 | 0.18 | 0.21 |
| Peer - 3rd Quartile | 0.11 | 0.08 | 0.08 | 0.02 | 0.07 | 0.07 |
| Worst in Class | (0.19) | (0.20) | (0.13) | (0.02) | 0.04 | (0.10) |

Operating (EBIT) Margin



| | 2010 | 2009 | 2008 | 2007 | 2006 | 5 Yr |
|---------------------------------------|--------|--------|--------|--------|------|--------|
| NOPAT Margin | | | | | | |
| Microsoft Corporation | 0.29 | 0.26 | 0.27 | 0.25 | 0.26 | 0.27 |
| CA, Inc. | 0.20 | 0.18 | 0.14 | 0.05 | 0.05 | 0.12 |
| International Business Machines Corp. | 0.13 | 0.11 | 0.10 | 0.09 | 0.07 | 0.10 |
| Oracle Corporation | 0.26 | 0.26 | 0.25 | 0.24 | 0.24 | 0.25 |
| SAP AG | 0.18 | 0.17 | 0.18 | 0.19 | 0.18 | 0.18 |
| Google Inc. | 0.27 | 0.19 | 0.23 | 0.26 | 0.23 | 0.24 |
| Intuit Inc. | 0.17 | 0.15 | 0.14 | 0.16 | 0.15 | 0.15 |
| Electronic Arts Inc. | (0.18) | (0.33) | (0.11) | 0.01 | 0.07 | (0.11) |
| Lawson Software, Inc. | 0.04 | 0.03 | 0.01 | 0.02 | 0.03 | 0.03 |
| salesforce.com, inc. | 0.05 | 0.03 | 0.01 | (0.00) | 0.07 | 0.03 |
| Best in Class | 0.29 | 0.26 | 0.27 | 0.26 | 0.26 | 0.27 |
| Peer - Average (Mean) | 0.14 | 0.11 | 0.12 | 0.13 | 0.13 | 0.13 |
| Peer - 1st Quartile | 0.24 | 0.19 | 0.21 | 0.23 | 0.22 | 0.22 |
| Peer - Median | 0.17 | 0.16 | 0.14 | 0.13 | 0.11 | 0.14 |
| Peer - 3rd Quartile | 0.07 | 0.05 | 0.04 | 0.02 | 0.07 | 0.05 |
| Worst in Class | (0.18) | (0.33) | (0.11) | (0.00) | 0.03 | (0.12) |

NOPAT Margin



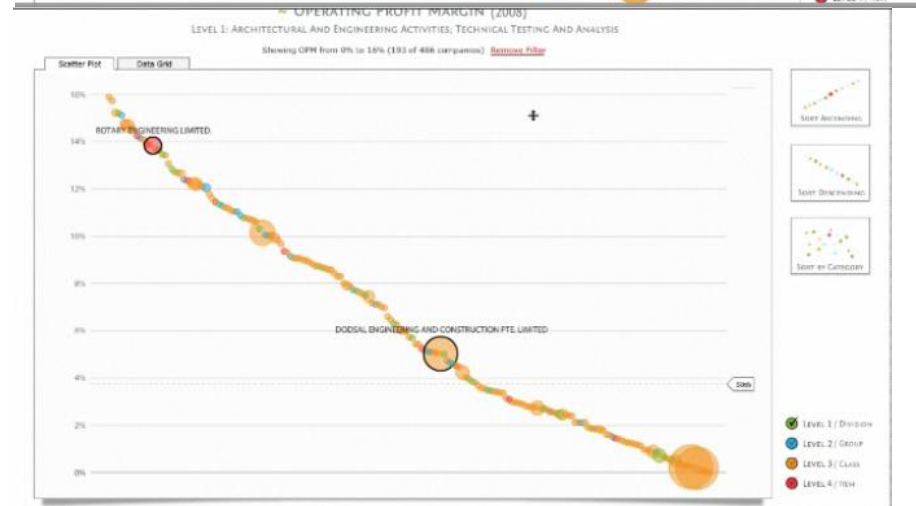
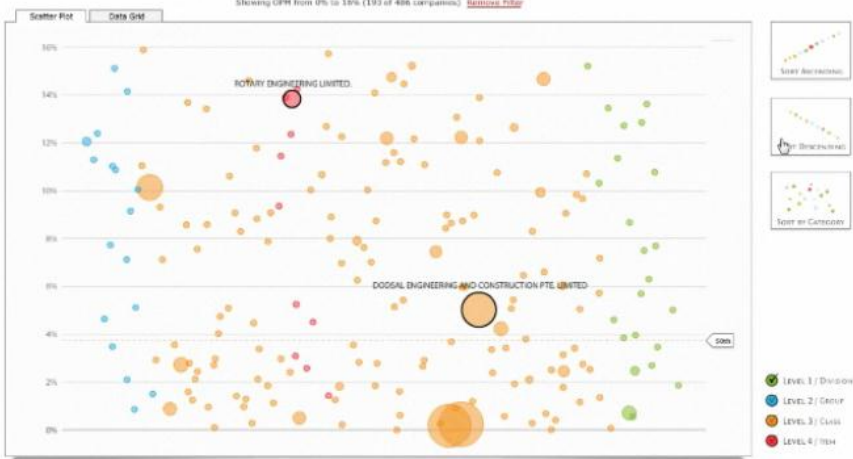
What does this look like to the consumer?



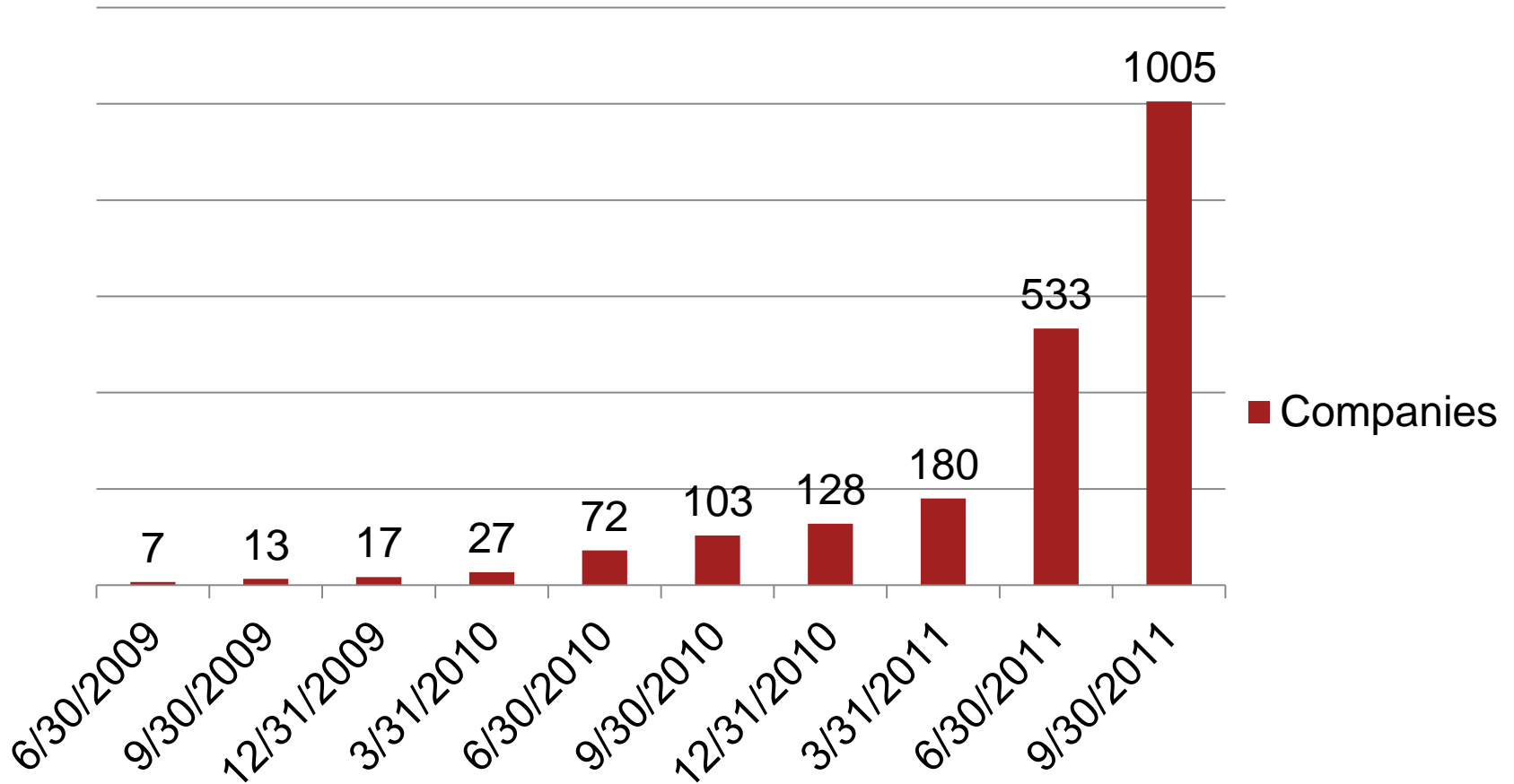
Comparing performance relative to the MEDIAN results for the peer group



OPERATING PROFIT MARGIN (2008)
LEVEL 1: ARCHITECTURAL AND ENGINEERING ACTIVITIES, TECHNICAL TESTING AND ANALYSIS



US Registrants Using Built-In Solution



General Benefits

Greater access to and reuse of information from a wide range of both internal and external information sources

More automated and streamlined assembly and review processes, eliminating pervasive manual assembly and review systems

More transparent, reusable and collaboration of information, analytical concepts, presentations; enhancing process agility

More relevant information available for management and stakeholder decision analysis

Wider collaboration on relevant concepts providing a broader dialogue as suggested by International Integrated Reporting Committee (IIRC) and the World Intellectual Capital Initiative (WICI).

Process Enhancements

Easy information access across all relevant systems lowering information reuse and systems maintenance costs

Consumer-driven reporting and analysis

Social or collaborative reporting and analysis processes that improve coordination across organizational business segments and information silos

Improved agility of decision analysis processes

Comprehensive assessments of information highly relevant to integrated reporting.

Implementation Roadmap Considerations

Coordination across a wide range of business segments, processes, information silos and internal groups.

Understand corporate strategy drivers

Assess core values and the resources required for delivery

Assess critical company processes; customer, employee, vendor and community attributes; supply chain processes; and market, competitor and other external forces.

Assess relevant information from across these comprehensive strategic areas (most difficult tasks for managers).

This often requires a better, more holistic approach to company key performance indicators — those that are integrated into the company's long-term strategy for value creation across all stakeholders.

Contact

Mike Willis

Partner, PwC

Founding Chairman, XBRL International

Chairman Emeritus, XBRL International

Mike.willis@us.pwc.com

001 813 340 0932

Appendix

Resources

Resources

Some freely available non-financial Taxonomies

[WICI](#)

[GRI](#)

[XBRL Global Ledger](#)

[MD&A](#)

[Corporate Actions](#)

[Mutual Fund Risk & Return](#)

[MicroFinance](#)

[GRC-XML](#)

[RSC Corporate Social Responsibility](#)

[Estimating Greenhouse Gases](#)

Resources

XBRL

<http://www.xbrl.org/GLTaxonomy>

<http://www.xbrl.org/GlobalLedgerWGNotes/>

GaLaPaGoS – Global Ledger Practices Guide for Study

<http://gl.iphix.net>

Webcasts, annotated instance documents and other helps

[XBRL Global Ledger Taxonomy](#)

[XBRL Global Ledger Training Materials](#)

[XBRL Global Ledger Use Cases](#)

[ERP Mapping Demo](#)

[ERP Access Demo](#)

[XBRL for Financial Reporting and Beyond](#)

[Altova MapForce Mapping Video](#)

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