19. Understanding XBRL Versioning

Imagine that you are using an XBRL taxonomy for reporting of your business information. You spent a good amount of time mapping your business systems information to that taxonomy in order to generate XBRL instance documents filled with the information you need to report to, say, a regulator. And now imagine that the taxonomy has changed. And you have to use that new taxonomy.

XBRL Versioning, or also called Taxonomy Life Cycle Management (the name has not been decided on as this is not an XBRL International recommendation yet; we will use XBRL Versioning) addresses the issues relating to business and technical challenges of taxonomy creators and instance document creators when one version of a taxonomy is replaced by a subsequent version of that taxonomy.

19.1. Overview

A released taxonomy may change for a number of reasons. Below is a summary of some of those reasons:

- A partially completed taxonomy may be further built out,
- Laws and regulations which are the basis for a taxonomy change, for example adding or changing disclosure requirements,
- Errors are detected in concepts, labels, references, relations in the existing taxonomy and must be corrected,
- Additional labels are added to a taxonomy for other languages or additional references are added,
- Additional business rules are added to a taxonomy, errors in business rules might need to be corrected, etc.

Changes like these impact those who must create XBRL instance documents, it impacts those documents and the systems used to generate those documents.

Those who create taxonomies need some way, preferably a global standard way, of communicating those changes to those using an older version of a taxonomy which has been replaced by a newer, updated version.

Imagine that 25 years have passed. Imagine one company which has reported information using XBRL for each of those 25 years. Imagine that the taxonomy had changed once every 3 years, that would be about 8 versions of the taxonomy. And now an analyst desires to do a comparison over a 25 year period for some reason, perhaps a research project. And that research project includes this company, and 10 other companies.

And now imagine that you throw into this equation changes to the XBRL specification itself. Lets say that XBRL 2.1 goes through version 2.2, 3.0, and 3.1 during that time period.

With XBRL Versioning, theoretically, it would be possible to automatically resolve the differences in taxonomies and instance documents, using software, and report this information using XBRL in the latest version of XBRL and the latest version of the taxonomies.

19.2. Types of Changes

The following is a summary of many of the different types of changes which may occur within a taxonomy.

- One concept may be deleted from the taxonomy; its use is now prohibited.
- One concept may be deleted from the taxonomy and replaced by another concept with similar, but different meaning. The old concept is prohibited, and the new concept should be used.
- Two concepts are combined, now one concept is used in its place. For example the concept "Cash" and the concept "Cash Equivalents" is combined to form "Cash and Cash Equivalents". The two more detailed concepts may or may not continue to exist in the taxonomy.
- A concept label is changed, but the concept definition, references, and other metadata do not change. This means that other labels in other languages may need to be updated also.
- Concepts may be prohibited from use after a certain period of time. For example, sometimes in financial reporting rules are created, but they are not required to be used for a few years. Then, using the concept is mandatory.
- Concepts and other metadata may simply be added to the taxonomy, requiring the disclosure of new information.

19.3. Impact on Creators of Instance Documents

Clearly those using a taxonomy are impacted by changes to a taxonomy they are using. It would be incredibly useful to instance document creators for all changes from one version of a taxonomy to another to be articulated to them.

It would be even more useful if these changes are articulated to a computer application and the computer application could update all the things which need to be updated. This will reduce both costs of the update and errors in updating if human effort is totally removed, or at least minimized.

The goal of the XBRL Versioning is to minimize, and hopefully totally eliminate, human involvement in the process of moving from one version to another version of a taxonomy. Clearly humans are going to what to see and understand what is going on, there will always be a need for this.

19.4. Impact on Creators of Extension Taxonomies

Another group impacted by changes in a taxonomy are the creators of extension taxonomies of the taxonomy which has been updated. The extension taxonomies will need to be updated for changes to the base taxonomy, and in addition may require additional changes which have nothing to do with the base taxonomy.

These extension taxonomies may be an industry or jurisdictional extension, a change in an XBRL Dimensions taxonomy, changes to a business rules taxonomy, changes to the Global Common Document or other widely shared taxonomies. They may also be changes to things like ISO (International Standards Organizations) codes or other codes.

19.5. Impact on Software Vendors

Another party impacted by changes to a taxonomy are software vendors. Software vendors may build functionality on top of a taxonomy to provide additional value adds to customers. These additional value added features may be in the form of XBRL taxonomies themselves, or proprietary extensions to the taxonomies.

Particularly if there is a change in the XBRL specification itself, software may be impacted.

19.6. Impact on Assurers

Another party impacted by changes in a taxonomy are those who provide assurance on instance documents created from those taxonomies. For example, auditors of financial information need to be aware of changes.

19.7. Discovery of Changes

The fact that a taxonomy has been updated needs to also be discovered. It could be the case that a user may create an instance document and simply use the same version of a taxonomy which was used last year, unaware that the taxonomy has been updated.

A process to discover new taxonomies from an old taxonomy would be helpful. Currently, there is no mechanism in XBRL to perform this discovery.

19.8. Summary

As there is no XBRL Versioning recommendation at this time, only a requirements document which is still a draft publicly released version, it is hard to know exactly what will end up in a recommendation.

It is likely the case that proprietary versioning solutions created by a software vendor will appear prior to an XBRL International global standard.