



# Optimization Opportunities for Vertex Customers with SAP ERP Environments

Future-ready your tax operations as SAP, compliance, and audit demands evolve



## Are you ready?

Boards, C-suites, and other stakeholders are increasingly posing this question to finance, tax, and IT groups with greater urgency. “Ready” translates to being prepared to respond quickly and effectively to unexpected (and sometimes expected) disruptions. While this preparation involves a mix of skills, processes, and supporting technologies, enterprise resource planning (ERP) systems and tax technology stacks rank among the most crucial enablers. This makes it important for Vertex customers with an SAP ERP ecosystem to:

- Identify and monitor trends and disruptions impacting your ERP and tax technology environment.
- Consider the “art of the possible” regarding your SAP ecosystem and Vertex solutions.
- Create a tax technology plan that helps “future-ready” your tax team, especially for cloud migration.

While the phrase may sound imposing, being future-ready is a straightforward concept; it involves developing systems and capabilities that enable organizations to withstand future challenges.

Preparing tax groups requires a tax technology stack that seamlessly integrates with the SAP ecosystem while supporting (and improving) the end-to-end tax compliance lifecycle, from calculation to compliance to audit and planning activities. An optimized tax technology stack enables tax groups to operate more agilely and responsively, thereby strengthening organizational agility.

## Future-Readiness Now Required

In his influential book on financial forecasting, business planning expert Steve Player provides a concise case for business agility: “By improving your organization’s ability to anticipate, you will be better prepared. As a result, you will deliver more reliable performance and be better equipped to capitalize on opportunities and mitigate potential catastrophes. In short, you will become ‘Future Ready.’”<sup>1</sup>

The need for the tax group’s future readiness continues to intensify. This pressure stems from a blend of internal and external factors that create new challenges related to tax compliance, auditing, and planning activities; tax-adjacent processes (e.g., procure-to-pay and order-to-cash activities); and tax technology stacks.

## External drivers of change include:

- **Indirect tax rules and rates changes in the U.S.:** Vertex customers operating in the U.S. are well-aware of how frequently state and local jurisdictions change their sales and use tax rates. “In 2025 there were 108 new taxing cities were established and 219 new district taxes enacted, the highest since 2017”, asserts Michael Bernard, Vertex Vice President of Tax Content and Chief Tax Officer.<sup>2</sup>
- **VAT rate increases:** High inflation, increased spending, and geopolitical volatility are driving more countries to raise their VAT rates. Multiple European countries including Israel, Slovakia, Estonia, and Finland enacted significant VAT rate increases in 2025, with additional countries actively considering similar measures. This trend creates ongoing compliance challenges for multinational businesses as tax obligations shift across jurisdictions, necessitating robust systems to manage frequent rate changes and ensure accurate tax calculations.
- **Digital tax compliance requirements:** The EU's VAT in the Digital Age (ViDA) package was formally adopted in March 2025 and includes mandatory e-invoicing and real-time reporting for cross-border EU transactions starting July 2030. Other regions are considering similar requirements, with the UK conducting consultations through May 2025 for potential e-invoicing mandates by 2030. These developments follow the digital compliance model that Latin American countries pioneered in the early 2000s. Over 50 countries now have some form of e-invoicing legislation, with comprehensive compliance mandates requiring an automation solution that provides scalable and streamlined e-invoice management, seamless integration to financial systems, and global country coverage as part of an end-to-end VAT compliance suite.<sup>3</sup> This solution should also support data transmission, VAT ID registration, tax determination, compliant traditional invoicing, e-invoicing, e-reporting, and periodic reporting.<sup>4</sup> If your company operates in any country implementing e-invoicing requirements, e-invoicing automation should be considered.
- **Increasing audit intensity:** In the U.S., audit frequency has returned to pre-pandemic levels. At the same time, the nature of audits and taxpayer-auditor relationships are changing. While most state departments of revenue (DORs) continue to perform on-site audits of large enterprises, small to mid-sized companies are experiencing higher volumes of remote audits and hybrid audits (combinations of remote and desk audits). Staffing challenges are slowing DOR response time to taxpayer requests for rulings on complex compliance issues, which also poses challenges to tax groups, such as cash being stuck in reserves while rulings are pending.



- Digital transformation progress among trading partners:** As more countries adopt e-invoicing and real-time reporting requirements, companies are discovering that complying with these rules can deliver ancillary benefits, including process efficiency gains and improved cash flow management. A survey of 1,150 global finance, tax, and IT leaders conducted by Sapio finds that 79% of respondents expect the benefits their organizations achieve from complying with e-invoicing mandates will outweigh the challenges.<sup>5</sup> Billentis, an e-invoicing consulting firm, reports that more trading partners are moving toward “integrated digital trade,” a capability that digitally integrates procurement processes, other finance and accounting processes, and indirect tax reporting.<sup>6</sup> As these capabilities expand, companies will need to implement modern, easily integrated, cloud-based finance, accounting, and tax systems to participate in the digital value chain.
- An emphasis on cost optimization:** A recent Gartner survey of more than 500 business leaders conducted before U.S. tariffs were enacted indicates that 49% of companies expected to reduce spending this year. The nature of these cost reductions is changing, according to Gartner, which suggests that “cost optimization” strategies are replacing traditional cost-cutting activities. Cost optimization favors surgical cost reductions that enable resources to be reallocated toward “growth-driving” activities that also fortify organizational innovation and agility. Investments in technology that enhance processing efficiency, improve customer experience, and provide access to advanced tools for innovation are more likely to be greenlit amid cost optimization activities.
- Digital transformation:** As companies progress with digital transformation and cloud migration efforts, existing solutions must seamlessly integrate with applications that exist throughout the SAP ecosystem—including new procurement platforms, e-commerce systems, and more. Digital transformation also produces more transactional data that tax automation solutions need to process.<sup>7</sup>
- Cloud migrations:** Vertex customers on SAP ECC will need to migrate to SAP S/4HANA by December 2027. SAP supports S/4HANA migrations via migration packages such as RISE (a comprehensive approach) and GROW (a cost-effective alternative geared toward smaller companies) that are designed to make cloud migration more attractive and manageable.
- Impact of AI:** Rapid digitization, including AI-enabled purchasing through agentic agents, is reshaping how taxable transactions occur by allowing consumers to purchase goods without leaving an AI chat window. Organizations are using AI to enhance efficiency and accuracy, creating an even greater need for trusted tax technology that keeps systems aligned and compliant. In addition, states are increasingly looking to AI to enhance audit enforcement and overall compliance and revenue collections.

High inflation, increased spending, and geopolitical volatility are driving more countries to raise their VAT rates. Multiple European countries including Israel, Slovakia, Estonia, and Finland enacted significant VAT rate increases in 2025, with additional countries actively considering similar measures.



## The Art of the Possible: Maximizing Tax Technology ROI

As tax, finance, and IT leaders consider the implications of those change-drivers on their ERP systems and tax technology stacks, it is essential to understand how the SAP ecosystem is evolving and what Vertex solutions and tools are available to optimize the tax compliance lifecycle within an SAP environment.

In their recent innovation guide, SAP details how the SAP Business Technology Platform (BTP) provides the foundation for the SAP Business Suite (a portfolio of cloud applications) by offering a way to easily extend, automate, and integrate SAP applications. A newly released SAP Business Data Cloud solution offers intelligent applications, data products, and other capabilities—which a Business AI solution can leverage to create AI agents and similar tools.<sup>8</sup> Together, these offerings provide customers with access to the data and tools they need to drive greater efficiency and innovation.

## Tax Technology Game Plan: Help “Future-Ready” Your Tax Group

Vertex customers should be aware of the solutions and tools available to them to help optimize their ERP ecosystem and Vertex-SAP integrations.

### Tax Determination

Refamiliarizing yourself with O Series flexibility and integration options is a good place to start given that the solution easily integrates with SAP S/4HANA Public Cloud, Private Cloud, and On-Premise deployment options. Vertex has also adopted the use of the SAP Business Technology Platform as part of a broader shift to cloud-native, scalable solutions which will replace legacy on-premise solutions.

This aligns with SAP’s Clean Core strategy, a cloud ERP approach designed to encourage the use of the latest releases, minimize or eliminate modifications, and run with cloud-compliant extensions and customizations.<sup>9</sup> This strategy is particularly valuable for businesses operating across multiple tax jurisdictions, as it allows them to maintain compliance with rapidly evolving global tax regulations while preserving system integrity. (Vertex communicates regularly with SAP’s Solution Management team to maintain roadmap consistency and ensure Vertex solutions are 100% compatible with SAP and that Vertex SAP-certified integrations are Clean Core compliant.)

## Signs of Suboptimization

An optimal tax technology stack integrates seamlessly with the SAP ERP ecosystem while delivering tax and business benefits, including tax compliance accuracy, forward-looking tax planning, stout audit defense, customer experience management support, cash flow management improvements, AP, and AR efficiency gains and more. While these benefits tend to be highly visible, signs that your tax technology stack requires improvements can be more subtle. As tax, finance and IT groups assess the current state of their tax technology capabilities they should look closely for signs of inefficiency and inefficacy in the following areas:

- Accurate sales tax determinations and calculations on all sales
- How tax-only credits are handled
- Sources of declining customer satisfaction
- Cash flow management challenges
- The extent to which procurement and AP teams are involved in tax determinations
- The accuracy of tax payments and/or accruals on purchases
- AP processing metrics
- Time spent reviewing invoices
- Instances of manual adjustments to taxes
- Time spent on audit preparation and defense
- Increasing audit penalties
- Expired tax jurisdiction codes
- The level of support IT provides to tax



Other Vertex tools and applications include:

## Determine & Calculate

- **Integrating SAP with Vertex O Series:** Vertex connectors—SAP SIC Cloud, Tax Service API for SAP, and SAP SIC (Legacy)—support compliant tax determination, reporting, and audit readiness across SAP ERP environments.
- **Simplified Tax Management for SAP ERP:** Vertex Accelerator+ for SAP ERP provides advanced integration, configuration, chain flow visualization, data-mapping, and reporting tools for rapid deployment and improved usability.
- **Tax Determination Governed Inside SAP:** Vertex PLUS Tools for SAP ERP are a suite of SAP-embedded assistants that help you diagnose issues early, correct errors efficiently, and prevent repeat problems—without relying on custom ABAP or IT-built workarounds.
- **Online Selling with Vertex:** Vertex E-Commerce Solutions include integrations and tools such as pre-built integrations to leading online platforms and ERPs as well as custom APIs.
- **U.S. Address Accuracy:** Vertex O Series Address Cleansing corrects data issues sent from the source system using USPS data and assigning the ZIP+4 to identify transaction location and Vertex O Series Latitude / Longitude Jurisdiction Locator determines Tax Area IDs based on U.S. lat / long coordinates in real time to define a geo-location where a street address is not available.
- **Validating VAT IDs and Compliant Tax Invoicing Across Regions:** Vertex Validator automates VAT ID validation directly within transaction flows and Vertex Invoice IQ generates tax-compliant invoices customized to local regulations, languages, and currencies across 70+ countries.
- **Exemption Certificate Management:** Vertex Certificate Center automates the collection, validation, application, storage, updating, and communication of sales tax exemption certificates through a single access point across legal entities.
- **Extending Tax Across the SAP Ecosystem:** SAP-Certified Integrations (SAP Ariba Central Invoice Management (CIM), SAP Ariba, SAP Commerce Cloud, and SAP Business ByDesign) extend consistent tax determination and validation into other SAP applications.

## Report, Comply, Pay, and File

- **Sales and Use Tax Compliance:** Vertex Indirect Tax Returns – North America, generates signature-ready returns for U.S. sales and use tax and Canada sales tax, VAT, and GST. Vertex Express Returns creates one-click, signature ready returns. You can also outsource returns.
- **E-Invoicing and Real-Time VAT Compliance:** Vertex e-Invoicing allows you to create, submit, clear, validate, track, and archive e-invoices worldwide and Vertex VAT Compliance automates VAT/GST e-reporting and periodic returns and reporting. You can also outsource VAT Compliance.
- **Compliance Controls Governed Inside SAP:** Vertex PLUS Tools for SAP ERP are a suite of SAP-embedded assistants that help you diagnose issues early, correct errors efficiently, and prevent repeat problems—without relying on custom ABAP or IT-built workarounds.

## Retain, Defend, Plan

- **Tax Data Intelligence:** Vertex Indirect Tax Intelligence is a cloud-based data visualization and risk management tool that provides you with data-driven, actionable insights to help you improve calculation engine configuration, data quality, tax performance, and compliance.
- **Tax Readiness and Audit Defense Inside SAP:** Vertex PLUS Tools for SAP ERP are a suite of SAP-embedded assistants that help you diagnose issues early, correct errors efficiently, and prevent repeat problems—without relying on custom ABAP or IT-built workarounds.

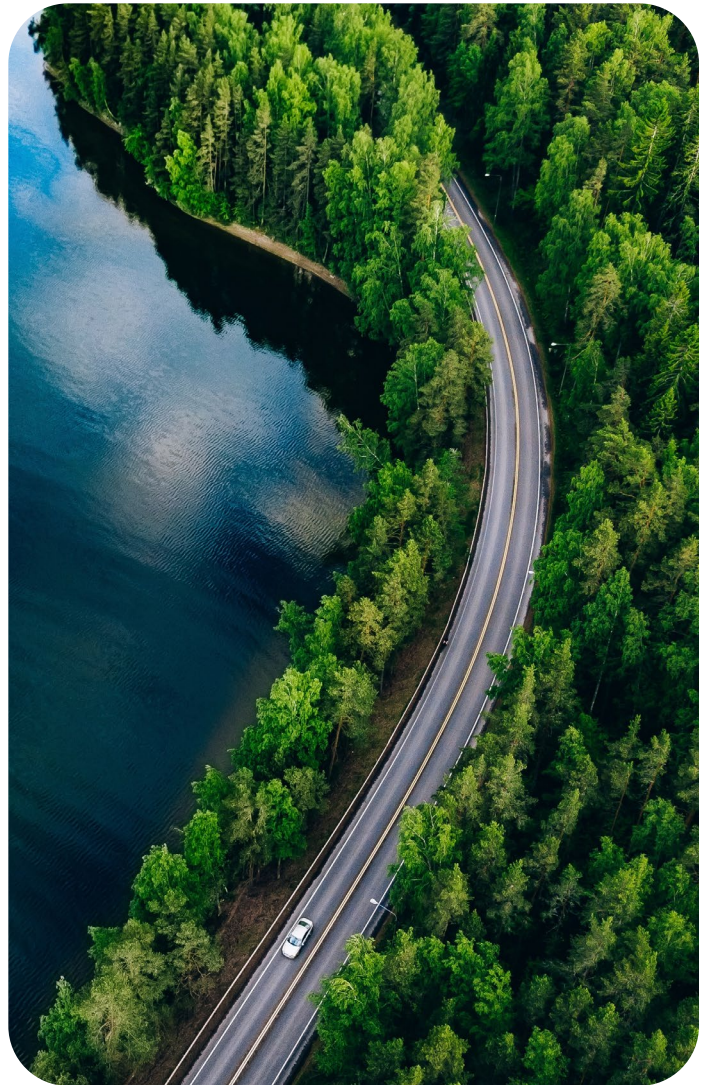


## Tax Technology Game Plan: Cloud Migration

Tax groups should optimize their tax technology stacks in response to internal business and technology mandates as well as external pressures. For example, tax leaders can demonstrate to their finance counterparts that Vertex O Series can reduce tax overpayment risks and manual processing costs. In a similar vein, centralizing tax operations across multiple SAP instances helps reduce the expense and inefficiency of redundant processes and technologies. When growth initiatives in new countries and regions expose organizations to new tax compliance requirements, Vertex's global tax determination capabilities and e-Invoicing solution can simplify and expedite entries into those markets.

Within organizations that have yet to transition to SAP S/4HANA, tax groups should develop a cloud migration strategy. While these approaches vary depending on each company's unique tax compliance priorities and systems environment, the best game plans typically call for:

- **Aligning systems architecture:** Ensure the Vertex implementation aligns with your SAP cloud architecture (S/4HANA Cloud, Private Cloud, or hybrid approaches).
- **Devising a data migration strategy:** This comprehensive plan should encompass tax configuration data, historical transactions, and custom tax rules. Creating testing protocols: Establish rigorous testing scenarios that validate the accuracy of tax determinations across all tax-relevant transactions (TestSuite can assist with this activity).
- **Mapping integration touchpoints:** Map all integration points between Vertex solutions and SAP systems and applications, including custom interfaces that may require redesigns.
- **Addressing security and compliance requirements:** Verify that cloud migration satisfies the organization's data security standards as well as any region or country-specific data residency requirements.
- **Establishing performance requirements:** Define expectations for transaction processing volumes, especially during peak business periods.
- **Giving change management sufficient attention:** Prepare for workflow changes and provide adequate training for tax staff transitioning to cloud interfaces.





## Conclusion: Joined at the Hip

Future-ready tax groups recognize that an optimized tax technology stack requires seamless integration across applications throughout the SAP ERP ecosystem. These indirect tax teams also make use of Vertex's expanding portfolio of SAP-integrated solutions to quickly respond to a broad range of internal and external factors that pose challenges to the end-to-end indirect tax lifecycle.

All tax groups should bear in mind that just as tax compliance challenges continue to evolve, so too does the SAP ERP ecosystem and the Vertex solution portfolio. Whenever SAP introduces a new application that is relevant to indirect tax compliance, Vertex proactively works with SAP to build integrations that enable seamless connectivity.

New business and tax compliance challenges continually arise, and your tax technology stack should adapt and scale to address those challenges. To achieve this future-ready state, tax, finance, and IT leaders can:

- Assess the integration capabilities of your current tax technology stack and identify gaps that could limit scalability.
- Prioritize solutions and tools that sustain tax compliance while providing flexibility and scalability.
- Partner with vendors that remain committed to continuous innovation, ongoing collaboration, and proactive integration development.

### End Notes

<sup>1</sup> <https://www.cfothoughtleader.com/wp-content/uploads/2014/03/Future-Ready-Sample-Chapter-1.pdf>.

<sup>2</sup> <https://www.vertexinc.com/company/news/latest-news/vertex-report-us-sees-record-level-growth-sales-tax-rates-and-rules-changes-2025-amid-fiscal>.

<sup>3</sup> <https://www.vertexinc.com/resources/resource-library/understanding-e-invoicing-models-uks-e-invoicing-public-consultation>.

<sup>4</sup> <https://www.vertexinc.com/resources/resource-library/vertex-e-invoicing>.

<sup>5</sup> <https://www.vertexinc.com/company/news/latest-news/vertex-study-global-tax-and-finance-leaders-significantly-shift-support-e>.

<sup>6</sup> [https://www.billentis.com/assets/reports/einvoicing\\_taxcompliance-watch\\_the\\_tornado.pdf](https://www.billentis.com/assets/reports/einvoicing_taxcompliance-watch_the_tornado.pdf).

<sup>7</sup> <https://www.sap.com/products/spend-management/centralized-invoice-processing-software.html>.

<sup>8</sup> <https://www.sap.com/events/sapphire/innovation-guide.html>.

<sup>9</sup> <https://www.sap.com/products/erp/rise/methodology/clean-core.html>.

For more information, visit [VertexInc.com](https://VertexInc.com) or follow on [X](#) and [LinkedIn](#).

North America

Latin America

Europe

Asia Pacific



VertexInc.com



VERX  
Nasdaq Listed