



Harnessing the Power of Tax Technology in SAP S/4HANA Cloud

The importance of including indirect tax technology in your
SAP S/4HANA Cloud journey

Leverage Cloud to Maximize Your ERP Investment

A massive migration of mission-critical business applications to the cloud is accelerating, with **more than 55%** of organizations having deployed enterprise resource planning either on cloud infrastructure or as software as a service.

For enterprise resource planning (ERP) customers, the time to shift to the cloud is now. SAP, which is a dominant ERP player, has encouraged its customers to migrate to SAP S/4HANA Cloud to leverage the latest technology, improve current business processes, and simplify their technology stack.

One of the strongest appeals of SAP S/4HANA Cloud is the ability for customers to enhance their deployments through certified integrations with best-in-breed solutions such as indirect tax determination, customer relationship management, procurement, supply chain automation, order fulfillment, e-commerce, and travel management. In addition, cloud ERP platforms support robust ecosystems of partners and best-in-class solutions which extend and enhance core services. Certified integrations by these best-in-breed solutions extend the use of the ERP, giving the customers peace of mind that the integration is compatible with the latest SAP technologies and that it may reduce implementation times and lower integration costs.

Adopt a Holistic Approach When Migrating to the Cloud

Shifting from legacy applications on local infrastructures to the cloud is a complex process that requires careful planning and orchestration with many different parts of the business. Taking a piecemeal approach to migration without considering all the potential impacts on the business and the IT portfolio can hold organizations back from realizing cloud computing's full productivity and business agility benefits. The best time to unify back-end functions and restructure business processes is at the start of an SAP upgrade or migration project.

This is also the ideal time to scrutinize indirect tax functions. Tax determination touches nearly everything an organization does, including sales, procurement, payroll, e-commerce, and purchasing, yet few companies employ individuals with the necessary expertise to maintain compliance with changing regulations and ensure that systems are up to date.

"New products, processes, technology, and keeping up with constant legislative changes can strain your existing resources," says Michael Galella, Director of the Consulting Center of Excellence at Vertex Inc. "Using tax technology cloud solutions can help supplement an organization's existing resources by automating certain tax functions while increasing confidence in compliance and reducing maintenance issues and costs."

One of the strongest appeals of SAP S/4HANA Cloud is the customers ability to enhance their deployments through certified integrations. The best-in-breed solutions provided by these integrations include indirect tax determination, customer relationship management, procurement, supply chain automation, order fulfillment, e-commerce, and travel management.



Building the Business Case for Tax and IT

Most ERP systems come with native tax calculation features, but they typically aren't sophisticated or automated enough to keep up with a taxation landscape that grows more complex by the year. Tax calculations are often delegated to order entry or accounts payable clerks, or "non-tax people making tax decisions," Galella says. "Their job is to facilitate processes, not to make decisions about taxes."

Indirect tax determination is far more complex than simply adding a percentage to the final sale. In the United States alone, each jurisdiction—local, state, and federal—has its own tax codes. Situs determination, exemptions, and tax holidays further complicate the picture.

Complexity increases when multiple accounting and billing systems are used inside the organization due to acquisitions or to serve individual lines of business. "One client we worked with had 140 different back-end systems," Galella says. "They had to tune the logic for each system whenever tax rules changed."

Unify and Conquer

Moving to SAP S/4HANA Cloud is an excellent opportunity to unify tax processes across business functions. These aren't problems solely for CIOs to solve, however. Tax planning has the greatest impact on CFO's and COO's and those leaders should be involved at every stage of the planning and implementation process.

Factoring tax automation into a migration plan and partnering with tax experts early in the process not only eliminates duplication of effort but frees up valuable IT resources in the long term by enabling financial professionals to take ownership of the tax function. Using this process enables the finance and tax teams to make better tax decisions while protecting the company from liability.

The combination of the SAP ERP and a trusted tax technology provider, such as Vertex, can help organizations prioritize, optimize, and scale business processes while reducing risk, increasing transparency and enabling confidence in meeting indirect tax obligations, ultimately creating the best customer experience.

For more information, go to vertexinc.com.

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About Vertex

Vertex, Inc. is a leading 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 can be tailored to specific industries for major lines 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 1,200 professionals and serves companies across the globe.

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