

*Customer Success Story: Dole Corporation*

# Creating a Fluid, Collaborative Data Collection Process that Improves Tax Department Control

## Company Profile

Founded in Hawaii in 1851, Dole Food Company, Inc. is the largest producer and marketer of high-quality fresh fruit and fresh vegetables in the world. The company is headquartered in Westlake Village, CA and markets a growing line of over 200 packaged and frozen foods, including fresh fruit, fresh vegetables, packaged foods and value-added products. In addition, it is recognized by the produce industry as the leader in nutrition education and research. Today, Dole conducts business in more than 90 countries and employs approximately 36,000 full-time, regular employees and 23,000 full-time seasonal or temporary employees worldwide.

## Challenges

Dole has a decentralized, eight-person corporate tax department that focuses primarily on income tax compliance. "We prepare pro forma 1120 returns for our consolidated federal income tax return for 70 U.S. companies and have over 200 controlled foreign corporations that require 5471 filings," states Gary Osinski, Tax Compliance Director at Dole. "We also provide tax support for approximately 10 partnerships."

The various operating companies handle other types of taxes, such as property tax, sales and use tax, and excise tax. "But we depend upon our operating companies to provide the detailed financial information required for income tax compliance," notes Osinski.

Without an automated system, tax data collection was no small task. For years, it had been handled using a manual process that was becoming increasingly time-consuming and error-prone as the company grew in size and complexity. "We would email Excel® tax packages out, wait to get them back, find issues that required rework, and send them back out," explains Osinski. "All of this took too much time and energy."

After receiving the data, the tax department spent most of its time loading and manipulating data, leaving little time for analysis and tax planning. The tax department also had no integration between its tax provision and compliance processes, resulting in excessive, and often unnecessary, rework. "We wanted to leverage the benefits of standardizing and integrating the data and processes for provision and compliance," states Osinski.

To address these inefficiencies, Dole decided to implement an automated data collection, archiving, and reporting solution. Because Dole's IT department is located in Costa Rica, they needed a system that would be continuously updated with the latest software enhancements and could operate reliably without IT assistance. They also wanted a system that would accommodate their decentralized users through a Web interface – especially for those people living outside of the United States – and allow the tax department to easily import and export electronic data and archive it.

Equally important, Dole needed a solution that would make it easy to leverage tax compliance for provision, as well as run reports. States Osinski: "We wanted to change our process and do the tax return at the time the tax provision was being done. This way, once we completed the tax return in January, because we have a calendar year end, we could feed the results to the tax provision software and refine that data for the 10K presentation."



## Summary

### Company

- Dole Corporation, founded in Hawaii in 1851
- Largest producer and marketer of fresh fruit and vegetables
- Global business in 90 countries
- Small corporate tax department; decentralized accounting departments that provide data from 10 U.S. and 50 foreign locations

### Vertex Solution

- Vertex® Income Tax Domestic
- Vertex® Income Tax International
- Vertex® Data Collect
- Vertex® Workflow Manager
- Vertex® Document Manager

### Results

- Minimized tax department intervention in data collection and reduced follow-up with data providers
- Created a better starting point for data providers
- Improved data accuracy
- Freed up time for data analysis
- Improved the audit trail
- Leveraged early availability of compliance system to jump-start provision processes

## Vertex Solution

After evaluating various solutions, Dole chose to implement an integrated suite of compliance, data, and workflow management tools from Vertex designed to help tax professionals better manage data and tax processes. The suite included:

- Vertex® Income Tax Compliance (Domestic and International)
- Vertex® Data Collect
- Vertex® Workflow Manager
- Vertex® Document Manager

The Data Management and Workflow suite enables Dole tax professionals to:

- Export temporary and permanent tax adjustments from Vertex Income Tax Domestic into their tax provision software to jump-start this process
- Work anytime, anywhere through the Web using a hosted deployment ideally suited to the remote access needs of Dole's geographically distributed team
- Use existing or build new tax packages and templates with Excel® which maintain the integrity of previously created spreadsheets and formulas
- Modify templates and create reports without assistance from the IT department

In addition, "Vertex was committed to supporting our process (i.e., starting with tax compliance, followed by provision) by making sure that the software for the latest tax year got rolled out in December so that we could commence the preliminary work such as the identification and mapping of new general ledger accounts, and the creation and refinement of tax adjustments," as early as possible, explains Osinski.

The solution, which was initially deployed in just a few weeks, enables Dole to automate the collection and sharing of data, improve visibility and control, and increase the accuracy and efficiency of their provision and compliance process. Let's take a closer look at how their new tax processes work.

### A Fluid, Collaborative Data Collection Process

Using Vertex Data Collect, Dole's tax department creates tax templates for data collection that are then shared with the various operating companies for completion. "We upload the general ledger into Vertex from our Hyperion database so that we can include check numbers in each tax template that are specific for each operating company," notes Osinski. "This helps those providing data to know what their financials should add up to at a summary level." Throughout the entire process, everyone can use the full functionality of Excel, which Dole's employees prefer over manually manipulating data or converting formulas to fit software-specific requirements.

Then, using Vertex Workflow Manager, the tax department assigns, publishes (automatically creates entity/jurisdiction/period-

specific version of the template) and tracks these tax packages using a dashboard, which generates automated alerts and notifications. "The person who is responsible for each template receives notification by email that their tax template has been published and clicks a hyperlink that takes them directly to it. When they open it, they can see the summary check numbers we've included from the GL."

Users then input their detailed financial data directly into the spreadsheets using their own instance of Microsoft Excel. Data from completed tax spreadsheets is submitted with a push of a button located on the Vertex Excel Add-in ribbon. As part of this automated process, status notifications are created by Vertex Workflow Manager to let other team members know that there is data awaiting their review or approval. Once this data has been approved it flows to Vertex Income Tax Domestic workpapers and forms, where it can be used throughout the tax process. "The corporate tax team can access tax templates instantly, review the detail that was furnished by the operating company, and then extend the information to the tax returns," states Osinski.

Throughout the workflow steps, Vertex Document Manager archives copies of the spreadsheet files, ensuring that there's always an up-to-date trail of changes. The integration with Vertex Workflow Manager facilitates the automatic document status changes to "checked in and out", maintaining historical version control, indexing, and status tracking.

### Example: Prepaids

A good example of how Dole employs the process is as it relates to prepaid expenses. Dole needs to know what portion of the year-end Prepaid Expenses balance is allowable as a current deduction under the 12-month rule of Sec. 263. To do so, Dole publishes via Web an Excel task template that contains summary prepaid information (i.e., the total amount for each category of Prepaid: Prepaid Taxes, Prepaid Insurance, Prepaid Rent, etc.) resident within the Vertex Income Tax Compliance product. This task template is a generic spreadsheet that was developed using the Vertex Tax Data Collect product. As the task template is accessed via Web by the user at an operating company, the summary of Prepaids that is specific to the operating company is displayed. The user is then required to provide the details for each type of prepaid. Upon completion, the total amount detailed by the user must agree to the displayed summary totals. If they agree, the user submits the task template by clicking on the "submit" button in the Vertex add-on ribbon. By this action, the Tax Department is automatically notified of its submission. The task template is then accessed and reviewed by the Tax Department, and to the extent a particular prepaid is associated with inventory (i.e., Sec. 263A), the built-in formula within the task template automatically determines the portion allowable as a deduction. The results are then automatically imported (i.e., by Tax Department by clicking on the "Approved" button on the Vertex add-in ribbon) as a timing/temporary adjustment into Vertex Income Tax Compliance. Hence, Dole is able to fully automate the tax adjustment process for Prepaids.

### Example: State Apportionment

Another process area where Dole experienced a decrease in time and increase in accuracy was with their State Apportionment. By using Vertex Data Collect to provide Federal reconciliation amounts to their remote data providers, Dole tax professionals have a higher level of confidence that the data being provided will be accurate, limiting the time going back and forth to confirm or update the provided data as was necessary in the past.

## Results

Dole now uses the Vertex Data and Workflow Management suite to help its staff save time, increase return accuracy, and communicate throughout the filing process. The tools give the tax department the ability to help reduce risk by automating the collection and sharing of data; increasing process visibility; and controlling and maintaining valuable historical documentation.

### Increase Data Accuracy

Vertex's web-based data collection module enables Dole to request, receive, and process data electronically with minimal tax department intervention, saving the tax department a great deal of time and hassle. "Tying packages to the general ledger from the start has saved us about a week of time per package because we have minimal rework to do on each one," explains Osinski. "There's less back and forth needed with our data providers."

### Boost Efficiency and Increase Visibility

Process automation has also resulted in time for work that previously didn't get addressed – or got done later than they wanted. "For example, we've been able to automate adjustments that cannot be readily done by using balance sheet accounts – which is a huge time saver," states Osinski. And because Dole uses Vertex Income Tax Domestic as the starting place for provision, their federal return is done three months earlier. "We've essentially already done the federal return for provision purposes," adds Osinski. "In fact, as it relates to the 2010 tax year, we are in the process of finalizing it in June. This means that the tax departments of our operating companies can get a head start on their state income tax returns – and we will no longer need to hire additional resources to assist in that process." Even e-filing is faster – they simply click a button and it's done instantly.

### Create Time for Tax Data Analysis

By automating more steps of the tax compliance process, the tax department can now spend more time on tax planning and analysis. Osinski shares: "We used to spend more time on data manipulation, but now we have more time for analyzing data and asking questions about it."

### Ownership Equals Control

"One of the most appealing aspect of the Vertex suite is how easily we can create new templates to address other business needs," says Osinski. "We don't need to go back to Vertex or engage other outside resources. We've found the opportunities to be limitless. For example, reconciliation reports are simple to produce now and save a lot of time."

### Reduce Risk

With increasing regulatory changes and auditors turning up the heat, the stakes are high for data accuracy. Vertex Data and Workflow Management solutions help Dole reduce risk by improving the quality of data, by maintaining version control, and by creating a trusted historical database. "Now our tax data is electronically archived within the system – both the general ledger and the tax templates with the data – providing a better audit trail, which has been a strong recommendation from our external auditors."

## Looking Ahead

Now that they've reduced the time spent validating and manipulating data, Dole's tax department believes it will be able to make a more strategic contribution to the enterprise. For example, with less time spent on tax compliance, the Tax Compliance Group in the Tax Department can be directly involved in M & A due diligence projects.

## 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 held on June 16, 2011. Download the complete webcast at [www.vertexinc.com/ResourceCenter](http://www.vertexinc.com/ResourceCenter).

### Vertex Global Headquarters

1041 Old Cassatt Road  
Berwyn, PA 19312  
United States  
Phone: 610.640.4200  
Toll-free: 800.355.3500

### Vertex European Headquarters

1 Furzeground Way, Stockley Park  
Uxbridge UB11 1EZ  
United Kingdom  
Phone: +44 (0)20 8622 3053  
Reg. in England and Wales, Reg. No. 5982877