



5 Reasons to Migrate Tax Solutions to the Cloud

Cloud Emerges as the 'Go-To' Platform for Agility, Flexibility, and Scale

The cloud computing wave has picked up speed due to the events of early 2020, which saw millions of office workers successfully shift to home-based arrangements enabled by cloud technologies.

The total market for public cloud infrastructure, software and services was already on track to reach \$331 billion in 2022, according to Gartner, with software-as-a-service (SaaS) accounting for more than 40% of that total. At the urging of vendors of enterprise resource planning and customer relationship management software, many organizations are beginning to move mission-critical applications to the cloud. For the five reasons listed below, now may be the time to migrate sales tax solutions as well.



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1. Increase Operational Efficiency

Few chief information officers would say that managing infrastructure is a core competency. Indeed, such detailed work may hold them back from their broader goals of leading their organizations’ digital transformation initiatives. IDG’s [2020 State of the CIO](#) research found that while only 40% of CIOs see their role as primarily strategic today, 58% will do so in three years.

Tax software is particularly challenging to maintain in an on-premise environment and is only becoming more complex. There are more than 11,000 tax jurisdictions in the United States alone, with categories and rates that change frequently. Updates may be delivered every few weeks, requiring IT organizations to download, apply and test each one. Incentives like tax holidays are often instituted with little notice. The 2018 *Wayfair* decision has further complicated the picture by requiring online retailers to collect sales taxes in every state in which they do business if certain criteria are met.

“*Wayfair* changed the rules around tax and e-commerce,” says Mark Sieczkowski, Senior Product Manager for Vertex Cloud Indirect Tax. “Some organizations may need to move to a cloud solution to become compliant more quickly.”

Tax applications in the cloud are updated whenever regulations change. Updates are invisible and pre-tested so that users never need to worry about the impact on operations. Internal IT staff are freed from the monotonous task of applying updates and can work on more strategic tasks.

2. Improve Customer Experience

No one enjoys compiling reports for quarterly or annual tax filings. The task is made more difficult when reports are amended because of outdated calculations or because exemption certificates were lost or not kept current. These and other factors can force customers to file extensions and amendments.

Because cloud-based tax software is always up to date, the risk of errors and oversights is minimized. A cloud platform also automates other error-prone tasks such as maintaining exemption certificate currency.

SaaS providers are also continually enhancing their platforms with new customer experience innovations like self-service reporting, e-signatures and collaboration. Installation, testing and security demands make it impractical for many on-premises installations to keep up with such enhancements.

Cloud applications also have special appeal for the growing number of organizations transacting business online. Tax integrations with e-commerce platforms are either built in or easily configured through published interfaces. That means sellers and their customers can be confident that the right tax calculations are being applied.

Top three drivers of customer interest in cloud-based tax solutions

- + **Powerful data management capabilities**
- + **Better ability to automate processes**
- + **Access to new functionality and technology innovations.**

SOURCE: VERTEX-IDG

3. Improved Security and Data Protection

In the early days of cloud computing, security was an often-voiced concern. Today, major cloud platforms provide a level of security that organizations of any size can obtain. Standard features include data encryption in transit and at rest, redundant infrastructure, and service-level agreements that guarantee specified recovery point and time objectives. The major cloud providers also meet all key government and industry compliance standards.

Public cloud providers relieve their customers of the burden of securing infrastructure. Customers also have the option of employing a variety of advanced backup and data protection processes as a service.

4. Transform Existing Business Processes

Nearly nine in ten respondents to a recent Vertex-IDG survey said they have already upgraded their ERP and/or e-commerce solutions or plan to do so soon. Driving much of the migration activity are the digital transformation initiatives that 78% of respondents anticipate will greatly impact their organizations.

ERP providers are delivering all new innovations on a cloud-first basis. Virtually all e-commerce platforms are already cloud-based. Given that tax applications are closely intertwined with these mission-critical systems, organizations that migrate tax software to the cloud gain the greatest value of integration with third-party ecosystems.

5. Improve Profitability

For all the reasons listed above, cloud-based solutions provide organizations the opportunity to lower costs, streamline processes, improve customer satisfaction, and enhance cross-organizational integration. In short, the cloud solution is seen as giving them more intelligence about their business, at lower cost, with greater innovative upside. All that adds up to higher customer retention and profitability.

For these reasons and more, cloud is becoming the go-to platform for organizations that demand agility, flexibility, and nearly limitless scale.

For more information, go to vertexinc.com.

About Vertex

Vertex Inc. is a trusted global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides cloud-based and on-premise solutions that serve specific industries for every major line of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,100 professionals and serves companies across the globe.

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