

Vertex Income Tax - Domestic Case Study

AEGON is one of the world's largest providers of life insurance, pensions, and long-term savings investment products. Headquartered in the Netherlands, AEGON companies serve over 40 million customers in more than 20 markets throughout the Americas, Europe, and Asia. As a multi-billion euro company, AEGON strives to expand its core markets and core businesses through efficient and effective business practices.

AEGON Profile

- Primary markets are United States, Netherlands, and the United Kingdom
- Operations in the U.S. trace back to the mid-18th century
- Main business lines in the U.S. are: life and protection, individual savings and retirement products, pensions and asset management, institutional products, and reinsurance
- Company growth in the U.S. is a result of strategic acquisitions and product improvements

Business Issues

AEGON's company culture of efficient and effective business practices led its U.S. Vice President/Director of Tax, Mark A. Polking, to search for a new income tax software provider. Frustrated by a system that required as much programming knowledge as it did tax expertise, AEGON issued an RFP. Specifically, AEGON was looking to:

- Drive tax return compilation time down
- Improve the ease of return consolidation and e-filing
- Implement tools to quickly and easily handle sophisticated compliance and planning requirements
- Reduce the new employee learning curve for income tax software tools
- Partner with an organization committed to customer service

The goals driving AEGON's search included:

- Shifting the focus of the work from tax return preparation and filing to planning and closer alignment with AEGON's business divisions
- Achieving a healthier work/life balance for their Tax Department team

After a thorough search and test drive of four systems, AEGON selected Vertex as its income tax partner. Key factors driving this decision were the opportunity to simplify internal processes, save employees time, and reduce the tax department's dependence on the IT department for support.

Vertex Solution

AEGON implemented Vertex Income Tax - Domestic, which includes support for all levels of U.S. income tax reporting: federal, state, and local. In addition, AEGON



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U.S. Vice President/Director of Tax
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purchased tools such as a Vertex Tax Calendar, Vertex Income Tax Custom Reporter, and Vertex General Ledger Integration Module.

The Tax Department has been energized by the system's flexibility and intuitive user interface. Everything takes less time to accomplish and the IT staff hasn't been seen in the Tax Department for months. Mark explains the workflow shift precipitated by the Vertex solution, "For internal control purposes we have always calculated taxable income outside of our software systems, and Vertex allowed us to prepare and compile the return much easier than we were able to do in the past. It also allows us to analyze those areas where Vertex's verification of taxable income was different from what we had initially calculated."

Some of the features his team likes most are the ease of use and limited learning curve, the ability to use an existing internal chart of accounts, the ability to validate e-file information at the entity level and the ease of consolidation. These features save time and reduce frustration.

Perhaps the most valuable tool to AEGON is the one they partnered with Vertex to develop: the Custom Apportionment Tool (CAT). CAT enables tax departments to take one federal return and split it into state-level returns, with the amount of income apportioned to each state automatically calculated. This year AEGON filed 1,573 state and local returns, representing 250 non-insurance companies in the AEGON family of businesses. The AEGON tax department was able to finish and file these returns in record time.

Mark notes that the feat of finishing ahead of previous years was even more exceptional given that the department went

through a major revamping of internal processes and implemented a new tax software system while preparing the returns. Typically, the AEGON Tax Department works over Labor Day weekend and files their federal income tax returns close to or on September 15th. This year, everyone enjoyed a long Labor Day weekend away from the office as all federal returns were filed in late August.

End Results

AEGON and Vertex have successfully partnered at all levels of the relationship. Mark sees the value resulting from Vertex's approach, "They see us as a customer. We are not just a client paying a bill. Our relationship has quickly turned to be more of a partnership with them."

When asked what benefit AEGON Senior Management will notice from the switch to Vertex, Mark notes that the Tax Department has the time to partner more closely with the business divisions to work on finding better ways to do things, resulting in bottom line results.

Using Vertex' simplified returns processing and accelerated workflow, employees of the AEGON Tax Department are happier and find their work more fulfilling. The shift in workload from return preparation, filing, and compliance to planning offers tax professionals at AEGON enhanced career development opportunities.

The AEGON Tax Department uses a thermometer image to communicate its progress on productivity improvements – and since Vertex Income Tax - Domestic has been installed, the mercury keeps rising.

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