

Local software company thrives in tough times

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Staff photo by Amy Drago
Ken Moore of Vertex Inc.'s product support team helps a customer with a problem at the company's new corporate campus off Route 252 in Berwyn.

TREDYFFRIN -- Terrorists attack New York City and Washington, D.C. The stock market suffers through its worst week ever. Airlines already teetering on the edge of solvency announce thousands of layoffs and need government assistance to stay in business. A country prepares for a war against an enemy with no permanent address.

With each day's headlines telling of news seemingly worse than the day before, it can be easy to forget that not all is gloom and doom in the business world.

Take Vertex Inc., a producer of state and local tax compliance software and research for corporations.

Founded in 1978, the company has grown at an average annual rate of 25 percent over the past 10 years, with revenues of \$70 million predicted for this year.

"In 22 years we've never had a negative growth year," said Jeff Westphal, president and CEO of Vertex.

Vertex was not unaffected by the terrorist attacks on Sept. 11 when two hijacked jetliners crashed into the World Trade Center, another into the Pentagon, and a fourth crashed into a Pennsylvania field.

The company canceled grand opening ceremonies for its new technology and day-care centers that had been scheduled for Sept. 12. The new 60,000-square-foot building is Vertex's fourth in a corporate campus off Route 252 near Berwyn.

The company also has regional offices in Chicago, Dallas, Washington, D.C., and Walnut Creek, Calif.

Westphal declined to comment on the attacks, fearing that his remarks would be perceived as insensitive, and noting that the affect on his company was trivial compared to the suffering it has caused others. The company's Web site did make note of the firm's feelings, however.

"The tragic events of Sept. 11 deeply sadden all of us at Vertex. Our thoughts and prayers go out to all those affected by this tragedy," it said.

Westphal's father, Ray, started the company by producing a book that recorded the sales tax rates in areas around the country. That grew into a software package, and the business took off when President Ronald Reagan's "No New Taxes" program shifted more of the tax burden on state and local governments.

Vertex's tax compliance solutions consist of four lines: sales and use tax; payroll; property; and telecommunications. All of the lines primarily address tax issues at state and local levels and, therefore, require constant monitoring for changes. In many municipalities across the nation, a sale includes not just a state tax, but a county and municipal levy as well. Within a year, the company sees 300 to 400 changes a year in those tax rates. And in property taxes, 60 percent of the company's 1,300 customers have to change their rates after a year.

To keep on top of the changes, 20 to 30 of Vertex's 450 employees specialize in corporate tax law, Jeff Westphal said.

Attention to customer needs has paid off: The company has 80 percent of the country's top 2,000 corporations as clients, the CEO said, and has strategic partnerships with companies like IBM, J.D. Edwards, Microsoft and Oracle. Its customers include Ford, Motorola, Coca-Cola and SAP America.

Vertex plans to expand into the international market next month with software that calculates the Value Added Tax, or VAT, in Europe. The VAT is like a sales tax, except it's built into the price customers pay instead of being added at the cash register. Customers from one country are often exempt from the tax in another country, however, and can file for refunds.

Vertex had revenues of \$4 million when Westphal, 39, joined the company in 1988 as its 29th employee. He attributes the company's success to his father's philosophy of listening to the customer and the corporate culture of treating employees like "human beings."

The day-care center for employees is a reflection of that culture. Vertex occasionally sponsors employee trips, Westphal has a party with a live band at his Paoli house every year, and the company encourages bridal and baby showers during work hours. It even goes so far as to provide free soft drinks and fruit to workers.

It's part of the executive team's belief that having fun is an important part of working. It has resulted in a 4 percent turnover rate, compared to the software industry average of 23 percent, Westphal said.

"People spend a lot of time at work, it's just the right thing to do," he said. "When people feel supported, they support the company."

The latest plan to bring employees together will have to wait, however. Vertex had planned to take employees and their families, some 750 people, to New York City this week for dinner and an overnight stay.

"Obviously, the spirit of that event, in light of the tragedies ... it's not the right time," Westphal said.