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Securing
tomorrow today

Setting a tax
technology
architecture and
planning for
emerging areas

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Introductions

Team resumes

Session Presenter



Kerstine Rencourt
Tax Transformation Director
GSK

Kerstine leads the Tax Technology Group within GSK, part of Global Tax. Kerstine is the Tax representative on the ERP Governance Board with a team of 5 Tax Technology focused specialists working in Kerstine's Team.

Kerstine is currently heavily involved with the global SAP roll-out, ensuring tax is properly represented in the design and testing.

Prior to joining GSK, Kerstine was a Director in professional services, specialising in ERP indirect tax optimisation.

Session Presenter



Andy Michaelides
Director, Tax
Deloitte

Andy has over 14 years experience of global finance and tax transformation programmes, specialising in the tax aspects of major ERP system implementations across many industries and jurisdictions, including all elements of direct and indirect tax technologies.

As part of this transformation, he specialises in tax technology solutions and how these technologies best integrate with an organisation's core processing systems.

Background

Why look at your
tax technology
architecture?



Setting a tax technology architecture and planning for emerging areas

Tax technology can be confusing – whilst tax systems are getting more and more sophisticated, there is still no single off-the-shelf solution that addresses all elements of tax.

Instead, there are a multitude of vendors and systems which makes planning a cohesive, integrated solution a complex and challenging endeavour.

Why look at your tax technology architecture?

Reasons for initiating: market-specific

Move towards stricter compliance - audit / monitoring by authorities

System-based legislation – Senior Accounting Officer (SAO) in UK, Horizontal Monitoring in Netherlands

Interrogation techniques – getting more sophisticated – e-filing (SAF-T in Europe, SPED in Brazil, use of iXBRL data in UK)

New technologies in the market, but no single system for tax – need to knit systems together

Why look at your tax technology architecture?

Reasons for initiating: GSK-specific

Major change projects in the business:

- Supply chain harmonisation
- Changes in IT architecture; global implementation of SAP
- Changes in back-office processing – Global Business Services

Business becoming much more centralised – opportunity for standardisation

Number of significant tax technology projects already underway

Desire to reduce risk / inefficiencies in tax processing and reporting

Why look at your tax technology architecture?

Reasons for initiating – maturity models

Lagging  Leading

1	2	3	4	5	6	7	8	9	10
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	1	2	3	4	5	6	7	8	9	10
Process	<ul style="list-style-type: none"> Processes are not documented Knowledge transfer communicated by 'on-the-job' training Process controls are limited to manual review of outputs 			<ul style="list-style-type: none"> Processes are documented at a high-level Some monitoring of controls; informal sign-off processes Some standardisation of processes globally 				<ul style="list-style-type: none"> Processes are fully documented and updated Controls are documented and regularly monitored and reviewed Globally standardised processes 		
Technology	<ul style="list-style-type: none"> Main technology support is Excel / Word based Few embedded controls Minimal audit trail for data Reports are manually created 			<ul style="list-style-type: none"> Some dedicated technology for tax processes Partially automated transfer of data from source systems Some use of standard reports 				<ul style="list-style-type: none"> Processes are fully supported by fit-for-purpose technology Data transfers are fully automated Full drill-down capability for data Standard reports used globally 		
People	<ul style="list-style-type: none"> A lot of time spent collecting and aggregating data Responses to audit / business queries take up significant time Decision-making cannot be easily supported by reports or data 			<ul style="list-style-type: none"> Roles and accountability are understood but not documented Ability to add value for business but not to full potential Decision-making partially supported by reports or data 				<ul style="list-style-type: none"> Main focus is on analytical and planning activities Decision-making is readily supported by accurate information Employees are continuously developed and in "stretch mode" 		

Project

What does it look like?



What does it look like?

GSK Project Methodology

Tax Technology Plan: 10 week project to articulate a robust plan for an aligned tax technology strategy which the Tax Leadership Team can sign-up to, and also integrate with IT's 2020 Vision. It will generate greater buy-in across the business and guide key business case decisions at the Tax Review Board; providing the basis for a 'no surprises' culture for tax technology.

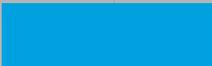
Structure

- 4 core work-streams: VAT, TP, Customs, CT & Stat Accounting
- Support functions also targeted – Business Service Centre (BSC), technology
- Specific follow-ups arising for relevant non-core processes/technology, e.g. employment taxes, environmental taxes

More than 30 people involved through interviews, conversations, workshops, etc.

What does it look like?

Typical roadmap timeline

	Week	1	2	3	4	5	6	7	8
Stage 1: Preparation <ul style="list-style-type: none">Mobilise project team, schedule workshops with key stakeholdersKick-off meeting to engage with key stakeholders									
Stage 2: Deep dive workshops <ul style="list-style-type: none">Typically around 5-6 work-streams, including indirect taxes, transfer pricing, compliance and reporting, core system improvements, workflow, provision, data management and other taxes									
Stage 3: Follow-up sessions <ul style="list-style-type: none">Additional detail from deep-dives to address completeness where further info is requiredNon-core work-streams may need to be addressed for complete picture									
Stage 4: Analyse and validate <ul style="list-style-type: none">Validate and prioritise information to formulate roadmap, including initial capability, assessment and key software evaluationProduce Straw-man roadmap									
Stage 5: Present straw-man findings <ul style="list-style-type: none">Finalise Straw-man for presentation to key stakeholders, including supporting deliverablesCollaborative workshop to present findings to key stakeholdersAgree on further action points and follow-up items									
Stage 6: Finalise deliverables <ul style="list-style-type: none">Incorporate feedback from all sessionsFinalise deliverables, including prioritisation, business cases and roadmapAgree next steps and transition project to implement status									

What does it look like?

Tax Technology Landscape

This diagram shows the overall technology landscape for the global business tax record to report cycle. It sets out the major product categories and the major products in those categories. There are some "adjacent" product categories not shown, for example:

- Customs and Excise
- Fixed Assets
- Research and Development
- Employment Taxes
- Environmental Taxes
- Travel and Expenses

Portals

- TR ONESOURCE Workflow Manager
- SharePoint
- SAP Netweaver
- Oracle
- Vertex Enterprise

Process Management

- K2 Black Pearl
- OpenText (Metastorm, Global 360)
- IBM Business Process Manager (previously Lombardi)
- TR ONESOURCE Workflow Manager

Knowledge

- CCH
- Checkpoint
- IBFD
- Web

Data Analytics

- CaseWare IDEA
- SAS, IBM SPSS and Revolution Analytics (R)
- Microsoft PowerPivot
- Qlikview
- Tableau

Document Management and Storage

- TR GOFILEROOM
- EMC Documentum XCP
- SharePoint
- ERP Systems
- HP Records Manager (HP Autonomy)
- SAP Disclosure Management
- CCH Document Management

Business Systems

ERP systems

- SAP
- Oracle
- Oracle JD Edwards/PeopleSoft
- Microsoft Dynamics
- Digita Professional Suite
- Sage ERP
- Intuit QuickBooks

Consolidation, BI & EPM systems

- Oracle Hyperion Financial Management (HFM)
- IBM Cognos
- Longview Performance Management
- SAP EPM (Financial Consolidation, Business Planning and Consolidation)

Transactional Data Storage/Data Warehouse

- Vertex Enterprise
- Microsoft Dynamics
- CCH Global Integrator

- ERP
- Bespoke

Indirect Tax Determination

- TR ONESOURCE Indirect Tax
- Vertex Indirect Tax
- Taxware
- FuelQuest Zytax Determination
- ERP

Global Provisioning

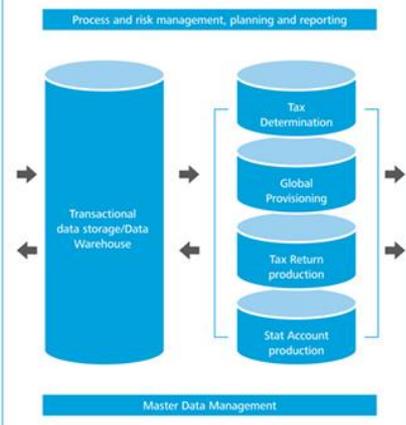
- Longview Tax
- Corptax Provision
- Vertex Tax Accounting
- Excel
- CCH Global Integrator

- Oracle Hyperion Tax Provision
- TR ONESOURCE Tax Provision

Business Systems



Tax Operations Management



Key Outputs



Record Retention

- DART
- Transactional data store

Scenario Planning and Forecasting

- Corptax
- BNA Corporate Tax Analyzer
- TR ONESOURCE Global Tax Planning

Tax Audit Management

- Collaboration Software/SharePoint
- Excel
- TR ONESOURCE Audit Manager
- CCH Audit Automation

Transfer Pricing

- TR ONESOURCE Transfer Pricing
- Corptax Transfer Pricing Architect
- PebbleAge – Hyperion Transfer Pricing
- SAP and Oracle/Hyperion
- Bespoke tools

Tax Return

- Direct Tax**
- Corptax (US)
 - TR ONESOURCE Corporate Income Tax (UK, US, IR, NL, HK, other APAC)
 - Dativ (AU, DE, CZ, IT, PO)
 - Alphatax (UK)
 - CCH Global Integrator

- Indirect Tax**
- TR ONESOURCE Indirect Tax
 - VAT Applications iVAT Reporting
 - Other (including US Sales and Use Tax products)

Accounts Production

- CaseWare Accounts Production
- CCH Accounts Production
- IRIS Accounts Production
- TR ONESOURCE Accounts Production
- Sage Accounts Production

Disclosure Management

- IBM Cognos (previously Clarity)
- Oracle Hyperion Disclosure Management
- SAP Disclosure Management
- Trintech Cadency
- WebFilings

Master Data Management (MDM)

- IBM InfoSphere MDM
- SAP Netweaver MDM
- Oracle MDM Suite
- Microsoft SQL Server Master Data Services

What does it look like?

Balanced scorecard approach

Benefits:

- **Improved quality** – accuracy, simplicity, flexibility
- **Better risk management** – use of spreadsheets, key user reliance, compliance errors, materiality of numbers, SAO
- **Increased efficiency** – process improvements
- **Reduced cost** – removal of hardware / software, headcount
- **Better decision making** – more informed, quicker, accurate

Costs:

- **Cost of solution** – implementation, licenses, software, budgetary constraints
- **Effort to implement** – in house vs. consultancy – finite internal resources
- **Cost of maintenance and support** – ongoing costs, complexity, ownership
- **Opportunity cost** - impact on other areas, finite budget across the business

Considerations:

- **Strategic solution** – e.g. SAP, SAP-supported, non-SAP
- **Dependencies** – e.g. roll out of major programmes – end strategy vs. interim
- **Roll-out** - Pilot vs. big-bang, e.g. limited functionality, limited regional scope
- **People impacts** – improved environment, headcount reduction

What does it look like?

Key deliverables

Top risks and issues

Item	Area	Priority	Impact	Effort
IT - Network Ops				
SWP 1	Reduction of SWP cost	High	High	High
SWP 2	Reduction of SWP cost	High	High	High
SWP 3	Reduction of SWP cost	High	High	High
Compliance and Controls				
Compliance 1	Reduction of SWP cost	High	High	High
Compliance 2	Reduction of SWP cost	High	High	High
Compliance 3	Reduction of SWP cost	High	High	High
Compliance 4	Reduction of SWP cost	High	High	High
Compliance 5	Reduction of SWP cost	High	High	High
Compliance 6	Reduction of SWP cost	High	High	High
Management and Knowledge				
Management 1	Reduction of SWP cost	High	High	High
Management 2	Reduction of SWP cost	High	High	High
Management 3	Reduction of SWP cost	High	High	High

Stage 1: Key Risks and Issues - prioritised

- Key risks and issues are prioritised according to business urgency against projected cost, time and effort to implement. Against each risk or issue, an identified solution is proposed which addresses the scale of the work proposed.

Stage 2: “Straw man” work-package roadmap

- The solutions to issues are broken down into discrete projects with logical work-packages and an indicative roadmap timeline is drawn up. The work-packages are categorised according to the type of approval required (from major to minor).

Recommended “Straw man” roadmap

Item	Area	Workpackage 1	Workpackage 2	Workpackage 3	Workpackage 4	2014/15	2015/16	2016/17
IT - Network Ops								
SWP 1	Reduction of SWP cost	Red	Green	Blue	Blue			
SWP 2	Reduction of SWP cost	Red	Green	Blue	Blue			
SWP 3	Reduction of SWP cost	Red	Green	Blue	Blue			
Compliance and Controls								
Compliance 1	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Compliance 2	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Compliance 3	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Compliance 4	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Compliance 5	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Compliance 6	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Management and Knowledge								
Management 1	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Management 2	Reduction of SWP cost	Blue	Blue	Blue	Blue			
Management 3	Reduction of SWP cost	Blue	Blue	Blue	Blue			

Prioritisation

Map key work-packages into short, medium and long-term tranches
 Take into account key dependencies and limiting factors, e.g. finite resources, implementation methodologies

Item	Area	Priority	Impact	Effort
IT - Network Ops				
SWP 1	Reduction of SWP cost	High	High	High
SWP 2	Reduction of SWP cost	High	High	High
SWP 3	Reduction of SWP cost	High	High	High
Compliance and Controls				
Compliance 1	Reduction of SWP cost	High	High	High
Compliance 2	Reduction of SWP cost	High	High	High
Compliance 3	Reduction of SWP cost	High	High	High
Compliance 4	Reduction of SWP cost	High	High	High
Compliance 5	Reduction of SWP cost	High	High	High
Compliance 6	Reduction of SWP cost	High	High	High
Management and Knowledge				
Management 1	Reduction of SWP cost	High	High	High
Management 2	Reduction of SWP cost	High	High	High
Management 3	Reduction of SWP cost	High	High	High

Stage 3: Interactive work-package roadmap

- Once a straw man roadmap has been produced this is then shared as part of a collaborative workshop where key stakeholders from Tax, IT (and possibly Finance) are encouraged to help determine what the roadmap looks like according to their own requirements, leading to an agreed roadmap output.

What does it look like?

GSK lessons learned

Aim for an achievable collective agreement of future state

Breakdown the journey into manageable chunks

Forward plan time and communications

Stakeholder engagement - more than an enabler

Ensure prioritisation is "de-personalised"

Prioritise tax ROI on current architecture first

Focus on addressing / uncovering key business issues rather than implementing a solution

Next steps

Preparing for implementation



Next Steps

Preparing for implementation

- Ensure the architecture is validated – sign-off by tax leadership and IT (all key stakeholders)
- Business case formulation and authorisation
- Portfolio of projects – longer term, complex projects together with quick wins – breakdown into key work-packages with owners for each, along with a programme coordinator
- Identification of resources – internal vs. external support
- Good project management / governance in place – programme governance
- Closely monitor key risks and issues and impact / dependencies on other in-flight projects

Questions?





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