Your presenters

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<table>
<thead>
<tr>
<th>Topic</th>
<th>Time</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Identify and prioritize solutions</td>
<td>12 minutes</td>
</tr>
<tr>
<td>Determine resource and technology needs</td>
<td>12 minutes</td>
</tr>
<tr>
<td>Developing budgets and timelines</td>
<td>12 minutes</td>
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<tr>
<td>Building consensus</td>
<td>12 minutes</td>
</tr>
<tr>
<td>Questions and Answers</td>
<td>5 minutes</td>
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</table>
Companies are embracing and prioritizing digital transformation.

KEY FINDINGS

73% say that digital transformation has become more of a strategic priority in the last 3-5 years.

Digital roadmap: A detailed operational plan that describes how a digital strategy will take place.

93% of companies report that they have a digital roadmap, but only 65% of companies with revenues between $50M-$99M have a roadmap.

All respondents are in some stage of digital transformation:

- 58% have a strategy that addresses goals and objectives.
- 28% are taking steps toward developing a strategy.
- 14% have always been digital organizations.

Why getting started is hard!

- A set of modular software programs to complete structured, repeatable, and logic-based processes and tasks
  - Microsoft Power Platform
  - UiPath

- High-level general-purpose programming languages applied to data science challenges
  - R
  - python

- Software that easily preps, blends, and analyzes all of the data using a repeatable workflow, then deploys and shares analytics at scale for deeper insights rapidly
  - Alteryx
  - KNIME

- Software that combines OCR & computer vision to extract data from structured and semi-structured documents
  - ABBYY
  - SoftWorks
  - Kira

- Software to manage tax work / projects, resource workloads, and due dates bringing together everything teams need to communicate, collaborate, and coordinate work.
  - asana
  - servicenow

- Software to see and understand data to solve problems, develop richer insights in a data-driven manner
  - Tableau

- Tax determination
  - Vertex
  - Avalara
  - ONESOURCE

- Software to streamline and automate tax fixed asset account, tax return preparation, tax provision / tax accounting, and partnership allocation and tiering
  - Corptax
  - CCH
  - Partner

- Software with an integrated financial and tax ledger
  - Microsoft Dynamics 365
  - Hyperion

- Software to capture and exchange data between on-premises and cloud based systems
  - SnapLogic
  - Informatica

- Software discover process bottlenecks and challenges that are ripe for automation
  - ABBYY
  - UiPath
  - Automation Anywhere

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Data is part of every transformation

Tax Leadership can drive data strategy and information management practices that produce tangible business benefits.

Benefits to Driving Data:
- Improved efficiency, timeliness, and reliability of information: tax, financial, operational, and management
- Increased collaboration and partnering among Tax, Finance, Technology, and Business Unit leadership
- Alignment of business and technology resources to achieve business outcomes

Capture Tax Data & Reporting Strategy to outline targeted goals, outcomes, and requirements along data mgmt., process improvement, and technology integration.

Identify tax data elements to manage throughout business processes and system architecture in accordance with Tax strategy.

Model processes to identify relationships among data elements and functional capabilities to design a strategically focused system architecture.

Plan for system integration and alignment with process/data specifications strategically.

People execute according to strategy.

People produce and consume data.

People own and execute processes.

People use technology.

Tax Leadership can drive data strategy.
Tax function data needs

Tax Function Work Portfolio

- Direct Tax Work Stream
- Indirect Tax Work Stream
- Other Tax Work Streams
- Transactions Work Streams
- Planning Work Streams
- Projects Work Stream

Tax Function Reporting Needs

- Compliance Tracking
- Planning Tracking
- Period Close Status
- Transactions Statuses
- Project Statuses
- Task & Workload Tracking
Determining a roadmap

Define your strategy or what do you want to achieve and when you want to achieve it absent of consideration of people, process and technology.

Key Questions
What are the company’s key value drivers?
What risks must be eliminated or mitigated?

Expected Outcomes
Be more responsive to business needs
Internal resources executing higher value work

- Identify your company’s vision
- Define your tax function vision
- Identify and prioritize (Cost versus benefit analysis)
- Define what success means and measure results
- Agree to goals, costs and timelines
- Identify potential vendors
IDENTIFY AND PRIORITIZE SOLUTIONS
Identification option: White-boarding session

1 Why we're here
Our goal today is to explore the possibility of a powerful alliance between our organizations and identify value-add strategies and goals to help you achieve your desired future state.

Expected takeaways:
1. Understand how our organizations can complement one another and how we can work together to achieve desired results
2. Establish both short-term and long-term priorities and goals to be summarized and shared with you following this discussion

DATA INTAKE
- Trial balance
- Data collection
- Depreciation
- State source data
- International source data

TRANSFORM
- Required manipulation of items from data intake

CALCULATE
- Estimates and extensions
- Book to tax adjustments including tax depreciation
- Return to provision
- Tax journal entries
- State apportionment
- GILTI and FTC

REPORT
- Payment vouchers
- Tax provision reporting
- Management reporting
- Federal tax returns
- State and local tax returns

Provision current state and future state tax process and technology analysis

Notes
Current State
Future State

- Data intake
- Data Transformation
- Calculate
- Report
- Parking Lot

Question Source – InfoTech Create a Customer-Centric Digital Strategy
Identification option: SWOT analysis

Strengths

Weaknesses

Opportunities

Threats
Identification option: Opportunity scan

<table>
<thead>
<tr>
<th>Process Number</th>
<th>Project Name</th>
<th>Avg Rate per Hour of Staff Per.</th>
<th>Current Annual Budgeted Hours</th>
<th>Estimated Budgeted Cost (Hrs.)</th>
<th>Estimated Percent of Process ..</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Monthly Fixed Asset Reconciliation</td>
<td>75</td>
<td>20</td>
<td>1,500</td>
<td>75%</td>
</tr>
<tr>
<td>2</td>
<td>Monthly transfer report</td>
<td>50</td>
<td>10</td>
<td>500</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>Intangibles</td>
<td>75</td>
<td>30</td>
<td>2,250</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>Annual Fixed asset reporting</td>
<td>50</td>
<td>80</td>
<td>4,000</td>
<td>75%</td>
</tr>
<tr>
<td>5</td>
<td>Annual fixed asset review</td>
<td>75</td>
<td>40</td>
<td>3,000</td>
<td>75%</td>
</tr>
<tr>
<td>6</td>
<td>Foreign Property</td>
<td>100</td>
<td>40</td>
<td>4,000</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>DTA Proof</td>
<td>150</td>
<td>20</td>
<td>3,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Update inputs below (if needed):
Assessing value

Potential time & resource savings
+ Opportunity of reallocated resources
+ Potential cost of non-compliance
+ 3rd party fee savings

Project costs
+ Software costs
+ Support costs
+ Re-training

Intangibles

Opportunity Value
Selecting the best opportunity

- Monthly transfer report
- DTA Proof
- Monthly Fixed Asset Reconciliation
- Annual fixed asset review

**NOTE:** Hover over the bubbles to view additional descriptive information and contact information. Click on the bubbles to isolate detailed response data below.
Avoid analysis paralysis

• There are only so many windows for change in the various tax functions
• We must act decisively
• But we must not be myopic in planning
• Finding balance is a challenging
DETERMINE RESOURCE AND TECHNOLOGY NEEDS
Determine internal versus external resources

- **Focus on unique items**
  - Internal

- **Focus on company knowledge**
  - Internal

- **Focus on efficiency and quality**
  - External

- **Focus on specialists**
  - External
Vendor selection process

VIABLE VENDORS
- Based on experience and strategic business needs
- 4 vendors

RFP PROCESS
- Narrow field for RFP
- Vendor fit based on RFP response to requirements and investment analysis
- 3 vendors

SCRIPTED DEMO
- Determine who showed the best functionality and fit during demo
- Update cost analysis
- 2 vendors

FINAL DECISION
- Hold reference calls
- Evaluate all input, criteria and activities performed to develop recommendation
- 1 vendor
Technology evaluation

Assessment
- 2-4 weeks
- May contain small proof of concept
- Feasibility study of processes
- Licensing requirements
- Roadmap

Pilot
- 1-3 months
- 2-4 processes in production
- Environment set up
- Initial client training
- Confirm ROI
- Update plan

Scale-up
- 6-12 months
- Define plan
- Enable business users
- Establish operating model and center of excellence
- Define internal/external support team
DEVELOPING BUDGETS AND TIMELINES
## High-level investment estimates (Examples)

### Outline expected investments for the focus areas identified

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Recommendation</th>
<th>One-time Investment</th>
<th>Annual Investment</th>
<th>Focus Area 5 Year Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workflow management implementation</strong></td>
<td>Process Review; map tax process and compliance dates, required resources and effort.</td>
<td>$10-30K</td>
<td>$5-10K (to enable continuous improvement)</td>
<td>$5-10K</td>
</tr>
<tr>
<td></td>
<td>Implement workflow management solution</td>
<td>$20-40K</td>
<td>$3-10K (licensing &amp; support)</td>
<td>$3-10K</td>
</tr>
<tr>
<td></td>
<td>Staff training an upskilling</td>
<td>$5-10K</td>
<td>Training new staff as needed</td>
<td>$5-10K</td>
</tr>
<tr>
<td><strong>ETL/Data integration</strong></td>
<td>Conduct POC on using Alteryx for trial balance data transformation</td>
<td>$10 -$15K</td>
<td>TBD depending upon server versus desktop license</td>
<td>TBD + Internal IT resources</td>
</tr>
<tr>
<td></td>
<td>Create secure site to post trial balance and automatically load from secure site into tax compliance and tax provision</td>
<td>Internal IT resources</td>
<td>Internal IT resources</td>
<td>Internal IT resources</td>
</tr>
<tr>
<td><strong>Tax system implementation</strong></td>
<td>Implement tax provision software</td>
<td>$60K - $100K</td>
<td>$75K</td>
<td>$870K - $950K + Internal Resources</td>
</tr>
<tr>
<td></td>
<td>Implement sales and use tax software</td>
<td>$60K - $100K</td>
<td>$75K</td>
<td></td>
</tr>
</tbody>
</table>
Determine workstreams

1 – Tax Technical
2 – IT/Technology
3 – Data Modeling
4 – Management Reporting
5 – Controls & Risk Reporting
Based upon the priorities determined highlight the focus areas for each year to start to develop the implementation timeline around each.

**FOCUS AREA 1**
Workflow management implementation

**FOCUS AREA 2**
ETL for Finance function requirements

**FOCUS AREA 3**
ETL for Tax function requirements

**FOCUS AREA 4**
Provision tax system implementation

**FOCUS AREA 5**
Sales and Use tax system implementation

- **2021**
- **2022**
- **2023**
- **2024**
- **2025**
Quarterly breakdown

Breakdown the yearly timeline further to guide the transition. It outlines an implementation approach for the two of the strategic priorities over a 24 month timeframe.

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>1Q</td>
</tr>
<tr>
<td>2Q</td>
<td>2Q</td>
</tr>
<tr>
<td>3Q</td>
<td>3Q</td>
</tr>
<tr>
<td>4Q</td>
<td>4Q</td>
</tr>
</tbody>
</table>

Outline workflow requirements
Assess and select workflow management solution
Implement workflow management solution
Determine ETL requirements
Start ETL POC
Put ETL solution into production
BUILDING CONSENSUS
Getting “buy-in” for your vision – Financial support

- How your company views resources
  - People
  - Technology/automation
  - Training/education
- Cost/benefit analysis for projects
- Prioritizing opportunities
- Budgeting
- Return on investment scorecard
Getting buy-in for your vision – Personnel support

- Working with other departments
- Communicating vision to staff
- Creating opportunities for staff
- Training opportunities for staff
Preparing for bumps in the road

• Quick early wins are important to overcome eventual speed bumps
• Setting expectations and addressing challenges at the outset helps keep pace
• Failing fast versus letting a project drag on is important
QUESTIONS AND ANSWERS?