

## Tech firm bought by Vertex

By GRETCHEN METZ, Staff Writer

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Staff photos by  
Stacy Zaferes  
Above, the outside  
of Vertex Inc. in  
Berwyn is shown.

**TREDYFFRIN -- Sales tax software producer Vertex Inc. announced Wednesday it will acquire Arthur Andersen's Florida-based corporate income tax software business, Tax Technology Enterprises (TTE), increasing Vertex's employee count by 40 percent.**

Vertex did not disclose the value of the deal.

The addition of Andersen's TTE business will add 197 employees to Vertex's 484-person payroll.

Vertex will continue TTE's existing operations in Sarasota but the name will be changed to Vertex Tax Technology Enterprises LLC, and will be operated as a wholly owned subsidiary of Vertex Inc.

The acquisition includes TTE's AACTS, VantageTax, WorldPro, Like-Kind Exchange Matching and Fixed Assets Manager products. This will expand Vertex's portfolio to include software for all major lines of corporate tax.

Vertex, founded in 1978, is privately held and has specialized until now in sales and use tax software.

In 2001, Vertex reported revenues of approximately \$60 million. With the acquisition, the company predicts revenues of \$80 million for 2002, said Alex Smith, vice president of communications and public affairs at Vertex.

Smith said Vertex was looking for possible opportunities to enter the corporate tax market and had formed a team to look for ways to do that several years ago.

Then last year, Chicago-based accounting firm Andersen's role in the collapse of the energy trader Enron Corp. became public. Since then, Andersen has been plagued with client losses and bolting partners.

"That triggered the opportunity to complement our existing tax business," Smith said. "This was strategic, not opportunistic."

There was an existing relationship with Andersen, which used Vertex products in its tax practice for seven to eight years, said Ed Wallace, vice president of corporate business development at Vertex.

"Arthur Andersen came to us," Wallace said.

Wallace said there will "absolutely" be no layoffs, and no job shifting from Sarasota to Berwyn is planned. "This is a complementary acquisition."

Vertex provides more than 10,000 corporate customers with tax compliance software and research services for sales, use, property, payroll and telecommunications taxes. Customers include QVC Inc. of West Goshen, SAP of Newtown Square and Coca-Cola of Atlanta.

Wallace said people often don't understand how complicated sales tax issues are for companies that do business around the county.

In 2001, there were 771 state and local sales tax rate changes in the United States, almost reaching the 20-year high of 788 set in 1992.

Wallace said while sales taxes may be uncomplicated in Pennsylvania, states such as New York, California and Texas have state, county and city sales taxes. Beyond that, there is the issue of what is taxed and what is not taxed. New York has a sales tax on clothes, Pennsylvania does not, for instance.

Tax Technology Enterprises was formed in 1984 and expanded its business in 1987 by providing corporate tax software to Arthur Andersen's tax practice and major U.S. corporations. Some of its best known clients are Hershey Foods, Colgate Palmolive and AOL Time Warner.

"We consider this agreement a complete win-win," said Jim Shedivy, who has led the TTE group for Andersen since 1989.

"Our two organizations are naturally suited to each other. As we went through the due diligence process, we found much that we already have in common in terms of the way we work," he added. "Our product lines are complementary."

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