

# Word and 401(k)s

In my annual review of XML, two events or trends stand out: First is the Aug. 23 injunction by U.S. District Judge Leonard Davis of East Texas against Microsoft (MS) selling Word products “that have the capability of opening a .XML, .DOCX, or .DOCM file (‘an XML file’) containing custom XML.” Secondly, there is eXtensible Business Reporting Language (XBRL) and tools emerging to leverage it.

Patent law is always complicated, and legal rulings can take years to sort out. Still, the Microsoft ruling has the potential to affect a tool that—love it or hate it—is responsible for billions of electronic documents. The Texas judge upheld an assertion by i4i, Inc., a small Toronto company I’ve followed for more than a decade, claiming that Microsoft infringed on its patent by offering “Custom XML” in Microsoft Word. The judge has ordered Microsoft to stop selling Word products in the U.S. “containing custom XML.” In September, the ban, but not the fine, was stayed by the U.S. Court of Appeals.

The judge also awarded i4i more than \$200 million in damages. Even though most ordinary users of MS Word will not use special templates or forms built on custom XML, the judge included all Word products. It did not come as a surprise that Microsoft requested an emergency stay of the injunction while its appeal is being heard. Where this will end up is anybody’s guess, but some outcomes are likely: In a few years time, after these protracted legal battles conclude, we will forget headlines such as “World without Word.” Microsoft will keep selling Word, likely with the “custom XML” capability. No one can predict whether Word’s custom XML will continue by licensing the technology from i4i or with a different technology that another court can examine another day.

I continue to believe that “Open Office XML” (Word’s format standard) is an oxymoron. It can’t be considered “open” since the standard is just Microsoft’s specification for the structures of Microsoft Word, its product. And although word processing software is indispensable, Word is not; there are too many powerful, sometimes free, alternatives. Yet packaging data inside a zip file—as Word does now—to leverage the power of XML in an office document seems both sensible and a good use of XML. It is

such a good idea that the Open Document Format Alliance may be considering a similar technique. Will i4i’s lawsuit both punish Microsoft and stifle XML innovation elsewhere?

Now, let’s move on to XBRL, which promises to offer transparent, consistently delivered business and financial information across the globe. The idea behind XBRL is simple: package financial information in a standard way, in a single source, updatable in near real time. XBRL is already providing business process efficiencies across whole organizations, as it eliminates the old “copy/paste/edit/review” cycle of financial information. The Securities and Exchange Commission has mandated that all U.S. public companies file XBRL-tagged financial reports by 2011, starting with the 500 largest companies for periods ending after June 15 of this year. Mutual funds must begin supplying risk and return data in XBRL by 2011. Multinationals can’t hide since XBRL is already broadly accepted by governments throughout the world.

As of mid-July, XBRL International’s website provided a database of nearly 150 countries and organizations with active XBRL projects. If you go to a public company’s site that is currently submitting data in XBRL, you can also download that data from its website (some companies such as Coca-Cola provide viewers too). As the amount of XBRL-tagged information grows, it is becoming increasingly accessible to everyone, from research analysts and investor services to regulators and even individual investors.

Until recently, tools to manage and view complex XBRL information were not available. This year, however, two leading XML tools vendors, Altova and JustSystems, delivered products supporting XBRL. Altova’s MissionKit 2009 lets prosumers edit XBRL or create custom reports from XBRL files. JustSystems is now offering its xfy XBRL Report tool for \$99. This is intended for savvy investors to analyze and generate reports using XBRL data. Neither of these tools is simple, in part because the underlying financials are complex. Still, these are version 1 XBRL tools, and over time they will become increasingly more powerful and more available.

Are you tired of pouring over 10-K forms and the itty-bitty footnotes? Do you have problems comparing investment options in your 401(k)s? As tools improve, XBRL will provide more

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financial transparency and a way to help level the investment playing field. It’s been an interesting year in XML to be sure ... though who would have guessed it might help revive your 401(k)? ■

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