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Jeffrey Westphal, president and CEO of Vertex, makes filing corporate tax returns a less-arduous task.

# Vertex creates a vortex

## Software tool knocks down businesses' big stacks of tax returns

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SPECIAL TO THE BUSINESS JOURNAL

**BERWYN** — With April 15 behind us, we can look back with a wry smile. Our individual tax returns might have been complicated, but they were manageable after all. Yet the same cannot be easily said for many businesses, who each year face a tax-preparation challenge that staggers the imagination.

A Fortune 10 company typically will file a tax return that stands four to eight feet high. Sales tax rates are calculated differently in each of the more than 6,000 tax jurisdictions nationwide. Together those jurisdictions generatesome 600 to 800 changes to tax rates each year.

"It takes a fast computer using the latest technology over 10 hours to process one of those returns. That's

how complicated some of those calculations are," said Jeffrey R. Westphal.

As president and CEO of Vertex, Westphal leads a staff of some 665 people in the effort to make such tax returns just a little less taxing. Vertex produces a range of sophisticated software tools intended to pull financial data from a company's own systems, gather up the latest tax information in the relevant jurisdictions and bring it all together in a manageable format.

Rainer Westphal and his wife, Antoinette, founded the firm in 1978. Their son, Jeffrey, signed on a decade later as director of marketing (employee No. 29) and worked his way up through the executive ranks, serving as VP of sales, then COO and, since 2000, as president and CEO. Today, he leads the top-ranking firm in the industry, with Vertex claiming about 44 percent of the overall market share across all tax disciplines.

Beyond merely helping corporations directly with their tax calculations, Vertex has won a leading place among the biggest makers of financial-management software applications.

Take for instance JD Edwards. Rather than develop a tax management application in house, the software-solutions provider has opted to integrate Vertex software directly into its payroll applications.

"Maintaining the various tax rates and tax tables and staying current on all the tax laws and all the legislative activity and what is required from a tax compliance perspective ... all of those things are not our core competency," said Lisa Fellows, vice president of product management at JD Edwards. "These things require some fairly specific skill sets. It requires a fairly significant investment and organization to stay on top of those kinds of things."

Another giant, Oracle, integrates Vertex software into its customer relationship management (CRM) solutions. Those tax applications are a boon for CRM customers, according to Oracle's Senior Business Development Manager Crystal Pilkins.

"Everyone has tax issues that they have to deal with, yet tax strategy is sometimes an afterthought when peo-

# Vertex: Provides companies with tax-return simplicity

ple buy their CRM solutions. Then when they go to implement that solution, the tax question still is there," said Pilkins. By bundling Vertex with its CRM offerings, "what that means to our clients is that they can get that tax support right out of the box."

Changes in the financial world have given Vertex a boost in its efforts to stay on top of a dynamic marketplace. In June 2002, the firm acquired Arthur Andersen's 200-person corporate income tax software business. Prior to the acquisition, Vertex was largely involved in payroll and sales tax issues; thus the corporate sales tax division allows Vertex to offer a new product line to a broader range of clients.

At the same time, Vertex is unrolling a new software technology platform of its own. The "O Series" is intended to enable clients to more easily process tax transactions via the Internet. The new product suite should eliminate much of the duplicative work that now exists in the tax world by making tax calculations compatible across a wide range of systems.

Amid this ever-changing landscape — new clients, new business lines, tax laws that evolve by the minute — Westphal has devoted himself to one simple management rule: Treat people well. "I don't do the work. They do the

work. My job is to create the environment within which they can do the best possible job. That is the leadership challenge," he said.

To that end, Vertex offers on-site childcare, a generous policy of allowing paid time off for personal needs and broadly flexible weekday schedules. The firm offers family-leave and adoption assistance programs, free on-site financial planning seminars and benefits for domestic partners.

Vertex has won wide recognition for these efforts, having been named one of the best large-sized employers by the "Best Places to Work in PA" award program for two consecutive years. In 2001 the Delaware Valley Child Care Council has called Vertex the "Best Employer for Working Parents."

On the business side, these policies have helped drive employee attrition down to just 3.4 percent, as compared to the industry average of 23.8 percent. More than 40 percent of new hires come through employee referrals.

"Having a work force that is deeply respected makes change easier to handle, because people understand what the change means," Westphal said. "It all boils down to trust. If your employees trust you and trust their peers, you will be able to move faster and more nimbly over time." ●

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## THE SHORT OF IT

**Company:** Vertex Inc.

**Location:** 1041 Old Cassatt Road, Berwyn, Pa. 19312

**Owners:** Wholly owned by the Westphal family, including siblings Jeffrey (CEO), and Stefanie Lucas and Amanda Radcliffe, both on whom serve on the board

**Type of company:** Provider of tax technology solutions

**Number of employees:** 665

**2000 revenue:** \$55.6 million

**2001 revenue:** \$60.7 million

**2002 revenue:** \$68.5 million