December 20, 2011

Gerald J. LaPorte
Chief, Office of Small Business Policy
U.S. Securities & Exchange Commission
Washington, DC 20549

Dear Mr. Laporte,

I am writing to offer my comments on the cost / benefit aspects of XBRL adoption by small public companies. I have been working in the small public company world for more than 25 years in a variety of capacities: as an auditor, as public company Controller and CFO, and now as President of Federal Filings, LLC, an SEC filing agent and provider of XBRL preparation services. We routinely deal with hundreds of small public company officers, attorneys, auditors, and investors. I am well aware of the unique challenges involved in running a small public company, and I applaud your efforts in representing this group.

Often the knee-jerk reaction for small company management regarding XBRL is that it is just another burdensome government regulation, draining a company of valuable resources which could be spent in more productive ways. Those who hold this opinion often state that XBRL is (a) costly, (b) time consuming, and (c) offers little value, as no one uses the data. I would like to address each of these points individually.

Cost: The cost of creating XBRL files has fallen dramatically in the past three years. This has occurred primarily for two reasons: (1) competition among service providers, and (2) the availability of XBRL file creation software made specifically for SEC reporting. Early XBRL file creation software was general-purpose, designed for creating large-scale applications. This software was cumbersome and time consuming. The software vendors have responded to this new market, however, and current generation XBRL software is much faster, capable of creating XBRL files in hours, not days. Time is money in a service business, and this has contributed greatly to the plummeting cost of XBRL services. Today, many service providers can offer a full year of XBRL block tagging at a cost in the range of $2,500 to $6,000. There is no reason to think that these rates will not continue to fall.

Time: See above regarding cost and the capabilities of new generation software. One of the primary ways this software achieves such efficiency is that once the financial statements are mapped, then the mapping carries forward to future reporting periods; only new line items or other changes must then be mapped. This makes the go-forward process very efficient.

Value: This is probably the most misunderstood aspect of the XBRL initiative. I agree that if the current level of use of XBRL information is all that was ever achieved, the effort would not be worth it. I am very confident that this will not be the case, though; here is why:

Software development companies, like any other business, don't create products until there is a market for them. An example is the XBRL software we use to create XBRL files: this software became available not long before the third wave (by far the largest group) of XBRL filers was subject to filing requirements. The software was simply not available before there was a market of sufficient size. Similarly, there currently isn't much software available for end users of XBRL data because there isn't a market; this market won't exist until there is at least one full year of XBRL data available for all public companies. This won't happen until September 2012 (at the earliest), when 10-K's for the period ending June 30, 2012 are filed.

What this suggests is that investors and other users of XBRL data do not yet have the proper tools to utilize this information. I also don't believe most investors and public company officers fully understand how powerful these tools will be. In order to get a feel for what these tools will be able to do, I suggest a visit to the XBRL.US website: http://xbrl.us/research/Pages/data.htm. This tool gives a sense of the power of XBRL data. It provides real time access to a tremendous amount of information, cut and parsed any way the user wants to see it. It is safe to say that software developers will take full advantage of this powerful capability to provide investors, analysts, and other interested parties with the proper tools to access whatever data they want to see. As a side note: XBRL data is available through a variety of sources, such as RSS feeds, so the number of hits on a company's website in and of itself is probably not an accurate indication of the level of interest in XBRL data.

For investors and analysts, the world revolves around fast access to data. This is what XBRL does best: it provides a way to access vast amounts of information instantly. This is of particular importance to small companies who are not on the radar of analysis and investors. For most investors, it is simply not possible to follow a large number of companies accurately and quickly, and they traditionally focus on only a few players in a particular industry. With XBRL, all companies in an industry (or selected by any other criteria) can easily be followed, including smaller companies out in the "long tail" of the curve. Analysts and stock pickers are constantly looking for an advantage, and XBRL provides that edge. I believe that XBRL will effectively level the playing field so that small companies will be able to compete effectively with large companies for the investor's dollar. Excluding small companies from XBRL reporting would only serve to marginalize them, and further distance them from investors and analysts.

Small public companies routinely spend thousands of dollars annually on press releases, IR and PR firms, CEO interviews, and other ways to market the company to investors. In this context, I believe XBRL is a bargain, in fact the best thing to happen to small public companies in years; informed management will embrace XBRL and learn to utilize it to increase their company's visibility. I would encourage the Office of Small Business Policy, in addition to listening to small company concerns, to assist these companies in fully understanding this complex issue and helping them make the best use of this new technology.

Respectfully,

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