



# From Chaos to Harmony: Why IT Leaders Should Consolidate Tax Processes Across Multiple Source Systems

7 Risks of Using a Disparate Approach





IT leaders that manage multiple ERP systems may take a different approach to indirect tax calculation for each source system: they may leverage native tax calculation capabilities for some systems, but then integrate a third-party tax engine to calculate sales, use, and value added tax in other systems.

While this disparate approach may serve your company short term, it poses a host of challenges that can hinder long-term growth. This guide delves into seven major challenges associated with calculating tax separately across disparate source systems including:

1. Data integrity, consistency, and integration
2. Inefficient processes
3. Compliance risks
4. Increased IT support
5. Training issues
6. Scalability issues
7. Increased maintenance costs

Learn how you can mitigate these risks by adding a single Vertex tax engine that integrates with every source system.

# Data Integrity, Consistency, and Integration

Managing tax when you have disparate ERP/source systems can take you, finance, and your tax department on a rough ride with significant data integrity, consistency, and integration issues. One of the key hurdles you face is inconsistent tax data, which arises from different data storage formats, structures, and styles across source systems. For example, one might use the VAT-inclusive price while another uses the VAT-exclusive price, or they may store dates or currencies in different formats. These inconsistencies can cause problems when trying to combine data from different sources for consolidated reconciliation or reporting to tax authorities.

If your tax data is stored in multiple ERP systems or tax engines, inconsistencies might occur if data in one system is updated while it remains unchanged in another. This can lead to confusion and mistakes in your tax team's calculations, billing, invoicing, reporting, and filings.

**Integrating a single Vertex tax engine provides consistent data:** Phil Yurko, Vice President, Commercial Infrastructure at Vertex, explains how to mitigate data integration issues. "Vertex's tax engine allows you to access your company's tax data all in one place – serving as a single source of truth for tax teams – and a one-stop-shop for IT. Once a single tax engine is integrated across all source systems, all data is in the same format and tax rules and rates are updated in real-time. We have a team of over 200 dedicated tax experts diligently maintaining tax rules and rates to adhere to the current standards of each jurisdiction, to help ensure consistency and accuracy. This translates to much less work for IT who no longer needs to spend time updating tax content in multiple ERP systems".



## Inefficient Processes

If your company manages multiple tax rules in multiple systems across varying business processes (sales, purchasing, billing), tax management oversight becomes very difficult. It can be labor-intensive and time-consuming for you and your tax colleagues, particularly when tax laws change, situs rules alter, or reporting requirements shift. Maintaining a tax decision matrix for each process within each system is difficult. In addition, each source system must be manually updated to account for the changes and may require altering complex custom code. This not only wastes precious manpower and time but reduces strategic visibility and heightens the risk of non-compliance.

Add to this, source system upgrade and enhancement schedules, which creates more work for your team to ensure the tax processes are not impacted. And if maintaining systems is not hard enough, what about updated training for purchasing and billing reps to ensure corrective behavior?

Data reconciliation is another challenge, requiring your tax department to do additional manual work to ensure accurate tax reporting prior to filing or upon audit. If mistakes are made upstream, the source systems can generate inconsistent reports, requiring additional efforts by your tax department to collate and harmonize data for auditing and analyzing purposes, making the overall process inefficient.

**A Vertex tax engine can create process efficiency:** “With a Vertex tax engine, tax is automatically calculated, and tax rates and rules are regularly maintained outside the source system. This frees up resources in tax and finance and allows IT to focus on higher-value work. Through automation there is a decreasing likelihood of human error that can lead to audit fines and penalties”, says Yurko.



### Customer Story: HBC Improves Tax Processes with Vertex

“We were still using an old in-house tax software system and it was very burdensome and time consuming. We love the fact that Vertex provides monthly updates.”

Tammy Stringer  
Director of Sales and Use Tax

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# Compliance Risks

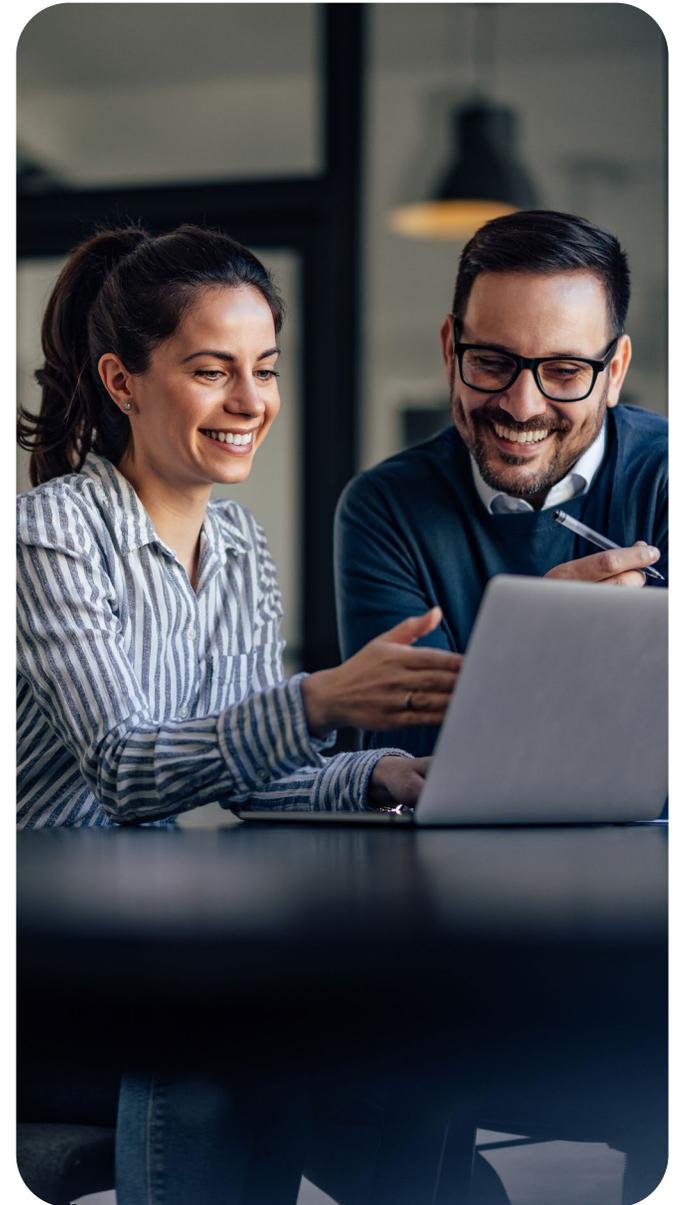
Using disparate approaches to manage indirect tax calculation across multiple source systems can introduce a host of compliance risks, and here's why. If tax rules aren't applied consistently across your various source systems – each with their own update mechanisms – you might run into non-compliance with the latest regulations.

Plus, differing source systems can slow down data synchronization, stumbling you into late or inaccurate returns which might invite fines and penalties. With faulty data integration, your risk of incorrect indirect tax calculations balloons, potentially leading to overpayments or underpayments and a spike in non-compliance risk.

And don't forget about audits. If you have data strewn across multiple source systems, tracking and verifying transactions could become a tangled web. A complex or incomplete audit trail could trigger issues during audits.

Then there's security measures. Each of your source systems may have different levels of security. Any slip in meeting privacy law standards could plunge you into a world of legal troubles, penalties, and can harm your reputation.

**A Vertex tax engine helps reduce compliance risks:** “Compliance is obviously a critical – if not the most critical – part of our business. Our tax engine addresses the increasing complexities of global commerce and compliance by reducing friction, enhancing transparency, and enabling greater confidence in meeting indirect tax obligations. Regarding security, we proudly hold the SOC 2 Type 2 industry-standard certificate, affirming our commitment to evaluating our written processes against our actual practices. Our unwavering commitment to security and compliance within our system provides you with confidence”, says Yurko.



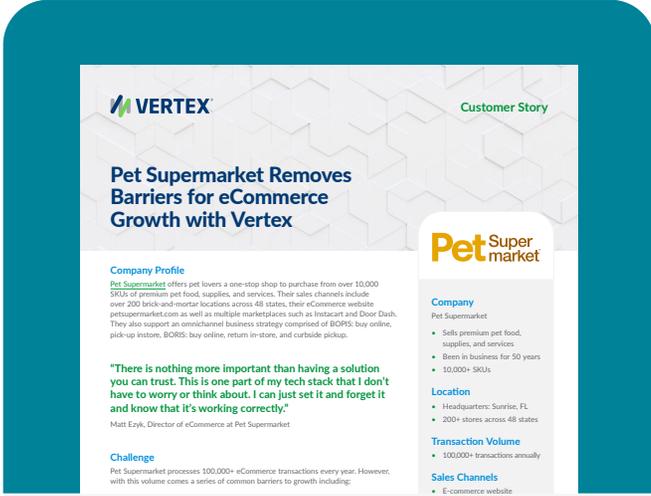
# Increased IT Support

When you have disparate ERP systems with a different tax calculation approach, each requires its own dedicated maintenance, which includes balancing updates, patches, capacity management, and troubleshooting of the ERP system or the third-party tax engine. The strain on your IT support can become intense.

Furthermore, your IT team carries the responsibility for ensuring software compatibility and maintaining smooth communication between systems. This additional task involves managing the complexity of data sharing across systems, which escalates their workload.

Backing up data adds another layer of complexity for your IT team, given they need to implement different backup and recovery strategies for each disparate source system in use.

**A Vertex tax engine can help with IT resource management:** Yurko explains, “With a Vertex tax engine, IT teams get a lot of time back in their day because they don’t have to bother with the manual tasks of updating tax content in multiple ERP/source systems. Tax content is automatically updated in the tax engine in the cloud. Everything is right there for tax teams to view and make adjustments to, eliminating the need to lean on their IT counterparts for ongoing support.”



**Customer Story**

## Pet Supermarket Removes Barriers for eCommerce Growth with Vertex

**Company Profile**  
Pet Supermarket offers pet lovers a one-stop shop to purchase from over 10,000 SKUs of premium pet food, supplies, and services. Their sales channels include over 200 brick-and-mortar locations across 48 states, their eCommerce website petsupermarket.com as well as multiple marketplaces such as Instacart and Door Dash. They also support an omnichannel business strategy comprised of BOPIS: buy online, pick-up in-store, BOPRS: buy online, return in-store, and curbside pickup.

**Quote:** “There is nothing more important than having a solution you can trust. This is one part of my tech stack that I don’t have to worry or think about. I can just set it and forget it and know that it’s working correctly.”  
Matt Ezyk, Director of eCommerce at Pet Supermarket

**Challenge**  
Pet Supermarket processes 100,000+ eCommerce transactions every year. However, with this volume comes a series of common barriers to growth including:

**Company**  
Pet Supermarket

- Sells premium pet food, supplies, and services
- Been in business for 50 years
- 10,000+ SKUs

**Location**

- Headquarters: Sunrise, FL
- 200+ stores across 48 states

**Transaction Volume**

- 100,000+ transactions annually

**Sales Channels**

- E-commerce website

## Customer Story: Pet Supermarket Removes Barriers for E-commerce Growth with Vertex

“Vertex is one part of my tech stack that I don’t have to worry or think about. I can just set it and forget it and know that it’s working correctly.”

Matt Ezyk  
Director of E-commerce  
Pet Supermarket

[Read Customer Story](#)

## Training Challenges

With disparate tax approaches across source systems, your tax and IT teams will need to separately master a variety of unique functionalities, reporting capabilities, and user interfaces. It's sort of like learning several new languages at once, and it can be overwhelming. This confusion could lead to mistakes in data input, tax calculations, and reporting.

Don't forget that extra user training can mean pulling your IT team away from their other duties. The rigors of complex training could also affect your team members' job satisfaction, potentially leading to higher employee turnover. That's because having all these systems increases overall team stress especially when one or more of the systems are down during a critical part of your tax process.

**A Vertex tax engine is user-friendly:** Using a single Vertex tax engine across all source systems means users are required to learn only one system. At Vertex, we've meticulously considered the needs of tax professionals, ensuring that our software is intuitive and efficient for your tax team. Yurko provides this example, "The real key in ensuring high-quality usability is establishing our workflows and widgets in a way that ensures we're improving configuration within the system, which in turns makes it as easy as possible for the tax professional to get what they need."

## Scalability Issues

As your company adds new products, adds new selling channels, enters new regions, or acquires other businesses, the tax team must ensure the company is tax-ready. This could entail tax coding new products, adding new tax content for specific tax rules of the new regions, and/or updating system configurations. With a single tax engine, there's just one system to update and you're ready to go-live. You can integrate procurement, accounts payable, e-commerce sites, CRM, ERP, POS stores, you name it. All processes and systems converge into a centralized location, where each transaction's line item is meticulously organized based on legal entities and reporting structures, providing accurate, real-time responses aligned with structured and consistent tax requirements. The advantage lies in eliminating the need to update tax calculation components across multiple and disparate systems, resulting in reduced reliance on IT resources, hardware, and software.

**A Vertex tax engine improves scalability:** "By integrating a single tax engine to all source systems, tax is centralized in one system which adds agility for the tax team. Tax is no longer putting the brakes on growth to allow time to get multiple calculation processes and content ready", states Yurko. "Companies can easily add new tax content or a new connector, update the configurations in one place, and respond to opportunity with speed."

# Increased Maintenance Costs

Increased maintenance costs are a result of a disparate approach to tax across the tech stack. Each separate source system and tax engine generally mandates a separate maintenance plan, inclusive of updates, security measures, and regular troubleshooting, data integration, security protocols, and user support – all which incurs ongoing costs. Cost can also be looked at as opportunities lost when different systems are down due to planned or unplanned downtime.

Then you have to consider that audit and compliance costs may surge, as disparate systems can complicate audit trails and hence make compliance verification more challenging and potentially costly. Further, any non-compliance issues could result in financial penalties.

Where multiple tax engines or solutions are used, licensing fees can also become significant, depending on the number of users, software sophistication, and pricing mechanism. Many tax vendors price per transaction call, so while a solution may appear sophisticated or ‘good enough’, it may not prove a cost benefit in the long run.

**A single Vertex tax engine can help reduce costs:** “Cost is often the biggest hindrance to businesses being able to sustain long-term success. However, with a single Vertex tax engine integrated across all source systems, you gain much needed cost efficiency”, explains Yurko.



# A Vertex Tax Engine is a Solution to Disparate Tax Processes

The Vertex tax engine capability is more robust than the native tax determination in source systems. Native tax calculation in source systems typically supports a tax decision based on only a few pieces of data for each transaction whereas a Vertex tax engine can consider (and prioritize) 100+ data elements that are passed from the ERP, e-commerce, or procurement system to determine accurate tax on a transaction. This enables more precise application of tax rules and more accurate tax determination that mitigates invoice, back office, and audit risk.

Integrating a single tax engine across all source systems moves tax decision modeling and calculation from the source system to the tax engine where more robust tax content and capabilities return more accurate tax determination. And auto-updated tax content — rates, tax codes, and jurisdiction rules — in one place means tax rules and rates are up to date across all source systems for all transactions. Maintaining a single tax engine for the entire company's ecosystem means reduced IT maintenance costs and multi-connector support.



## Customer Story: Vertex Helps Siemens Consolidate 50+ ERP Systems

Hear from Siemens' Head of Functional Excellence, Andrea Spandau, to learn how Siemens transformed their tax processes when consolidating 50+ ERP instances.

[Watch Customer Story](#)



## Why Vertex?

- Market leadership with four decades of tax technology experience.
- Global indirect tax technology solutions supporting all major ERP and financial source systems.
- Award winning product support.
- A range of expert services to keep tax systems operating at peak performance with minimal Tax and IT team involvement.
- Best in class tax content.

[Visit our website](#) to learn more about our tax compliance solutions and [connect with us](#).

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