



## Tax transforms, business wins: an industry perspective

### Enhancing the tax function makes an impact at leading technology organizations

#### The call for tax department transformation

In our work with clients across industries and around the world, we see firsthand that CFOs and other stakeholders are asking tax executives to raise their game and proactively partner with the broader business. Increasingly, these leaders are looking for transformation of the tax function to add more value to the organization.

Indeed, pressure is mounting for tax departments in all industries to expand in scope and impact as their organizations grapple with increasing competition, globalization, and technologies in the midst of stricter and more globally aligned tax regulations. In addition to the traditional responsibilities of tax planning, reporting, and management, tax executives face urgent expectations to mitigate risk and lead decision making across the organization.

Responding to the emerging demands involves a shift in how—not necessarily what—work is performed. It requires enhancement of the tax department's responsibilities to be in line with

overarching business strategies. Transformation can elevate the capabilities and performance in ways that incremental change cannot. It can increase tax's value to the organization by:

 **Enhancing operational efficiency**—Freeing up personnel to perform value-added tax planning activities with increased compliance and reporting efficiency driven by technology and process standardization.

 **Improving risk management**—Increasing transparency and formalizing risk procedures that can help effectively address financial statement and audit risk.

 **Increasing strategic and business alignment**—Becoming a value-added tax function that is aligned with the organization's strategies and partners closely with business units.

Deloitte has worked with a number of technology organizations to gain perspective, plan for change, and start their tax department transformation journeys. Let's take a closer

look at the issues the tax departments of these companies face, and how they are heeding the call to transform.

#### Tax department transformation in technology

In our tax work with leading technology companies, our clients note some key issues that are keeping them up at night:

Uncertainties in changing global regulations hamper operations

Increased M&A and restructuring activities require quick, actionable insights into tax issues and consequences

Heightened global expansion requires seamless cross-border operations

The exponential rate of change and the level of disruption are driving transformational technologies

Technology alliances and go-to-market relationships are increasingly critical

In response to these many drivers of change, technology tax departments are looking for solutions that address their challenges in four key areas, which we call Deloitte Transformation Enablers:



#### People

Deploy people to more value-added activities.



#### Process, technology, and data

Make better use of their data by leveraging new technologies.



#### Operating model

Simplify processes and policies, streamline their operating models.



#### Risk and policy

Manage risk and policy changes globally.

Using this framework, Deloitte helps clients critically analyze the need for transformation and create the necessary changes. Here are just two examples of how Deloitte is delivering value to technology clients by tackling their complex issues and assisting them in the deployment of solutions:

**Business driver:** Corporate divestiture

**Solution:** Transformation Lab to articulate the vision for client's future tax operations

**Value delivered:** Interactive session helped client create clear priorities and go-forward plans to establish two distinct tax departments after divestiture

A global IT company announced that its operations would split into two businesses; both of the newly autonomous companies would maintain the same footprint and level of complexity, but each would have only half of its previous tax department resources and supporting structure.

Deloitte Tax offered to facilitate Transformation Labs to help the two business units enhance future tax department operations. In the interactive Greenhouse environment, client teams collaborated with Deloitte professionals to outline each tax department, determine resource deployment, and identify priorities for each role. Deloitte is now working with one of the departments to further build out and execute the plan.

**Business driver:** Rapid growth, requiring efficient tax processes and technology

**Solution:** Implementation of scaled tax software, combined with a custom data warehouse

**Value delivered:** Improved data quality, mitigated risk, and increased efficiencies

A leading technology company needed to update its tax software and processes to support strategic and operational priorities in the face of rapid growth.

Deloitte's solution included a phased approach to help the client transform its tax department, converting Microsoft Excel spreadsheets and automating tax processes with Corptax, while putting in place scalable processes and structured backup plans to stabilize the environment at each phase of the transformation. Deloitte is driving additional value by using the client's cloud-based platform to build a custom data warehouse that will provide a multidimensional view of the client's data. This new level of visibility will afford the client a multidimensional data view for enhanced scenario planning and strategic analysis.

## Leading the future of the tax department

Overall, we see an increase in the number of technology companies exploring tax department transformation—they are looking for more usable data, mitigated risk, and to redeploy people to focus on value-added activities.

Deloitte's Tax Department Transformation practitioners help clients start with a solid plan, analyzing tax department performance and providing perspectives for the journey and an actionable roadmap for change. For more information or to contact Deloitte, visit [www.Deloitte.com/us/taxtransformation](http://www.Deloitte.com/us/taxtransformation).

Certain services may not be available to attest clients under the rules and regulations of public accounting.

#### Contact:

##### Heather Rangel

Technology Tax Leader  
Deloitte Tax LLP  
+1 408 704 4228  
[hrangeli@deloitte.com](mailto:hrangeli@deloitte.com)

##### Jodie Beining

Tax Transformation Leader  
Deloitte Tax LLP  
+1 414 347 7902  
[jbeining@deloitte.com](mailto:jbeining@deloitte.com)

##### Scott Shafer

Tax Transformation Leader  
Deloitte Tax LLP  
+1 312 486 5340  
[sshafer@deloitte.com](mailto:sshafer@deloitte.com)