Getting long-term value from tax technology starts with a successful implementation

White paper

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Half of corporate tax teams feel under-resourced, and adopting technology is the most common strategy employed to address the issue, according to Thomson Reuters® State of the Corporate Tax Department 2021 report.

"Technology, when it is utilized, saves time, which, in turn, saves cost and increases the speed of turnaround," the report notes. "Tax departments with successful technology deployments also talked about the reduced risk of errors, higher data accuracy and improved reporting. Better organized data provided more control and more compliance."

Indeed, the most technology adept tax departments were more likely to report that they had the right level of resources to meet the demands of the job.

"Throughout the survey, technology is mentioned as a priority for tax departments," the report notes. Unfortunately, the benefits of tax technology often are not realized — the study found that many tax departments lacked the time, budget and skills to effectively leverage technology.

Corporate tax leaders clearly know technology can be a positive game-changer for their organizations, but they often struggle to capture its full value due to change management challenges.

The difference between success and struggle often starts with planning and implementation.

Implementing tax technology successfully

WEX, Inc., a $1.5 billion provider of corporate payment solutions with a 10-person tax department, was methodical and thoughtful as it onboarded ONESOURCE® software to manage tax provision, reporting and compliance, and audits. "You want to snap your fingers and have everything ready all at once," says WEX Tax Director Misty D'Amico, "but we knew we needed to be strategic about it."

"When I got to WEX, we had a lot of paper floating around," she remembers. "We still had a file room that had paper tax returns in it. Nothing was really electronic. So, we needed to make a plan fairly quickly but, with only 10 people, we couldn't do everything at once."

Their tax technology implementation ultimately bolstered the team's pandemic preparedness. "If we had not embarked on the implementation journey when we did, we would not have been able to seamlessly shift from in-office work to at-home work," D'Amico said. "Management and staff have the confidence that the system works for us and can support whatever the company or the external environment can throw at us."

1) Assess your needs and create a bespoke plan

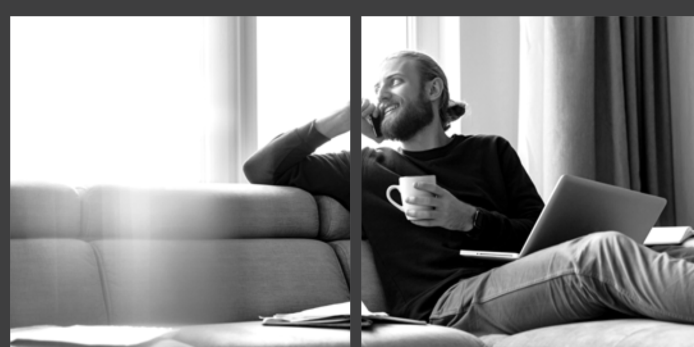
The WEX tax team identified "a variety of tools to add to our suite in order to become what we wanted to be — which is a fully functioning tax department that can meet the needs of the company," D'Amico said. "We wanted a vendor that could grow with us. We wanted a start-to-finish tool" that could be implemented in phases.

Once they had a vision and a vendor, the WEX tax department created a technology adoption timeline that reflected its staffing and budget, the nature of its workflow, and busy periods when they would be unable to advance the implementation.

They decided to automate their quarterly tax provision process first, because it generates data used in subsequent tasks and is a high-risk area. Later, they added software for managing annual tax reporting and compliance, followed by international tools.

2) Conduct a design session

This is a deep dive. For a tax provision technology implementation, for example, the design session may take the equivalent of two full days. During this time, the company's tax team and the vendor's implementation specialists delve into the details of the tax department's operating processes, network systems, data management, pain points, future needs, and overarching objectives. The goal is to determine the best way to configure the software and the team's day-to-day processes to achieve optimal results and lay a tech foundation that will accommodate future upgrades.



3) Empower team members

End users know what works, what doesn't, and what's needed — and they are essential to getting full value from new technology. They're engagement and buy-in are mission-critical. Tap their knowledge, ask for their ideas, and enlist them in creating the vision and designing a system to achieve it.

"It's super important to involve everyone on the team," D'Amico said. "Even if they're not going to be intimately involved in every step of the process, they'll start understanding how the system thinks and, through that, they're being trained as it's being implemented."

4) Engage IT early

Develop a collegial working partnership with your company's IT team, starting with the earliest discussions of tax technology needs, specifications and requirements, and vendors. Help IT understand tax department objectives and obstacles. Solicit their guidance and support with network architecture and integration, cloud-based applications, data standardization, and cybersecurity as well as help desk support for managing local installations and administrative rights.

5) Support the finance department's data needs

Corporate finance departments are increasingly expected to provide the company with strategic guidance based on data analytics and business savvy — so be sure the tax department's tech stack supports this activity. Jill Schwieterman, Tax & Finance Operations leader for EY Americas, recommends tax and finance teams strengthen their working relationship by collaborating on talent gaps, budget constraints, and data and technology needs.

"As a leader, if you are able to more closely align your tax department with the business outside of tax, it will set the department on the path to adding value to the company," Schwieterman explains. When more of the company derives value from tax management operations, the tax team will have more advocates supporting its technology adoption and use.

6) Manage time

WEX and other companies cite the importance of a detailed project calendar to identify, confirm, and schedule all project tasks. Set dates and stick to them — but also build in extra time for unanticipated setbacks and delays beyond the control of the tax department. Otherwise, there's a risk of falling behind in the early days of the implementation — a problem that can compound, demoralize the team, and concern stakeholders. A key to WEX's success, D'Amico said, was conducting regular meetings with the vendor's team throughout implementation.

7) Manage the workload

Assign a staffer to lead the implementation and determine the roles each team member will play in the process — then take steps to cover their day-to-day work so they can dedicate themselves this critical task.


8) Manage the data

Review how financial data is currently managed, stored, shared, and compiled for tax reporting — and determine what needs to change for the new technology to deliver optimal performance. Are there issues with data quality? If so, correct them before technology is launched or the data problems will carry over and doom the upgrade.

9) Manage talent

In the Thomson Reuters study, nearly one-third of tax departments wanted to hire more qualified tax professionals, and advanced technology was the biggest skills gap they need to fill.

One in eight departments, in fact, sought to hire tax technologists and analysts in the year ahead. "For new hires, the general quality of candidates on the market is insufficient for nearly a fifth of departments," the study says.

In this challenging scenario, corporate tax department leaders must redouble efforts to ensure their teams are equipped to effectively implement and use new technology — or the likelihood of failure increases.

10) Following implementation, the work continues

Conduct User Acceptance Testing before rolling out the new software — either run the new system parallel with the old one or assign a small group to test it to ensure processes are efficient and effective and results are sound.

Post-launch, continue monitoring use of the technology, collect feedback from users, assess results, adjust processes that aren't working, and provide ongoing training. These post-implementation activities are critical to success and should be planned and carried out with the same diligence and attention to detail as the implementation.

In conclusion

It's critical for corporate tax departments to expertly implement and use tax technology solutions in order to deliver the needed results for their organizations. On the other hand, it's clear that change of this magnitude can be derailed in myriad ways.

Successful tech implementation requires tax teams to create and communicate a vision, design and deliver on detailed implementation plans, engage and reassure team members, identify and address skill gaps, cleanse tax data, revamp operating processes, and ensure team members have the time and training to be successful.

To make this happen, all stakeholders need a realistic view of the scope and complexity of this type of undertaking — so they understand the challenges as well as the promise and can help pave the way to a successful technology deployment.

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