

## **Invitation to Tender (ITT):**

### **Investor use of structured company data**

### **Provision of Research Services**

Reference	FRC2023-073
Date	13 <sup>th</sup> June 2023

## Use of structured company data

### 1 Background and context

#### *About the FRC*

The Financial Reporting Council (FRC) regulates auditors, accountants and actuaries and sets the UK's Corporate Governance and Stewardship Codes. We seek to promote transparency and integrity in business; our work is aimed at investors and others who rely on company accounts, audit, and high-quality risk management. As the Competent Authority for audit in the UK, the FRC sets auditing and ethical standards and monitors and enforces audit quality.

#### *About the project*

Historically, investors and others looking to obtain financial and non-financial data about companies in bulk had to compile it from unstructured PDF reports or pay for access to third-party databases. However, in recent years, companies have increasingly been required to report in machine-readable formats, making structured data publicly available.

The United Kingdom has mandated the use of eXtensible Business Reporting Language (XBRL) for corporate tax returns<sup>1</sup>. In 2021 the XBRL requirements were extended for listed companies to include consolidated financial statements<sup>2</sup>. A requirement to use XBRL in filings to Companies House is expected in future<sup>3</sup>. The FRC's publications on digital reporting provide further background information<sup>4</sup>.

As XBRL reporting requirements continue to evolve and are extended to new reporting areas (for example in sustainability-related data), it is important for regulators to understand how XBRL data is actually being used by investors, and how this compares to their use of other sources of structured data. This will allow regulators to identify the barriers to wider usage and opportunities for improving accessibility and efficiency.

Unfortunately, there is little contemporary and direct evidence on the use of the XBRL data in practice. Existing research is based mainly on 'indirect' studies<sup>5</sup>, while the gathering of direct evidence has been rather limited<sup>6</sup>.

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<sup>1</sup> [HMRC Guidance: XBRL guide for businesses](#)

<sup>2</sup> [Financial Conduct Authority: Company annual financial reporting in electronic format](#)

<sup>3</sup> [Companies House: Changes to accounts, part 1 - moving to software-only filing](#)

<sup>4</sup> [FRC: XBRL Deep-dive \(2017\)](#), [FRC: Structured reporting - an early implementation study \(2021\)](#) and [FRC: Structured digital reporting – Improving quality and usability \(2022\)](#)

<sup>5</sup> As Troshani and Rowbottom (2021) explain, such 'indirect' studies are based on behavioural experiments in which test subjects (who may not be professional investors) are observed using XBRL data versus paper-based information, or are based on testing the association between XBRL's introduction and capital market indicators (such as the cost of capital) at a macroeconomic level. \*Full reference to cited works in Section 2.12.

<sup>6</sup> For examples of direct research on XBRL use see Harris and Morsfield (2012) and CFA Institute (2016). A 2022 ICAS study on the usefulness of real-time information uses a similar direct approach, covering a related topic

## **2 Project description**

### **2.1 Purpose and objectives**

The aim of this research project is to answer the following questions:

1. What attributes do investors value most in choosing a source for structured company data – for example: ease of access, cost, timeliness, assurance, data quality etc.?
2. In practice, are investors using information from annual reports in XBRL format?
  - a. If so, how are they accessing and using it? For example, are they accessing the XBRL data directly or through an intermediary? How does it flow into their analysis?
  - b. If not, what are the main barriers to the use of XBRL data and what attributes (see question 1) is the XBRL data lacking? Which other sources of structured data do they use instead (for example commercial platforms providing proprietary structured data)?

This research project would principally feed into wider FRC Lab work on XBRL use by investors and the [FRC's CODEx project](#). This project's report would not necessarily be published in its own right. However, certain elements – for example any findings on barriers to XBRL use – may inform future policy-setting. The FRC may also decide to share these elements externally to engage and influence others.

### **2.2 Scope**

The research population will be professional investors (sell side and buy side) and retail investors (UK and international) who use structured company data on UK companies.

### **2.3 Suggested approach**

The focus of the project will be a survey of investors (including current and potential users of XBRL data):

- Identifying and recruiting a representative sample of investors to participate in the survey will be a key challenge of the project. It will therefore be advantageous if the successful contractor has an existing network of suitable investor contacts.
- The survey questions aimed at potential users should be understandable for non-experts of XBRL.

### **2.4 Outputs and deliverables**

The deliverables for this project would consist of:

- The full dataset of the survey results, delivered in a format useable for the FRC.
- A report analysing the survey results.

### **2.5 Liaison arrangements**

The FRC team should be consulted on key decisions in the research design and its implementation. This will include regular project progress updates via Microsoft Teams and email.

## 2.6 High-level project timeline

<i>Date</i>	<i>Deliverable / milestone</i>
w/c 24 July 2023	Kick-off meeting, agree detailed project timeline and methods for each phase
w/c 7 August 2023	Agree survey questions; agree target populations/samples and approach to promoting the survey and targeting investor respondents.
w/c 14 August 2023	Launch survey
2 October 2023	Close survey
31 October 2023	Final report/deliverables to the FRC

## 2.7 Cost and financials

Bidders should provide a fixed fee for the work, exclusive of VAT, inclusive of all expenses. Costs should be detailed in the Tender Response Documents in the format specified. No other costs should be charged on top of the fixed fee, unless the scope materially changes from what is set out / agreed. Changes to the scope / cost of the project must be mutually agreed.

***The FRC does not anticipate tender bids in excess of £40,000 excl. VAT***

Note: The FRC retains the right to re-appoint the successful Supplier in the future for repetition of the survey (subject to budget / cost).

## 2.8 Your tender response

The proposal should be no more than 7-8 pages in total, excluding annexes, and include:

- A succinct summary of the proposal, including an estimated timeline of project milestones.
- Details of the proposed approach. This should include a high-level overview of the data collection strategy, and the analytical approaches to be adopted by the project. Please also explain how you plan to identify and engage relevant survey respondents, for example through existing contacts you have within the investor community.
- An estimated timeline of project milestones.
- Your organization's experience of similar projects and relevant research capability.
- The arrangements to be put in place for managing this work and quality assuring outputs.
- A budget, including a breakdown of time and costs per activity, in line with the principal project objectives outlined above.
- Details of personnel to be involved, including their role for this project and their relevant experience. Also clarify whether any aspects of the work would be carried out by another party (see 2.3)

Proposals should identify any real or perceived conflicts of interest.

## 2.9 Tender evaluation

Bids will be assessed against the following principal criteria:

- (25%) Understanding of our requirement (supported by relevant experience, track record and / or transferrable knowledge).
- (30%) The suitability of the approach (including methodology, management and planned approach for engaging relevant survey respondents).
- (20%) Experience / relevant experience of the proposed personnel.
- (25%) Pricing / cost of your proposal.

Score	Criteria for awarding score
0	<b>Unacceptable</b> Does not satisfy any part of the requirement. Does not comply with and/or insufficient information provided to demonstrate that the bidder has the ability, understanding, experience, skills, resource and quality measures required to provide the services, with little or no evidence to support the response.
25	<b>Poor</b> Satisfies only minor aspects of the requirement. Or can carry out some or all of the required services but not to a sufficient standard. Strong concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.
50	<b>Fair</b> Satisfies part of the requirement only, not the full requirement. Or can carry out all required services but not to a sufficient standard. Minor Concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.
75	<b>Good</b> Satisfies the requirement, with minor additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving minor additional benefit to FRC.
100	<b>Excellent</b> Satisfies the requirement, with major additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving major additional benefit to FRC.

## 2.10 Questions & Clarifications

- Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.
- Tenderers may raise questions or seek clarification within the timeframe by sending questions to [procurement@frc.org.uk](mailto:procurement@frc.org.uk) in the following format.

Nature of query / clarification	Query / Clarification

- FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.
- To ensure that all tenderers have equal access to information regarding this tender opportunity, FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.
- Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

## 2.11 Tender process timeline

DATE/TIME	ACTIVITY
<b>13/06/2023</b>	Publication of the Invitation to Tender
<b>19/06/2023 by 12.00noon</b>	Supplier's Deadline to submit clarification questions
<b>21/06/2023</b>	FRC's Deadline for publication of responses to clarification questions FRC will endeavour to meet this deadline
<b>29/06/2023 by 12.00noon</b>	Deadline for supplier submission of tender to the FRC.
<b>11/07/2023</b>	Shortlisted suppliers advised
<b>17/07/2023</b>	Supplier tender clarification session if required <i>Provisionally</i> <ul style="list-style-type: none"> <li>• 12noon - 1pm</li> <li>• 3.30pm – 4.30pm</li> </ul>
<b>By 21/07/2023</b>	Tender Outcome

## 2.12 Other studies cited in this invitation to tender

CFA (2016), *Institute member survey: XBRL(eXtensible Business Reporting Language)*, available at: <https://www.cfainstitute.org/-/media/documents/survey/xbrl-member-survey-report-2016.pdf>

ICAS (2023), *Usefulness of real-time information: views of professional investors and analysts*, available at: [https://www.icas.com/\\_data/assets/pdf\\_file/0005/610826/Usefulness-of-real-time-information-Final-compressed.pdf](https://www.icas.com/_data/assets/pdf_file/0005/610826/Usefulness-of-real-time-information-Final-compressed.pdf)

Trevor Samuel Harris and Suzanne G. Morsfield (2012). *An Evaluation of the Current State and Future of XBRL and Interactive Data for Investors and Analysts*, Center for Excellence in Accounting and Security Analysis, Columbia Business School (2012), <https://doi.org/10.7916/D8CJ8NV2>

Troshani, I. & Rowbottom, N. (2021). *Digital corporate reporting: research developments and implications*. Australian Accounting Review, 31(3), 213-232.  
<https://doi.org/10.1111/auar.12334>

### **3. Conduct**

- 3.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 3.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 3.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.
- 3.4. The tenderer must not offer any incentive to any member of FRC's staff for doing or refraining from doing any act in relation to the tender.
- 3.5. If the tenderer engages in any of the activities set out in this paragraph or if FRC considers the tenderer's behaviour is in any way unethical FRC reserves the right to disqualify the tenderer from the procurement.
- 3.6. The tenderer represents and warrants that a conflicts of interest check has been carried out, and that check revealed no conflicts of interest.
- 3.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 3.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

### **4. Due Diligence**

- 4.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.
- 4.2. Neither FRC, nor its representatives, employees, agents or advisers:
  - makes any representation or warranty, express or implied, as to the accuracy,
  - reasonableness or completeness of the ITT and supporting documents; or
  - Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents nor shall any of them be liable for any loss or damage, other than in respect of fraudulent misrepresentation, arising as a result of reliance on such information or any subsequent communication.

- 4.3. It is the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.
- 4.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

## **5. Submitting a Tender**

- 5.1. Tenderers must submit their tender response within the deadline to [procurement@frc.org.uk](mailto:procurement@frc.org.uk).
- 5.2. Where a Tender Response Template is provided, potential providers must align their tender response with that format.
- 5.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

## **6. Evaluation**

- 6.1. FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

## **7. Acceptance of Tender & Notification of Award**

- 7.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.
- 7.2. FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. FRC also reserves the right to award more than one contract to fulfil the requirement.
- 7.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.
- 7.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.
- 7.5. Nothing in the documentation provided by FRC to the tenderer during this procurement or any communication between the tenderer and FRC or FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a



contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from FRC.

**8. Additional Information**

- Tenderers must not undertake any publicity activity regarding the procurement within any section of the media.
- The FRC reserves the right to take up references. You may be required to provide references in the Tender Response Document / upon request. References must be relevant to the FRC requirement and in the last five years
- Please use the attached Tender Response Document for your reply.
- The Terms and Conditions will apply to this proposed Agreement are contained in the Tender Response document and should be accepted with no material changes.