

*Customer Success Story: Olympus Corporation of the Americas*

# Automating the Tax Provision Process for Increased Efficiency, Accuracy and Productivity

## Company Profile

Olympus Corporation of the Americas (“OCA”), a subsidiary of Olympus Corporation, provides corporate shared services for its regional business units and operating entities throughout the Americas and supports their efforts in marketing, sales, after-sales service and education and training for Olympus products sold in the Americas: cameras and audio products, industrial measurement and imaging instruments, life science imaging systems, and medical and surgical products. OCA has grown rapidly in recent years, increasing from 9 entities to 25 separate entities, and currently generating approximately \$2 billion in net sales.

## Challenges

As OCA’s organizational structure evolved and became more complex, the company’s tax department experienced a significant increase in workload. “At the time, we had 3 full-time employees dedicated to income tax – and during peak times, such as year-end provision and tax compliance season, we often had to add 1 to 2 more staff to ensure that we met our deadlines,” explains Josephine Cacace, Tax Director at OCA. This team relied exclusively on spreadsheets for the provision process.

Several years earlier, OCA had experimented with provision software, but viewed it as an add-on to their spreadsheet-based processes, which they weren’t ready to give up yet. But as workloads intensified with each additional entity, the tax department needed to find a way to increase productivity. “At the same time, auditors became more focused on the accuracy of our provision calculation – they were concerned with how our reliance on Excel® impacted the accuracy of the calculations,” states Cacace.

They also needed to create a consolidated calculation and a consolidated journal entry. This was a problem because of inherent limitation in their Excel files. “We generally started out not even consolidating,” explains Cacace. “We had separate company provision calculations. When we started consolidating, it was really just an additional file summing the pieces. But then our Excel file couldn’t handle certain consolidating adjustments or limitations that came up.” On top of these changes, the company was committed to be J-SOX (Japanese Sarbanes-Oxley) compliant.

## Vertex Solution

As OCA’s tax department faced these new expectations and challenges, it was clear something had to change. “That’s when we decided to fully implement Vertex® Provision software,” explains Cacace. “Vertex offered a solution that could handle complex tax scenarios and heavy processing loads, offer even better reporting, and keep data at our fingertips.” Olympus could also easily flow changes through the provision calculations – a real time saver.

## OLYMPUS

### Summary

#### Company

- Olympus Corporation of the Americas
- One of several group companies owned by Olympus Corporation (a global company headquartered in Tokyo, Japan)
- US operations established in 1977
- Distributes imaging technology to consumers, medical facilities, life science specialists, and industrial companies
- 4,000 employees
- \$2 billion in net sales

#### Vertex Solution

- Vertex® Provision solution

#### Results

- Faster, more accurate provisioning through automation
- Increased time and resources for review, analysis, planning, and new initiatives
- Reduced risk through secure, controlled system access
- Standardized, trusted reporting
- Faster, easier audit preparation and data access
- Mitigation of impact of lost headcount by increasing tax process efficiency

## Vertex Solution, cont'd

This time, the tax department looked at the provision software implementation process in a totally different way – as an opportunity to dramatically change and improve their provision processes. For example, the team was engaged much more actively by determining their “must haves,” which included the use of beginning deferred balances, automated importation of trial balances, and automated adjustments. They also invested in Vertex Consulting Services to help them figure out the best way to improve productivity through automation.

After the tax department performed behind-the-scenes prep work, Vertex Consulting worked on site for two weeks and implemented selected functionality as part of a phased deployment; this ensured that no one was overwhelmed by too much change at once. “We also engaged Vertex for end-user training,” states Cacace. “We learned the first time around that you can deploy the software quickly and get your entities set up, but it’s the planning and time taken to understand how the system works – how calculations are done – that makes a deployment successful long term. It’s all part of getting comfortable with the system and well worth the investment.”

During the fiscal year that the software implementation took place, OCA chose to run their Excel files in parallel with the software. While this added stress to the tax department’s resources, it helped them build confidence in the accuracy of the software. “By the second year, we made a complete break and used the software only – and in that year, we reduced overtime by at least 50%,” states Cacace.

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Josephine Cacace, Tax Director  
Olympus Corporation of the Americas

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## Results

OCA now has a highly efficient tax provision process that integrates the company’s provision and U.S. compliance processes and automates key activities, such as return-to-provision true-ups. They can use it to handle even the most complex tax scenarios and heaviest processing loads and have realized significant benefits, including:

- Faster, more accurate provisioning
- Increased tax process efficiency that frees up time for review, analysis and planning
- Reduced risk through secure, controlled system access
- Standardized, trusted reporting
- Faster, easier audit preparation and data access

### Faster, More Accurate Provisioning

When the tax department ran parallel provision processes using both the software and Excel, they found it took significantly less time to calculate the provision using Vertex Provision software than Excel. “And we were able to meet our management deadlines for the calculations and submit the journal entry,” adds Cacace. “It was a vast improvement over the prior year.”

### More Time for Review, Analysis and Planning

These time savings were the result of increased efficiencies enabled by optimized workflows and process automation. “We have much more time for analysis and planning because we’re able to push through calculations so easily,” notes Cacace.

For example, consolidations, which used to be performed in Excel, are now automated. Tax professionals can also auto-import trial balances rather than go through multiple manual manipulations to get them into the system. This has substantially reduced the number of hands that touch a file, thereby minimizing the risk of human error.

OCA has also used the software to automate federal tax return true-ups. “About 90% of this work is now done in the system, rather than manually,” adds Cacace. “This gives us much more time for review than we had before.”

In addition, many book-to-tax adjustments are now automated. “When we used Excel, we had input fields to manually input book-to-tax differences for a year-over-year balance,” explains Cacace. “To ensure they typed in the correct balances, tax professionals had to double- and triple-check these balances. But with Vertex Provision, we’ve automated most book-to-tax adjustments leveraging data that’s already in the system.” This has eliminated the need to re-check, which has in turn saved the tax department much time and effort.

### More Efficient Compliance Processing

After implementing Vertex Provision software, OCA also realized benefits in the area of compliance. For example, tax professionals no longer have to re-enter or re-import tax data, as it can be transferred to compliance with one step. “This is also true for our book-to-tax differences, tax re-classes, and other book adjustments,” states Cacace. “Tweaking adjustments is easy once they are in our compliance system.”

OCA can also do a more detailed state provision, thanks to Vertex Provision software. For example, the tax department can reuse apportionment percentages calculated on the individual state returns and have them be refreshed directly into the provision. At the same time, automatic true up functionality enables Olympus to do away with manual comparisons of compliance adjustments and provision adjustments. The software automatically calculates the difference for the tax department.

## Results, cont'd

### Standardized, Trusted Reporting

The tax department can easily flow through changes in the calculations. "Sometimes in Excel, it could take half an afternoon to flow through a change and get everything printed and checked, whereas with Vertex Provision, it's really just a push of a button and it's done," explains Cacace. "Because of this, we've gained a lot more time to review our reports, which was very important to achieving J-SOX compliance."

### Faster, Easier Audit Prep

With Vertex Provision, preparing for auditors is faster and easier than ever. States Cacace, "Now we can easily generate requested reports, have ample time to review them, and sign off that everything has been reviewed. As a result, we have more time to respond to and plan for audits." To save even more time and effort, OCA has also chosen to have Vertex archive their prior years of tax data so staff can just log in and print out requested reports as needed.

## Looking Ahead

OCA proved after the first year that Vertex Provision could help them significantly increase the efficiency of their provision process. Going forward, the tax department is focusing on optimizing their use of the software. States Cacace, "For example, we're continuing to work with other groups within the company to enable greater automation. If these groups make changes to how accounts are listed in the trial balance and how they book items, we'll be able to automate more and meet management deadlines more efficiently and effectively."

## About Vertex Inc.

With more than 30 years of experience, Vertex Inc. is the leading provider of corporate enterprise tax solutions and process management services worldwide.

Vertex solutions help companies streamline and integrate tax provision and compliance processes, and leverage information to discover new strategic tax savings across every major line of business tax, including income, sales, consumer use, value added, communications, and payroll. To serve its customers, Vertex works in partnership with the world's leading providers of ERP software and related services.

This article has been excerpted from the Vertex webcast "Automating Your Tax Provision Process" held on July 27, 2010. Download the complete webcast at [www.vertexinc.com/ResourceCenter](http://www.vertexinc.com/ResourceCenter).

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