Oracle eBusiness Tax integration with Vertex / ADP Taxware / Sabrix

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Agenda

- Oracle eBTax Solution and its limitations
- Why third Party Tax Integration?
- Vertex
- ADP Taxware
- Sabrix
- Comparison of Vertex Taxware and Sabrix
- Evaluation Framework
- Q&A

Oracle eBTax Solution and its limitations

- eBTax has a robust design to meet tax requirements of all major regions of the world and is very powerful

- However, it provides limited tax content

- You must configure it from scratch. For complex tax regimes, configuring taxation rules and maintaining them can be very time consuming. Testing each scenario is time consuming

- Highly dependent on TCA, Inventory, Legal Entity models for tax calculation. Cannot be called externally

- Defining rules based on additional extensible attributes is not supported

- May be difficult to get enhancements prioritized

- Need to implement localizations for local reporting requirements

- Need to keep checking for rules / rate changes and there is always risk of missing some tax law changes which might put you in Audit risk

- Does not provide master geography data

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Oracle Tax Content Library

- Oracle has come up with Tax Content Library via a patch 8618701:R12.ZX.A. It provides tax content for

    - EU Countries**:** Austria, Denmark, Germany, Ireland, Poland, Spain, Belgium, France, Hungary Luxembourg, Portugal, Sweden, Czech Republic, Finland, Italy, Netherlands, Slovakia, United Kingdom

    - Non EU Countries: Norway, Switzerland, Turkey

    - Reduced Configuration: Australia, New Zealand, Taiwan, Singapore

- The data is correct as of 1-Oct-2007

- Does not provide updates / changes to Tax Laws e.g. Irish, UK VAT Rate changes of 2008 / 2010 not included

- Local reporting still needs to be configured

- Significant setups still need to be done

Why Third Party Integration?

External Pressure →

← **Internal Demands**

- **Cross border transactions**

- **Varied and complex tax legislation worldwide**

- **Local Compliance Requirements: Strictly enforced recording & reporting requirements**

- **High level of local law changes for exceptions and special rates, new taxes**

- **Operational Efficiency**

- **Automation**

- **Global Knowledge Management**

- **Risk Management**

Why Third Party Integration?

- To get out of the box tax content
- To avoid continuously monitoring tax law changes
- Automated tax content updates
- Better audit support
- Single solution for Oracle and non Oracle systems
- Meet local reporting needs
- Access to tax research of the provider
- Get out of the box return / support for major countries

Benefits

- Reduced overall cost of tax compliance
- Improved efficiency of transactions
- Greater Business Insight
- Improved footprint of taxable transactions
- Reduced risk associated with manual intervention

Vertex

- Founded in 1974
- Privately held
- 10,000+ customer base
- 500+ customers on O Series; 50+ on 11i; 18 on R12
- Maintains user Groups: Vertex US Exchange Conference and Vertex International Exchange Conference, Also Vertex Bay Area Regional User Group (BAYRUG)
- Annual conferences, 2000+ attendees last conferences
- 4-5 Webcasts per year, Account Executive sponsored lunches, Regional Events for Customers, etc.
- Own research staff for US, Europe, Outsources to Big 4 for rest of world

Vertex

- Q Series Pre integrated and Certified by Oracle
    - Supported for Order to Cash Flow
    - Provides solution for US Transaction Taxes only
    - Use Tax solution not certified by Oracle on P2P flow
    - Monthly data upload process and verification needed at customer's end.
    - Data upload required in Oracle for ensuring correct customer / supplier addresses
    - User interface to configure Product and Party Taxability (exemptions and exceptions), Nexus
    - Use Vertex data only solution or complete integration
    - Provides details for Tax Reporting
    - Flat price licensing

Vertex

- Vertex O Series provides VAT solution
  - Web based architecture: Web Service hosted on application server and a databaser server
  - Provides Sales Tax, Use Tax as well as VAT solution.
  - Separate connectors for Sales Tax, Use Tax, VAT
  - Sales Tax connector uses standard Oracle APIs while Use Tax connector requires customization of Oracle packages
  - VAT connector is not released yet, but customers are using O Series VAT solution with commerce systems
  - O Series integration tested by Oracle but formal certification not yet announced.
  - Separate licensing option available for Sales Tax, Use Tax, VAT and is transaction / volume based.
  - Vertex Returns module is add-on option that provides signature ready returns for US. Signature ready returns for Europe under development

Vertex

- Vertex O Series provides VAT solution
  - Provides transaction tester for testing various transaction scenarios
  - Sales and Use Tax research done in house. VAT research outsourced
  - Provides documentation for eBTax configuration but not scripts
  - Used can override Vertex seeded tax rules
  - Import / export utility can move setup data between instances
  - Provides its own categories for taxation
  - Monthly data updates; sometimes more frequently
  - Reference customers on Sales Tax and Use Tax

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Vertex

PROS	CONS
• Pre certified for US for Order to Cash • 10,000+ customer base. Reference customers on Sales Tax, Use Tax for O Series • Oracle's partner since R10.7 • Integration developed by Oracle itself • Oracle has data upload program to upload Vertex Data • Oracle has tested O series integration, only announcement pending	• Integration on P2P side requires customization • No customer using O Series VAT solution with Oracle R12

ADP Taxware

- Acquired by ADP, Public company 3 years back
- 1500+ Taxware customers
- 100+ companies using Taxware Enterprise, the latest release supporting VAT
- 10+ SUT customers integrating with Oracle R12, One customer integrating Taxware Enterprise with Oracle R12, going live Mid 2010
- Does own research for US and International; 50+ research staff
- Product Advisory Board consisting of many large and long-standing customers
- Advisory board, regionalized training, regionalized seminars.

ADP Taxware

- SUT Pre integrated and Certified by Oracle
  - certified only for Order to Cash Flows
  - Provides solution for US Transaction Taxes only
  - Use Tax solution not certified by Oracle for P2P flow
  - Tax calculation may be supported through integration APIs
  - Monthly data upload process and verification needed at client's end.
  - Data upload required in Oracle for ensuring correct customer / supplier addresses
  - Reference customers on R12
  - Over 10 customers live for SUT on R12

ADP Taxware

Taxware Enterprise

- Web based Architecture: Database Server, Application Server, Web Service

- Provides content for 240 countries. The content provided by own research staff for both US and International

- Taxware Enterprise provides Sales Tax as well as VAT solution

- For Oracle R12, there are two releases of Taxware that are integrated: SUT and Taxware Enterprise. SUT provides compliance for US Sales and Use Tax while Taxware Enterprise provides Worldwide tax content

- One customer under implementation for Taxware Enterprise

- Enterprise version being used by customers with their commerce systems

- R12 adapter is currently not validated, but it is the process of being validated with Oracle. Timeline for validation completion not available.

- Besides O2C and P2P they have a custom solution / adapter for Projects, used for estimation of tax on Projects.

- Integration does not require customization of Oracle Schema objects. P2P interface uses concurrent processing for tax calculation; O2C is online

ADP Taxware

Taxware Enterprise

- Adapters installed in a separate schema

- A number of canned Standard reports in Taxware. Also provide TaxSolver which is used for filing Tax returns for US and Canada. Working on Signature ready returns for Europe next. Can use third party reporting tool.

- Standard support M-F. 24*7 support at extra cost

- EBTax configuration minimal for US O2C. Additional configuration for P2P and other countries.

- Provides tool for maintaining Exemptions in detail / upload soft copy

- Online Tax Calculator for what if analysis

- Provides a detailed categorization: 36 chapters 208 categories, 608 sub categories 3374 Goods / Service Codes / 401 Use Codes

- CN8 standard used for categorization; can cross reference to UNSPSC

ADP Taxware

PROS	CONS
• SUT Pre certified by Oracle for US for Order to Cash • SUT Reference customers for R12 • Has been Oracle's partner since R10.7 • Uses Oracle standard APIs • Oracle has data upload program to upload Taxware Data	• Taxware Enterprise integration not certified or validatedby Oracle • No customer using International Series VAT solution with Oracle R12

ADP Sabrix

- Recently acquired by Thomson Reuters
- Provides Global Tax solution for over 184 countries
- 250+ Global customers
- Has in-house research staff that provides US and International Tax Research
- Research is SAS-70 type II certified

Sabrix

- ## Sabrix 5.x
  - Uses web based architecture: Database Server, Application Server, Web Service
  - Provides US Sales and Use Tax as well as International solution
  - Developed its own integration software to Oracle
  - 11i integration validated by Oracle but R12 is not validated by Oracle yet
  - Uses Application Integration Architecture to develop integration to Oracle
  - Have reference customers on Oracle eBusiness Suite 11i as well as R12
  - Provides Managed Tax Services (complete outsourcing of tax compliance) for 11i but not for R12
  - Subscription as well as non subscription based licensing
  - All content (US and International) provided by Sabrix's research staff, SAS70 Certified
  - Current R12 integration uses Non Standard APIs; New release will be using Oracle standard APIS

Sabrix

- Sabrix 5.x

  – Future release will use Oracle Standard APIs for interface. (It is a combination of Oracle Standard APIs for certain services and Non Oracle interfaces for other)

  – Dates for future release not available yet

  – There is common interface component for O2C and P2P

  – Does not provide reports in Oracle but the Sabrix Application provides out of the box tax reports for US as well as VAT.

  – provide both US and VAT reports by country for the following business processes:

    • Month end processing
    • Returns preparation
    • Audit reports

  – Returns preparation is supported by Thomson Reuter's ONESOURCE solution.

  – Provides detailed VAT reports by country that customers have used to populate VAT returns.

Sabrix

- ## Sabrix 5.x

  - Thomson Reuters provides additional VAT returns filing capabilities.

  - Provides documentation and scripts for eBTax configuration

  - Out of the box, Sabrix provides thousands of product categories which support tens of thousands of product codes across both US and International

  - Transaction tester for testing transactions

  - Sabrix Data Interchange can be used to move data from one instance to another

  - Monthly data updates; sometimes more frequently

  - Real time interface to Oracle

  - Product codes are grouped into 2 main categories (goods and services), and across 5 different product trees (Harmonized, Non-Harmonized, Brazil, Canada, Independent)

  - Charges fees for addition of new customer specific product categories

  - Support integration to Oracle Projects, Service Contracts, iReceivables as well as other modules through Professional Services team
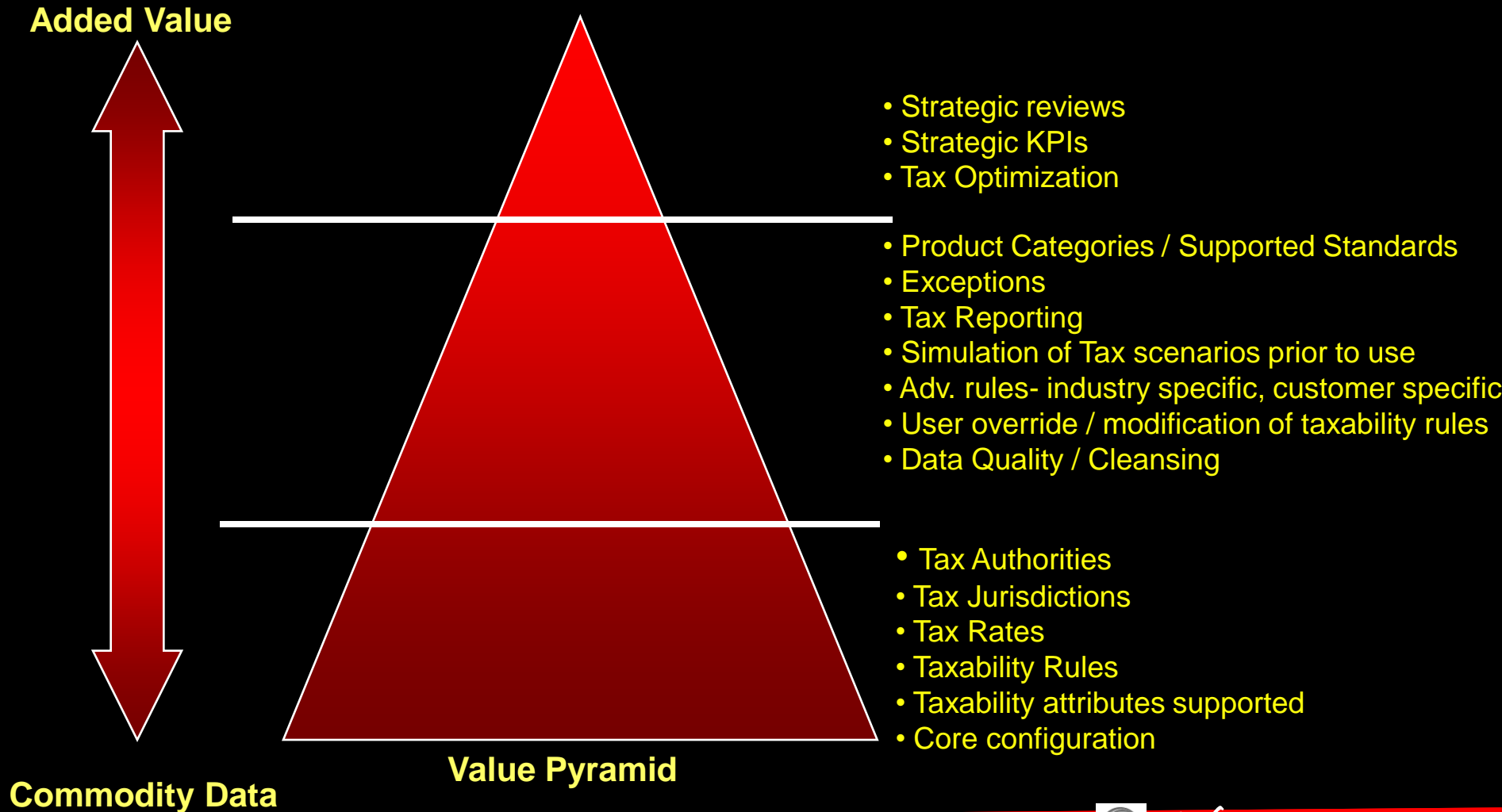
Sabrix

PROS	CONS
• Integration available on both O2C and P2P flows • A number of big customers like GE, Cisco using Sabrix on Oracle 11i • Have VAT solution for covering over 160 countries and complex scenarios • Provides elaborate product category mapping • Provide Managed tax services for outsourcing Tax functions for 11i • Has custom solution for Projects, Contracts, iReceivables modules	• Current R12 solution not Certified or validated by Oracle • Since it is not certified by Oracle, it may be broken by new functionality or fixes introduced by Oracle • Not using Oracle Standard integration APIs until new release to be announced

Considerations for Choosing the Solution

Added Value

Value Pyramid

Commodity Data

- Strategic reviews
- Strategic KPIs
- Tax Optimization

- Product Categories / Supported Standards
- Exceptions
- Tax Reporting
- Simulation of Tax scenarios prior to use
- Adv. rules- industry specific, customer specific
- User override / modification of taxability rules
- Data Quality / Cleansing

- Tax Authorities
- Tax Jurisdictions
- Tax Rates
- Taxability Rules
- Taxability attributes supported
- Core configuration

Coverage and Scope of Content

North America

Europe, Middle East, Africa

Asia/Pacific

Latin America

Evaluation Framework

Criteria Group	Weightage	Score (1 to 10, 10 being highest)		
		Vertex	Taxware	Sabrix
Company				
Financials				
Customer Base				
Experience (in related field)				
Research Staff				
Product Matrix				
Product Support				
Functionality				
Depth of functionality in US				
Depth of Functionality Global				
Usability				
Reporting Capability				
Audit support				
Ongoing maintenance required in Future				
Technology				
Technology Stack / Laetst / Open technologies				
System Requirement				
Extensibility				
Product footprint				
Scalability				
Integration with multiple sytems				
Security				
Prevention of data loss in case of Crash				
High Availability				
Price				
License Cost				
Support Cost				
Implementation Cost				

Vertex Taxware and Sabrix compared

Parameter	Vertex	ADP Taxware	Sabrix
Solution covers major countries in the world	Yes	Yes	Yes
Reference R12 customers	Sales Tax:Yes VAT: No	SUT: Yes Enterprise: No	Sales Tax: Yes VAT: Yes
Business Flows covered	Order to Cash , Procure to Pay	Order to Cash, Procure to Pay Projects (Custom)	Order to Cash, Procure to pay
Mapping to Oracle attributes	Pre-existing mapping	Pre-existing mapping	Mapping needs to be done to Sabrix attributes
Validated by Oracle	Yes	Under process	Under process

QUESTIONS ANSWERS
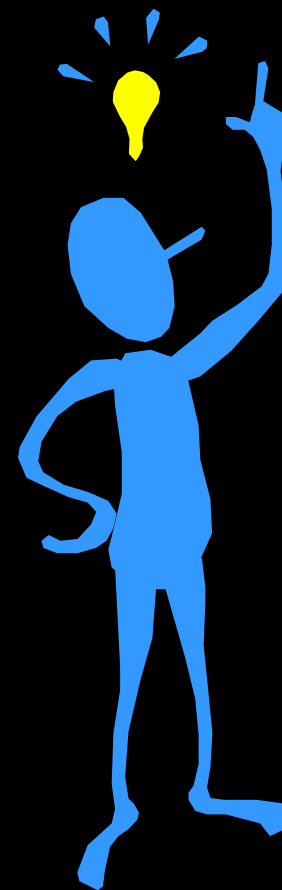
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