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Taking The Pain Out Of Tax Calculation In Salesforce Applications

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The only constant is change. And change happens a lot — especially when it comes to sales, use and value add taxes. In the course of daily business, this can mean big headaches, from keeping up with changing regulations and the implications of the June 2018 *South Dakota v. Wayfair* decision, to understanding the subtleties of ZIP codes and tax jurisdictions. Many companies have turned to solutions that automate, streamline and standardize tax calculations, using them to calculate a quote or process an e-Commerce transaction and assign the right tax to the sale.

But there's more to tax calculation than some quick math on the final invoice. Even with a sales tax calculation tool available, tax professionals often end up trying to manually manage tax and rate data within their corporate tech stack. For example, if the configure-price-quote (CPQ) tool is not integrated with a tax application such as Vertex, a sales executive developing a quote in [Salesforce.com](https://www.salesforce.com) would have to go into Vertex to get the right tax rate, then manually re-enter that data into the quote — and then repeat the process if the customer changes the shipping destination, purchasing entity or other details. Manual data entry leads to higher costs, errors, delays and liability.

That's why many in the retail, consumer goods and manufacturing industries, as well as other business-to-business companies, will see significant benefits from the newly released integration of Vertex with Salesforce.com and its CRM, CPQ, Billing and e-Commerce modules. By ensuring tax data is calculated correctly in real time — and then automatically updated every time something changes in any of these Salesforce.com modules — businesses benefit from:

- + **Reduced manual entry**
- + **Higher accuracy levels**
- + **More real-time reporting**
- + **Increased productivity**
- + **A faster order-to-pay cycle**

Tightly integrating sales and use tax automation software with business software via a connector like Vertex for Salesforce is the best way to tame complexity and ensure real-time, accurate tax calculation.



According to **IDC**, “The speed of digital business coupled with the growing volume and variety of sales transactions, has added an unprecedented amount of complexity to sales tax compliance. This complexity has created a wave of interest in sales and use tax automation software.”



Closing The Gaps: Why Businesses Need A Connector

The pain and potential for error stemming from manually re-entering and updating sales tax data causes many businesses to seek one-off, custom integrations of each of their business applications with a tax calculation tool. These custom integrations enable businesses to eliminate double entry and the problems it brings, and ensure the tax information is tailored to the nuances of each business application.

But they also create new issues, such as the need to procure additional custom integration work every time the tax calculation application or the business application changes, e.g., for bug fixes, enhancements or new data elements.

By leveraging the standardized Vertex for Salesforce integration connector, businesses avoid those issues:

- + Whenever a change is made in either Vertex or a Salesforce module, experts modify the connector as needed and the new release is made available to all users, avoiding the need for custom integration.
- + The connector undergoes continuous improvement based on application performance monitoring, so it always reflects the most up-to-date capabilities to deliver peak performance.
- + Updates to the functionality of the connector reflect feature requests from across the Vertex-Salesforce customer base, so every user benefits from the best practices of the collective group.
- + A 100-person team of expert tax researchers also updates the connector as tax laws change. So, for example, as individual states respond with legislation in the wake of the *Wayfair* decision, the resulting tweaks become available to all users of the connector.
- + IT departments are freed from the cost, skills requirements and man-hours required to maintain one-off integrations and provide help desk support to users experiencing problems.

How The Connector Works

A connector ensures that when a user performs tasks within specific modules of a business application, in this case Salesforce, the correct calculation of the sales tax related to that activity happens automatically. Because the connector is written with the nuances of each Salesforce module in mind, businesses can be assured that they are offering customers an accurate, up-to-date tax quote every time.

The Vertex for Salesforce CRM connector serves as the “base” connector between the two applications; every business deploying this connector automatically receives an integration between Vertex and the Salesforce CRM. They can then add modules to integrate Vertex with three additional Salesforce modules: CPQ, Billing and e-Commerce.



Here is how a connector adds value for these applications:

CRM: Businesses have customers, and customers have ship-to addresses, which are an essential part of accurate tax calculation. With the connector in place, whenever a user enters or modifies a customer's ship-to address, Vertex works with its address verification master tool partner to quickly ensure that the address is properly formatted and verified. That means the business can not only be assured that the location is a legitimate address to head off delivery issues, but that any tax calculation based on that customer data will be automatically accurate. This is key, because even ZIP+4 codes do not always align with tax districts; even a small change such as the address on a street can impact the sales and use tax. There are more than 10,000 tax jurisdictions in the United States.

Some salespeople create custom configurations within Salesforce CRM to assist with their workflows. For example, they may need to send documents that include a price quote with tax calculation to an internal supervisor as part of an approval process via a signature capture tool. Vertex for Salesforce CRM can accommodate those configurations and apply automated tax calculation to these processes.

New Jersey, despite having hundreds of municipalities, has just two sales tax jurisdictions, while Texas has well over 1,500.



83% of sales professionals are using some form of Configure-Price-Quote (CPQ) system today.

CPQ: Timeliness and accuracy are critical when creating a quote for a customer opportunity. For many businesses, sales are just that, a process, which often includes several rounds of changes along the way to a final deal. Even small changes to the quote can have surprising impacts on sales and use tax calculation, such as a change in materials, quantities or ship-to addresses, or changes in pricing or promotions. That's why it's key to recalculate the tax whenever it's time to issue a new quote.

No matter how many times a quote is updated during the sales processes, the connector instantly recalculates the tax and seamlessly delivers this data to the proper fields and in the right format for the CPQ module, so there are no surprises about what the tax will be. There is no longer a need for sales representatives to manually seek out a new tax calculation every time.

This data is also useful in determining the optimal combination of ship-from and ship-to addresses from a tax perspective, a courtesy that customers appreciate.



Billing: Many things can happen between the start of a transaction and the actual issuing of a bill to the customer. In manufacturing, for example, in the days, weeks or even months between the initial quote and the final invoice, specs may be updated multiple times with new products added or deleted, ship-from or ship-to addresses can change, or the regulations that govern the billed items may be tweaked. Those changes all impact the tax calculation and must be accurately reflected in the final invoice.

In retail, transactions often happen in seconds. But retailers also find themselves billing over time, such as for subscription services, special orders or business-to-business transactions like a pro desk. Whenever time passes, so do conditions that may impact the correct calculation of a tax. A customer subscribing to a monthly box of treats for his dog may switch delivery addresses from his home to his vacation cottage in another state, for example. A substitution required in a special order may mean a change in the tax rate between the initial order and the later fulfillment and billing.

Without tight, automated integration with a tax calculation tool, it's easy for those changes to be overlooked or manually entered, resulting in miscalculation and risk.

A connector gives companies the tools to automate their entire billing process and eliminate manual input. The company's finance department receives all the info it needs from the moment a deal is closed, and the automated process drives the order, which in turn drives the invoice, ensuring accuracy and compliance at every customer touch point.





Definitions of taxable products change constantly. For example, in 2019, Iowa and Washington, D.C., joined a growing list of jurisdictions now taxing streaming services like Netflix and Hulu.

E-Commerce: Customers don't see channels, they see brands. Retailers have been working hard to ensure a seamless shopping experience no matter how many channels and touch points a customer uses in the purchase path. Sales and use tax calculation is a key part of creating that seamless experience, ensuring that the calculated rate is consistent across channels, such as in-store, on mobile, via social media or a call center, or online.

But those aren't the only locations retailers need to be concerned about. The advent of tools such as mobile POS allow retailers to take their businesses on the road like never before. When a retailer participates in a craft fair, on-location event, trade show, pop-up store, store-in-a-truck or other temporary location, that could impact the tax calculation — particularly as local jurisdictions become more vigilant about enforcement. Temporary locations are considered nexus under many interpretations of those laws.

Leveraging a connector between e-Commerce platforms such as Salesforce Commerce Cloud and the Vertex tax calculation tool is the best way to ensure real-time, accurate, consistent tax calculation.



Many temporary business laws may now change due to the *Wayfair* decision.

Temporary locations are not the only way the taxation landscape is evolving in the wake of the *Wayfair* decision. States are responding to this decision by crafting new legislation to take advantage of the opportunity to collect taxes, despite the lack of a business' physical presence in that state. But each state is taking a different approach and working on its own timelines, so it's essential to have a team of experts constantly monitoring regulations and updating tax tools to reflect the changes. By automating sales and use tax calculation and integrating it via a connector, retailers and other e-Commerce businesses can be sure they remain compliant and audit-ready while delivering a satisfying customer experience.

A connector also prevents retailers from a common error in sales and use tax calculation: basing that number only on the ship-to location. Some tax jurisdictions require that both the ship-from and ship-to regulations be taken into account when calculating those taxes. By leveraging a connector, retailers make sure they are compliant with those laws automatically.

Vertex experts are engaged in several key industry workgroups to address the many issues resulting from *Wayfair*.



Leveraging The Power Of A Connector

In the hustle and bustle of attracting, serving and billing customers, businesses don't want a tangential issue such as an error in tax calculation to slow things down. By leveraging Vertex for Salesforce, businesses reduce risk, improve audit performance, stabilize process efficiency and ensure reduced manual entry. They can also achieve higher accuracy, more real-time reporting, increased productivity and a faster order-to-pay cycle in their business processes, with a solution that scales as they grow.





Vertex Inc., has been a leading provider of tax technology and services, enabling companies of all sizes to realize the full strategic potential of the tax function by automating and integrating tax processes, while leveraging advanced and predictive analytics of tax data. Vertex provides cloud-based, on-premise, and hosted solutions that can be tailored to specific industries for every major line of tax, including income, sales and consumer use, value added and payroll. Headquartered in Pennsylvania, Vertex is a privately held company that employs over 900 professionals and serves companies across the globe.

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