SEC to Rebuild Public Disclosure System to Make It 'Interactive'

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Agency Invests $54 Million in Three Contracts Toward Transformation of EDGAR Database

Washington, D.C., Sept. 25, 2006 — U.S. Securities and Exchange Commission Chairman Christopher Cox announced today that the SEC has awarded three separate contracts totaling $54 million to transform the agency's 1980s-vintage public company disclosure system from a form-based electronic filing cabinet to a dynamic real-time search tool with interactive capabilities.

The major investment in an "interactive data" system signals the agency's commitment to move away from the model of its current EDGAR database. It also presages widespread adoption of interactive data filing by companies that report their financial information to the SEC — a development that until now has only been a voluntary pilot program.

By moving to interactive data using the XBRL computer language, the SEC will be joining the FDIC, the Federal Reserve, and the Comptroller of the Currency, which already require banks to use it. For the last year, approximately 8,200 U.S. financial institutions have been using XBRL to submit their quarterly Call Reports to U.S. banking regulators.

To date the SEC has not required companies to file their information in interactive format, largely because the XBRL labels haven't all been completed, and because the SEC's own database — nicknamed EDGAR — can't yet utilize the extra capabilities of XBRL. The three contracts announced today will close that gap, paving the way for universal XBRL filings by companies.

"Today's announcement demonstrates the Commission's firm commitment to interactive data and represents a significant milestone on the road to achieving that goal," said SEC Chairman Christopher Cox. "The new system will make it easier both to file information with the Commission, and to use it. For investors and analysts, it will represent a quantum leap over existing disclosure technologies. For companies, it will mean easier and less costly compliance with SEC requirements."

The contracts announced today are:

1) Modernize and Maintain the EDGAR Database to Use Interactive Data — $48 million

The Commission today announced it has awarded a $48 million contract to Keane Federal Systems, Inc., a McLean, Virginia-based subsidiary of NYSE-listed Keane, Inc.,

to modernize and maintain the Commission's EDGAR database. As part of its SEC contract, Keane will partner with other technology firms, including Bearingpoint, Microsoft, Rivet Software, EMC, and Akamai, to address the needs of the SEC and investors.

The existing EDGAR system is already one of the largest U.S. government presences on the Internet, and plays a vital role in providing public disclosure about tens of thousands of corporate securities issuers, investment companies, and individuals. Over 700,000 documents and data sets are filed on the system each year. But while it is computer-based, it does little to take advantage of the power of today's office and home computers. The information EDGAR stores is locked in essentially the same kinds of forms that the SEC has used for 72 years, since it first introduced Form A-1 for securities registration in 1934. Information is hard to find unless one knows which form to search. Even then, the data on the forms must be re-keyed before it can be downloaded into spreadsheets or other applications software.

Because of these limitations, many firms, institutions and individuals who need EDGAR data purchase it from third-party preparers, who use automated systems to read the forms and put their information in usable form. This process, and to an even greater extent the process of re-keying, introduces errors into the data.

The $48 million contract announced today, which took effect yesterday, will transform and modernize EDGAR, while also ensuring the continuity of ongoing operations and maintenance. The initial contract term is three years; the contract may be extended for up to three additional one-year terms. The $48 million estimate, which covers the full six year period, represents a reduction in the Commission's costs for operations and maintenance. This figure does not, however, include the further costs of task orders that it is anticipated will be added to the new contract to complete the transformation of the old EDGAR into the new XBRL-capable system over the next year.

The new system will be completely interactive. Using interactive data technologies such as XBRL (Extensible Business Reporting Language) and XML (Extensible Markup Language), it will allow investors and analysts to search not only forms, but the information within them. It will permit information to be immediately downloaded into applications software. And it will enable anyone to get real-time, streaming data using RSS feeds, ATOM, and other automated Web tools, which could automatically search for newly filed SEC disclosures and deliver the desired data directly to one's desktop.

2) Complete XBRL Code Writing for U.S. GAAP Financial Statements — $5.5 million

The Commission is announcing its commitment of $5.5 million to complete the writing of XBRL "taxonomies," or computer labels, so that companies in all industries can file their financial reports. The SEC is contracting with XBRL US, Inc., which is responsible for development of the computer standard in America. It is anticipated that the work will be completed in less than a year.

Taxonomies for many industries are already completed, but a decisive move from static to interactive data requires that the job of writing computer codes to "tag" financial report information be completed for all U.S. GAAP-based filers. When this work is finished, every item in a company's financial statement, such as net income or gross sales, will be assigned a unique computer-readable label.

With these labels in place, the data that companies file with the SEC can then be immediately used to analyze and compare any aspect of a company's financial performance. At the same time, the task of preparing the reports can be automated for the companies who file them.

Once the work contemplated by this contract is complete, every public company in America will be able to make its required disclosures to the Commission more accurately and more quickly—and as software applications are developed, the investors in those companies will find it easier to understand that information.

3) Interactive Data Tools for Investors — $500,000

The Commission announced today that it has awarded two separate contracts to Rivet Software and Wall Street on Demand, leaders in interactive data software development, to provide a new generation of "interactive" investor tools on the SEC's website, www.sec.gov.

Using the new features, investors will be able not only to view but to analyze companies' financials that are filed in XBRL. These new features will be available directly within the SEC web site. Investors will be liberated from tedious hunt-and-guess searches, and they'll be able to download not just SEC forms but specific data within those forms. Users will also be relieved of having to re-key data to make it useful in software applications, or having to pay others to translate the data to more usable formats.

The software tools the Commission is purchasing will be available to the public free of charge. With this step, the Commission hopes to accelerate the development of ever-more sophisticated software applications to unleash the power of interactive data.

http://www.sec.gov/news/press/2006-158.htm

SEC Awards $54M EDGAR Contracts

Commission plans to overhaul antiquated financial filing system with three contracts.
September 26, 2006
Red Herring - CA,USA

The U.S. Securities and Exchange Commission has awarded a total of $54 million in three contracts to overhaul its 1980s-era EDGAR database of financial filings from public companies to make it more interactive.

The commission said Monday that the contracts would transform the disclosure system from a "form-based electronic filing cabinet to a dynamic real-time search tool with interactive capabilities."

The SEC issued a request for proposals late last year for overhauling its EDGAR (Electronic Data Gathering, Analysis, and Retrieval) system (see The SEC's EDGAR Upgrade).

SEC Chairman Christopher Cox wants to make the system more interactive by employing **XBRL** (extensible business reporting language) format, so the information can be more easily compared among companies with spreadsheet software and other analytical applications.

"The new system will make it easier both to file information with the commission and to use it," Mr. Cox said in a statement. "For investors and analysts, it will represent a quantum leap over existing disclosure technologies. For companies, it will mean easier and less costly compliance with SEC requirements."

The move to **XBRL** and the decision on the new EDGAR contracts have been taking longer than expected, and few companies yet have been submitting their documents in **XBRL** format as yet (see Edgar Overhaul Creeping Along).

The new contracts should help spur the trend since XBRL filings have only been part of a voluntary pilot program until now.

The SEC plans to require public companies to begin using XBRL for their filings, the same way the U.S. Federal Deposit Insurance Corporation, the Federal Reserve, and the Comptroller of the Currency now require banks to do.

Keane Wins with Some Help

The largest contract, for $48 million, went to Keane Federal Systems, a McLean, Virginia-based subsidiary of Keane. The six-year contract is to modernize and maintain the EDGAR database. The contract covers three years, and is extendable for three one-year periods.

Keane will partner with other technology firms, including BearingPoint, Microsoft, Rivet Software, EMC, and Akamai Technologies, on the effort.

Shares of Keane rose $0.10 to $14.50 in recent trading, while Microsoft shares climbed $0.22 to $27.17, EMC shares increased $0.04 to $11.50, Akamai shares fell $0.95 to $48.04, and BearingPoint shares dropped $0.02 to $8.48.

The $48 million, however, does not cover the further costs of task orders that the SEC anticipates will be added to the new contract to complete the transformation of EDGAR into an XBRL-capable system over the next year.

The new system will be completely interactive, according to the SEC. It will use both **XBRL** and XML (extensible markup language) technology, so analysts and investors can search through forms and the information inside them.

Information will also be able to be downloaded directly into applications software. Users will also be able to subscribe to real-time streaming data feeds using RSS (really simple syndication), ATOM, and other web tools that automate the process.

They will be able to automatically search for newly filed SEC disclosures and deliver the data directly to a user's desktop.

Multimillion-Dollar Tagging

A second contract, for $5.5 million, was awarded to **XBRL** US, which will complete the writing of **XBRL** "taxonomies," or computer labels, to allow companies in all industries to file their financial reports. The SEC anticipates that the work will be completed in less than a year.

XBRL US has been responsible for developing the **XBRL** standard and has already competed taxonomies for many industries. But the SEC wants to be able to tag financial report information for all companies filing in the United States.

When the work is completed, every item in a company's financial statements, such as net income and gross sales, will be assigned a unique computer-readable label.

Using those labels, analysts will be able to analyze and compare any aspect of a company's financial performance more easily. The companies that file the reports will also have an easier time of automating the process of preparing the reports, and they can file their reports more quickly with the SEC.

In addition, the SEC awarded two separate contracts, totaling $500,000, to Rivet Software and Wall Street on Demand to develop interactive data tools for investors. With the tools, investors will be able to not only view, but analyze, company financials filed in XBRL.

The new features will be available directly from the SEC web site. Users will be able to download not only SEC forms, but also the data within the forms. They also won't have to re-key data for use in software applications or pay third-party providers to translate the data into other formats.

Companies to Make Transition

Among the companies that could be affected by the contract are Edgar Online, a prominent provider of third-party tools that translate the data from the SEC's EDGAR database and make it more usable. However, Edgar Online CFO and COO Greg Adams anticipates his company will be part of the $5.5-million XBRL US contract, although no dollar amount has been set yet.

"We anticipate that we will be getting a portion of the development work surrounding taxonomies from XBRL," he said.

He also expects his company to ultimately benefit from expanded use of **XBRL**.

"We believe it will enhance our business tremendously," said Mr. Adams. "When **XBRL** gets mandated, what becomes available will be only the [latest] tiered financial statements. Edgar Online has tagged over 10,000 companies' financial statements over the last eight years or 32 quarters. We have the gold standard now of what financial reporting will be in the future."

Some other financial data providers, such as Reuters and Thomson Financial, may need to adjust, though.

"They're going to have to build out and convert the way they normalize financial statements into this new XBRL format from the way they do it today," said Mr. Adams. "They take financial statements, ship them off to India or Indonesia, and they come back and normalize them. We do that in real time."

The previous holder of the EDGAR contract, defense contractor Northrop Grumman, is also likely to take a hit, but not immediately. According to an SEC spokesperson, there will be a transition period for the handoff of the $48-million contract, which is slated to change control by January 31.

Contact the writer: MCohn@RedHerring.com

SEC Awards $54M in Contracts for EDGAR Upgrade

http://www.cio.com/blog_view.html?CID=25230

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The United States Securities and Exchange Commission (SEC) has contracted Keane Federal Systems to manage, maintain, upgrade and eventually replace its aging Electronic Data Gathering, Analysis and Retrieval (EDGAR) system, the mechanism currently employed by firms to submit financial filings and to provide such information to investors, FCW.com reports.

Keane Federal Systems is a subsidiary of IT services and business process solutions firm Keane, and it was awarded a contract worth as much as $48 million over six years, according to FCW.com. The contract includes a three-year term and three one-year renewal options, FCW.com reports.

SEC Chairman Christopher Cox also said the agency had awarded more contracts as part of the EDGAR upgrade, according FCW.com. XBRL US was also given $5.5 million to establish the "taxonomy" for the system, or the hierarchy under which information is categorically filed, and it expects the task to be finished within a year, FCW.com reports. Both Rivet Software and Wall Street on Demand, two developers of software, were also contracted for a total of $500,000 worth of work to build new, interactive tools for use by investors while visiting the SEC's website, according to FCW.com.

Under Keane's contract, the firm will transform the SEC's current form-based electronic filing system into a dynamic, digital data system with real-time search functionality, the SEC said, FCW.com reports.

Notable Keane technology partners include Akamai Technologies, BearingPoint, EMC, Microsoft, Rivet Software and Vistronix, according to FCW.com.

The SEC expects the new filing and analysis system to be available for use sometime in 2007, FCW.com reports.

"Keane's proven record of developing effective technology solutions in the public and private sectors, its strong credentials in information systems management, and its considerable insight into the future needs of the investing public make it a perfect partner to work with the SEC to usher in a new era of increased capital market productivity and efficiency," Chairman Cox said, according to FCW.com.

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Moving the Market -- Tracking the Numbers / Street Sleuth:
SEC Financial-Reports Database To Undergo $54 Million Upgrade
By Judith Burns and Kara Scannell
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C3
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WASHINGTON -- Securities regulators are planning a $54 million upgrade of the computer database on corporate financial reports that officials say will revolutionize the public-disclosure system.

The Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system, known as Edgar, will be transformed and likely will be renamed, said SEC chief Christopher Cox.

The overhaul will rely on interactive data "tagging" that makes it easier for investors, analysts and the agency to find, search for and compare information.

For more than a year, Mr. Cox has been pushing interactive data as a way to change how companies communicate information to investors. Mr. Cox hopes to see some changes in six months, with the entire financial-reporting system overhauled within 18 months.

"It's the basic mission of the SEC to provide quality disclosure to investors. There are really only two ways we can improve SEC regulation,"

said Mr. Cox, in an interview. "One is by reducing the costs of regulation. The other is to improve the quality of the output. Interactive data let us do both," he said.

The SEC awarded Keane Federal Systems Inc., a McLean, Va., subsidiary of Keane Inc., a $48 million three-year contract to overhaul the Edgar system. The contract may be extended for an additional three years. Keane is expected to work with other technology companies on the project.

The SEC also announced separate contracts to Rivet Software and Wall Street on Demand to develop interactive tools that will be available free of charge on the SEC's Web site that allow users to view and analyze corporate financial reports prepared using extensible business reporting language, or **XBRL**.

To speed development of **XBRL**, a kind of computer language that "tags" pieces of data, Mr. Cox said the SEC has committed to spending $5.5 million to finish writing taxonomies that define data, so that firms in all industries can file their financial reports using **XBRL**. He predicts **XBRL** will cut down on errors and make it easier and less expensive for companies to file results to the SEC, and for SEC staffers to analyze them.

The SEC's Edgar system, created in the 1980s, receives huge amounts of data each year, but Mr. Cox compared it to a low-tech electronic file cabinet. The SEC's upgrade will convert existing forms to an **XBRL** format, allowing the forms and information to be searched and downloaded into software applications.

It also will allow users to receive real-time streaming data using RSS feeds and other automated Web tools to receive the latest corporate data from newly-filed corporate reports.

The SEC has urged public companies to voluntarily file their quarterly and annual reports using **XBRL**, and Mr. Cox said he prefers to "use honey and not vinegar" to encourage broader use of the new data-tagging technology.

He didn't rule out mandating **XBRL** filing. "That's a decision we'll take down the road."