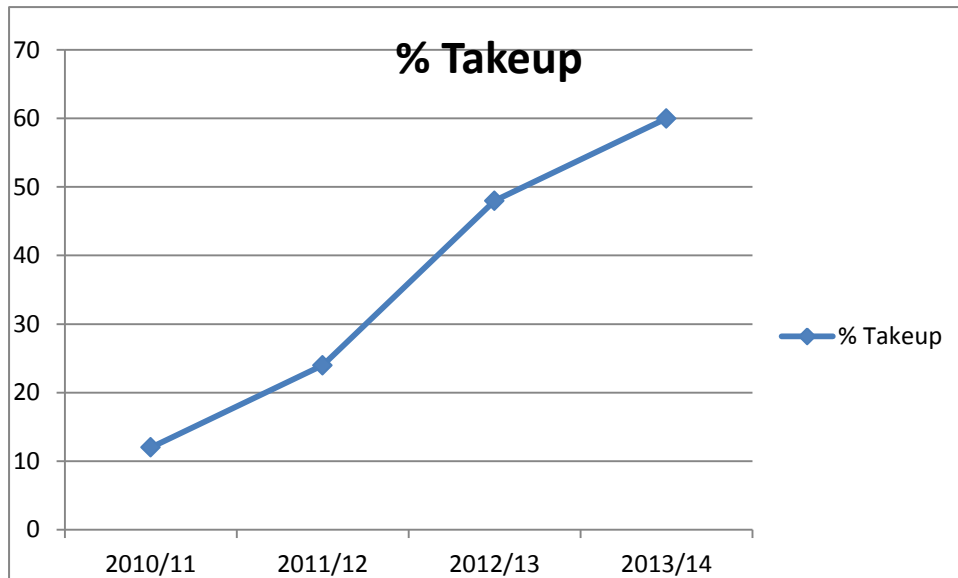


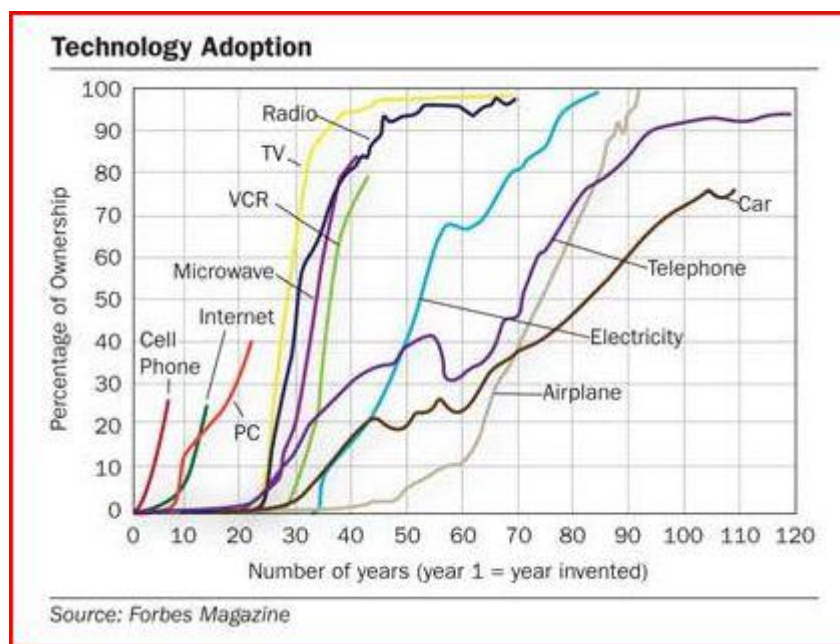
Standard Business Reporting (SBR) & the Goose that Laid a Golden Egg

The findings of the SBR report come as no surprise; that the take up rate would disappoint was a given based on the simple fact that the initial metrics for measuring the success or failure of the SBR initiative were flawed.

Expected Take Up Rate of SBR (as extracted from early SBR literature)



Why do we not see the typical 'hockey stick' graph as presented below and associated with the emergence of other technologies? Emergence of new technologies takes time- time for exploration & development, time for early adopters to try the technology and pass on their findings and time to market early commercial components.



As SBR effectively represents the introduction of a new, complex technology into an existing, mature marketplace, the take up rate should have been modelled accordingly.

Additionally, it appears that the initial expected adoption patterns failed to take into account two basic market realities, firstly that those companies that are dominant under the existing paradigm (ELS) will have little incentive to pursue opportunities presented by the new paradigm and secondly, that new developers/competitors will want a reasonable probability of financial reward for engaging with a new technology.

What drivers should have been considered when modelling the take up rate? Here are some –

Who will the initial benefactors/early adopters of SBR be? Probably intermediaries like accounting firms who will be able to extract leverage off of a more advanced, feature rich technology and be prepared to pay for the technology.

How established are the suppliers of technology in the current paradigm? Existing suppliers of tools in the current paradigm (ECI, ELS)

How much time will developers need to understand and develop tools to take advantage of this new technology? The technology (XBRL) is complex and requires new skill sets in order to understand and develop tools to take advantage of the technology.

How much time will new companies need to introduce their tools to the market? New companies will need time to find capital and then use some of that capital to educate and entice customers.

And given that the introduction of SBR is highly dependent on the support of the regulators, how supportive will regulators be? How many new forms will be added? How soon will these new forms be added? How many lodgement obligation profiles will be enabled with List Request and Prefill services? When will running balance accounts be enabled via a Prefill Service? The marketplace is watching for signals of fatigue from the regulators in their support of the new technology environment.

The negative response toward SBR and focus on the cost of supporting SBR by the local state regulators (State Revenue Office's) should also come as no surprise. These 'turf guardians' will have little desire to have their information filtered via a common platform regardless of the potential long term efficiency gains to the system as a whole. Part of the metrics associated with the SBR project should have included support for the project delivered by state regulators i.e. communication with developers, awareness raising and internal projects to discover new uses for the technology. Their cost of supporting the SBR initiative would be minute in the scheme of their overall budgets.

For anyone who has taken some time to examine XBRL, the technology supporting SBR, they would have discovered what is effectively the next paradigm shift in accounting. The technology carries with it, the power to cope with the complexities of our modern reporting environments. The open source nature of XBRL only further guarantees that it will prove to form the basis for regulatory reporting into the future.

Using the following measures, SBR should be viewed as a significant success to date – selection of XBRL as the technology of choice, development of the SBR taxonomies, opening of the SBR Core Services gateway, seeding of the marketplace with the Fujitsu XBRL Software Development Kit and development of a number of early lodgement applications and number of lodgements by early adopters.

Ultimately we should expect SBR to be the technological nervous system of the Australian regulatory environment and extend from business to education and on to health & the environment.

As with any new emergent technology, we cannot even imagine many of the long term benefits or uses of the technology that will arise from the introduction of SBR into the Australian regulatory environment.

Some keys to the future success of the SBR initiative might include – bi directional use of collected information i.e. ability for auditors to call List Request & Prefill Services, ongoing development of forms by SBR, expansion of SBR technology into other facets of the economy including environment and education, engagement with developers of SBR tools to explore new feature sets that can be leveraged off the technology.

XBRL is the technology that has the potential to bring significant efficiencies into any regulatory environment. SBR is Australia's Golden Egg that will surely deliver significant efficiencies and cost savings for all Australians.