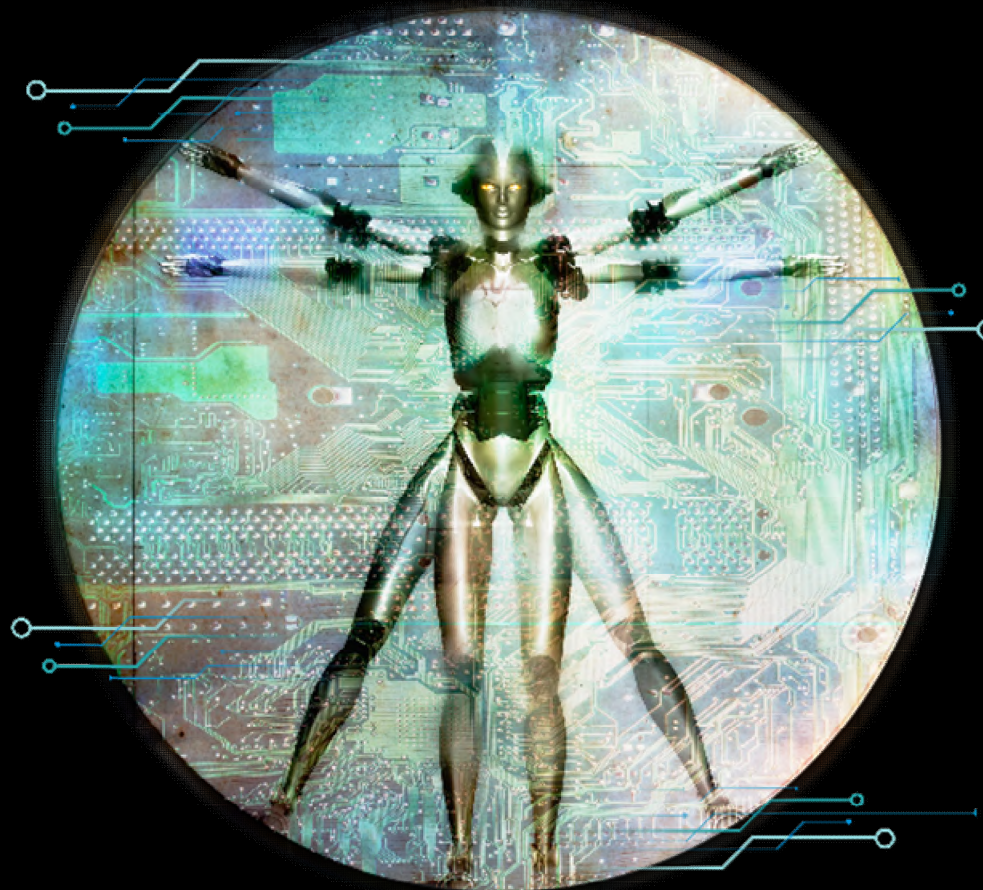# Deloitte.

Managing tax
Balancing current challenge with future promise
The EYE, Amsterdam, 30 November - 1 December 2016

Deloitte.

Managing tax technology projects

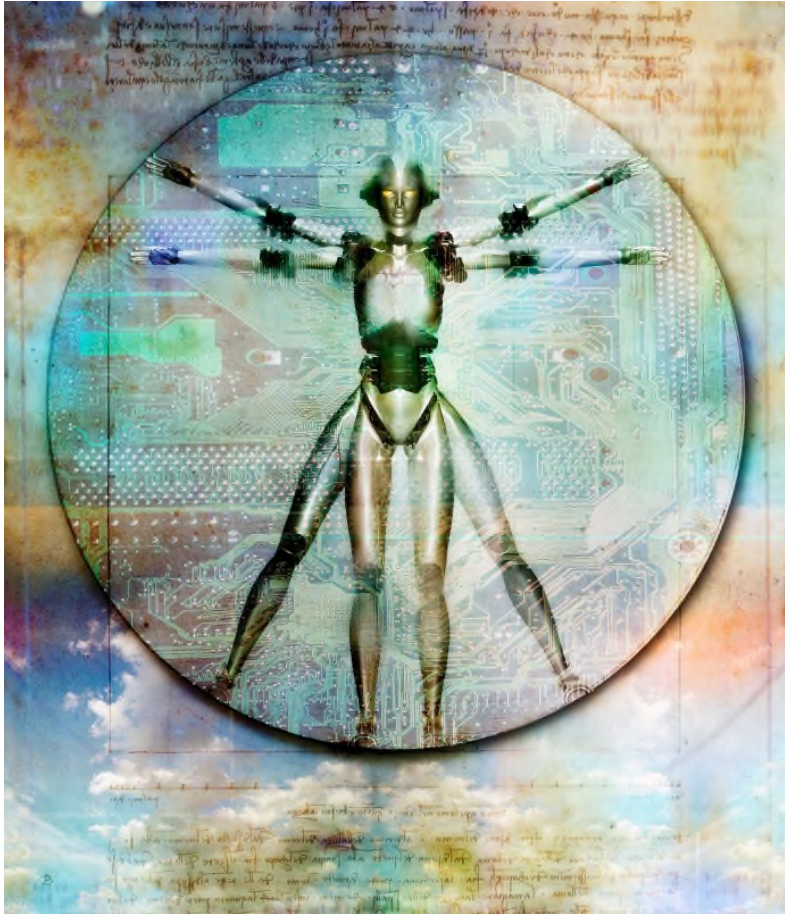Bart Janssen, Deloitte Netherlands
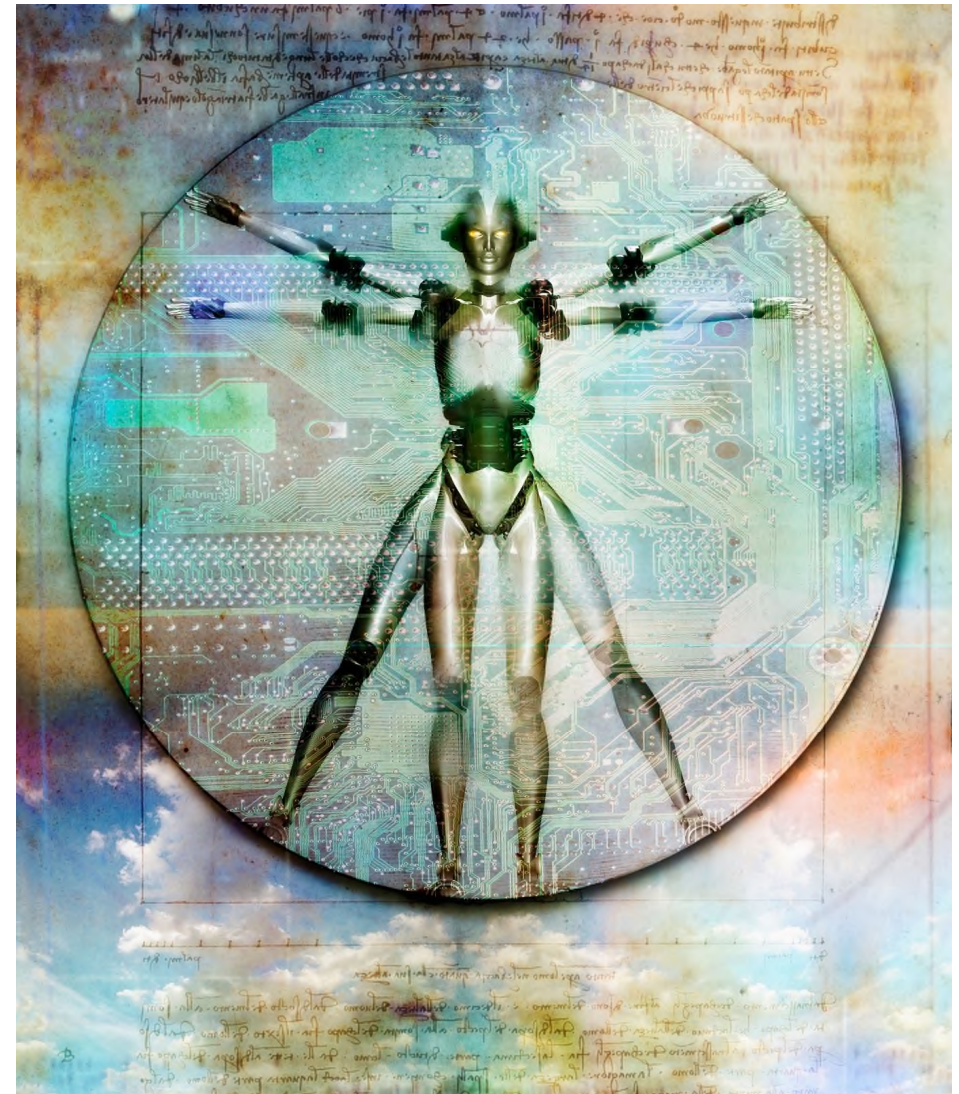David Wright, Deloitte UK

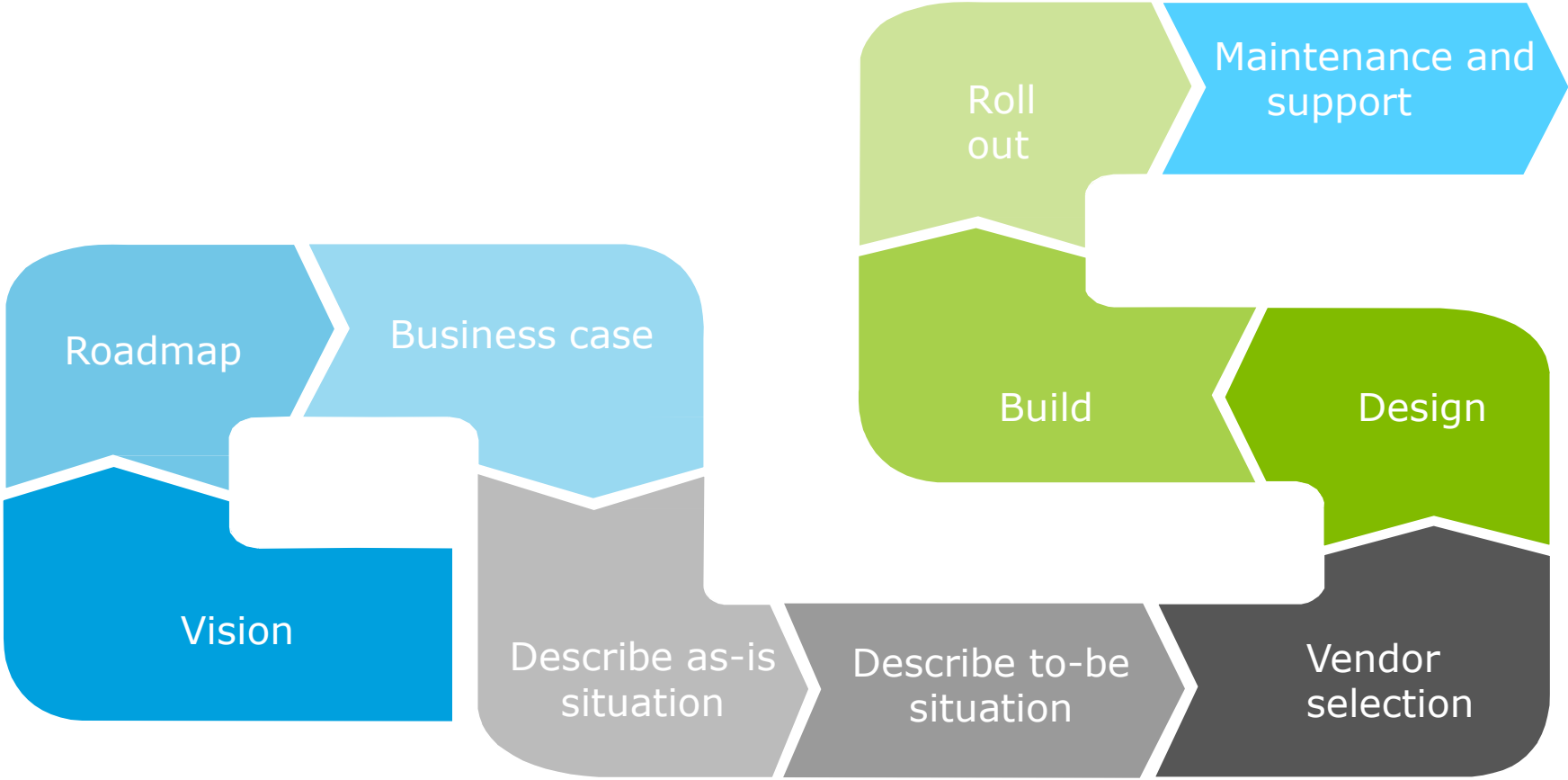# Contents

Managing tax technology projects
Setting the stage

Getting buy in and sign-off for technology related projects and ensuring successful delivery increasingly involves stakeholders from across the business including Finance, Technology, Sourcing, Data Security and others. This can be daunting for the tax professional. In this session we will look at the various aspects of a successful business case for tax technology. We will also look at pitfalls and success factors, drawing upon case studies from various tax technology programs.
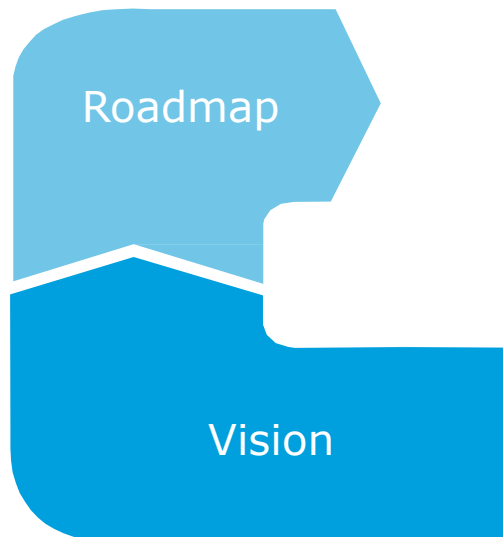
Overall approach - Tax technology projects
Project lifecycle

Roadmap

Business case

Vision

Describe as-is situation

Describe to-be situation

Vendor selection

Design

Build

Roll out

Maintenance and support

Project phases
Vision

Roadmap

Vision

- Tax
- Finance
- IT

- Data security
- Sourcing, others

- Reducing risk
- Reducing cost
- Cash / cashflow savings
- Something has gone wrong

- Relieving pressure on you on your team
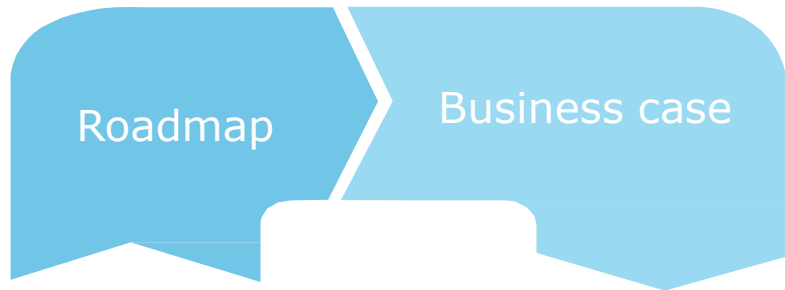- New regulations
- Being best in class

- What does success look like?
- What is achievable short term and long term?

- How is your vision aligned to your organisations' goals?

Project phases
Roadmap and business case

Roadmap → Business case

- Problem statement
- Costs (internal and external)
- Contingency
- Savings and ROI
- Risk mitigation
- Short term / long term

- Options and recommendations
- Tax authority relationship
- CAPEX vs OPEX
- Mandatory to comply
- Future proofing
- Scale & capability

Business case
Consider a time, effort and cost analysis

W1 — Tax transparency & sustainability

	Solutions	Time	Effort	Cost
Baseline measurement				
● Use a web survey to collect information once on a global scale regarding, taxes paid, taxes accrued, types of business, entities, frequencies etc.	Web survey, Excel, Word.	L	L	L
Define data requirements				
• Identify data requirements for CBCR, internal and external stakeholders and perform fit / gap analysis	ERP, HFM, Manual, other.	L	L	L
Design, build & implement solutions				
● Continuous monitoring and reporting	HFM, HTP, Sharepoint, other.	M	M	H
● Dashboards for communication purposes	QlikView, Tableau, OBIEE, other.	M	M	M
● Workflow solution	Sharepoint, FCM, OWR, other.	M	M	M

W2 — CIT & other taxes that impact the ETR

	Solutions	Time	Effort	Cost
Review existing process & collect requirements for tax accounting schedules		L	M	M
● Review tax accounting schedules, compliance with IAS 12, map existing process, consider other (finance) processes, including baseline measurement				
Design, build & implement tax accounting process				
● Design improved process and schedules, build and implement tax accounting solution (in HFM or dedicated tax acc. solution)	HFM, HTP, OTP, other.	M	M	H
• Assign a dedicated tax person		L	L	H
• Training curriculum for tax accounting purposes		M	M	M
Further enhancements				
● Automate book to tax differences where possible in tax accounting solution		M	H	M
● Create tax sensitized data in ERP systems (e.g. tax depreciation schedules, line items for permanent differences)	ERP	H	H	H
● Align tax accounting solution with the forecasting cycle to be able to forecast taxes and perform scenario planning	HFM, HPB, HTP, other.	M	H	H
● Tax accounting analytics	QlikView, Tableau, OBIEE, other.	M	M	H

W3 — Uncertain tax positions

	Solutions	Time	Effort	Cost
Baseline measurement				
● Identify all risks: using web survey application for one time data collect purposes, using best practices	Web survey, Excel, Word.	L	L	L
Review current situation and verify requirements				
• After information gathering identify risks areas (industry, type of tax, etc) and gather requirements for new process		L	M	L
Design, build and implement				
● Design, build and implement process for continuous monitoring of risks, using best practices in: questionnaires, process improvement, technology	HFM, HTP, eFront, SharePoint or other.	L	M	H
• Learning plan or creation of awareness for tax risks		L	M	L

Key

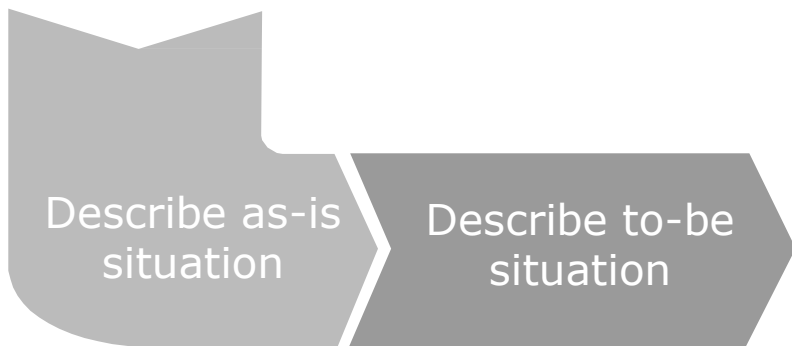|		Low	Medium	High
Time	Solution can be completed:	Within 3 months	within 6 months	more than 6 months
Effort	The time investment by CLIENT staff and the buy in required across Tax, Finance & IT:	low	moderate	high
Cost	Cost of solution in external fees:	< €50k	between €50k - €100k	€100k

● Deloitte's assistance will be necessary especially for the actions preceded by a green dot.

Project phases
Requirements

Describe as-is situation → Describe to-be situation

- Requirements are critical but people find it difficult to judge the right level of detail
- You can get help from people with broader experience
- Speak to people who have done it before. Understand their challenges. Yours could be different through!

- Start simple and consider phases.
- How do you cater for unknowns – e.g. draft legislation
- Don't get bogged down in edge cases
- Consider what your process should be, not just what it is now

- Document data driving automation
- Document key decisions taken and why
- Use an approach to prioritisation e.g. MoSCoW (must have, should have, could have and would like but won't get)
- Think about where knowledge sets need to be bridged

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Why requirements and solutions are relevant?

It's all about the **process** and "**how**" business is executed

Challenges	──────────────────────►	Tool	❌
Challenges → Requirements → Functionality →		Solution	✓

People

Process

Technology

Data
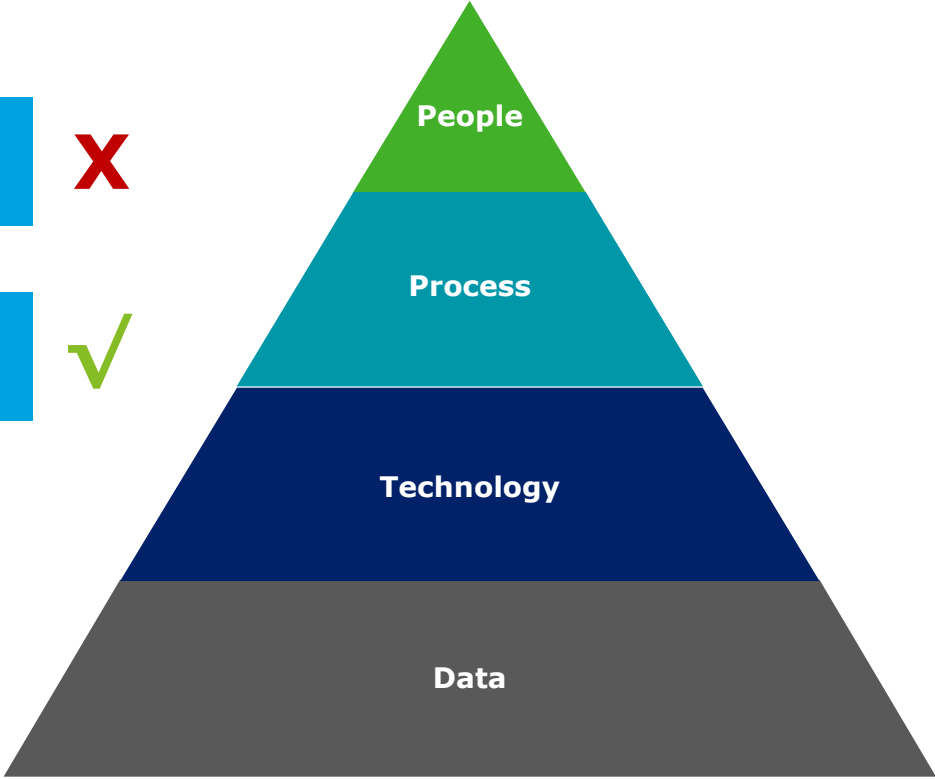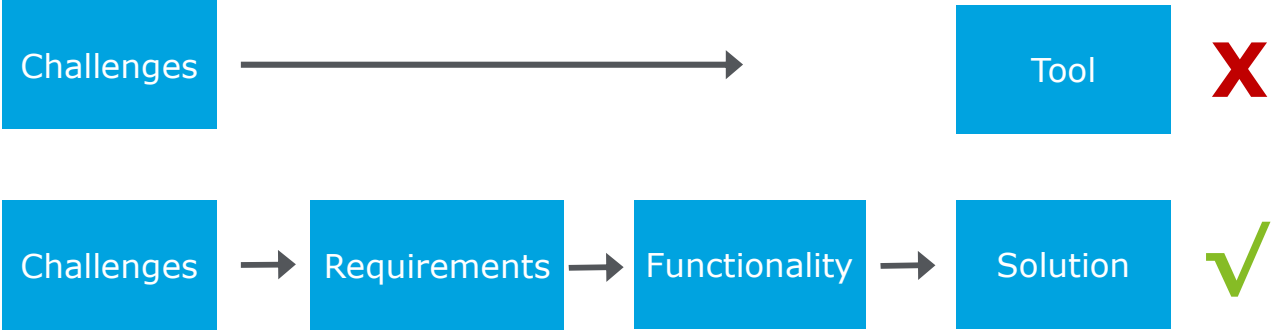
Project phases
Vendor selection

Vendor selection

- What features / functions really differentiate vendors?

- How can you spend time with the vendors to get the most effective information?

- Who is a good organisational fit?

- How do you cut through the sales spin?

- How do you score different vendors?

- Do you request demos, proof of concept (POC), access to demo environments?

- Gathering comparable pricing and pricing model

Vendor selection

Vendor Selection
Requirements scorecard

REQUIREMENTS	WEIGHT	VENDORS			SCORE		
		AAA	BBB	CCC	AAA	BBB	CCC
General Capabilities							
Functionality to handle multiple scenarios (e.g., actuals, forecast, what-if's)	1	**1**	**2**	**3**	**1**	**3**	**1**
Support for loading financial data of various Reporting standards (e.g. IFRS & Local GAAP)	2				**0**		
Functionality to attach documentation	3				**0**		
Tax calculation functionalities							
Functionality to calculate current and deferred tax by leading fiscal unit, legal entity and group or consolidated level							
Functionality to support the provision calculation for local GAAP and IFRS							
Ability to capture data, run calculations and report based on book and tax data at different hierarchies							
Reporting capabilities							
Functionality to run reports at multiple hierarchical levels							
Functionality to generate reports showing the changes in temporary differences							
Functionality to generate reports showing the changes in permanent differences							
Functionality to report a tax basis balance sheet							
Workflow capabilities							
Possibility of designing or modifying the workflow without technical customization							
Notification if statute of limitation has expired for a particular uncertain tax position?							
Data integration							
Standard integration with SAP BCS and SAP BPC/Oracle EBS and Oracle HFM							
Standard integration with reporting tools (such as Tableau or Qlikview)							
Integration with LDAP/AD for user authentication							
Cloud possibility							
Cloud accessiblity of the tool							
Cloud based solutions security in line with IT requirements							
Financial							
The total costs of the solution							
Upgrade costs of the software							
Vendor viability							
The maturity of the product							
Organisation of knowledge management for adjustments/support							

Project phases
Implementation

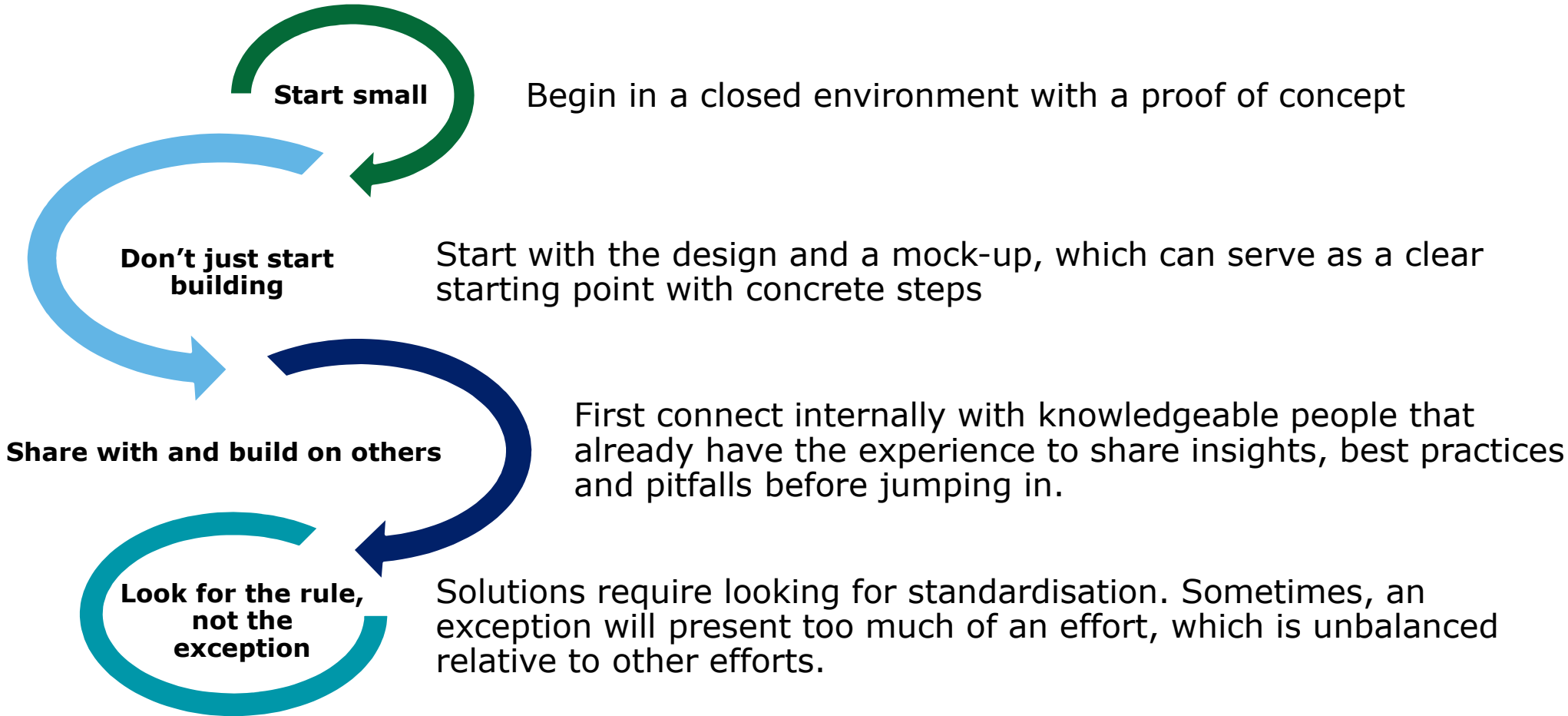Roll out

Maintenance and support

Build

Design
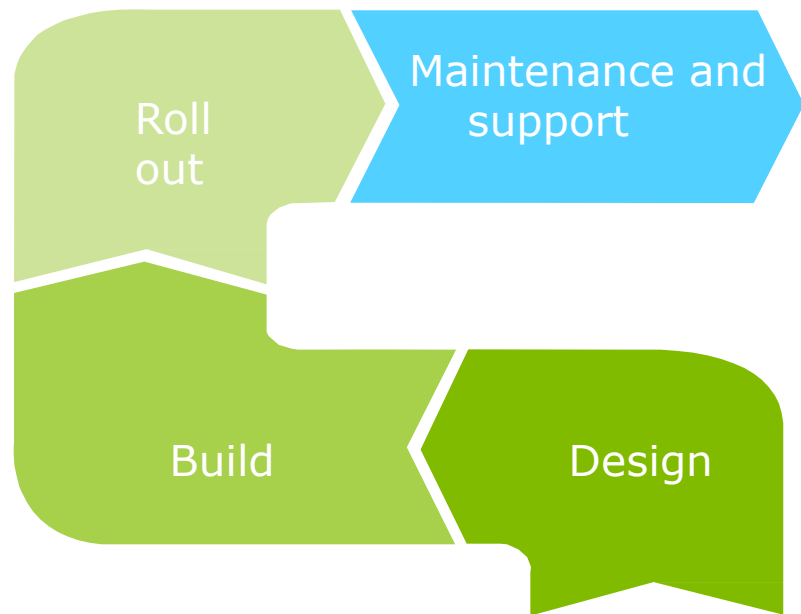
- Will an Agile work for you and your organisation?

- Basic project management is often lacking – a simple dashboard can be hugely helpful.

- Document key decisions / choices. The analysis will be helpful at a later stage.

- Be careful of silos. Cross competency handoffs can introduce misunderstanding.

- How well do you know your data?

- How will approach testing? What can only be tested with real data / live process? How do you allow for that?

- Roll out support and "hypercare" post go-live.

- How do you incentivise and drive usage and adoption?

Managing tax technology projects
Lessons learned and best practices

Start small
Begin in a closed environment with a proof of concept

Don't just start building
Start with the design and a mock-up, which can serve as a clear starting point with concrete steps

Share with and build on others
First connect internally with knowledgeable people that already have the experience to share insights, best practices and pitfalls before jumping in.

Look for the rule, not the exception
Solutions require looking for standardisation. Sometimes, an exception will present too much of an effort, which is unbalanced relative to other efforts.

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