

What's the Big IDEA? SEC Announces Successor to EDGAR Database

On August 19, 2008, the Securities and Exchange Commission (the "SEC") announced the big "IDEA," a new modern database, as the successor to the SEC's current EDGAR database. IDEA, short for "Interactive Data Electronic Applications," will be based on a completely new foundation that is intended to provide investors with access to financial information about public companies that is easier and faster to use and better-suited to advanced analysis than the current cumbersome database of forms provided through EDGAR. The IDEA database will initially supplement and ultimately replace the current EDGAR database as the primary source for all SEC filings.

IDEA will fundamentally change the way company information is collected and published by the SEC, as well as the way such information will be able to be used. The current EDGAR database requires a user to search through one form at a time and then manually compile information about a particular company. The IDEA database, however, will use interactive data tags to identify individual items in a company's financial disclosures so that financial information on thousands of companies contained in thousands of forms can be quickly, easily, and accurately searched on the Internet, downloaded into spreadsheets, reorganized into databases, collated, and used to generate cross-company summaries, reports, and analyses. For example, in order to compare executive compensation data using the EDGAR, a user must search one form on EDGAR, copy and paste the applicable data into a spreadsheet, and then repeat the process with each additional form. The IDEA database, on the other hand, will allow the user to automatically download executive compensation data from numerous forms and companies into a spreadsheet for analysis in a few quick, easy steps.

This past May, the SEC proposed rules requiring companies to provide financial statement information in an interactive data format using eXtensible Business Reporting Language, or XBRL, on a phased-in schedule as early as next year. IDEA is the database that will allow users to access the interactive data that will be tagged using XBRL. In addition, IDEA will be able to translate financial information into more than 40 foreign languages.

Information filed on EDGAR will continue to be publicly available, and certain features similar to those of the IDEA database will be added to the EDGAR database during the transition to IDEA so that information in EDGAR filings can also be sorted and searched.

IDEA is an integral part of the SEC's 21st Century Business Initiative. As Director of the SEC's Office of Interactive Disclosure David Blaszkwsky noted, "By tapping the power of interactive data to tear down barriers to quick and meaningful investment information, markets can become fairer and more efficient while investors can possess far better quality data than was ever possible before." IDEA is indeed a big idea.

Practice group contacts

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