Vertex helps medical equipment manufacturer manage complex global indirect tax in SAP S/4HANA

QuidelOrtho™

About QuidelOrtho Corporation

QuidelOrtho Corporation (Nasdaq: QDEL) is a global leader in in-vitro diagnostics. It offers a broad portfolio spanning point-of-care testing, clinical chemistry, immunoassays, and transfusion medicine. The company serves hospitals, laboratories, and blood banks in over 100+ countries, with a workforce of around 6,000 employees. Its solutions address infectious diseases, cardiometabolic conditions, and critical blood screening needs. QuidelOrtho's mission is to deliver innovative, accessible, and reliable diagnostics that improve health outcomes worldwide.

The Challenges

- Global operations in 45+ countries directly and 100+ indirectly, with cross-border shipments, multi-country drop shipments, and multiple foreign tax registrations creating significant compliance complexity.

- Required tools and automation to remain compliant as a manufacturer with substantial purchasing & vendor charged taxes.

- Needed a system capable of managing 3,000+ US customer exemption certificates with varying expiry dates.

- Faced complex and diverse reporting requirements driven by the presence in every major jurisdiction.

The Solution

To address these challenges, QuidelOrtho implemented the Vertex O Series tax engine, along with the Vertex Accelerator for SAP ERP and a few of the Vertex PLUS Tools, including flexRFC AR and VENDORecon.

"Vertex streamlines tax calculation—automating the process and providing updated content that reflects regulatory changes worldwide. Additionally, as we centralize our accounting department, not all team members may have expertise in the tax regulations of every region. Vertex addresses this need by providing specialized regional tax content."

Avnish Goyal, Corporate Information Technology Manager, QuidelOrtho
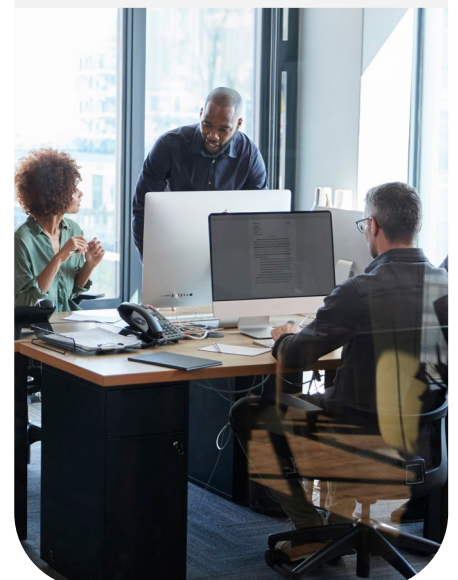
Company Profile

- Medical equipment manufacturing

- Headquartered in San Diego, CA – USA

- Revenue: $2.8 billion

Vertex Solutions

- Vertex O Series (for sales, use, and value added tax)

- Vertex Accelerator for SAP ERP

- Vertex PLUS Tools for SAP (flexRFC AR and VENDORecon)

IT Systems

- ERP: SAP S/4HANA

- Procurement: SAP Ariba

- For the order-to-cash (O2C) process:

  - The **Vertex O Series** tax engine was integrated into SAP S/4HANA to deliver real-time sales and value added tax calculations on O2C transactions.

  - The **Vertex Accelerator for SAP ERP** provided drag-and-drop integration and configuration of the tax engine with the ERP and more robust tax reporting. It reduced implementation timelines and continues to centralize and streamline tax-related business functions and responsibilities in a single user interface inside the SAP environment.

  - The **Vertex PLUS Tool "flexRFC AR"** was deployed in the SAP S/4HANA environment to streamline O2C processes. In the U.S. QuidelOrtho has a high number B2B exemption certificates, each with different expiration dates. If those certificates are not updated into the Vertex tax engine correctly, QuidelOrtho ends up charging tax to tax-exempt customers. With flexRFC they can automatically issue a credit to the customer in two clicks. It also updates the report, so they automatically get the refund from the government as well.

- For the procure-to-pay (P2P) process:

  - The **Vertex O Series** tax engine was also integrated into SAP Ariba to support the tax aspects of the P2P process. When a tax amount was not included upfront, an amount less than what was on the invoice was getting approved, which created an issue during reconciliation, requiring an increase in the PO amount. With the integration of Vertex O Series to SAP Ariba, QuidelOrtho can include the correct tax on the purchase requisition.

  - Additionally, the **Vertex PLUS Tool "VENDORecon"** was added to support the P2P process in real-time. As SAP accounts payable invoices are created, VENDORecon helps QuidelOrtho determine the difference between vendor-calculated and O Series system-calculated taxes and enables them to automate the self-accrual or short-pay as needed. And every transaction that VENDORecon touches is included in a report.

"I would recommend that everyone with SAP adds VENDORecon and flexRFC AR. These tools are particularly good and particularly important to helping businesses achieve their day-to-day objectives."

Avnish Goyal, Corporate Information Technology Manager, QuidelOrtho

The Results

The implementation of Vertex solutions resulted in significant improvements for QuidelOrtho.

- Integrating the Vertex tax engine eliminated the manual process of tax code changes and debugging in SAP S/4HANA and SAP Ariba.

- The Vertex Accelerator reports enhanced the level of detail the QuidelOrtho team was able to see as they worked through day-to-day analysis. The Accelerator reports can pull over 200 fields each on AP or AR reports that are tax-relevant. Additionally, the auto reconciliation report simplified transaction tallying.

- flexRFC AR has made it easier to manage tax credits without having to re-issue invoices. It also provides the team with a clear audit trail by tracking the adjustments on the original documents.

- VENDORecon made it possible to dramatically reduce the number of tax inconsistencies that required error exception handling or manual intervention. This has increased the AP team's efficiency by reducing the processing time per invoice, and helping ensure a consistent, controlled approach to handling tax inconsistencies.

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