



## Key considerations for your procurement platform implementation

## The triple threat position: game-planning a winning procurement platform implementation

The triple threat position marks a fundamental driver of success on the basketball court. From this forward-leaning stance, a player with the ball is ideally positioned to execute three moves — passing, shooting, or dribbling — designed to ultimately score points and win the game. Players in the triple-threat position are also poised to quickly adapt to unexpected defensive obstacles by making the right decisions under intense pressure.

A similar dynamic exists in the software realm where project teams implementing procurement platforms in tandem with ERP systems and tax engines are ideally positioned to succeed. That success, as measured by efficacy and efficiency, hinges on project teams crafting an effective game plan. As is the case on the court and on implementation teams, the best game plans result from careful consideration of factors that have the greatest impacts on the endeavor's outcome from the opening minutes until the final buzzer sounds.

A triple-threat procurement-tax-ERP implementation is unique for several reasons, including the substantial return on investment it can yield. Realizing that value requires tax, finance, and IT professionals on the implementation team to avoid overlooking important success factors. The following four sets of key considerations identify important questions for project teams to address and respond to as a means of strengthening their implementation game plans.



### First quarter: the fundamentals

When tax groups and their organizations begin to consider a new investment in tax automation (or integrating existing tax automation with a new ERP system or procurement platform), it is useful to assess their current tax automation approach. At this early point, well before an implementation begins, it is also important to address fundamental considerations. By doing so, tax teams can avoid getting blindsided by unexpected problems later in the process. Working through the following questions will equip the project teams with sharper clarity while setting the stage for a smoother implementation:

- **Is Vertex® Indirect Tax O Series® currently integrated with your ERP system, or is that the primary focus of your implementation (with procurement qualifying as a secondary focus)?**

If the Vertex O Series/ERP integration already exists, there may be no need to reinvent the wheel. With that, a transition to a cloud-based model, for example, may be useful to consider. Recognize that the ERP system is generally integrated with the tax system first. The ERP/tax-automation relationship is critical to the business and often takes precedence over the integration of procurement and tax applications.

- **Did the purchasing department solicit input from the finance and tax teams when selecting a new procurement platform?**

If not, that may be a red flag. Without this input, procurement teams may not be fully aware of the complexity associated with implementations and integrations. Tax is often the last group to learn when a new procurement platform has been chosen. When this occurs, tax can lose access to crucial data needed for compliance and risk mitigation.

- **Are you using Vertex Accelerator tools or similar integration mechanisms to facilitate connections between the different applications?**

The use of Vertex Accelerator can significantly enhance the tax groups' visibility and control during these implementations and integrations.

## Second quarter: zero in on procurement

At this point, tax groups should get familiar with the functionality of the new procurement platform and the ways in which the purchasing team intends to use the new platform. Useful questions to address include:

- **Will the procurement platform only be handling indirect spend?**

Generally, procurement platforms only handle indirect spend (e.g., office supplies, laptops). Companies with direct spend needs (e.g., items used in the manufacturing process) typically conduct purchasing from the ERP system. That said, some organizations use procurement automation for both indirect and direct spend, which may be another red flag – procurement platforms are not designed for direct spend.

- **On a related topic, will any outstanding legal entities or regions use the ERP system for purchasing (indirect spend) – either temporarily or on a long-term basis?**

Again, direct spend has unique tax consequences and requirements. While this question is straightforward to answer, it should not be taken for granted, given the risks that can arise in these situations. So, it is important to determine whether all, or even some, purchasing activities will be moved out of the ERP system after the implementation of a new procurement platform. The tax and finance teams should agree on the approach.

- **What systems will be used to pay invoices? Put another way, where will accounts payable processes reside?**

The ERP system and procurement platforms are both options given that some procurement automation contains functionality that enables the payment of invoices.

- **Will we be required to reconcile the general ledger in the ERP system?**

Will the ERP serve as the ultimate source of “accounting truth?” The answer to this question should always be a hard “yes.” Procurement platforms cannot fulfill this crucial responsibility which further supports why these platforms must be directly integrated to ERP systems.



## Third quarter: address technical tax and business process questions

At this stage, it is helpful to zero in on procedural questions regarding steps with the procure-to-pay cycle. These questions include:

- **Can complications arise when self-assessed tax from the procurement application enters the ERP system via a payment file/OK2Pay?**

If so, that qualifies as another major red flag. An experienced systems implementation partner will help organizations avoid this issue.

- **Do other procurement processes that are not supported by the procurement platform (e.g., inventory or goods movement processes) require tax calculations?**

For example, if a retailer is purchasing goods that are delivered to a warehouse and then handled and sent to multiple store locations, the tax calculation needs to be based on the location of the inventory – a determination that is typically beyond the scope of most procurement platforms and therefore, performed in the ERP system.

## Fourth quarter: reporting requirements

When determining reporting requirements the following questions are important to address:

- **How will the organization report on indirect tax for procurement?**
- **Does the organization file its own returns or use a third party?**
- **Does relevant tax data solely live in the ERP/Vertex O Series?**
- **What reports will tax need to support their business process?**
- **What audit information should be provided and in what format (e.g., the original expense report with tax details)?**
- **Are additional pieces of information (e.g., input tax credits associated with the collection for value added tax) on recorded transactions required for compliance and, if so, can this information be gathered from one system or do reports need to come from multiple systems?**

An effective game plan helps project teams limit the number and magnitude of implementation obstacles they encounter. By working through the questions and discussions highlighted above, tax leaders will help ensure that their project team is not preparing to fail by failing to prepare.

For more details on procurement, tax, and ERP implementations and integrations, see [“What Tax Technology Implementation and Basketball Have in Common.”](#)

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### About Vertex

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